

# BOARD MEETING OF MARCH 10, 2005

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



Patrick R. Gordon, Member  
Vidal Gonzalez, Member  
Shadrick Bogany, Member  
Norberto Salinas, Member

***MISSION***

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

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

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**BOARD MEETING**

**MARCH 10, 2005**

**ROLL CALL**

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

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



- 2) Atascocita Pines, Humble, Texas in an Amount Not to Exceed \$11,900,000 and Issuance of Determination Notice (Requested Amount of \$590,697 and Recommended Amount of \$577,587) For Atascocita Pines, #04499

- |        |  |                    |
|--------|--|--------------------|
| Item 6 | Presentation, Discussion and Possible Approval of Financial Items:<br>Approval of Investment Banking Firms Recommended for Senior Manager Roles in Conjunction with the Sale of TDHCA's Single Family Mortgage Revenue Bonds | Vidal Gonzalez     |
| Item 7 | Presentation, Discussion and Possible Approval of Programmatic Items:<br>Section 8 Program Public Housing Authority Plan Five Year Plan and FY 2005 Plan   | C. Kent Conine     |
| Item 8 | Presentation, Discussion and Possible Election of Officers of the Board  | Elizabeth Anderson |

**EXECUTIVE SESSION**

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session  
 Consultation with Attorney Pursuant to §551.071, Texas Government Code, On Political Activities by Public Entities and Individuals

Elizabeth Anderson

**OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

Elizabeth Anderson

**REPORT ITEMS**

Executive Directors Report

1. Bills filed in the current Legislative Session
2. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for February, 2005
3. Senate Finance Working Group Meeting, 02-22-05
4. House Committee on Border & International Affairs, 02-23-05
5. Senate Finance Mark Up Hearing, 02-28-05
6. House Appropriations Committee Hearing, 02-28-05
7. State Auditor's Office Draft Report Concerning the Federal Compliance Audit for the Section 8 Housing Choice Voucher Program for FY 2004

**ADJOURN**

Elizabeth Anderson

*To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or contact the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.*

*Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.*

*Non-English speaking individuals who require interpreters for this meeting should contact Delores Groneck, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.*

*Personas que hablan español y requieren un intérprete, favor de llamar a Jorge Reyes al siguiente número (512) 475-4577 por lo menos tres días antes de la junta para hacer los preparativos apropiados.*

**EXECUTIVE OFFICE**  
**BOARD ACTION REQUEST**  
**MARCH 10, 2005**

**Action Item**

Board Minutes of February 10, 2005.

**Required Action**

Review of the minutes of the Board Meetings and make any necessary corrections.

**Background**

The Board is required to keep minutes of each of their meetings. Staff recommends approval of the minutes.

**Recommendation**

Approve the minutes with any requested corrections.

**BOARD MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**507 Sabine, Room 437, Austin, Texas 78701**  
**February 10, 2005**                      **11:30 a. m.**

**Summary of Minutes**

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

The Board Meeting of the Texas Department of Housing and Community Affairs of February 10, 2005 was called to order by the Vice-Chair of the Board C. Kent Conine at 12:10 p.m. It was held at the Texas Department of Housing and Community Affairs Boardroom, 507 Sabine, Austin, Texas. Beth Anderson was absent. Roll call certified a quorum was present.

Members present:

C. Kent Conine -- Vice Chair  
Shadrick Bogany – Member  
Vidal Gonzalez -- Member  
Patrick Gordon – Member  
Norberto Salinas – Member

Staff of the Texas Department of Housing and Community Affairs was also present.

**PUBLIC COMMENT**

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

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

State Representative Jose Menendez, San Antonio, Texas

Representative Menendez stated the project in San Antonio on the agenda needs the housing tax credits from TDHCA committed prior to the bond closing. He asked the Board to look at the fact that they do have the ability to grant this waiver on specific cases such as this one. This project has the full support of the City Councilman for the District and it has the Representatives full support also. This is for the Willow Bend Apartments in San Antonio, 04612.

Joy Horak-Brown, New Hope Housing, Houston, Texas

Ms. Horak Brown stated they broke ground in October on 134 units of single room occupancy in Houston's Second Ward East End. She invited the Board to see the project.

Jennifer E. Rowell, Austin, Texas

Ms. Rowell did not give any comments.

Elizabeth Rippy, Attorney, Vinson & Elkins, Austin, Texas

Ms. Rippy was available to answer any questions on the single family and multi-family items.

Vernon R. Young, Jr., Inland General Construction, Houston, Texas

Mr. Young did not give any comments.

Robert Johnston, LIHTC Investor, Dallas, Texas

Mr. Johnston was available to answer any questions.

Dennis Hoover, Developer, Burnet, Texas

Mr. Hoover was available for any questions on the Creekside Townhome Apartments.

Randy Stevenson, United Affordable Housing, Arlington, Texas  
Mr. Stevenson was available for any questions.

Cynthia Bast, Attorney, Locke Liddell & Sapp, LLP, Austin, Texas  
Ms. Bast was available to answer any questions the Board might have.

Randolph V. Brown, Conroe, Texas  
Mr. Brown was available to answer questions.

## **ACTION ITEMS**

**(1) Presentation, Discussion and Possible Approval of Minutes of Board Meeting of January 7, 2005**

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the minutes of the Board Meeting of January 7, 2005  
Passed Unanimously

**(2) Presentation, Discussion and Possible Approval of Housing Tax Credit Items:**

**a) Final Adoption of Amendment to the 2005 Housing Tax Credit Qualified Allocation Plan and Rules (“QAP”), Title 10, Part 1, Chapter 49, Texas Administrative Code (Identical to the Previously Approved Emergency Amendment) as Modified and Approved by the Governor**

Ms. Carrington stated staff is requesting approval of the Housing Tax Credit Program final Qualified Allocation Plan and Rules for 2005. The Board did in November 12<sup>th</sup> approve the QAP but the Governor rejected the plan and modifications and amendments have been made to the Plan that the Board approved in December. The Governor approved the QAP with one modification and the emergency amendment and the proposed identical amendment were put in the Texas Register for the required 30 day comment period. January 31 was the end of the comment period and there were no additional comments on that QAP that staff is presenting for consideration and adoption.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the adoption of amendment to the 2005 Housing Tax Credit Qualified Allocation Plan and Rules.  
Passed Unanimously

**b) Consideration of an Appeal by #04612, Willow Bend Apartments, San Antonio, Texas; Issuer is San Antonio Housing Finance Corporation, San Antonio, Texas**

Ms. Carrington stated this is a consideration of a request for a waiver of the 60-day rule requirement which is in the 2004 QAP for an application that is a tax credit and a tax-exempt bond transaction. This transaction received the reservation from the Bond Review Board in October, 2004. The QAP rules state that the Department must receive at least 60 days prior to the board meeting at which the decision to be made to issue a determination notice a variety of documents. The Department received part of the tax credit application on January 5, and the remainder on January 10, which was late from the 60 day-rule requirement which would have been December 12, 2004. Staff is recommending on this particular transaction that the waiver of the 60-day rule not be granted.

Michael Eaton, Attorney, Dallas, Texas

Mr. Eaton stated the original plan was to close the bonds and allow the seller note to be subordinate to the bonds because there was seller financing involved for the land and they could not use the bond proceeds to pay for that land. The counsel for the issuers agreed with and approved this structure. They proceeded under the assumption that the structure would be approved by the Attorney General's Office. The Attorney General's Office advised them that they were not going to approve this planned structure and they were going to require that there be an approval of the credits prior to their final approval of the bonds. He asked for a waiver of the rule as the developer had done everything they were planning on doing and worked with the investment banker involved and the issuer involved but the AGs Office



changed the rules in the middle of the game for them and they now need a waiver of the 60-day rule. The plan originally was to present this transaction at the March Board Meeting and they would have met the requirements of the 60-day rule.

Motion made by Norberto Salinas and seconded by Vidal Gonzalez to table this item until Item 2c is completed.

Passed Unanimously

**c) Issuance of Determination Notices on Tax Exempt Bond Transactions with Other Issuers: 04612 Willow Bend Apartments, San Antonio, Texas; San Antonio Housing Finance Corporation is the Issuer; (Requested Amount of \$521,410 and Recommended Amount of \$0)**

Ms. Carrington stated Willow Bend is a Priority Three transaction.

Mr. Gouris stated the Real Estate Analysis Division has not completed the underwriting report and it has not been finalized. He stated based on information received, staff would make a recommendation but the report has not been finished.

Motion made by Norberto Salinas and seconded by Shad Bogany to approve the determination notice for 04612, Willow Bend Apartments, San Antonio, Texas and to authorize the Executive Director to approve the notice not to exceed \$592,607 subject to conditions being met.

Passed Unanimously

Motion made by Norberto Salinas and seconded by Shad Bogany to reconsider Agenda Item No. 2b.

Passed Unanimously

**2)b) Motion made by Norberto Salinas and seconded by Shad Bogany to waive the 60-day rule for Willow Bend Apartments, San Antonio, Texas.**

Passed Unanimously

**04496 Oak Tree Manor, Houston, Texas; Harris County Housing Finance Corp. is the Issuer; (Requested Amount of \$645,983 and Recommended Amount of \$645,983)**

Ms. Carrington stated Oak Tree Manor is in Harris County and it is a Priority 1A transaction. This is an elderly transaction and staff is recommending approval of the request.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the determination notice for 04496, Oak Tree Manor, Houston, Texas for \$645,983.

Passed Unanimously

**d) Requests for Housing Tax Credit Extensions for:**

**03094 Reserve II at Las Brisas, Irving, Texas**

Ms. Carrington stated this is a 2003 housing tax credit allocation and is located in Irving, Texas. They are requesting an extension for the start of substantial construction from November 12, 2004 to March 15, 2005. Staff is recommending the extension.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the extension request for 03094, Reserve 11 at Las Brisas in Irving, Texas for the deadline from Nov. 12, 2004 to March 15, 2005.

Passed Unanimously

**03182 The Manor at Jersey Village, Jersey Village, Texas**

Ms. Carrington stated this project is located in Jersey Village in Harris County and is a second extension request. They are asking for an extension as the City has not issued the permits. Staff is recommending a new deadline of March 14, 2005 to submit the permits.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the extension request for 03182, The Manor at Jersey Village in Jersey Village, Texas to March 14, 2005.  
Passed Unanimously

e) **Proposed Housing Tax Credit Amendments for:  
94030 and 06824 Sterling Grove Apartments, Houston, Texas**

Ms. Carrington stated there are eight requests for amendments to housing tax credit applications involving material changes. These are requests that must come to the board if there is a significant modification of the site plan or if there is a significant modification of the architectural design.

Sterling Grove Apartments is located in Houston and they are requesting approval to change the unit mix of the development by converting 40 one bedroom units into 20 three bedroom units. Staff is recommending this amendment.

Motion made by Shad Bogany and seconded by Norberto Salinas to grant the amendment request for 90030 and 06824, Sterling Grove Apartments, Houston, Texas to change the unit mix.  
Passed Unanimously

**01025 Residences at Diamond Hill, Ft. Worth, Texas**

Ms. Carrington stated The Residences at Diamond Hill is located in Ft. Worth and the applicant wants approval to add two buildings as the changes were necessary to fit into the site in a desirable manner and staff is recommending approval.

Motion made by Shad Bogany and seconded by Norberto Salinas to permit the addition of two buildings to 01025, Residences at Diamond Hill, Ft. Worth, Texas.  
Passed Unanimously

**01090 Parkstone Crossroads Apts., Wichita Falls, Texas**

Ms. Carrington stated Parkstone Crossroads is located in Wichita Falls and when the application was put together, the amount of square footage for the common area was erroneously listed as 3,371 sq. ft. and it should have been 3,871 sq. ft. They are now asking to change the square footage to 3,457 for the common area. Staff is recommending approval.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the amendment for 01090, Parkstone Crossroads Apartments, Wichita Falls, Texas for the change in the square footage for the common area to 3,457.  
Passed Unanimously

**02103 Valley View Apartments, Pharr, Texas**

Ms. Carrington stated Valley View is located in Pharr and is a transaction that the Board considered in December and staff is now bringing it back for reconsideration. They are requesting to increase the applicable fraction from 95% to 100%. This would allow the developer fee to be paid out over a 7 year period of time as opposed to a 15 year period of time. Staff is recommending this increase.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the amendment for 02103, Valley View Apartments in Pharr, Texas for increasing the applicable fraction from 95% to 100%.  
Passed Unanimously

George F. Littlejohn, Novogradac & Company, Austin, Texas

Mr. Littlejohn stated what has occurred in this transaction is because of the drop in the tax credit percentage over time and the project has not been able to justify its overall credit allocation.

**02027 Creekside Townhomes, Burnet, Texas**

Ms. Carrington stated Creekside Townhomes is located in Burnet and the applicant is requesting approval to change the rent structure. Staff is recommending approval.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the amendment for 02027, Creekside Townhomes, Burnet, Texas to change the rent structure as recommended by staff.

Passed Unanimously

**03155 Villas of Leon Valley, Leon Valley, Texas**

Ms. Carrington stated this relates to a reduction in the common area square footage. When the application was originally approved, the area around the elevator was to be heated and cooled. The City then required the area to be open and not included as heated and cooled space and it reduced the area in the common by a little more than 1,300 square feet. Staff is recommending the approval.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the amendment for 03155, Villas of Leon Valley in Leon Valley, Texas for the reduction in the common area square footage.

Passed Unanimously

**04224 Commons of Grace Apartments, Houston, Texas**

Ms. Carrington stated the application is requesting a reduction in land area from 5.99 acres to 5.5046 acres. When they placed their application they had to estimate the amount of acres and now they know the exact amount and they are requesting an amendment to the amount originally stated. Staff is recommending approval.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the amendment for 04334, Commons of Grace Apartments in Houston, Texas for the reduction in the land area from 5.99 acres to 5.5046 acres.

Passed Unanimously

**04246 Wildwood Trail Apartments, Brownwood, Texas**

Ms. Carrington stated Wildwood Trails is increasing the land area from 4.50 acres to 5.035 acres and staff is recommending approval.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the amendment for 04246, Wildwood Trail Apartments in Brownwood, Texas for increasing the land area from 4.50 acres to 5.035 acres.

Passed Unanimously

**f) Consideration of Allocation of 2005 Housing Tax Credits for Rural Rescue Applications: 05005 Snyder Housing Venture, Snyder, Texas; (Requested Amount of \$30,485 and Recommended Amount of \$30,463)**

Ms. Carrington stated this is the consideration of an allocation of 2005 credits for one rural rescue transaction. The Board approved a policy in 2004 to allow transactions that were financed through rural development that would be going through foreclosure to come to the Department and receive an allocation that was out of cycle. Staff is recommending approval of \$30,463 in credits for the Snyder Housing Venture in Snyder, Texas.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the 2005 Housing Tax Credits for Rural Rescue Application for 05005, Snyder Housing Venture, Snyder, Texas in the amount of \$30,463.

Passed Unanimously

**(3) Presentation, Discussion and Possible Approval of Multifamily Bond Program for Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board For Program Year 2005 (2005 Waiting List)**

**Marquee Ranch, Pflugerville, Texas**

Ms. Carrington stated the Marquee Ranch in Pflugerville, Texas had withdrawn their request.

**Lafayette Chase Apartments, Houston, Texas**

Ms. Carrington stated this project is located in Houston and would be a general family transaction. Staff is recommending \$12,500,000 in private activity bonds and they would be placed on the 2005 Waiting List at the Bond Review Board.

Motion made by Vidal Gonzalez and seconded by Shad Bogany to approve the Multifamily Bond Program Inducement Resolution for Lafayette Chase Apartments in Houston, Texas with the approval of Resolution No. 05-010.

Passed Unanimously

**(4) Presentation, Discussion and Possible Approval of Items from Finance Committee:  
a) Approval of Criteria and Methodology Recommended for the Selection of Senior Managers in Conjunction with the Sale of TDHCA's Single Family Mortgage Revenue Bonds**

Ms. Carrington stated this is the approval of the criteria and the methodology recommended for the selection of senior managers in conjunction with the sale of TDHCA single-family mortgage revenue bonds. This is a tool, an instruction that was used in 2001 to select senior managers. There have been revisions to it and it was again used in 2003 to select co-managers. Staff is asking approval of this criteria and methodology to evaluate the performance of the six senior managers and staff will come back to the Board in March with the recommendations.

Joseph Tait, UBS Financial, New York City, New York

Mr. Tait suggested that since the Department's bond issuances have continued to use additional amounts of variable rate debt that the Board might consider as a criteria something like the amount of variable rate debt that a particular bank manages over time.

Nick Fluehr, Citigroup, New York City, New York

Mr. Fluehr stated the Board should want experienced professionals with innovative ideas on the program and financing sides and on marketing one would want to achieve the absolute lowest interest costs.

Peter E. Weiss, Investment Banker, New York City, New York

Mr. Weiss stated the Board should want the senior managing underwriters to have as large a breadth of experience with comparable agencies around the nation and specifically at the state level.

Carmen Best, Siebert Bernard Perchank & Company, Houston, Texas

Ms. Best stated the Board should establish the criteria that meets the goals of the Department and add diversity.

Guy E. Yandel, G. K. Baum Company, Denver, Colorado

Mr. Yandel stated TDHCA has had on its website the announcement that it would change the number of senior managers and he stated the staff has done a good job of producing the document that the Board is being asked to approve at this meeting.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the criteria and methodology presented by staff for the selection of senior managers for the sale of TDHCA's single family mortgage revenue bonds.

Passed Unanimously

**b) Preliminary Approval of Single Family Mortgage Revenue Bonds, 2005 Series A (Variable Rate) and 2005 Series B (Variable Rate) for Program 62A**

Ms. Carrington stated this is the preliminary approval of the Single Family Mortgage Revenue Bonds, 2005 Series A and B. The first part of the transaction would be \$88,000,000 and would be variable rate demand bonds and the second part would be \$12,000,000. These would be to provide tax exempt funds from below market interest rates. Staff is recommending Bear Stearns to lead the transaction and also to be in the role of the interest rate swap provider. Co-Managers would be Bank of America Securities, Loop Capitol Markets, Merrill Lynch and Morgan Keegan.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to grant preliminary approval of the single family mortgage revenue bonds, 2005 Series A and 2005 Series B for Program 62A.  
Passed Unanimously

**c) Preliminary Approval of Market Rate Mortgage Program**

Ms. Carrington stated this is a market rate program and does not involve the issuance of bonds. This would allow TDHCA to serve borrowers who are not first-time homebuyers and would allow refinancings for borrowers in the higher interest rate loans. It would also allow TDHCA to change the maturity of loans and the department will start with \$22,500,000 for this program.

Danny Gardner, Citimortgage, Inc., Dallas, Texas

Mr. Gardner stated that there would be a price limit on the loan amounts as pursuant to FNMA conforming loan guidelines for this market rate mortgage program.

Motion made by Vidal Gonzalez and seconded by Shad Bogany to grant preliminary approval of the market rate mortgage program as presented.  
Passed Unanimously

**d) Approval of Resolution Authorizing the Extension of the Certificate Purchase Period for Residential Mortgage Revenue Bonds, Series 2002AB (Program 59)**

Ms. Carrington stated staff is requesting approval to extend the certificate purchase period for RMRB Series 2002A&B from April 1, 2005 to May 1, 2006.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the extension of the certificate purchase period for RMRB Series 2002AB (Program 59) from April 1, 2005 to May 1, 2006 with approval of resolution No. 05-012.  
Passed Unanimously

**e) Approval of First Quarter Investment Report**

Mr. Dally stated on the mortgage purchase in this quarter, TDHCA has \$53,000,000 in mortgage backed securities. The department has \$2.3 billion outside of the State Treasury and he review the report.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the First Quarter Investment Report.  
Passed Unanimously

**f) Approval of Texas Department of Housing and Community Affairs Investment Policy**

Ms. Carrington stated there is a requirement that the Board review the Investment Policy annually and to approve an amendments to the Policy. There was one change and this is a statement that the department has created and adopted a separate interest rate swap policy.

Motion made by Vidal Gonzalez and seconded by Norberto Salinas to approve the Investment Policy for the Texas Department of Housing and Community Affairs.  
Passed Unanimously

**(5) Presentation and Discussion on Report from Programs Committee:  
Discussion on Creation of the Asset Management Committee And the Proposed Standard Operating Procedures (SOP) on Declaration of Events of Default on Multifamily Obligations**

Ms. Carrington stated the Department created a committee composed of staff from multiple divisions that are involved in either the awarding of funds to applicants or reviewing the awards. The work they are to do is monitoring assets to look for signs that might mean that the asset is in trouble, such as foreclosure or tax liens.

This was a report item and no action was taken on it.

**(6) Presentation, Discussion and Possible Approval of Programmatic Items:  
a) Final Adoption of Housing Trust Fund Rule Amendment to Section 51.5**

Ms. Carrington stated that in November the Board approved the 2005 Housing Trust Fund Rules along with an amendment that was posted to the Texas Register and made available for public comment. No public comment was received and staff is recommending approval of this item.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the Housing Trust Fund Rule Amendment to Section 51.5.  
Passed Unanimously

Mr. Gordon left the meeting at this time and did not return.

Judy Telge, Executive Director of Access Communities, Inc., Corpus Christi, Texas

Ms. Telge asked the Board to grant forgiveness of the loan. She stated they renovated the project with city and TDHCA money but Phase One was never completed and they need forgiveness of the loan.

**b) Forgiveness of Housing Trust Fund Predevelopment Loan for:  
Accessible Communities, Inc., Corpus Christi, Texas, (Requested Amount of \$32,287 and Recommended Amount of \$22,207)**

Ms. Carrington stated this is forgiveness of the repayment of a Housing Trust Fund Predevelopment loan and staff is recommending the Board approve a portion of the loan to be forgiven.

Motion made by Vidal Gonzalez and seconded by Norberto Salinas to take this item until a later Board meeting.  
Passed Unanimously

**c) Requests for Housing Trust Fund Loan Amendments for:  
853332 Estates of Bridgeport – Phase I, Bridgeport, Texas, Increase of Loan Amount of \$92,174**

**d) Proposed HOME Program Loan Amendments for:  
542076 Estates of Bridgeport – Phase II, Bridgeport, Texas, Increase of Loan Amount of \$91,707**

Ms. Carrington stated staff is recommending approval of amendments for Phase 1 for Estates of Bridgeport under the Housing Trust Fund and for Phase 11 for Estates of Bridgeport under the HOME Program as they are requesting the amounts be increased. This has a component of a payback and also a forgiveness loan.

Motion made by Norberto Salinas and seconded by Shad Bogany to approve the Housing Trust Fund loan amendment for an increase in the loan amount of \$91,174 and to approve the HOME Program loan amendment for an increase in the loan amount of \$91,707 for Estates of Bridgeport, Phase 1 and Phase 11.  
Passed Unanimously

e) **Recommendation of HOME Program CHDO Award for:  
0470005 Community Cottages, Austin, Texas for Contract Amount of \$1,500,000 and  
Operating Fees of \$144,000**

Ms. Carrington stated this is a CHDO set aside award for rental housing development located in Austin. This project will have 30 units of single family housing.

Tom Stacy, Austin, Texas

Mr. Stacy stated they have cleared the deficiencies that TDHCA had noted several years ago and he asked for approval of the project.

David Stallcup, Austin, Texas

Mr. Stallcup stated he lived in the Cottonwood West Subdivision which is adjacent to the land that Community Cottages purchased in July 2003. In October this Board denied an appeal by Community Cottages to get funds. He asked the Board to again deny funds. He stated this project would be better if it was located closer to an area with wider streets as the traffic hazardous in the proposed area.

Lance Rowell, Austin, Texas

Mr. Rowell stated he lived in the Commonwood area and he felt this project would destroy property values in their area. He asked the Board to deny funds for this project.

Larry Schramm, Austin, Texas

Mr. Schramm stated he was President of the Cottonwood Homeowners Association and there are traffic problems in this area as the entrances are hazardous.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the CHDO award for Community Cottages, Austin, Texas for the contract amount of \$1,500,000 and operating fees of \$144,000.

Passed Unanimously

f) **Recommendation of HOME Single Family Olmstead Set Aside Award for:  
Valley Association for Indep. Living, Hidalgo and Cameron Counties Recommendation of  
\$115,800; Dallas Housing Authority, Dallas County Recommendation of \$465,000; Lifetime  
Independence for Everyone, Inc., Lubbock, Hale, Terry, Potter and Randall Counties  
Recommendation of \$168,572**

Ms. Carrington stated staff is recommending approval of three awards under the HOME Program Olmstead set-aside category.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the awards for Valley Association for Independent Living, Hidalgo and Cameron Counties for \$115,800; Dallas Housing Authority, Dallas County for \$465,000; and Lifetime Independence for Everyone, Inc., Lubbock, Hale, Terry, Potter and Randall Counties for \$168,572.

Passed Unanimously

(7) **Presentation, Discussion and Possible Approval of Items from Audit Committee:**

a) **Discussion of Board Resolutions Relating to Audit Committee Responsibilities and  
Possible Approval of Additional Resolutions**

Mr. David Gaines stated these are board resolutions relating to the Audit Committee responsibilities. The original resolutions were passed in March of 1997. There are proposed amendments that related to the Executive Order of Governor Perry.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the Board resolutions relating to the additional responsibilities of the Audit Committee.

Passed Unanimously

- b) Discussion and Confirmation of Internal Audit Charter**  
Mr. Gaines stated the Internal Audit Charter defines the responsibilities and authority of the Internal Audit Division and asked for confirmation of the Charter.

Motion made by Vidal Gonzalez and seconded by Shad Bogany to confirm the Internal Audit Charter.

Passed Unanimously

- c) Discussion of Audit Results from the Deloitte, CPAs, FYE 8/31/04 Reports:**
- **Communications with Audit Committee Letter**
  - **Opinion Audit on FY 2004 Basic Financial Statements**
  - **Opinion Audit on FY 2004 Revenue Bond Program Financial Statements**
  - **Opinion Audit on FY 2004 Computation of Unencumbered Fund Balances**
  - **Report to Management (Management Letter)**

Mr. Gaines stated he and Mr. Bogany met with Deloitte & Touche representatives and there are material adjustments to be made but the financial statements are in good shape.

- d) Discussion of Section 8 Rental Integrity Monitoring Review**  
Mr. Gaines stated this review was a follow up from a prior audit review conducted in July Of 2003 and the results were positive at this time.

- e) Discussion of State Energy Conservation Office Monitoring Review**  
Mr. Gaines stated the purpose of this review was to determine the department's effectiveness in accomplishing the objectives of programs funded by the State Energy Conservation Office. The report was that the programs are running smoothly.

- f) Status of Prior Audit Issues**  
Mr. Gaines stated the department waiting on HUD for information on two findings.

- g) Status of Central Database**  
Mr. Gaines stated the Central Database committee composition has changed and the department continues to work on this project.

- h) Status of Internal/External Audits**  
Mr. Gaines provided information on the stages of various projects and gave the targeted dates for completing the stages.

Mr. Conine asked Mr. Gaines to look at the risks involved in the upcoming move of the department and for Mr. Gaines to report back to the Board at a later meeting.

## **EXECUTIVE SESSION**

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session

## **OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

There was no Executive Session held.

## **REPORT ITEMS**

Executive Directors Report

1. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for January, 2005

Ms. Carrington stated this report was given to the Board members for their review.



2. Senate Finance Committee Meeting, February 3, 2005  
Ms. Carrington stated this Committee met on February 3 and the Department testified at the meeting.
3. Composition of House Committee on Urban Affairs  
Ms. Carrington stated this Committee has three new members and they are Rep. Dr. Alma Allen from Houston; Rep. Roy Blake from Nacogdoches; and Rep. Eddie Rodriguez from Austin.
4. House Committee Meeting on Urban Affairs Organizational Meeting, February 8, 2005  
Ms. Carrington stated the department attended this organizational meeting on February 8<sup>th</sup>.
5. Outstanding Women in Texas Government Award, March 18, 2005  
Ms. Carrington stated she was nominated for and won the Management Category award for Outstanding Women in Texas Government and she will be presented this award on March 18<sup>th</sup> at a luncheon in Austin, Texas.
6. Senate Intergovernmental Relations Committee Organizational Meeting, February 2, 2005  
Ms. Carrington stated the department attended this organizational meeting on February 2<sup>nd</sup>.

## **ADJOURN**

The meeting adjourned at 2:55 p.m.

Respectfully submitted,

Delores Groneck  
Board Secretary

Bdminfeb

**BOARD INFORMATION SUMMARY**

**LEGAL SERVICES DIVISION**

**MARCH 10, 2005**

**Information Item**

Presentation and discussion by the Attorney General's Office on Chapter 556, Texas Government Code, on political activities by public entities and individuals

**Background**

Chapter 556, Texas Government Code, addresses political activities by public entities and individuals, including state employees' rights, prohibited acts of agencies and individuals, lobbying, termination of employment, and prohibition on compensation. A copy of the statute is attached. During the current legislative session, it is appropriate to review these provisions. A representative of the Attorney General's Office will make the presentation and answer questions. If the Board desires to consult with the assistant attorney general and the department's general counsel in executive session concerning the statute, the board may do so.

GOVERNMENT CODE

CHAPTER 556. POLITICAL ACTIVITIES BY CERTAIN PUBLIC ENTITIES AND INDIVIDUALS

Sec. 556.001. DEFINITIONS. In this chapter:

(1) "Appropriated money" means money appropriated by the legislature through the General Appropriations Act or other law.

(2) "State agency" means:

(A) a department, commission, board, office, or other agency in the executive branch of state government, created under the constitution or a statute, with statewide authority;

(B) a university system or an institution of higher education as defined by Section 61.003, Education Code; or

(C) the supreme court, the court of criminal appeals, another entity in the judicial branch of state government with statewide authority, or a court of appeals.

(3) "State employee" means an individual who is employed by a state agency. The term does not include an elected official or an individual appointed to office by the governor or another officer.

(4) "State officer" means an individual appointed to office by the governor or another officer.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1999, 76th Leg., ch. 1498, Sec. 1, eff. Sept. 1, 1999.

Sec. 556.002. APPLICATION TO CERTAIN ENTITIES AND INDIVIDUALS. (a) This chapter applies to the use of appropriated money by the following public entities and their officers and employees as if the entities were state agencies and their officers and employees were state employees:

(1) a regional planning commission, council of governments, or similar regional planning agency created under Chapter 391, Local Government Code;

(2) a local workforce development board created under Subchapter F, Chapter 2308; and

(3) a community center created under Subchapter A, Chapter 534, Health and Safety Code.

(b) This chapter does not prohibit the payment of reasonable dues to an organization that represents student interests before the legislature or the Congress of the United States from that portion of mandatory student service fees that is allocated to the student government organization at an institution of higher education. A mandatory student service fee may not be used to influence the outcome of an election.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1,

1993. Amended by Acts 1997, 75th Leg., ch. 1035, Sec. 85, eff. June 19, 1997; Acts 1999, 76th Leg., ch. 1498, Sec. 1, eff. Sept. 1, 1999.

Sec. 556.003. STATE EMPLOYEES' RIGHTS. A state employee has the rights of freedom of association and political participation guaranteed by the state and federal constitutions except as provided by Section 556.004.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1999, 76th Leg., ch. 1498, Sec. 1, eff. Sept. 1, 1999.

Sec. 556.004. PROHIBITED ACTS OF AGENCIES AND INDIVIDUALS.

(a) A state agency may not use any money under its control, including appropriated money, to finance or otherwise support the candidacy of a person for an office in the legislative, executive, or judicial branch of state government or of the government of the United States. This prohibition extends to the direct or indirect employment of a person to perform an action described by this subsection.

(b) A state officer or employee may not use a state-owned or state-leased motor vehicle for a purpose described by Subsection (a).

(c) A state officer or employee may not use official authority or influence or permit the use of a program administered by the state agency of which the person is an officer or employee to interfere with or affect the result of an election or nomination of a candidate or to achieve any other political purpose.

(d) A state employee may not coerce, attempt to coerce, command, restrict, attempt to restrict, or prevent the payment, loan, or contribution of any thing of value to a person or political organization for a political purpose.

(e) For purposes of Subsection (c), a state officer or employee does not interfere with or affect the results of an election or nomination if the individual's conduct is permitted by a law relating to the individual's office or employment and is not otherwise unlawful.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1999, 76th Leg., ch. 1498, Sec. 1, eff. Sept. 1, 1999.

Sec. 556.005. EMPLOYMENT OF LOBBYIST. (a) A state agency may not use appropriated money to employ, as a regular full-time or part-time or contract employee, a person who is required by Chapter 305 to register as a lobbyist. Except for an institution of higher education as defined by Section 61.003, Education Code, a state agency may not use any money under its control to employ or contract with an individual who is required by Chapter 305 to register as a lobbyist.

(b) A state agency may not use appropriated money to pay, on behalf of the agency or an officer or employee of the agency, membership dues to an organization that pays part or all of the salary of a person who is required by Chapter 305 to register as a lobbyist. This subsection does not apply to the payment by a state agency of membership fees under Chapter 81.

(c) A state agency that violates Subsection (a) is subject to a reduction of amounts appropriated for administration by the General Appropriations Act for the biennium following the biennium in which the violation occurs in an amount not to exceed \$100,000 for each violation.

(d) A state agency administering a statewide retirement plan may enter into a contract to receive assistance or advice regarding the qualified tax status of the plan or on other federal matters affecting the administration of the state agency or its programs if the contractor is not required by Chapter 305 to register as a lobbyist.

Added by Acts 1993, 73rd Leg., ch. 268, Sec. 1, eff. Sept. 1, 1993. Amended by Acts 1999, 76th Leg., ch. 1498, Sec. 1, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 249, Sec. 4.11, eff. Sept. 1, 2003.

Sec. 556.0055. RESTRICTIONS ON LOBBYING EXPENDITURES. (a) A political subdivision or private entity that receives state funds may not use the funds to pay:

(1) lobbying expenses incurred by the recipient of the funds;

(2) a person or entity that is required to register with the Texas Ethics Commission under Chapter 305;

(3) any partner, employee, employer, relative, contractor, consultant, or related entity of a person or entity described by Subdivision (2); or

(4) a person or entity that has been hired to represent associations or other entities for the purpose of affecting the outcome of legislation, agency rules, ordinances, or other government policies.

(b) A political subdivision or private entity that violates Subsection (a) is not eligible to receive additional state funds.

Added by Acts 1999, 76th Leg., ch. 1498, Sec. 1, eff. Sept. 1, 1999.

Sec. 556.006. LEGISLATIVE LOBBYING. (a) A state agency may not use appropriated money to attempt to influence the passage or defeat of a legislative measure.

(b) This section does not prohibit a state officer or employee from using state resources to provide public information or to provide information responsive to a request.

Added by Acts 1997, 75th Leg., ch. 1035, Sec. 86, eff. June 19,

1997. Amended by Acts 1999, 76th Leg., ch. 1498, Sec. 1, eff. Sept. 1, 1999.

Sec. 556.007. TERMINATION OF EMPLOYMENT. A state employee who causes an employee to be discharged, demoted, or otherwise discriminated against for providing information under Section 556.006(b) or who violates Section 556.004(c) or (d) is subject to immediate termination of employment.

Added by Acts 1999, 76th Leg., ch. 1498, Sec. 1, eff. Sept. 1, 1999.

Sec. 556.008. COMPENSATION PROHIBITION. A state agency may not use appropriated money to compensate a state officer or employee who violates Section 556.004(a), (b), or (c) or Section 556.005 or 556.006(a), or who is subject to termination under Section 556.007.

Added by Acts 1999, 76th Leg., ch. 1498, Sec. 1, eff. Sept. 1, 1999.

Sec. 556.009. NOTICE OF PROHIBITIONS. (a) A state agency shall provide each officer and employee of the agency a copy of Sections 556.004, 556.005, 556.006, 556.007, and 556.008 and require a signed receipt on delivery. A new copy and receipt are required if one of those provisions is changed.

(b) A state agency shall maintain receipts collected from current officers and employees under this section in a manner accessible for public inspection.

Added by Acts 1999, 76th Leg., ch. 1498, Sec. 1, eff. Sept. 1, 1999.

**EXECUTIVE DIVISION  
ALTERNATIVE DISPUTE RESOLUTION  
March 10, 2005**

**Information Item**

Discussion of Alternative Dispute Resolution (ADR) Activities

**Background**

S.B. 264, effective date of September 1, 2003, included the Sunset Commission's "across the board" recommended language for all state agencies on ADR, including TDHCA. On November 5, 2003, the Center for Public Policy Dispute Resolution at the University of Texas Law School conducted an initial orientation session for agencies that have the "across the board" ADR language in their Sunset legislation to discuss possible ways of implementation. TDHCA staff, including the Executive Director, were in attendance.

On November 14, 2003, the TDHCA Board adopted initial ADR rules for the 2004 QAP, the HOME rules, and the Housing Trust Fund rules. In March 2004, staff solicited input on a more comprehensive draft ADR rule from the 2005 QAP Working Group. On May 13, 2004, the TDHCA Board approved the proposed final ADR rule for public comment. No comments were received during the 30-day public comment period. On July 8, 2004 the Board approved the comprehensive ADR rule, 10 Tex. Admin. Code, §1.17.

During the months of October and November 2004, staff conducted mediation on two tax credit projects with developers at their request. In November 2004, TDHCA's Dispute Resolution Coordinator completed the required 40 hour mediation course at the Dispute Resolution Center of Austin, Texas.

<<Prev Rule

Next Rule>>

# Texas Administrative Code

TITLE 10

COMMUNITY DEVELOPMENT

PART 1

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CHAPTER 1

ADMINISTRATION

SUBCHAPTER A

GENERAL POLICIES AND PROCEDURES

RULE §1.17

**Alternative Dispute Resolution and Negotiated Rulemaking**

(a) Policy. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the appropriate use of Alternative Dispute Resolution ("ADR") procedures to assist in the fair and expeditious resolution of internal and external disputes involving the Department and the use of negotiated rulemaking procedures for the adoption of Department rules, consistent with the Governmental Dispute Resolution Act and the Negotiated Rulemaking Act (Chapters 2009 and 2008, respectively, Texas Government Code). The Department's ADR procedures must conform, to the extent possible, to model guidelines issued by the State Office of Administrative Hearings for the use of ADR by state agencies. (§2306.082(b), Texas Government Code).

(b) Definitions. For purposes of this rule, terms used herein shall have the following meaning:

(1) "Alternative Dispute Resolution" or "ADR"--a procedure or combination of procedures that uses an impartial third party to assist individuals in voluntarily resolving disputes, including procedures described in Sections 154.023-154.027, Civil Practice and Remedies Code. (§2009.003(1), Governmental Dispute Resolution Act). The Governmental Dispute Resolution Act does not grant the Department authority to engage in binding arbitration. (§2009.005(c)).

(2) "Mediation"--a dispute resolution procedure in which an impartial person, the mediator, facilitates communication between the parties to promote resolution of the dispute. The mediator may not impose his or her own judgment on the issues for that of the parties. (§154.023(a) and (b), Civil Practice and Remedies Code).

(3) "Impartial third party"--A person who meets the qualifications and conditions of §2009.053, Governmental Dispute Resolution Act.

(c) Dispute Resolution Coordinator. The Executive Director shall designate a trained person to:

(1) Coordinate the implementation of the Department's policy on ADR and negotiated rulemaking;

(2) Serve as a resource for any training needed to implement procedures for ADR or negotiated rulemaking; and

(3) Collect data concerning the effectiveness of ADR and negotiated rulemaking, as implemented by the Department.

(d) Informal Communications; Ex Parte Policy; Appeals; Education.

(1) The Department encourages informal communications between Department staff and applicants for Department programs, and other interested persons, to exchange information and informally resolve



disputes. When applications are pending consideration by the Department, applicants should review the Department's ex parte communications policy to ensure their compliance with the policy.

(2) The Department has promulgated rules in accordance with §2306.0321 and §2306.6715, Texas Government Code, concerning administrative appeals processes. ADR procedures supplement and do not limit any available procedure for the resolution of disputes. (§2009.052(a), Governmental Dispute Resolution Act). Pursuing an ADR procedure does not suspend or delay application, appeal, or other deadlines. For example, if a tax credit applicant desires to appeal a Department decision using the procedures promulgated under §2306.6715 and also desires to pursue an ADR procedure, the applicant may independently pursue the two procedures. Each procedure will proceed independently of the other.

(3) Consistent with this ADR and Negotiated Rulemaking policy, the Department shall endeavor to educate its staff and persons who are subject to the Department's jurisdiction concerning the availability of ADR and negotiated rulemaking procedures to resolve disputes and to adopt rules.

---

(e) ADR Procedure.

(1) Assessment of the Dispute. In determining whether an ADR procedure is appropriate, the parties to the dispute, including the Department, should consider the following factors:

(A) direct discussions and negotiations between the parties have been unsuccessful or could be improved with the assistance of an impartial third party;

(B) the use of ADR would use less resources and take less time than other available procedures; there is a reasonable likelihood that the use of ADR will result in an agreement to resolve the dispute;

(C) there are potential remedies or solutions that are only available through ADR; and

(D) the need for a final decision with precedential value is less important than other considerations. The parties may also consider additional factors found in the State Office of Administrative Hearings' ADR Model Guidelines for assessing whether a dispute is appropriate for mediation.

(2) Proposing the Use of ADR. Any applicant for Department programs or other interested person may propose the use of an ADR procedure to attempt to resolve a dispute with the Department by submitting a written ADR proposal to the Department's Dispute Resolution Coordinator (fax: (512) 475-3978), with copies sent to any other parties to the dispute.

(3) ADR Proposal. If at any time an applicant for Department programs or other interested person would like to engage in an ADR procedure with the Department, the person may submit by letter a written ADR proposal to the Department's Dispute Resolution Coordinator stating the nature of the dispute, the parties involved, any pertinent deadlines, whether all parties agree to refer the dispute to ADR, proposed times and locations, the preferred type of ADR procedure, and, if known, one or more potential impartial third parties. For example, an ADR proposal may propose that a dispute be mediated using a trained, impartial third party state employee from a state pool of ADR trained employees at no cost to the parties or other qualified mediator agreeable to all parties at the shared cost of the parties; that the mediation take place in person at the Department or other mutually agreeable place or by telephone; and that it be scheduled for three hours on an agreed date within seven days. If an applicant or other interested person is uncertain whether to propose the possible use of ADR or is uncertain about any particular aspect of a possible proposal, they should contact the Department's Dispute Resolution Coordinator to discuss the matter.

(4) Action on ADR Proposal. The Department will review the ADR proposal, discuss it with the interested parties, as appropriate, and assess whether ADR would assist in fairly and expeditiously resolving the dispute. If the parties, including the Department, cannot agree on whether an ADR procedure should be used or on the particulars of the ADR procedure, the Department will notify affected parties of that outcome. The Department will promptly notify all affected parties within five (5) days of receiving an ADR proposal, or as soon as reasonably possible. If the Department determines not to refer the dispute to ADR, the Department shall state its reasons in writing. If the Department determines to refer the dispute to ADR, it will include the date for the selected ADR process in its notice. In referring the case to ADR, the Department will carefully consider the selections in the ADR proposal and follow them as much as is appropriate.

(5) Department Proposal. Independent of any proposal from interested parties outside the Department, the Department may propose using ADR procedures to interested parties to try and resolve a dispute.

(f) Selection of Impartial Third Parties. An impartial third party must possess the qualifications required under §154.052, Civil Practice and Remedies Code (a minimum of 40 classroom hours of training in dispute resolution techniques), is subject to the standards and duties prescribed by §154.053, Civil Practice and Remedies Code, and has the qualified immunity prescribed by §154.055, Civil Practice and Remedies Code, for volunteer third parties not receiving compensation in excess of expenses, if applicable. (§2009.053(d) Governmental Dispute Resolution Act). The selection of an impartial third party is subject to the approval of the parties to the dispute. If the parties do not suggest potential third parties, the Department will provide a list of potential third parties from which to choose. If all parties agree to use an impartial third party who charges for ADR services, then the costs for the impartial third party shall be apportioned equally among all parties, unless otherwise agreed by the parties.

(g) Good faith; Voluntary Agreement; Public Information. All parties participating in an ADR procedure are expected to do so in a good faith effort to reach agreement. All parties participating must have the authority to enter into an agreement to resolve the dispute. The decision to reach agreement is voluntary. If the parties reach a resolution and execute a written agreement, the agreement is enforceable in the same manner as any other written agreement of the same nature with the State. A written agreement to which the Department is a signatory resulting from an ADR procedure must be approved by the appropriate authority and is subject to the Public Information Act, Chapter 552, Texas Government Code.

(h) Confidentiality of Records and Communications. The confidentiality of the communications, records, conduct, and demeanor of an impartial third party and parties in an ADR procedure are governed by §2009.054 of the Governmental Dispute Resolution Act.

(i) Negotiated Rulemaking.

(1) The Negotiated Rulemaking Act, Chapter 2008 of the Texas Government Code, prescribes procedures for negotiated rulemaking including appointment of a convener; publishing notice of proposed negotiated rulemaking and requesting comments on the proposal; appointing a negotiated rulemaking committee; appointing an impartial third party facilitator; and proposing the resulting draft rule for public comment.

(2) Any person or organization that would like for the Department to use negotiated rulemaking for the adoption of a Department rule may submit a proposal to the Department's Dispute Resolution Coordinator. The proposal should identify the rule proposed for negotiated rulemaking; potential

participants for the negotiated rulemaking committee, possible third party facilitators, and a timeline for the process. The Department will promptly respond to the proposal. The Department may also on its own propose to use negotiated rulemaking. In determining whether a proposed negotiated rulemaking is appropriate in a particular situation, the Department and interested parties may consider any relevant factors, including:

- (A) The number of identifiable interests that would be significantly affected by the proposed rule;
  - (B) The probability that those interests would be adequately represented in a negotiated rulemaking;
  - (C) The probable willingness and authority of the representatives of affected interests to negotiate in good faith;
  - (D) The probability that a negotiated rulemaking committee would reach a unanimous or a suitable general consensus on the proposed rule;
  - (E) The probability that negotiated rulemaking will not unreasonably delay notice and eventual adoption of the proposed rule;
  - (F) The adequacy of agency and citizen resources to participate in negotiated rulemaking;
  - (G) The probability that the negotiated rulemaking committee will provide a balanced representation among all interested and affected parties. (§2008.052(d) Negotiated Rulemaking Act). If the Department decides to proceed with a negotiated rulemaking, it shall follow the process outlined in Chapter 2008 of the Texas Government Code.
- (3) The Department may also use less formal procedures such as working groups, information exchanges, or policy dialogues (see State Office of Administrative Hearings, ADR Model Guidelines) facilitated by a Department employee or a third party to seek the input or consensus, as appropriate, of interested persons and organizations when drafting proposed rules for public comment.
- (j) Shared Third Parties. The Department may participate in intergovernmental efforts to share qualified government employees to act as impartial third parties and may agree to reimburse the furnishing entity in kind or monetarily for the full or partial cost of providing the qualified, impartial third party. (§2009.053(b), Governmental Dispute Resolution Act).
- (k) Board Waiver. The Governing Board of the Department may waive, in its discretion and to the extent of its authority, any one or more of these rules if the Board finds that waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code; or for other good cause, as determined by the Board.

---

**Source Note:** The provisions of this §1.17 adopted to be effective July 29, 2004, 29 TexReg 7090

[Next Page](#)

[Previous Page](#)

[List of Titles](#)

[Back to List](#)

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**March 10, 2005**

**Action Item**

Requests for amendments to Housing Tax Credit (HTC) applications involving material changes.

**Requested Action**

Approve or deny the requests for amendments.

**Background and Recommendations**

§2306.6712, Texas Government Code, classifies some changes as “material alterations” that must be approved by the Board. Each request below includes one or more material alterations. Pertinent facts about the developments requesting approval are summarized below. The recommendation of staff is given at the end of each write-up.

**Sun Meadow Apartments, HTC Development No. 99197**

Summary of Request: The installation of 12 SEER air conditioning units was one of four energy features which collectively scored 3 points. Applicant removed the general partner because of cost overruns and other problems, including the discovery that 10 SEER AC units, instead of the required 12 SEER units, had been installed in the development. Applicant states that the replacement of the units already installed would be financially infeasible. In December 2004, the Board tabled this request asking that the applicant propose some type of additional energy efficient feature. Therefore, the Applicant again requests approval to substitute the 10 SEER AC units, as already installed, and additionally commits to add solar screens which will reduce the household heat load.

Governing Law:	§2306.6712, Texas Government Code. The code indicates that the Board should determine the disposition of a requested amendment if an amendment (1) would materially alter the development in a negative manner and/or (2) would have adversely affected the selection of the application in the application round.
Applicant:	Amstar Partners—1, LP
General Partner:	Community Action Corporation of South Texas (CACOST) (nonprofit managing GP)
Developer:	Amstar Building and Development (same principals as GP that was removed)
Principals/Interested Parties:	CACOST; Simpson Housing Solutions is the limited partner.
Syndicator:	Simpson Housing Solutions
Construction Lender:	Simpson Housing Solutions
Permanent Lender:	Wachovia
Other Funding:	NA
City/County:	Alamo/Hidalgo
Set-Aside:	Rural/Prison Communities
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Family
Units:	76 HTC units
1999 Allocation:	\$310,330
Allocation per HTC Unit:	\$4,083

Prior Board Actions: 12/04 – Tabled request for this amendment  
11/00 - Extended commencement of construction from 11/15/00 to 3/3/01  
6/15/00 - Extended closing construction loan from 4/27/00 to 5/27/00  
7/30/99 - Approved award of tax credits.

Underwriting Reevaluation: The Real Estate Analysis Division found no impact on the feasibility of the development.

**Staff Recommendation:** **Approve the requested modification because it would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round. Analysis of the scoring for 1999 suggests that the applicant would have received an award even without the 3 points garnered for this scoring item. Furthermore, the award cannot now be returned and reissued because the federal deadline for reissue has expired. Therefore, to retain the benefit of the tax credits for the state, the property must continue to operate as affordable housing. The owner has acted to improve management by removing the original general partner, thereby reducing the likelihood of future problems, and has committed to add solar screens.**

**Lansborough Apartments, HTC Development No. 04268**

**Summary of Request:** Applicant requests approval to add 7.62 acres of land to the original 19.5 acres. According to the applicant, this addition will improve access to the property and enhance its marketability. Simultaneously, the applicant is increasing the size of the two bedroom units from 950 square feet to 960 square feet and is increasing the size of the three bedroom units from 1,100 square feet to 1,120 square feet.

**Governing Law:** §2306.6712, Texas Government Code. The code specifies that material alterations include a modification of the residential density of at least 5%.

**Applicant:** Lansborough Apartments, L.P.

**General Partner:** M.L. Bingham, Inc.

**Developers:** M.L. Bingham, Inc.

**Principals/Interested Parties:** Margie L. Bingham

**Syndicator:** Paramount Financial Group, Inc.

**Construction Lender:** Bank One

**Permanent Lender:** Bank One – Community Development Trust, Inc.

**Other Funding:** City of Houston

**City/County:** Houston/Harris

**Set-Aside:** NA (general population)

**Type of Area:** Urban/Exurban

**Type of Development:** New Construction

**Population Served:** Family

**Units:** 141 HTC units and 35 market rate units

**2004 Allocation:** \$1,003,544

**Allocation per HTC Unit:** \$7,117

**Prior Board Actions:** 7/28/04 - Approved award of tax credits.

**Underwriting Reevaluation:** REA review concluded that costs would increase though the transaction would remain financially feasible but in its analysis added these additional unresolved conditions:

1. Receipt, review and acceptance of documentation evidencing a release by the Texas and Harris County Probation Department of any obligations under the lease listed in Schedule B of the title commitment dated October 29, 2004 for an insured amount of \$967,981.32 ;
2. Receipt, review and acceptance of an asbestos abatement plan with a detailed budget indicating all associated costs.

**Staff Recommendation:** **Approve the requested modification. It should be noted that the application would have lost 7 pre-application points because the “Application must be for the identical site as the proposed Development in the Pre-Application” to qualify for points. However, even with the 7 point reduction from 157 to 150 points, the application would still have been competitive and be recommended for an award in Region 6 in 2004. Therefore, from a programmatic perspective, staff recommends the request. The recommendation may change if the Real Estate Analysis Division finds any considerations that indicate such a change is appropriate.**

# MULTI-HOUSING TAX CREDIT PARTNERS XXV

320 Golden Shore, Suite 200  
Long Beach, CA 90802-4217  
(562) 256-2000

February 4, 2005

Texas Department of Housing and Community Affairs  
TDHCA Multifamily Finance Production Division  
P.O. Box 13941  
Austin, TX 78711-3941

RE: Amstar Partners-I, L.P. [TDHCA#99197]  
Alamo, TX

Dear Sirs/Madams:

The purpose of this letter is to request approval to substitute an energy efficiency measure on the above-referenced development. The change is necessary because the partnership's former general partner failed to adhere to one of the point-scoring energy efficiency specifications in the 1999 tax credit application.

As background, may I point out that during development, the partnership suffered severe construction cost overruns en route to placing in service late in 2002. The former general partner was unable to meet its share of the resulting financial obligation and abandoned the partnership in early 2003. During 2003, Multi-Housing Tax Credit Partners XXV (MHTCP), the partnership's limited partner, sought and engaged a new general partner. In December 2003, the partnership closed on permanent financing with MHTCP advancing over \$800,000 in gap financing (please see project Cost Certification).

The partnership acknowledges that 10 Seer air conditioning units were installed at the development's 77 units rather than the more efficient 12 Seer units specified in the original tax credit application. The 12 Seer units are eight percent more efficient than the 10 Seer units. The partnership has reviewed alternative energy efficiency measures and proposes to offset the increase in resident utility cost with an effective and cost-efficient solution.

The attached analysis summarizes three possible energy efficiency measures:

- 1) Replace the existing 10 Seer units with 12 Seer units;
- 2) Install Low-E Solar Film on unit windows;
- 3) Install Solar/Insect Screens on unit windows.

Option 1, replacing the air conditioning units, is cost prohibitive at over \$60,000 and is wasteful of the existing 10 Seer units. Option 2, the low-e film application, is \$23,700 including installation and is questionable in effectiveness and durability over time. Option 3, the solar/insect screen proposal, is effective at reducing household heat-load yet does not require professional installation (\$4,700, materials only; Maintenance staff to install). In order to avoid financially burdening project operations, MHCTP proposes to advance the cost of materials to the partnership.

If the proposal is acceptable to the Board, the partnership will commence the ordering and installation process immediately with a projected completion date of May 31, 2005.

While the Sun Meadows Apartments has had its share of financial troubles, I am happy to report that occupancy was consistently well over ninety percent in 2004. This development provides seventy-seven units of much-needed decent and affordable housing to families in South Texas.

Please contact me with any questions you may have at (562)-394-1041. My mailing address is the same as that given for the limited partner on the above letterhead.

Yours truly,

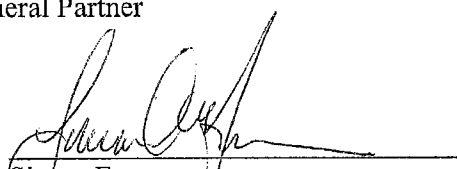
Amstar Partners-I, L.P.

By: MULTI-HOUSING TAX CREDIT PARTNERS XXV,  
A California Limited partnership

Its: Limited Partner

By: Multi-Housing Investments, LLC,  
A Colorado limited liability company  
Its General Partner

By:

  
Simon Fraser  
Assistant Project Manager



Lansborough Apartments, L.P.  
723 Main Street, Suite 924  
Houston, TX 77002  
Phone: 713-224-5526  
Fax: 713-224-6320

January 18, 2005

RECEIVED

JAN 20 2005

LIHTC

Ms. Edwina Carrington  
Executive Director, TDHCA  
507 Sabine  
Austin, TX 79711-3941

Re: Lansborough Apartments  
TDHCA # 04268

Dear Ms. Carrington:

I am writing to seek approval for changes in the application which require consideration from the board of TDHCA. The amendments affect the project's density, site plan and architectural design. The partnership seeks approval for the following changes:

1. In order to improve access to the property and its marketability, the partnership acquired an additional contiguous 7 acre parcel to add to the original 19.5 acre parcel.
2. The size of the two and three bedroom units were increased from 950 and 1,100 square feet respectively, to 960 and 1,120 square feet.

The changes were undertaken to enhance the overall quality, marketability and financial feasibility of the project. Please call me if you have any questions or require additional information.

Sincerely,



Margie L. Bingham  
Lansborough Apartments, L.P.

Attachments

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**March 10, 2005**

**Action Items**

Request approval of the 2005 Housing Tax Credit Rural Rescue Policy (“the Policy”) that will enable developments with funding from TX-USDA-RHS that are experiencing foreclosure or loan acceleration to be submitted to the Board for recommendation for a forward commitment of low income housing tax credits from the 2006 credit ceiling.

**Required Action**

Approval of attached Policy.

**Background and Recommendations**

In March 2003, the Board approved the first Housing Tax Credit Rural Rescue Policy, which was permitted under the 2003 Qualified Allocation Plan and Rules (QAP) by the statement: “The Board may utilize the forward commitment authority to allocate credits to TX-USDA-RHS Developments which are experiencing foreclosure or loan acceleration...”. The policy assists in addressing the dilemma associated with RHS developments facing foreclosure or loan acceleration that have missed the HTC filing deadline, but need assistance prior to the following year’s credit cycle. These developments were termed rural “rescue” developments. The language that enables this program has remained in the QAP as it is revised each year. The Rural Rescue Policy was updated in 2004 and staff is now returning for approval of a 2005 Rural Rescue Policy. The policy is provided as a blackline - denoting revisions from the approved 2004 policy.

While the program was not utilized in 2003, primarily due to lack of familiarity with the program, in 2004 four developments were allocated credits through their participation in this program; the commitments of housing tax credits on those four developments totaled \$185,178.

The revisions to the policy are minimal. They include updating references to the 2005 QAP (as opposed to the 2004 QAP), changing dates, and removing the statement that each rural rescue application will be reviewed by the Office of Rural Community Affairs. That clause is being removed because the review time on these applications is very tight and an internal review is more efficient. Note, however, that ORCA staff will still be involved in any EARAC meeting in which an award for a rural rescue development will be discussed to ensure their continued involvement.

Staff recommends that the policy be approved as proposed.

## Housing Tax Credit (HTC) Program

### ~~2004~~ 2005 Policy for Granting Forward Commitments to Rural “Rescue” Developments

#### I. Introduction

~~§49.10(c)~~~~§50.10(e)~~ of the ~~2005~~~~2004~~ Qualified Allocation Plan and Rules (QAP) states: “The Board may utilize the forward commitment authority to allocate credits to TX-USDA-RHS Developments which are experiencing foreclosure or loan acceleration at any time during the ~~2005~~~~2004~~ calendar year.” This language was included in the QAP so that RHS developments that have ~~already~~ experienced foreclosure, are facing foreclosure or loan acceleration, or which are otherwise in danger of default and foreclosure, and ~~that~~ missed the HTC filing deadline, would still have an opportunity to receive credits without a delay until the following year’s credit cycle. These developments are termed rural “rescue” developments.

Because the QAP ~~does~~~~id~~ not include the details of how these requests and awards would be handled, this policy provides the procedures for application, staff review and recommendation specifically for rural “rescue” developments.

#### II. Definitions

All definitions used in this policy are definitions found in the ~~2005~~~~2004~~ QAP.

#### III. Eligibility

Applications must:

1. be funded through RHS; and
2. must be able to provide evidence that the loan:
  - a. has been foreclosed and is in the RHS inventory, or
  - b. is being foreclosed, or
  - c. is being accelerated, or
  - d. is in imminent danger of foreclosure or acceleration.

#### IV. Credit Ceiling and Applicability of QAP

All applicants will receive their credit allocation out of the ~~2006~~~~2005~~ Credit Ceiling and therefore, will be required to follow the rules and guidelines identified in the ~~2006~~~~2005~~ QAP. However, because the ~~2006~~~~2005~~ QAP will not be in effect during the time period that the Rural Rescue applications can be submitted, applications submitted under this policy will be considered by the Board to have satisfied the requirements of the ~~2006~~~~2005~~ QAP and are waived from ~~2006~~~~2005~~ QAP requirements that are changes from the ~~2005~~~~2004~~ QAP, to the extent permitted by statute.

#### V. Procedures for Intake and Review

1. Applications for rural rescue deals may be submitted between March 2, ~~2005~~~~2004~~ and November 15, ~~2005~~~~2004~~ and must be submitted in accordance with ~~§49.21~~~~§50.22~~ of the QAP. A complete Application must be submitted at least ~~40~~~~30~~ days prior to the date of the Board meeting at which the Applicant would like the Board to act on the proposed Development. Applications must include the full Application Fee of ~~\$30~~~~\$20~~ per Unit as further described in ~~§49.20(c)~~~~§50.21(e)~~ of the

QAP. Applicants must submit documents in accordance with the procedures set out in the ~~2005~~2004 Application Submission Procedures Manual for Volumes I, II, III and IV. Volume IV, evidencing Selection Criteria, MUST be submitted.

2. Applicants do not need to participate in the Pre-Application process outlined in ~~§49.8~~§50.8 of the QAP, nor will they need to submit pre-certification documents identified in ~~§49.9(e)~~§50.9(e) of the QAP.
3. Application will be reviewed to confirm that the Application is eligible under ~~§§49.5 and 49.6~~§§50.5 and 50.6 of the QAP and to ensure that the Application is eligible as a rural “rescue” Development as described in paragraph III of this Policy.
4. Applications will be reviewed for Threshold Criteria as further described in ~~§49.9(f)~~§50.9(f) of the QAP. Applications that satisfy the Threshold Criteria will then be scored according to the Selection Criteria outlined in ~~§49.9(g)~~§50.9(g) of the QAP. As described in ~~§§49.3(1) and 49.9(d)(4)~~§§50.3(1) and 50.9(d)(3) of the QAP, applicants will be notified of Administrative Deficiencies to ensure that a complete Application has been submitted.
5. After the Application is found to meet all Threshold Requirements and a score assigned to the Application, the Application will be evaluated by the Real Estate Analysis Division and the Portfolio Management and Compliance Division in accordance with ~~§§49.9(d)(5) and (6)~~§§50.9(d)(4) and (5).
6. Prior to the Development being recommended to the Board, RHS must provide TDHCA with a copy of the physical site inspection report performed by RHS, as provided in ~~§49.9(d)(8)~~§50.9(d)(7) of the QAP.
- ~~7. Consistent with §50.2 of the QAP, the Office of Rural Community Affairs (ORCA) will be actively involved in the review of the application.~~

#### VI. Procedures for Recommendation to the Board

Consistent with ~~§49.9(i)~~§50.9(i) of the QAP, staff will make its recommendation to the Executive Award and Review Advisory Committee (“The Committee”). The Office of Rural Community Affairs (ORCA) will be in attendance at these meetings and give feedback on the proposed recommendation. The Committee will make commitment recommendations to the Board. Staff will provide the Board with a written, documented recommendation ~~to the Board~~ which will address at a minimum the financial ~~and~~ programmatic viability of each Application and a breakdown of which Selection Criteria were met by the Applicant. The Board will make its decision based on ~~§49.10(a)~~§50.10(a) of the QAP.

Any awards made to a rural “rescue” Development will be credited against the Rural Regional Allocation, and more specifically the TX-USDA-RHS Allocation, for the ~~2006~~2005 Application Round. For purposes of allocating credits based on the regional allocation formula, any award made to a rural “rescue” Development will also be credited against the region in which each Development is located for the ~~2006~~2005 Application Round.

#### VII. Applicability

All Developments submitted under this policy are subject to all rules, definitions, policies and deadlines of TDHCA, as more specifically outlined in the Qualified Allocation Plan and Rules and the Underwriting Rules and Guidelines, except as specifically excepted above.

VII. Limitation on Allocation

| No more than \$250,000 in credits will be forward committed from the 2006~~2005~~ credit ceiling by this Policy.



[WWW.TDHCA.STATE.TX.US](http://WWW.TDHCA.STATE.TX.US)

**REQUEST FOR BOARD APPROVAL  
Multifamily Finance Production**

**2005 Private Activity Bond Program – Waiting List**

**2 Priority 1C Applications  
5 Priority 2 Applications  
7 Total Applications Received**

**TABLE OF EXHIBITS**

<b>TAB 1</b>	<b>TDHCA Board Presentation – March 10, 2005</b>
<b>TAB 2</b>	<b>Summary of Applications</b>
<b>TAB 3</b>	<b>Inducement Resolution</b>
<b>TAB 4</b>	<b>Prequalification Analysis Worksheet</b>

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**March 10, 2005**

**Action Item**

Inducement resolution for Multifamily Revenue Bonds and Authorization for Filing Applications for the Year 2005 Private Activity Bond Authority – Waiting List.

**Requested Action**

Approve the Inducement Resolution to proceed with application to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority in the 2005 Private Activity Bond Program.

**Background**

Each year, the State of Texas is notified of the cap on the amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately \$389 million will be set aside for the use of multifamily development until August 15, 2005 for the 2005 program year. The lottery held on November 4, 2004 had a decrease of approximately ninety (90) applications from the 2004 program year. Due to the large amount of authority to be Carried Forward into 2005 and the decrease in applications for the 2005 program year, it is expected that there will be a shortage of applications to use the full state issuance authority. The Department will be accepting applications for the 2005 Waiting List through September of 2005.

The Inducement Resolution includes seven (7) applications that were received by February 7, 2005. These seven (7) applications will be added to the 2005 Waiting List. Each application is reviewed, scored and ranked according to the Department's published scoring criteria. Upon Board approval, the applications will be placed in priority and rank order and submitted to the Texas Bond Review Board for placement on the 2005 Waiting List. Although, the Board has approved other applications for the 2005 Waiting List there are no applications currently waiting. The Department has six (6) outstanding reservations of allocation for 2005 applications. Currently, TDHCA has approximately \$60 million in allocation waiting for these applications. These seven (7) applications will be placed on the waiting list in ranked order once all public comment has been received on March 11, 2005.

**Recommendation**

Approve the Inducement Resolution as presented by staff.

## Texas Department of Housing and Community Affairs

2005 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
2005-027	Marquee Ranch SE corner of Schultz and Meister Lane	252	\$ 16,600,000	Manish Verma P T Schultz-Meister 45 NE Loop 410, Suite 290 San Antonio, Texas 78216 (210) 240-8376	Recommend
Priority 1C Inc-\$ 74,142	City: Pflugerville County: Travis <i>New Construction</i>	Family			
2005-029	St Augustine Estates 2300 block of St Augustine Drive	150	\$ 10,000,000	G Granger MacDonald St Augustine Estate Apartments, LP 2951 Fall Creek Road Kerrville, Texas 78028 (830) 257-5323	Recommend
Priority 2	City: Dallas County: Dallas <i>New Construction</i>				
2005-030	Villas At Henderson Place 1648 W. Henderson	180	\$ 12,000,000	G Granger MacDonald Cleburne Villas Apartments, LP 2951 Fall Creek Road Kerrville, Texas 78028 (830) 257-5323	Recommend
Priority 2	City: Cleburne County: Johnson <i>New Construction</i>				
2005-031	Prairie Ranch 4940 S Hwy 360	176	\$ 13,000,000	Hal T. Thorne ARDC G P west, Ltd 840 S. Carrier Parkway Grand Prairie, Texas 75051 (972) 262-2608	Recommend Denied by Local Issuer
Priority 1C Inc - \$86,801	City: Grand Prairie County: Tarrant <i>New Construction</i>				
2005-032	Alta Northgate Apartments 17111 Hafer Road	240	\$ 14,100,000	Bernard Felder Alta Northgate, L.P. 1001 Moreland Square Drive, Suite 250 Charlotte, NC 28203 (704) 332-8995	Recommend
Priority 2	City: Houston County: Harris <i>New Construction</i>	General			
2005-033	Providence at UT Southwestern 1893 W. Mockingbird Lane	251	\$ 15,000,000	Matt Harris Hines 68, L.P. 975 One Lincoln Centre, 5400 LBJ Freeway Dallas, Texas 75240 (972) 239-8500 X 131	Recommend Poss Prop Tax Exmpt
Priority 2	City: Dallas County: Dallas <i>New Construction</i>	Integrated			
2005-034	Park Manor Senior Community FM 1417 at Park Avenue	196	\$ 10,400,000	Richard Shaw OHC/Park Manor, Ltd 16200 Dallas Parkway, Suite 190 Dallas, Texas 75248 (972) 733-0096	Recommend Property Tax Exemption
Priority 2	City: Sherman County: Grayson <i>New Construction</i>	Elderly			
<b>Totals for Recommended Applications</b>		<b>1445</b>	<b>\$ 91,100,000</b>		



## RESOLUTION NO. 05-016

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

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

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

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

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

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

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

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

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

WHEREAS, the Board intends that the issuance of Bonds for any particular Project is not dependent or related to the issuance of Bonds (as defined below) for any other Project and that a separate Application shall be filed with respect to each Project; and

WHEREAS, the Board has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to each Owner to finance its Project 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:

Section 1--Certain Findings. The Board finds that:

- (a) each Project is necessary to provide decent, safe and sanitary housing at rentals that eligible tenants can afford;
- (b) each Owner will supply, in its Project, well-planned and well-designed housing for eligible tenants;
- (c) the financing of each Project pursuant to the provisions of the Act will constitute a public purpose and will provide a public benefit;
- (d) each owner is financially responsible; and
- (e) each Project will be undertaken within the authority conferred by the Act upon the Department and each Owner.

Section 2--Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in amounts estimated to be sufficient to (a) fund a loan or loans to each Owner to provide financing for its Project in an aggregate principal amount not to exceed those amounts, corresponding to each respective Project, 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 project bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and state law requirements regarding tenancy in each Project; (iii) approval by the Bond Review Board, if required; (iv) approval by the Texas Attorney General; (v) satisfaction of the Board that each Project meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

Section 3--Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 4--Reimbursement. The Department reasonably expects to reimburse each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Project and listed on Exhibit "A" attached hereto ("Costs of each respective Project") 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 of its Project, including reimbursing each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction of its Project; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 5--Principal Amount. Based on representations of each Owner, the Department reasonably expects that the maximum principal amount of debt issued to reimburse each Owner for the costs of its respective Project will not exceed the amount set forth in Exhibit "A" which corresponds to its Project.

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

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

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

Section 9--Costs of Project. The Costs of each respective Project may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Project. Without limiting the generality of the foregoing, the Costs of each respective Project 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 Project, administrative expenses and such other expenses as

may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Project, the placing of the Project in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Project incurred by it prior to issuance of the Bonds and will pay all costs of its Project which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

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

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

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

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

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Project's necessary review and legal documentation for the filing of an Application for the 2005 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof.

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

Section 16--Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of each respective Project which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end

that the Bonds issued to reimburse Costs of each respective Project may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

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

Section 18--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 19--Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 20--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 10th day of March, 2005.

[SEAL]

By: \_\_\_\_\_  
Vice Chairman

Attest: \_\_\_\_\_  
Secretary

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Principals	Amount Not to Exceed
Alta Northgate Apartments	Alta Northgate, L.P.	Wood Alta Northgate, L.P., the General Partner, to be formed, or other entity, the General Partner of which will be Wood Affordable Housing South, Inc.	\$14,100,000
Costs: (i) acquisition of real property located approximately 325 yards southwest of the intersection of Hafer Road and Butterfield Road, Houston, Harris County, Texas; and (ii) the construction thereon of an approximately 240-unit multifamily residential rental housing project, in the amount not to exceed \$14,100,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Marquee Ranch Apartments	P.T. Schultz - Meister, LP	CIS Schultz-Meister Development, LLC, the General Partner, to be formed, or other entity, the Sole Member of which will be Manish Verma, or other entity	\$16,600,000 (tax exempt bonds will not exceed \$15,000,000 and taxable bonds will not exceed \$1,600,000)
Costs: (i) acquisition of real property located approximately at the southeast corner of Shultz Road and Meister Lane, on the east side of Shultz Lane, partially in Pflugerville, Travis County, Texas and partially in Round Rock, Williamson County, Texas; and (ii) the construction thereon of an approximately 252-unit multifamily residential rental housing project, in the amount not to exceed \$16,600,000 (tax-exempt bonds will not exceed \$15,000,000 and taxable bonds will not exceed \$1,600,000).			
Project Name	Owner	Principals	Amount Not to Exceed
Park Manor Senior Community	OHC/Park Manor Ltd	Outreach Housing Corporation, the General Partner, or other entity, a Member of which will be Richard Ruschman, or other entity	\$10,400,000
Costs: (i) acquisition of real property located at approximately the east side of FM 1417, approximately 640 feet north of Park Avenue, Sherman, Grayson County, Texas; and (ii) the construction thereon of an approximately 196-unit multifamily residential rental housing project, in the amount not to exceed \$10,400,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Prairie Ranch Apartments	ARDC GPwest, Ltd.	ARDC GPranchwest, LLC, the General Partner, to be formed, or other entity, the Sole Member of which will be Hal Thorne	\$13,000,000
Costs: (i) acquisition of real property located at approximately 4940 State Highway 360, Grand Prairie, Tarrant County, Texas; and (ii) the construction thereon of an approximately 176-unit multifamily residential rental housing project, in the amount not to exceed \$13,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Providence at UT Southwestern	Hines 68, LP	Hines 68 GP, LLC, the General Partner, or other entity, the Sole Shareholder of which will be Leon Backes	\$15,000,000
Costs: (i) acquisition of real property located at approximately 1893 West Mockingbird Lane, Dallas, Dallas County, Texas; and (ii) the construction thereon of an approximately 251-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
St. Augustine Estates	St. Augustine Estate Apartments, L.P.	St. Augustine Estate Apartments I, L.L.C., the General Partner, to be formed, or other entity, the Members of which include WOLCO Development, LLC and/or Resolution Real Estate Services, LLC and/or G. G. MacDonald, Inc.	\$10,000,000
Costs: (i) acquisition of real property located at approximately the 2300 block of St. Augustine Drive, Dallas, Dallas County, Texas; and (ii) the construction thereon of an approximately 150-unit multifamily residential rental housing project, in the amount not to exceed \$10,000,000.			



Project Name	Owner	Principals	Amount Not to Exceed
Villas at Henderson Place	Cleburne Villas Apartments, L.P.	Cleburne Villas Developers, L.L.C., the General Partner, to be formed, or other entity, the Members of which include WOLCO Development, LLC and/or Resolution Real Estate Services, LLC and/or G. G. MacDonald, Inc.	\$12,000,000
<p>Costs: (i) acquisition of real property located at approximately 1648 W. Henderson, Cleburne, Johnson County, Texas; and (ii) the construction thereon of an approximately 180-unit multifamily residential rental housing project, in the amount not to exceed \$12,000,000.</p>			

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
MULTIFAMILY FINANCE DIVISION  
PREQUALIFICATION ANALYSIS**

**Marquee Ranch, Pflugerville (#2005-027) Priority 1C**

<b>Unit Mix and Rent Schedule</b>					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	72	\$ 729	650	1.12
60% AMI	2BD/2BA	80	\$ 862	1,000	0.86
60% AMI	2BD/2.5BA	32	\$ 862	1,144	0.75
60% AMI	3BD/2BA	20	\$ 986	1,245	0.79
60% AMI	3BD/2BA	24	\$ 986	1,260	0.78
60% AMI	3BD/2.5BA	24	\$ 986	1,472	0.67
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
<b>Totals</b>		<b>252</b>	<b>\$ 2,592,960</b>	<b>253,876</b>	<b>\$ 0.85</b>
<b>Averages</b>			<b>\$ 857</b>	<b>1,007</b>	

<b>Uses of Funds/Project Costs</b>				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,524,000	\$ 6,048	\$ 6.00	0.06
Off-sites	0	0	0.00	0.00
<b>Subtotal Site Costs</b>	<b>\$ 1,524,000</b>	<b>\$ 6,048</b>	<b>\$ 6.00</b>	<b>0.06</b>
Sitework	1,855,584	7,363	7.31	0.08
Hard Construction Costs	10,451,624	41,475	41.17	0.44
General Requirements (6%)	738,432	2,930	2.91	0.03
Contractor's Overhead (2%)	246,144	977	0.97	0.01
Contractor's Profit (6%)	738,432	2,930	2.91	0.03
Constr Contg & Other	708,173	2,810	2.79	0.03
<b>Subtotal Construction</b>	<b>\$ 14,738,390</b>	<b>\$ 58,486</b>	<b>\$ 58.05</b>	<b>0.61</b>
Indirect Construction	1,235,590	4,903	4.87	0.05
Developer's Fee	2,712,677	10,765	10.69	0.11
Financing	3,438,030	13,643	13.54	0.14
Reserves	366,300	1,454	1.44	0.02
<b>Subtotal Other Costs</b>	<b>\$ 7,752,597</b>	<b>\$ 30,764</b>	<b>\$ 31</b>	<b>\$ 0</b>
<b>Total Uses</b>	<b>\$ 24,014,987</b>	<b>\$ 95,298</b>	<b>\$ 94.59</b>	<b>1.00</b>

<b>Applicant - Sources of Funds</b>				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,905,000	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 16,600,000	6.75%	40	\$1,201,887
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,640,547	60.5%	\$1,072,130	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
<b>Total Sources</b>	<b>\$ 24,145,547</b>			<b>\$1,201,887</b>

<b>TDHCA - Sources of Funds</b>				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,905,000	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 16,600,000	6.75%	40	\$ 1,201,887
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,509,987	55.7%	\$ 1,202,690	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
<b>Total Sources</b>	<b>\$ 24,014,987</b>			<b>\$ 1,201,887</b>

<b>Applicant - Operating Proforma/Debt Coverage</b>				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,592,960	\$10.21		
Other Income & Loss	45,360	0.18	180	
Vacancy & Collection	-7.50% (197,880)	-0.78	-785	
Effective Gross Income	\$2,440,440	9.61	9,684	
Total Operating Expenses	\$1,101,144	\$4.34	\$4,370	
Net Operating Income	\$1,339,296	\$5.28	\$5,315	
Debt Service	1,201,887	4.73	4,769	
Net Cash Flow	\$137,409	\$0.54	\$545	
Debt Coverage Ratio	<b>1.11</b>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$137,409	\$0.54	\$545	
DCR after TDHCA Fees	<b>1.11</b>			
Break-even Rents/S.F.	0.76			
Break-even Occupancy	88.82%			

<b>TDHCA - Operating Proforma/Debt Coverage</b>				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,592,960	\$10.21		
Other Income & Loss	45,360	0.18	180	
Vacancy & Collection	7.50% (197,874)	-0.78	-785	
Effective Gross Income	2,440,446	9.61	9,684	
Total Operating Expenses	45.1% \$1,101,144	\$4.34	\$4,370	
Net Operating Income	\$1,339,302	\$5.28	\$5,315	
Debt Service	1,201,887	4.73	4,769	
Net Cash Flow	\$137,415	\$0.54	\$545	
Debt Coverage Ratio	<b>1.11</b>			
TDHCA/TSAHC Fees	\$0.00	\$0		
Net Cash Flow	\$137,415	\$0.54	\$545	
DCR after TDHCA Fees	<b>1.11</b>			
Break-even Rents/S.F.	0.76			
Break-even Occupancy	88.82%			

<b>Applicant - Annual Operating Expenses</b>			
		Per S.F.	Per Unit
General & Administrative Expenses	\$99,740	0.39	396
Management Fees	122,023	0.48	484
Payroll, Payroll Tax & Employee Exp.	221,400	0.87	879
Maintenance/Repairs	103,956	0.41	413
Utilities	162,456	0.64	645
Property Insurance	63,469	0.25	252
Property Taxes	248,900	0.98	988
Replacement Reserves	50,400	0.20	200
Other Expenses	28,800	0.11	114
<b>Total Expenses</b>	<b>\$1,101,144</b>	<b>\$4.34</b>	<b>\$4,370</b>

<b>Staff Notes/Comments</b>

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
MULTIFAMILY FINANCE DIVISION  
PREQUALIFICATION ANALYSIS**

**St. Augustine Estates, Dallas (#2005-029) Priority 2**

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	75	\$ 645	700	0.92
60% AMI	2BD/2BA	75	\$ 749	983	0.76
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		150	\$ 1,254,600	126,225	\$ 0.83
Averages			\$ 697	842	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 458,000	\$ 3,053	\$ 3.63	0.03
Off-sites	0	0	0.00	0.00
<b>Subtotal Site Costs</b>	<b>\$ 458,000</b>	<b>\$ 3,053</b>	<b>\$ 3.63</b>	<b>0.03</b>
Sitework	1,239,500	8,263	9.82	0.09
Hard Construction Costs	6,356,750	42,378	50.36	0.46
General Requirements (6%)	455,775	3,039	3.61	0.03
Contractor's Overhead (2%)	151,925	1,013	1.20	0.01
Contractor's Profit (6%)	455,775	3,039	3.61	0.03
Construction Contingency	300,000	2,000	2.38	0.02
<b>Subtotal Construction</b>	<b>\$ 8,959,725</b>	<b>\$ 59,732</b>	<b>\$ 70.98</b>	<b>0.65</b>
Indirect Construction	635,000	4,233	5.03	0.05
Developer's Fee	1,638,751	10,925	12.98	0.12
Financing	1,916,979	12,780	15.19	0.14
Reserves	220,000	1,467	1.74	0.02
<b>Subtotal Other Costs</b>	<b>\$ 4,410,730</b>	<b>\$ 29,405</b>	<b>\$ 35</b>	<b>\$ 0</b>
<b>Total Uses</b>	<b>\$ 13,828,455</b>	<b>\$ 92,190</b>	<b>\$ 109.55</b>	<b>1.00</b>

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,081,834	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 7,425,000	6.75%	30	\$ 577,901
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 850,606	51.9%	\$788,145	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 518,000	Construc. GIC	\$ -	
<b>Total Sources</b>	<b>\$ 13,875,440</b>			<b>\$ 577,901</b>

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,081,834	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 7,183,618	6.75%	30	\$ 559,114
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,045,003	63.8%	\$ 593,748	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 518,000		\$ -	
<b>Total Sources</b>	<b>\$ 13,828,455</b>			<b>\$ 559,114</b>

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,254,600	\$9.94		
Other Income & Loss	27,000	0.21	180	
Vacancy & Collection	-7.50% (96,120)	-0.76	-641	
Effective Gross Income	\$1,185,480	9.39	7,903	
Total Operating Expenses	\$569,880	\$4.51	\$3,799	
Net Operating Income	\$615,600	\$4.88	\$4,104	
Debt Service	577,901	4.58	3,853	
Net Cash Flow	\$37,699	\$0.30	\$251	
Debt Coverage Ratio	1.07			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$37,699	\$0.30	\$251	
DCR after TDHCA Fees	1.07			
Break-even Rents/S.F.	0.76			
Break-even Occupancy	91.49%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,254,600	\$9.94		
Other Income & Loss	27,000	0.21	180	
Vacancy & Collection	7.50% (96,120)	-0.76	-641	
Effective Gross Income	1,185,480	9.39	7,903	
Total Operating Expenses	48.1% \$570,000	\$4.52	\$3,800	
Net Operating Income	\$615,480	\$4.88	\$4,103	
Debt Service	559,114	4.43	3,727	
Net Cash Flow	\$56,366	\$0.45	\$376	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$56,366	\$0.45	\$376	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.75			
Break-even Occupancy	90.00%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$48,550	0.38	324
Management Fees	47,420	0.38	316
Payroll, Payroll Tax & Employee Exp.	113,160	0.90	754
Maintenance/Repairs	71,400	0.57	476
Utilities	67,600	0.54	451
Property Insurance	33,000	0.26	220
Property Taxes	132,000	1.05	880
Replacement Reserves	30,000	0.24	200
Other Expenses	26,750	0.21	178
Total Expenses	\$569,880	\$4.51	\$3,799

Staff Notes/Comments



**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
MULTIFAMILY FINANCE DIVISION  
PREQUALIFICATION ANALYSIS**

**Prairie Ranch Apartments, Grand Prairie (#2005-031) Priority 1C**

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	48	\$ 639	714	0.89
60% AMI	2BD/2BA	67	\$ 768	1,022	0.75
60% AMI	3BD/2BA	61	\$ 889	1,190	0.75
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		176	\$ 1,636,284	175,336	\$ 0.78
Averages			\$ 775	996	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,153,333	\$ 6,553	\$ 6.58	0.07
Off-sites	55,000	313	0.31	0.00
<b>Subtotal Site Costs</b>	<b>\$ 1,208,333</b>	<b>\$ 6,866</b>	<b>\$ 6.89</b>	<b>0.07</b>
Sitework	1,142,290	6,490	6.51	0.07
Hard Construction Costs	7,655,227	43,496	43.66	0.45
General Requirements (6%)	527,851	2,999	3.01	0.03
Contractor's Overhead (2%)	175,950	1,000	1.00	0.01
Contractor's Profit (6%)	527,851	2,999	3.01	0.03
Construction Contingency	105,518	600	0.60	0.01
<b>Subtotal Construction</b>	<b>\$ 10,134,687</b>	<b>\$ 57,583</b>	<b>\$ 57.80</b>	<b>0.60</b>
Indirect Construction	572,775	3,254	3.27	0.03
Developer's Fee	1,832,801	10,414	10.45	0.11
Financing	2,607,406	14,815	14.87	0.15
Reserves	509,981	2,898	2.91	0.03
<b>Subtotal Other Costs</b>	<b>\$ 5,522,963</b>	<b>\$ 31,380</b>	<b>\$ 31</b>	<b>0</b>
<b>Total Uses</b>	<b>\$ 16,865,983</b>	<b>\$ 95,829</b>	<b>\$ 96.19</b>	<b>1.00</b>

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,118,672	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,825,000	6.75%	40	\$ 928,566
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,832,801	100.0%	\$0	
Source IV	Proceeds	Description		Annual D/S
Other				\$ -
<b>Total Sources</b>	<b>\$ 18,776,473</b>			<b>\$ 928,566</b>

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,118,672	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,048,011	5.80%	40	\$ 775,414
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 699,300	38.2%	\$ 1,133,501	
Source IV	Proceeds	Description		Annual D/S
Other	\$ -			\$ -
<b>Total Sources</b>	<b>\$ 16,865,983</b>			<b>\$ 775,414</b>

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,636,284	\$9.33		
Other Income & Loss	31,680	0.18	180	
Vacancy & Collection	7.50% (132,576)	-0.76	-753	
Effective Gross Income	\$1,535,388	8.76	8,724	
Total Operating Expenses	\$690,585	\$3.94	\$3,924	
Net Operating Income	\$844,803	\$4.82	\$4,800	
Debt Service	928,566	5.30	5,276	
Net Cash Flow	(\$83,763)	(\$0.48)	(\$476)	
Debt Coverage Ratio	<b>0.91</b>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	(\$83,763)	(\$0.48)	(\$476)	
DCR after TDHCA Fees	<b>0.91</b>			
Break-even Rents/S.F.	0.77			
Break-even Occupancy	98.95%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,636,284	\$9.33		
Other Income & Loss	31,680	0.18	180	
Vacancy & Collection	7.50% (125,097)	-0.71	-711	
Effective Gross Income	\$1,542,867	8.80	8,766	
Total Operating Expenses	44.8% \$690,585	\$3.94	\$3,924	
Net Operating Income	\$852,282	\$4.86	\$4,843	
Debt Service	775,414	4.42	4,406	
Net Cash Flow	\$76,867	\$0.44	\$437	
Debt Coverage Ratio	<b>1.10</b>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$76,867	\$0.44	\$437	
DCR after TDHCA Fees	<b>1.10</b>			
Break-even Rents/S.F.	0.70			
Break-even Occupancy	89.59%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$49,701	0.28	282
Management Fees	65,397	0.37	372
Payroll, Payroll Tax & Employee Exp.	148,192	0.85	842
Maintenance/Repairs	81,207	0.46	461
Utilities	100,212	0.57	569
Property Insurance	36,960	0.21	210
Property Taxes	161,216	0.92	916
Replacement Reserves	35,200	0.20	200
Other Expenses	12,500	0.07	71
Total Expenses	\$690,585	\$3.94	\$3,924

Staff Notes/Comments
Used 5.85 rate due to this development already has full financing commitments for those terms.

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
MULTIFAMILY FINANCE DIVISION  
PREQUALIFICATION ANALYSIS**

**Alta Northgate Apartments, Houston (2005-032) Priority 2**

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	48	\$ 589	803	0.73
60% AMI	2BD/2BA	108	\$ 710	1,109	0.64
60% AMI	3BD/2BA	84	\$ 813	1,277	0.64
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		240	\$ 2,078,928	265,584	\$ 0.65
Averages			\$ 722	1,107	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,127,115	\$ 4,696	\$ 4.24	0.06
Off-sites	316,300	1,318	1.19	0.02
<b>Subtotal Site Costs</b>	<b>\$ 1,443,415</b>	<b>\$ 6,014</b>	<b>\$ 5.43</b>	<b>0.07</b>
Sitework	1,823,361	7,597	6.87	0.09
Hard Construction Costs	9,122,339	38,010	34.35	0.47
General Requirements (6%)	656,742	2,736	2.47	0.03
Contractor's Overhead (2%)	218,914	912	0.82	0.01
Contractor's Profit (6%)	656,742	2,736	2.47	0.03
Construction Contingency	259,200	1,080	0.98	0.01
<b>Subtotal Construction</b>	<b>\$ 12,737,298</b>	<b>\$ 53,072</b>	<b>\$ 47.96</b>	<b>0.65</b>
Indirect Construction	995,799	4,149	3.75	0.05
Developer's Fee	2,383,121	9,930	8.97	0.12
Financing	1,878,415	7,827	7.07	0.10
Reserves	76,654	319	0.29	0.00
<b>Subtotal Other Costs</b>	<b>\$ 5,333,989</b>	<b>\$ 22,225</b>	<b>\$ 20</b>	<b>0</b>
<b>Total Uses</b>	<b>\$ 19,514,702</b>	<b>\$ 81,311</b>	<b>\$ 73.48</b>	<b>1.00</b>

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,593,165	\$0.80	3.44%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,100,000	6.00%	30	\$1,014,439
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 478,299	20.1%	\$1,904,822	
Source IV	Proceeds	Description	Annual D/S	
Other			\$ -	
<b>Total Sources</b>	<b>\$ 20,171,464</b>			<b>\$1,014,439</b>

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,593,165	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,120,045	6.00%	30	\$ 943,936
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 801,492	33.6%	\$ 1,581,629	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
<b>Total Sources</b>	<b>\$ 19,514,702</b>			<b>\$ 943,936</b>

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,078,928	\$7.83		
Other Income & Loss	109,464	0.41	456	
Vacancy & Collection	-7.50% (164,129)	-0.62	-684	
Effective Gross Income	<u>\$2,024,263</u>	<u>7.62</u>	<u>8,434</u>	
Total Operating Expenses	<u>\$924,961</u>	<u>\$3.48</u>	<u>\$3,854</u>	
Net Operating Income	\$1,099,302	\$4.14	\$4,580	
Debt Service	1,014,439	3.82	4,227	
Net Cash Flow	<u>\$84,863</u>	<u>\$0.32</u>	<u>\$354</u>	
Debt Coverage Ratio	<u>1.08</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$84,863</u>	<u>\$0.32</u>	<u>\$354</u>	
DCR after TDHCA Fees	<u>1.08</u>			
Break-even Rents/S.F.	0.61			
Break-even Occupancy	93.29%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,078,928	\$7.83		
Other Income & Loss	43,200	0.16	180	
Vacancy & Collection	7.50% (159,160)	-0.60	-663	
Effective Gross Income	<u>1,962,968</u>	<u>7.39</u>	<u>8,179</u>	
Total Operating Expenses	47.1% <u>\$924,961</u>	<u>\$3.48</u>	<u>\$3,854</u>	
Net Operating Income	\$1,038,007	\$3.91	\$4,325	
Debt Service	943,936	3.55	3,933	
Net Cash Flow	<u>\$94,072</u>	<u>\$0.35</u>	<u>\$392</u>	
Debt Coverage Ratio	<u>1.10</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$94,072</u>	<u>\$0.35</u>	<u>\$392</u>	
DCR after TDHCA Fees	<u>1.10</u>			
Break-even Rents/S.F.	0.59			
Break-even Occupancy	89.90%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$25,272	0.10	105
Management Fees	86,496	0.33	360
Payroll, Payroll Tax & Employee Exp.	198,000	0.75	825
Maintenance/Repairs	108,000	0.41	450
Utilities	72,000	0.27	300
Property Insurance	45,600	0.17	190
Property Taxes	271,680	1.02	1132
Replacement Reserves	48,000	0.18	200
Other Expenses	69,913	0.26	291
Total Expenses	<u>\$924,961</u>	<u>\$3.48</u>	<u>\$3,854</u>

Staff Notes/Comments
Budget was adjusted because the amount eligible for Contractor's Fee and Profit was over the 6% 2% 6% allowed by the Program.



**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
MULTIFAMILY FINANCE DIVISION  
PREQUALIFICATION ANALYSIS**

**Park Manor Senior Community, Sherman (#2005-034) Priority 2**

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	100	\$ 555	700	0.79
60% AMI	2BD/1BA	60	\$ 635	820	0.77
60% AMI	2BD/2BA	36	\$ 664	900	0.74
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		196	\$ 1,410,048	151,600	\$ 0.78
Averages			\$ 600	773	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 700,000	\$ 3,571	\$ 4.62	0.05
Off-sites	15,000	77	0.10	0.00
<b>Subtotal Site Costs</b>	<b>\$ 715,000</b>	<b>\$ 3,648</b>	<b>\$ 4.72</b>	<b>0.05</b>
Sitework	1,877,500	9,579	12.38	0.13
Hard Construction Costs	6,715,000	34,260	44.29	0.46
General Requirements (6%)	515,550	2,630	3.40	0.04
Contractor's Overhead (2%)	171,850	877	1.13	0.01
Contractor's Profit (6%)	515,550	2,630	3.40	0.04
Construction Contingency	400,000	2,041	2.64	0.03
<b>Subtotal Construction</b>	<b>\$ 10,195,450</b>	<b>\$ 52,018</b>	<b>\$ 67.25</b>	<b>0.70</b>
Indirect Construction	483,100	2,465	3.19	0.03
Developer's Fee	1,575,000	8,036	10.39	0.11
Financing	1,508,000	7,694	9.95	0.10
Reserves	150,000	765	0.99	0.01
<b>Subtotal Other Costs</b>	<b>\$ 3,716,100</b>	<b>\$ 18,960</b>	<b>\$ 25</b>	<b>0</b>
<b>Total Uses</b>	<b>\$ 14,626,550</b>	<b>\$ 74,625</b>	<b>\$ 96.48</b>	<b>1.00</b>

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 3,900,253	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 10,400,000	6.75%	40	\$ 752,989
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 353,347	22.4%	\$1,221,653	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 973,600	Private Loan or Grant	\$ -	
<b>Total Sources</b>	<b>\$ 15,627,200</b>		<b>\$ 752,989</b>	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 3,900,253	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 9,157,172	6.75%	40	\$ 663,005
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 595,525	37.8%	\$ 979,475	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 973,600	Private Loan/Grant	\$ -	
<b>Total Sources</b>	<b>\$ 14,626,550</b>		<b>\$ 663,005</b>	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,410,048	\$9.30		
Other Income & Loss	35,280	0.23	180	
Vacancy & Collection	-8.19% (118,320)	-0.78	-604	
Effective Gross Income	\$1,327,008	8.75	6,770	
Total Operating Expenses	\$602,900	\$3.98	\$3,076	
Net Operating Income	\$724,108	\$4.78	\$3,694	
Debt Service	752,989	4.97	3,842	
Net Cash Flow	(\$28,881)	(\$0.19)	(\$147)	
Debt Coverage Ratio	<b>0.96</b>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	(\$28,881)	(\$0.19)	(\$147)	
DCR after TDHCA Fees	<b>0.96</b>			
Break-even Rents/S.F.	0.75			
Break-even Occupancy	96.16%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,410,048	\$9.30		
Other Income & Loss	35,280	0.23	180	
Vacancy & Collection	7.50% (108,400)	-0.72	-553	
Effective Gross Income	1,336,928	8.82	6,821	
Total Operating Expenses	45.4% \$607,600	\$4.01	\$3,100	
Net Operating Income	\$729,328	\$4.81	\$3,721	
Debt Service	663,005	4.37	3,383	
Net Cash Flow	\$66,323	\$0.44	\$338	
Debt Coverage Ratio	<b>1.10</b>			
TDHCA/TSAHC Fees	\$0.00	\$0		
Net Cash Flow	\$66,323	\$0.44	\$338	
DCR after TDHCA Fees	<b>1.10</b>			
Break-even Rents/S.F.	0.70			
Break-even Occupancy	90.11%			

Applicant - Annual Operating Expenses				
		Per S.F.	Per Unit	
General & Administrative Expenses	\$24,000	0.16	122	
Management Fees	64,000	0.42	327	
Payroll, Payroll Tax & Employee Exp.	165,500	1.09	844	
Maintenance/Repairs	49,500	0.33	253	
Utilities	93,500	0.62	477	
Property Insurance	50,000	0.33	255	
Property Taxes	105,000	0.69	536	
Replacement Reserves	39,200	0.26	200	
Other Expenses	12,200	0.08	62	
Total Exepnses	\$602,900	\$3.98	\$3,076	

Staff Notes/Comments
Other Expenses include: cable TV, supportive service, compliance fees, and security. Used expenses at \$3100 due to the history for this developer with expenses at other developments.



**Housing Tax Credit Program  
Board Action Request  
March 10, 2005**

**Action Item**

Request, review, and board determination of two (2) four percent (4%) tax credit applications with TDHCA as the Issuer.

**Recommendation**

Staff is recommending that the board review and approve the issuance of two four percent (4%) Tax Credit Determination Notices with **TDHCA** as the Issuer for tax exempt bond transactions known as:

<b>Development No.</b>	<b>Name</b>	<b>Location</b>	<b>Issuer</b>	<b>Total Units</b>	<b>LI Units</b>	<b>Total Development</b>	<b>Applicant Proposed Tax Exempt Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Credit Allocation</b>
04611	Alta Cullen Apartments	Houston	TDHCA	240	240	\$20,646,710	\$14,000,000	\$606,365	\$606,365
04499	Atascocita Pines	Humble	TDHCA	192	192	\$18,229,737	\$11,900,000	\$590,697	\$577,587



[WWW.TDHCA.STATE.TX.US](http://WWW.TDHCA.STATE.TX.US)

## **MULTIFAMILY FINANCE PRODUCTION DIVISION**

### **2004 Private Activity Multifamily Revenue Bonds**

**Alta Cullen Apartments  
Approximately the 3900 block of IH35  
Houston, Texas  
Alta Cullen Apartments Limited Partnership  
240 Units  
Priority 1C – 100% of units at 60% AMFI  
\$14,000,000 Tax Exempt – Series 2005**

---

### **TABLE OF EXHIBITS**

---

<b>TAB 1</b>	<b>TDHCA Board Presentation</b>
<b>TAB 2</b>	<b>Bond Resolution</b>
<b>TAB 3</b>	<b>HTC Profile and Board Summary</b>
<b>TAB 4</b>	<b>Sources &amp; Uses of Funds Estimated Cost of Issuance</b>
<b>TAB 5</b>	<b>Department's Real Estate Analysis</b>
<b>TAB 6</b>	<b>Rental Restrictions Explanation Results and Analysis</b>
<b>TAB 7</b>	<b>Development Location Maps</b>
<b>TAB 8</b>	<b>TDHCA Compliance Summary Report</b>
<b>TAB 9</b>	<b>Public Input and Hearing Transcript (October 13, 2004)</b>

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**March 10, 2005**

**Action Item**

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Alta Cullen Apartments development.

**Summary of the Alta Cullen Apartments Transaction**

The original application was submitted to the Department for the 2004 lottery. Due to a missed deadline, the application was withdrawn and re-submitted for the 2004 Traditional CarryForward. The pre-application for the Traditional CarryForward was received on October 15, 2004. The application was scored and ranked by staff. The application was induced at the November Board meeting and submitted to the Texas Bond Review Board. The application received a Reservation of Allocation on December 29, 2004. This application was submitted under the Priority 1C category. A public hearing was held on October 13, 2004. There were six (6) people present at the hearing in which four were in support and two were neutral. A copy of the transcript is behind Tab 9 of this presentation. The proposed site is located near the northeast intersection of Scott Street and Beltway 8, S. Sam Houston Tollway West, at approximately the 3500 block of Beltway 8, Harris County, Texas.

**Summary of the Financial Structure**

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in the amount of \$14,000,000. The bonds will be unrated and privately place with MuniMae Financial LLC. The term of the bonds will be for 40 years. The construction and lease up period will be for 18 months during which payment terms will be interest only, followed by a 40 year amortization with a maturity date of April 1, 2045. The interest rate on the bonds during the Construction Loan Period will be 5.885% per annum followed by a permanent interest rate of 6.60% per annum.

**Recommendation**

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Alta Cullen Apartments development because of the quality of construction of the development as demonstrated by the plans and specifications, the feasibility of the development (as demonstrated by the commitments from the bond purchaser/equity provider and the underwriting report from the department's real estate analysis division) and the need of affordable housing in the Houston area as demonstrated by the market study and appraisal reports.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD MEMORANDUM**  
**March 10, 2005**

**DEVELOPMENT:**

Alta Cullen Apartments, Houston, Harris County, Texas

**PROGRAM:**

Texas Department of Housing & Community Affairs  
2004 Private Activity Multifamily Revenue Bonds  
(Reservation received 12/29/2004)

**ACTION**  
**REQUESTED:**

Approve the issuance of multifamily housing mortgage revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Act (the "Act"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein.

**PURPOSE:**

The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Alta Cullen Limited Partnership, a Texas limited partnership (the "Owner" or "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a proposed 240-unit multifamily residential rental development to be constructed on approximately 15.0 acres of land located near the northeast intersection of Scott Street and Beltway 8, S. Sam Houston Tollway West, at approximately the 3500 block of Beltway 8, Harris County, Texas (the "Development"). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental development.

**BOND AMOUNT:**

\$ 14,000,000 (\*) Series 2005 Tax Exempt Bonds

(\*) The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Development and the amount for which Bond Counsel can deliver its Bond Opinion.

**ANTICIPATED**  
**CLOSING DATE:**

The Department received a volume cap allocation for the Bonds on December 29, 2004 pursuant to the Texas Bond Review Board's 2004 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before May 29, 2005, the anticipated closing date is March 24, 2005.

**BORROWER:**

Alta Cullen Limited Partnership, a Texas limited partnership, the general partner of which is Wood Alta Cullen, L.P. with Wood Affordable Housing South, Inc with Warren J. Durkin, Jr. having 100% Ownership and WP South Development Company, L.L.C. with Leonard W. Wood Family, L.P. having 36% Ownership, Warren J. Durkin, Jr. having 17.95% Ownership, Ryan L. Dearborn having 15.84% Ownership, Bernard Felder having 6.26% Ownership, Patrick G. Trask having 12.26% Ownership, Michael J Roche having 9.69% Ownership and Stephen C. Wylie having 2.0% Ownership. MMA Financial Bond Warehousing, LLC, is an Investor Limited Partner of

Borrower, and it or an affiliate thereof, will be providing the equity for the transaction by purchasing approximately a 99% limited partnership interest in the Borrower, MMA Special Limited Partner, Inc. is a Special Limited Partner of Borrower.

**COMPLIANCE**

**HISTORY:**

The Compliance Status Summary completed on February 24, 2005 reveals that the principals of the general partner above have a total of one (1) properties being monitored by the Department with a score of less than 30.

**ISSUANCE TEAM/**

**ADVISORS:**

MuniMae TEI Holdings, LLC or an affiliate thereof (“Bond Purchaser”)  
MMA Financial Bond Warehousing, LLC (“Equity Provider”)  
The Bank of New York Trust Company, N.A. (“Trustee”)  
Vinson & Elkins L.L.P. (“Bond Counsel”)  
RBC Dain Rauscher Inc. (“Financial Advisor”)  
McCall, Parkhurst & Horton, L.L.P. (“Disclosure Counsel”)

**BOND PURCHASER:**

The Bonds will be purchased by MuniMae TEI Holdings, LLC or an affiliate thereof. The purchaser and any subsequent purchaser will be required to sign the Department’s standard traveling investor letter.

**DEVELOPMENT**

**DESCRIPTION:**

The Development is a 240-unit apartment community to be constructed on an 15 acre site located near the northeast intersection of Scott Street and Beltway 8, S. Sam Houston Tollway West, at approximately the 3500 block of Beltway 8, Harris County, Texas (the development). The Development will consist of ten (10) three-story, wood-framed apartment building consisting of 25% brick and 75% hardiplank exteriors with a total of approximately 249,348 net rentable square feet and an average unit size of 1,039 square feet. Unit features will include ceiling fans, full size washer/dryer connections, standard kitchen appliances, microwave, and nine-foot ceilings. Additionally, the property will also have gated access, fenced perimeter, swimming pool, BBQ grill, clubhouse/office, fitness center, and playground.

Units	Unit Type	Sq Ft	Proposed Net	Rent
36	1-Bed/1-Baths	794	\$589.00	60%
12	1-Bed/1-Baths	740	\$589.00	60%
108	2-Bed/2-Baths	1034	\$706.00	60%
84	3-Bed/2-Baths	1193	\$813.00	60%
240	Total Units			

**SET-ASIDE UNITS:**

For Bond covenant purposes, at least forty (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each development will be set aside on a priority basis for persons with special needs. *(The Borrower has elected to set aside 100% of the units for tax credit purposes.)*

**RENT CAPS:**

For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent

(30%) of the income, adjusted for family size, for a family whose income equals sixty percent (60%) of the area median income which is a Priority 1C category with the private activity bond program.

**TENANT SERVICES:**

Borrower has selected Lane Management to be the future provider of social services, and manager to conduct tenant programs for the residents. The provision of these services will be required pursuant to the Regulatory and Land Use Restriction Agreement (LURA).

**DEPARTMENT  
ORIGINATION**

**FEES:**

\$1,000 Pre-Application Fee (Paid)  
\$10,000 Application Fee (Paid)  
\$70,000 Issuance Fee (.50% of the bond amount paid at closing)

**DEPARTMENT  
ANNUAL FEES:**

\$14,000 Bond Administration (0.10% of first year bond amount)  
\$6,000 Compliance (\$25/unit/year adjusted annually for CPI).

**ASSET OVERSIGHT  
FEE:**

\$6,000 to TDHCA or assigns (\$25/unit/year adjusted annually for CPI)

*(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow.)*

**TAX CREDITS:**

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately \$606,365 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$5,329,415 of equity for the transaction.

**BOND STRUCTURE:**

The Bonds are proposed to be issued under a Trust Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

The Bonds will be privately placed with the Bond Purchaser. The Bond Purchaser contemplates transferring the Bonds to a custodial or trust arrangement whereby beneficial interests in the Bonds will be sold in the form of trust certificates to Qualified Institutional Buyers or Accredited Investors.

The Bond Purchaser will be required to sign the Department's standard investor letter. Should the Bonds be transferred to a custodial trust, a slightly modified investor letter will be provided by the trust. During the construction and lease-up period, the Bonds will pay as to interest only.

**BOND INTEREST  
RATES:**

The interest rate on the bonds during the Construction Loan Period will be 5.885% per annum followed a permanent interest rate on the Bonds

will be 6.60% per annum.

**CREDIT  
ENHANCEMENT:**

The bonds will be unrated with no credit enhancement.

**FORM OF BONDS:**

The Bonds will be issued in physical form and in denominations of \$100,000 or any amount in excess of \$100,000.

**MATURITY/SOURCES  
& METHODS OF  
REPAYMENT:**

The Bonds will bear interest at a fixed rate until maturity and will be payable monthly. During the construction phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Fund, earnings derived from amounts held on deposit in an investment agreement, and other funds deposited to the Revenue Fund specifically for capitalized interest during a portion of the construction phase. After conversion to the permanent phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

**TERMS OF THE  
MORTGAGE LOAN:**

The Mortgage Loan is a nonrecourse obligation of the Borrower (which means, subject to certain exceptions, the Owner is not liable for the payment thereof beyond the amount realized from the pledged security) providing for monthly payments of interest during the construction phase and level monthly payments of principal and interest upon conversion to the permanent phase. Deeds of Trust and related documents convey the Owner's interest in the Development to secure the payment of the Mortgage Loan.

**REDEMPTION OF  
BONDS PRIOR TO  
MATURITY:**

The Bonds are subject to redemption under any of the following circumstances:

**Mandatory Redemption:**

- (a) The Bonds are subject to mandatory redemption, in whole or in part (i) from any and all Receipts Requiring Mandatory Redemption, at a redemption price equal to 100% of the principal amount of Bonds being redeemed; and (ii) from moneys available for such purpose on deposit in the funds and accounts established by the Trust Indenture to the extent required.
- (b) The Bonds are subject to mandatory redemption, in part, following the Conversion Date, in the amount, if any, equal to the amount that the outstanding principal amount of the Bonds exceeds the permanent loan amount, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date.

**Optional Redemption at Direction of Borrower:**

- (a) From and after March 1, 2022 only, the Bonds shall be subject to redemption at the option of the Issuer, in whole or in part, and

only at the written direction of the Borrower, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date.

**Optional Redemption at Direction of Servicing Agent and Holders:**

- (a) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Servicing Agent, from and to the extent of amounts on deposit in the Construction Fund if construction of the Development has not lawfully commenced within sixty (60) days of the Closing Date. At a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest.
- (b) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of a majority of the outstanding principal amount of the Bonds, upon the occurrence of an Event of Taxability, but only if so directed by the Holders in writing within ninety (90) days of the occurrence of the Event of Taxability, at a redemption price equal to 106% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date; provided, however, that the foregoing redemption premium shall not be payable if the Event of Taxability is solely the result of a change in the Code or the Regulations.
- (c) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of 100% of the outstanding principal amount of the Bonds, at any time after the March 1, 2022, without premium, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date, but only if the Holders provide the Issuer, the Trustee and the Borrower with written notice of their election to require redemption of the Bonds at least one hundred and eighty (180) days prior to the date set for redemption.

**FUNDS AND  
ACCOUNTS/FUNDS  
ADMINISTRATION:**

Under the Trust Indenture, The Bank of New York Trust company, N.A. (the "Trustee") will serve as registrar, and authenticating agent for the Bonds, trustee of certain of the funds created under the Trust Indenture (described below), and will have responsibility for a number of loan administration and monitoring functions.

Moneys on deposit in Trust Indenture funds are required to be invested in eligible investments prescribed in the Trust Indenture until needed for the purposes for which they are held.

The Trust Indenture will initially create up to ten (10) funds with the following general purposes:

1. Bond Proceeds Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Bond Proceeds Fund and



immediately applied by the Trustee to other funds and accounts as required.

2. Revenue Fund – Revenues from the Development are deposited to the Revenue Fund and disbursed to its accounts for payment according to the amount required and time designated by the Trust Indenture – first to the Fee and Expense Account, Tax and Insurance Account, third to the Interest Account, and Principal Account.
3. Borrower Equity Fund – Funds from sources other than Bond proceeds to pay for Costs of Issuance, capitalized interest and certain other costs relating to the acquisition and development of the Development.
4. Costs of Issuance Fund – Fund into which amounts for the payment of certain costs incurred in connection with the issuance of the bonds are deposited and disbursed.
5. Construction Fund – Fund into which amounts needed to complete construction of the improvements are deposited and disbursed.
6. Capitalized Interest Fund – Fund into which a portion of the proceeds of the bonds or borrower equity are deposited and used to fund the payment of interest during the construction period.
7. Lease-Up Fund – Funded from syndication proceeds or other funds provided by the Borrower other than proceeds of the Bonds. Such amount, plus other funds transferred therein pursuant to the Indenture, will be applied to pay the Operating Expenses of the Development to the extent that the Development's net cash flow is insufficient to pay such amounts. On or after the date which is the earlier of the Conversion Date and the Loan Equalization Payment Date, amounts remaining in the Lease-Up Fund will be used (i) first, to redeem Bonds if required pursuant to the terms of the Indenture and the Borrower does not pay or cause to be paid by the Guarantors under the Guaranty all amounts required to redeem Bonds; (ii) second, to pay any deferred and unpaid developer's fee; and (iii) third, the balance, if any, will be paid to the Borrower.
8. Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.
9. Replacement Fund – Fund into which amounts are held in reserve to cover replacement cost and ongoing maintenance to the Development.
10. Bond Proceeds Clearance Fund – Fund into which monies are transferred from the Bond Proceeds Account of the Construction Fund and the Bond Proceeds account of the Capitalized Interest

Fund, as and when provided in the Indenture, and are applied, after completion of the project, either directly or after being transferred to the Principal Account of the Reserve Fund, to pay any unpaid or deferred developer's fee and/or to redeem Bonds.

11. Permanent Loan Security Fund –Funds which are provided by equity installments which may be used to redeem bonds if at stabilization or at the stabilization date, the property does not achieve the agreed upon debt cover ratio.

Essentially, all of the Bond proceeds will be deposited into the Construction Fund and the Capitalized Interest Fund and disbursed there from during the Construction Phase (over 18 to 24 months) to finance the construction of the Development and to pay interest on the Bonds. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower.

**DEPARTMENT  
ADVISORS:**

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 2003. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. Bond Trustee – The Bank of New York Trust Company, N.A. was selected as bond trustee by the Department pursuant to a request for proposal process in December 2003.
3. Financial Advisor – RBC Dain Rauscher, Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in June 2003.
4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in August 2003.

**ATTORNEY GENERAL  
REVIEW OF BONDS:**

No preliminary written review of the Bonds by the Attorney General of Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds will be submitted for review and approval prior to the issuance of the Bonds.

## RESOLUTION NO. 05-014

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (ALTA CULLEN APARTMENTS) SERIES 2005; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Alta Cullen Apartments) Series 2005 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and The Bank of New York Trust Company, N.A., a national banking association (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Alta Cullen Limited Partnership, a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the "Project") located within the State of Texas and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on November 12, 2004, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Loan and Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original aggregate principal amount corresponding to the original aggregate principal amount of the

Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the Borrower's obligations under the Note will be secured by the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement (the "Deed of Trust") from the Borrower for the benefit of the Department; and

WHEREAS, the Department's interest in the Loan (except for certain reserved rights), including the Note and the Deed of Trust, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents and an Assignment of Note (collectively, the "Assignments") from the Department to the Trustee; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Project which will be filed of record in the real property records of Harris County, Texas;

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the "Asset Oversight Agreement"), with respect to the Project for the purpose of monitoring the operation and maintenance of the Project; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Assignments, the Regulatory Agreement and the Asset Oversight Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Deed of Trust and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.13, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Deed of Trust and the Note and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

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

## ARTICLE I

### ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchasers thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That: (i) the interest rate on the Bonds shall be (A) from the date of issuance through and including September 30, 2006, 5.885% per annum, and (B) from October 1, 2006 until the maturity date thereof, 6.60% per annum; provided, however, that the interest rate is subject to adjustment as set forth in the Indenture; provided further, that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum

interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be \$14,000,000; and (iii) the final maturity of the Bonds shall occur on September 1, 2048.

Section 1.3--Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Indenture and to deliver the Indenture to the Trustee.

Section 1.4--Approval, Execution and Delivery of the Financing Agreement. That the form and substance of the Financing Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Financing Agreement and deliver the Financing Agreement to the Borrower and the Trustee.

Section 1.5--Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee.

Section 1.6--Acceptance of the Deed of Trust and Note. That the Deed of Trust and the Note are hereby accepted by the Department.

Section 1.7--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments are hereby approved and that the authorized representatives of the Department named in this Resolution each are hereby authorized to execute, attest and affix the Department's seal to the Assignments and to deliver the Assignments to the Trustee.

Section 1.8--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.9--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.10--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Financing Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Deed of Trust
- Exhibit F - Note
- Exhibit G - Assignments
- Exhibit H - Asset Oversight Agreement

Section 1.11--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.12--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department, and the Secretary to the Board.

Section 1.13--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

## ARTICLE II

### APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Certification of the Minutes and Records. That the Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.5--Approving Initial Rents. That the initial maximum rent charged by the Borrower for the units of the Project shall not exceed the amounts attached as Exhibit G to the Regulatory Agreement and shall be annually redetermined by the Borrower and reviewed by the Department as set forth in the Financing Agreement.

Section 2.6--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Project are hereby ratified and confirmed.

Section 2.7—Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

### ARTICLE III CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act, and after the Department's consideration of the information with respect to the Project and the information with respect to the proposed financing of the Project by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Project is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(iii) that the Borrower is financially responsible,

(iv) that the financing of the Project is a public purpose and will provide a public benefit, and

(v) that the Project will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the Loan made with the proceeds of the Bonds in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Project with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial

assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Project in accordance with the Financing Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Project is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State of Texas to obtain decent, safe, and sanitary housing by financing the costs of the Project, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Project shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Financing Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Loan established pursuant to the Financing Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Project and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Chapter 33, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

## ARTICLE IV

### GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas. Each Bond shall



contain on its face a statement to the effect that the State of Texas is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State of Texas is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

*(Signature Page Follows)*

PASSED AND APPROVED this 10th day of March, 2005.

By: \_\_\_\_\_  
Elizabeth Anderson, Chair

[SEAL]

Attest: \_\_\_\_\_  
Delores Groneck, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Section 1. Project and Owner.

Owner: Alta Cullen Limited Partnership, a Texas limited partnership

Project: The Project is a 240-unit multifamily facility to be known as Alta Cullen Apartments and to be located at approximately the 3500 block of Beltway 8, Houston, Harris County, Texas 77047. The Project will consist of ten (10) three-story residential apartment buildings with approximately 249,348 net rentable square feet and an approximate average unit size of 1,039 square feet. The unit mix will consist of:

48	one-bedroom/one-bath units
108	two-bedroom/two-bath units
<u>84</u>	three-bedroom/two-bath units
240	Total Units

Unit sizes will range from approximately 740 square feet to approximately 1193 square feet.

The Project will include a community building containing an administration office, game/recreation room, computer room, community room, kitchen and public restrooms. On-site amenities will include a swimming pool, a play area with playground equipment, perimeter fencing, a limited access gate, and a picnic area. All individual units will have washer/dryer connections, microwaves, dishwashers, and walk-in closets. Additionally, the Project will include 240 carports and 188 uncovered parking spaces.

Section 2. Project Amenities.

Project Amenities shall include:

- € Washer/Dryer Connections
- € Microwave Ovens in each Unit
- € Storage Rooms
- € Ceiling Fans in living area and all bedrooms
- € Ceramic Flooring in entry and all bathrooms
- € 100% Masonry (including stucco and hardiplank)
- € Playground and Equipment
- € BBQ Grills and Tables (one each per 50 Units)
- € Full Perimeter Fencing and Gated Access
- € Business / Computer Facilities with internet access
- € Game / Recreation Room
- € Workout Facilities

**Housing Tax Credit Program  
Board Action Request  
March 10, 2005**

**Action Item**

Request, review, and board determination of two (2) four percent (4%) tax credit applications with TDHCA as the Issuer.

**Recommendation**

Staff is recommending that the board review and approve the issuance of two four percent (4%) Tax Credit Determination Notices with **TDHCA** as the Issuer for tax exempt bond transactions known as:

<b>Development No.</b>	<b>Name</b>	<b>Location</b>	<b>Issuer</b>	<b>Total Units</b>	<b>LI Units</b>	<b>Total Development</b>	<b>Applicant Proposed Tax Exempt Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Credit Allocation</b>
04611	Alta Cullen Apartments	Houston	TDHCA	240	240	\$20,646,710	\$14,000,000	\$606,365	\$606,365
04499	Atascocita Pines	Humble	TDHCA	192	192	\$18,229,737	\$11,900,000	\$590,697	\$577,587



**HOUSING TAX CREDIT PROGRAM  
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Alta Cullen Apartments**

TDHCA#: 04611

**DEVELOPMENT AND OWNER INFORMATION**

Development Location: Houston QCT: N DDA: N TTC: N  
 Development Owner: Alta Cullen Limited Partnership  
 General Partner(s): Wood Alta Cullen, LP, 100%, Contact: Bernard Felder  
 Construction Category: New  
 Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA  
 Development Type: General  
 Population

**Annual Tax Credit Allocation Calculation**

Applicant Request: \$606,365 Eligible Basis Amt: \$620,622 Equity/Gap Amt.: \$784,687

**Annual Tax Credit Allocation Recommendation: \$606,365**

Total Tax Credit Allocation Over Ten Years: \$ 6,063,650

**PROPERTY INFORMATION**

**Unit and Building Information**

Total Units: 240 HTC Units: 240 % of HTC Units: 100  
 Gross Square Footage: 253,287 Net Rentable Square Footage: 249,348  
 Average Square Footage/Unit: 1039  
 Number of Buildings: 10  
 Currently Occupied: N

**Development Cost**

Total Cost: \$20,646,710 Total Cost/Net Rentable Sq. Ft.: \$82.80

**Income and Expenses**

Effective Gross Income:<sup>1</sup> \$1,998,132 Ttl. Expenses: \$922,561 Net Operating Inc.: \$1,075,571  
 Estimated 1st Year DCR: 1.10

**DEVELOPMENT TEAM**

Consultant: Not Utilized Manager: To Be Determined  
 Attorney: Morris, Manning and Martin Architect: Womack and Hampton  
 Accountant: Reznick, Fedder & Silverman Engineer: Bury and Partners  
 Market Analyst: Apartment Market Data Research Lender: MMA Financial  
 Services  
 Contractor: WP South Alta Cullen Development Syndicator: PNC MultiFamily Capital  
 Company, LP

**PUBLIC COMMENT<sup>2</sup>**

From Citizens:

**Letters:**  
 # in Support: 1  
 # in Opposition: 0  
**Public Hearing:**  
 # in Support: 4  
 # in Opposition: 0  
 # Neutral: 2

From Legislators or Local Officials:

Sen. John Whitmire, District 15 - NC  
 Rep. Senfronia Thompson, District 141 - NC  
 Judge Robert A. Eckels - S  
 El Franco Lee, Harris County Commissioner, Pct. 1;- S  
 Wm. Reeves Gilmore, Planner, Harris County - Harris county has not adopted a comprehensive plan.

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support

**CONDITION(S) TO COMMITMENT**

1. Per §50.12( c ) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Acceptance by the Board of the anticipated likely redemption of up to \$250,000 in bonds at the conversion to permanent.
3. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation site work costs, building flood insurance and tenant flood insurance costs prior to the initial closing on the property or provide an engineers map showing the structures to be built one foot above the flood plain upon completion of the site work.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit amount and or allocation amount may be warranted.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.

**DEVELOPMENT’S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:**

Score  Utilization of Set-Aside  Geographic Distrib.  Tax Exempt Bond.  Housing Type

Other Comments including discretionary factors (if applicable).

\_\_\_\_\_  
Robbye Meyer, Multifamily Bond Program Administrator      Date      \_\_\_\_\_  
Brooke Boston, Director of Multifamily Finance Production Date

**DEVELOPMENT’S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

Score  Utilization of Set-Aside  Geographic Distrib.  Tax Exempt Bond  Housing Type

Other Comments including discretionary factors (if applicable).\_\_\_\_\_

\_\_\_\_\_  
Edwina P. Carrington, Executive Director      \_\_\_\_\_  
Chairman of Executive Award and Review Advisory Committee      Date

**TDHCA Board of Director’s Approval and description of discretionary factors (if applicable).**

\_\_\_\_\_  
Chairperson Signature: \_\_\_\_\_      \_\_\_\_\_      Elizabeth Anderson,  
Chairman of the Board      Date

## Alta Cullen Apartments

### Estimated Sources & Uses of Funds

#### Sources of Funds

Series 2005 Tax-Exempt Bond Proceeds	\$ 14,000,000
Tax Credit Proceeds	5,448,086
Deferred Developer's Fee	1,337,706
Estimated Interest Earning	29,273
<b>Total Sources</b>	<b><u>\$ 20,815,065</u></b>

#### Uses of Funds

Acquisition and Site Work Costs	\$ 3,178,121
Direct Hard Construction Costs	10,302,483
Other Construction Costs (General Require, Overhead, Profit)	1,886,896
Indirect Construction Costs	2,182,378
Developer Fees	2,280,012
Direct Bond Related	288,500
Bond Purchaser Costs	417,500
Other Transaction Costs	29,533
Real Estate Closing Costs	249,642
<b>Total Uses</b>	<b><u>\$ 20,815,065</u></b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 70,000
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit)	6,000
TDHCA Bond Counsel and Direct Expenses (Note 1)	73,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	2,500
Borrower's Bond Counsel	45,000
Bond Administration Fee (2 years)	28,000
Trustee Fee	5,250
Trustee's Counsel (Note 1)	4,000
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	1,250
Texas Bond Review Board Application Fee	11,500
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,500
TEFRA Hearing Publication Expenses	2,500
<b>Total Direct Bond Related</b>	<b><u>\$ 288,500</u></b>

## Alta Cullen Apartments

<b>Bond Purchase Costs</b>	
MMA Financial Origination	280,000
MMA Financial Application and Bridge Loan Fees	42,500
MMA Financial Counsel	40,000
Partner Agreement	10,000
PNC Counsel	45,000
<b>Total Bond Purchase Costs</b>	<b>\$ 417,500</b>
<b>Other Transaction Costs</b>	
Tax Credit Application and Determination Fees	29,533
<b>Total Other Transaction Costs</b>	<b>\$ 29,533</b>
<b>Real Estate Closing Costs</b>	
Title & Recording (Const.& Perm.)	120,000
Property Taxes	129,642
<b>Total Real Estate Costs</b>	<b>\$ 249,642</b>
<b>Estimated Total Costs of Issuance</b>	<b>\$ 985,175</b>

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.





**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**RECOMMENDATION**

- RECOMMEND APPROVAL OF ISSUANCE OF \$14,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE OF 6.6% AND REPAYMENT TERM OF 40 YEARS WITH A 40-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$606,365 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Acceptance by the Board of the anticipated likely redemption of up to \$250K in bonds at the conversion to permanent;
2. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation site work costs, building flood insurance and tenant flood insurance costs prior to the initial closing on the property or provide an engineers map showing the structures to be built one foot above the flood plain upon completion of the site work;
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount and or allocation amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

<b>Total Units:</b>	240	<b># Rental Buildings</b>	10	<b># Non-Res. Buildings</b>	1	<b># of Floors</b>	3	<b>Age:</b>	N/A yrs
<b>Net Rentable SF:</b>	249,348	<b>Av Un SF:</b>	1,039	<b>Common Area SF:</b>	3,939	<b>Gross Bldg SF:</b>	253,287		

**STRUCTURAL MATERIALS**

The structure will be wood frame on a post-tensioned concrete slab. According to the plans provided in the application the exterior will be comprised as follows: 100% cement fiber siding. The interior wall surfaces will be drywall and the pitched roof will be finished with asphalt composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting & vinyl tile. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heat pumps, high-speed internet access, & 9-foot ceilings.

**ONSITE AMENITIES**

A 3,939-square foot community building will include a club room, management offices, sitting room, laundry facilities, a kitchen, restrooms, and a conference center. The community building, swimming pool, and equipped children's play area are located at the entrance to the property. In addition perimeter fencing with limited access gates are planned for the site.

**Uncovered Parking:** 188 spaces    **Carpports:** 240 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Alta Cullen is a relatively dense (16 units per acre) new construction development of 240 units of affordable housing located in southeast Houston. The development is comprised of ten sporadically distributed large garden style walk-up residential buildings as follows:

- 2 Building Type I with 12 one-bedroom/one-bath units and 12 two-bedroom/two-bath units;
- 7 Building Type II with 12 two- bedroom/two-bath units and 12 three-bedroom/two-bath units;
- 1 Building Type III with 24 one-bedroom/one-bath units;

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**Architectural Review:** The building and unit plans are of good design, sufficient size, and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with simple fenestration.

SITE ISSUES			
SITE DESCRIPTION			
Size:	15	acres	653,400 square feet
			<b>Zoning/ Permitted Uses:</b> No zoning in Houston
<b>Flood Zone Designation:</b>	Zone: AE	<b>Status of Off-Sites:</b>	Partially improved

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The subject site is an irregularly-shaped parcel located in southern Houston approximately eleven miles from the central business district. The site is situated just west of the northwest intersection of South Sam Houston Parkway (Beltway 8) and FM 518 Road.

**Adjacent Land Uses:**

- **North:** vacant land immediately adjacent and a residential neighborhood beyond;
- **South:** Beltway 8 immediately adjacent and commercial businesses and a residential neighborhood beyond;
- **East:** vacant land immediately adjacent and a residential development under construction beyond; and
- **West:** new extension of Scott Street immediately adjacent and vacant land beyond;

**Site Access:** Access to the property is from the west along Beltway 8 access road or the north or south from Scott Street. The development is to have one main entry off of Beltway 8 and a secondary entry off of Scott Street. Access to the property is very good. The subject site has excellent access via Beltway 8. From Beltway 8, one can easily connect to Highway 288, Interstate 45 and Highway 59, all of which are major thoroughfares into and around Houston proper.

**Public Transportation:** Metropolitan Transit Authority of Harris County (METRO) does not service the site; however the Metro does have service approximately 2 miles to the north.

**Shopping & Services:** The site is within several miles of major grocery/pharmacies and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

**Special Adverse Site Characteristics:** The following issues have been identified as potentially bearing on the viability of the site for the proposed development:

- **Floodplain:** Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to the initial closing on the property is a condition of this report.

**Site Inspection Findings:** TDHCA staff performed a site inspection on October 14, 2004 and found the location to be acceptable for the proposed development.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated September 2004 was prepared by Engineering and Fire Investigations and contained the following findings and recommendations: “Based on the results of our research, observations, and interviews, it is in EFI’s opinion that no evidence of recognized environmental conditions is associated with the Subject Property.” (p. 18) “The subject property is located within a Special Flood Hazard area inundated by the 100-flood.” (p.15)

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1 private activity bond lottery development the Applicant has elected the 100% of units at 60% AMGI due to the fact that they are located in census tract with median income higher than surrounding MSA, PMSA, or county.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$25,620	\$29,280	\$32,940	\$36,600	\$39,540	\$42,480

**MARKET HIGHLIGHTS**

A market feasibility study dated August 12, 2004, 2004 was prepared by Apartment MarketData Research Services, LLC ("Market Analyst") and highlighted the following findings:

**Definition of Primary Market Area (PMA):** The market study described the Primary Market Area (PMA) to be bounded by the southwest corner of Loop 610 to IH 45 to the north, from IH 45 to Beltway 8, then following Clear Creek to FM516 to the east, a straight line from FM 518 to Highway 35 to the southeast, a line from Highway 35 to Harris County Line to the south, and then follow county line up to Post Oak Road, from Post Oak Road to loop 610 to the west. This area encompasses approximately 123.87 square miles and is equivalent to a circle with a radius of 6.28 miles.

**Population:** The estimated 2003 population of the PMA was 236,630 and is expected to increase by 11% to approximately 263,012 by 2008. Within the primary market area there were estimated to be 78,347 households in 2003.

**Total Primary Market Demand for Rental Units:** The Market Analyst calculated a total demand of 5,668 qualified households in the PMA, based on the current estimate of 78,347 households, the projected annual growth rate of 2.2%, renter households estimated at 53.7% of the population, income-qualified households estimated at 20.6%, and an annual renter turnover rate of 64.4 %. (p. 43). The Market Analyst used an income band of \$23,520 to \$39,540.

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	179	3.2%	195	3.3%
Resident Turnover	5,489	96.8%	5,796	96.7%
<b>TOTAL ANNUAL DEMAND</b>	<b>5,668</b>	<b>100%</b>	<b>5,991</b>	<b>100%</b>

Ref: p. 45

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 21.9% based upon 5,668 units of demand and 1,239 unstabilized affordable housing in the PMA (including the subject) (p. 45). The Underwriter calculated an inclusive capture rate of 20.7% based upon the same supply of unstabilized comparable affordable units of 1,239, but divided by a revised demand of 5,991.

**Market Rent Comparables:** The Market Analyst surveyed six comparable apartment projects totaling 1,524 units in the market area.

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (60%)</b>	\$589	\$604	-\$15	\$650	-\$61
<b>2-Bedroom (60%)</b>	\$706	\$721	-\$15	\$775	-\$69
<b>3-Bedroom (60%)</b>	\$813	\$828	-\$15	\$950	-\$137

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent = \$500, program max = \$600, differential = -\$100)

**Primary Market Occupancy Rates:** "The current occupancy of the market area is 92.0% as a result of

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

stable demand. Demand for new rental apartment units is considered to be growing.” (p. 81).

**Absorption Projections:** “We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction.” (p. 78).

**Market Study Analysis/Conclusions:** The Underwriter found the information provided by the Market Analyst to provide sufficient market information on which to base a funding recommendation

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s rent projections are lower than the maximum rents allowed under HTC guidelines. There is the potential for additional income (approximately \$43.2K) if the Applicant chooses to increase rents to the maximum allowed, and the market study information suggests that the market could support rents at the rent limit maximums. The Applicant overstated secondary income with carport income of an equal amount \$43.2K but did not provide additional substantiation for their estimate. As a net result of these differences the Applicant’s effective gross income estimate is the same as the Underwriter’s estimate.

**Expenses:** The Applicant’s total expense estimate of \$3,844 per unit is within 4% of the Underwriter’s database-derived estimate of \$3,993 per unit for comparably-sized developments. The Applicant’s budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative (\$39.2K lower), utilities (\$22.1K lower), water, sewer, and trash (\$21.1K lower), property tax (\$101.3K higher). The Underwriter discussed these differences with the Applicant but was unable to reconcile them further despite additional information provided by the Applicant.

**Conclusion:** The Applicant’s gross income, expenses and net operation income are all within 5% of the Underwriter’s estimates. Due to a difference in the calculated debt service, the Underwriter’s estimated debt coverage ratio (DCR) of 1.04 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project should be limited to \$13,750,000 based on the Applicants operating income by a reduction of the loan amount and/or a reduction in the interest rate and/or an extension of the term. The Underwriter has completed this analysis assuming a likely redemption of a portion of the bond amount resulting in a final anticipated bond amount of \$13,750,000. Board acknowledgement of such a potential reduction is a condition of this report.

**ACQUISITION VALUATION INFORMATION**

**ASSESSED VALUE**

<b>Land: (15) acres</b>	\$990,470	<b>Assessment for the Year of:</b>	2004
<b>Tax Rate:</b>	3.84125	<b>Valuation by:</b>	Harris County Appraisal District

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b>	Purchase and sale agreement (15 acres)		
<b>Contract Expiration Date:</b>	1/ 31/ 2005	<b>Anticipated Closing Date:</b>	1/ 31/ 2005
<b>Acquisition Cost:</b>	\$1,687,500	<b>Other Terms/Conditions:</b>	Earnest Money - \$5,000
<b>Seller:</b>	Concord Casualty/BOA Sorte/Sayland Farms	<b>Related to Development Team Member:</b>	No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The site cost of \$1,687,500 (\$2.58/SF, \$112,500/acre, or \$7,031/unit) although in excess of the tax assessed value of \$990,470, is assumed to be reasonable since the acquisition is an arm’s-length transaction.

**Off-Site Costs:** The Applicant claimed off-site costs of \$521,375 for off-site concrete, storm drains and devices, water and fire hydrants, off-site utilities, off-site paving and grading and landscaping and provided sufficient third party certification through a registered engineer to justify these costs.

**Sitework Cost:** The Applicant’s claimed sitework costs of \$6,101 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**Direct Construction Cost:** Originally the Applicant's costs were 18.8% less than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate. This would suggest that the Applicant's direct construction costs were significantly understated. In response to the Underwriters query the Applicant stated that Marshall & Swift is consistently higher than actual costs. In response to the Underwriters query the Applicant then produced actual costs on Alta Arlington a development they completed in Arlington in July 2004. When the actual cost numbers on Alta Arlington were compared to Marshall & Swift *Residential Cost Handbook* from the same period of time a difference of 17% less for the actual cost numbers was verified. Based on this evidence of performance presented by the Applicant, the Marshall & Swift calculations for the subject property Alta Cullen were adjusted 17% down thus significantly reduced the Underwriters direct construction cost estimate such that the Applicant's cost is now \$184K or 2% lower than the Underwriter's adjusted estimate, and is therefore regarded as reasonable as submitted.

**Fees:** The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by \$127,465 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by \$19,120 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's adjusted estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown as adjusted by the Underwriter, is used to calculate the eligible basis and determine the HTC allocation. As a result, an eligible basis of \$17,531,685 is used to determine a credit allocation of \$620,622 from this method. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE			
INTERIM TO PERMANENT BOND FINANCING			
<b>Source:</b>	MMA Financial	<b>Contact:</b>	Earl Cole, III
<b>Tax-Exempt Amount:</b>	\$14,000,000	<b>Interest Rate:</b>	6.6%
<b>Additional Information:</b>	Interim rate of 5.885%		
<b>Amortization:</b>	40 yrs	<b>Term:</b>	40 yrs
<b>Commitment:</b>	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input checked="" type="checkbox"/> Conditional
<b>Annual Payment:</b>	\$995,560	<b>Lien Priority:</b>	1st
		<b>Date:</b>	2/ 7/ 2005
TAX CREDIT SYNDICATION			
<b>Source:</b>	PNC MultiFamily Capital	<b>Contact:</b>	Kandi Jackson
<b>Net Proceeds:</b>	\$5,489,310	<b>Net Syndication Rate (per \$1.00 of 10-yr HTC)</b>	87.9¢
<b>Commitment:</b>	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input checked="" type="checkbox"/> Conditional
		<b>Date:</b>	8/ 24/ 2004
APPLICANT EQUITY			
<b>Amount:</b>	\$1,377,041	<b>Source:</b>	Deferred Developer Fee
FINANCING STRUCTURE ANALYSIS			
<b>Interim to Permanent Bond Financing:</b> The tax-exempt bonds are to be issued by TDHCA and purchased by MMA Financial. The permanent financing commitment is consistent with the revised amounts and terms reflected in the sources and uses of funds listed in the application.			
<b>HTC Syndication:</b> The tax credit syndication commitment is consistent with the revised amounts and terms reflected in the sources and uses of funds listed in the application.			
<b>Deferred Developer's Fees:</b> The Applicant's proposed deferred developer's fees of \$1,377,041 amount to 60% of the total fees.			
<b>Financing Conclusions:</b> Based on the Applicant's estimate of eligible basis, the HTC allocation should not			

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

exceed \$620,622 annually for ten years; however, as the Applicant has requested only \$606,365 this will be the recommended allocation, resulting in syndication proceeds of approximately \$5,329,415. Based on the underwriting analysis which suggests an ultimate \$250K reduction in debt, the Applicant's deferred developer fee will be increased to \$1,567,295, which represents approximately 69% of the eligible fee but should still be repayable from cash flow within ten years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may be available to fund those development cost overruns though not to the extent identified earlier in the Underwriter's original Marshall & Swift cost analysis. Given the Applicant's track record the potential for such overruns is considered low.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer and General Contractor are all related entities. These are common relationships for HTC-funded developments.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principals of the General Partner, Leonard W. Wood, Warren J. Durkin, Jr., Ryan L. Dearborn and Patrick J. Trask submitted unaudited financial statements as of February 7, 2005 respectively and are anticipated to be guarantors of the development.

**Background & Experience:**

- Applicant and General Partner are new entities formed for the purpose of developing the project.
- Multifamily Production Finance Staff have verified that the contractor has met the Department's experience requirements and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's direct construction costs differed from the unadjusted Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The Applicant's total development costs differed from the Underwriter's unadjusted verifiable estimate by more than 5%.

**Underwriter:**

\_\_\_\_\_  
*Carl Hoover*

**Date:** February 28, 2005

**Director of Real Estate Analysis:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** February 28, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Alta Cullen, Houston, MFB #2004-046 | 4% HTC #04455**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC (60%)	12	1	1	740	\$686	\$604	\$7,248	\$0.82	\$82.00	\$13.31
TC (60%)	36	1	1	794	686	\$604	21,744	0.76	82.00	13.31
TC (60%)	108	2	2	1,034	823	\$721	77,868	0.70	102.00	13.31
TC (60%)	84	3	2	1,193	951	\$828	69,552	0.69	123.00	13.31
<b>TOTAL:</b>	<b>240</b>		<b>AVERAGE:</b>	<b>1,039</b>	<b>\$840</b>	<b>\$735</b>	<b>\$176,412</b>	<b>\$0.71</b>	<b>\$105.35</b>	<b>\$13.31</b>

<b>INCOME</b>				<b>TOTAL Net Rentable Sq Ft: 249,348</b>		<b>TDHCA</b>	<b>APPLICANT</b>	<b>Comptroller's Region 6</b>		
<b>POTENTIAL GROSS RENT</b>						\$2,116,944	\$2,073,744	<b>IREM Region Houston</b>		
Secondary Income		Per Unit Per Month:	\$15.00			43,200	43,200	\$15.00	Per Unit Per Month	
Other Support Income: Carport Rentals							43,200			
<b>POTENTIAL GROSS INCOME</b>						\$2,160,144	\$2,160,144			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(162,011)	(162,012)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$1,998,133	\$1,998,132			
<b>EXPENSES</b>				<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>		<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative			4.68%	\$390	0.38	\$93,533	\$54,367	\$0.22	\$227	2.72%
Management			5.00%	416	0.40	99,907	84,921	0.34	354	4.25%
Payroll & Payroll Tax			9.79%	815	0.78	195,600	176,000	0.71	733	8.81%
Repairs & Maintenance			5.92%	493	0.47	118,322	115,000	0.46	479	5.76%
Utilities			2.68%	223	0.21	53,604	31,500	0.13	131	1.58%
Water, Sewer, & Trash			3.03%	252	0.24	60,581	39,500	0.16	165	1.98%
Property Insurance			3.12%	260	0.25	62,337	45,600	0.18	190	2.28%
Property Tax	3.84125		8.26%	688	0.66	165,081	266,400	1.07	1,110	13.33%
Reserve for Replacements			2.40%	200	0.19	48,000	48,000	0.19	200	2.40%
Other: compl fees & Supp. Serv.			3.07%	255	0.25	61,273	61,273	0.25	255	3.07%
<b>TOTAL EXPENSES</b>			<b>47.96%</b>	<b>\$3,993</b>	<b>\$3.84</b>	<b>\$958,238</b>	<b>\$922,561</b>	<b>\$3.70</b>	<b>\$3,844</b>	<b>46.17%</b>
<b>NET OPERATING INC</b>			<b>52.04%</b>	<b>\$4,333</b>	<b>\$4.17</b>	<b>\$1,039,895</b>	<b>\$1,075,572</b>	<b>\$4.31</b>	<b>\$4,482</b>	<b>53.83%</b>
<b>DEBT SERVICE</b>										
First Lien Mortgage			49.82%	\$4,148	\$3.99	\$995,560	\$931,579	\$3.74	\$3,882	46.62%
Additional Financing			0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing			0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>			<b>2.22%</b>	<b>\$185</b>	<b>\$0.18</b>	<b>\$44,335</b>	<b>\$143,993</b>	<b>\$0.58</b>	<b>\$600</b>	<b>7.21%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						1.04	1.15			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>							1.10			

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)		7.97%	\$7,031	\$6.77	\$1,687,500	\$1,687,500	\$6.77	\$7,031	8.17%	
Off-Sites		2.46%	2,172	2.09	521,375	521,375	2.09	2,172	2.53%	
Sitework		6.92%	6,101	5.87	1,464,238	1,464,238	5.87	6,101	7.09%	
Direct Construction		45.37%	40,008	38.51	9,601,983	9,418,391	37.77	39,243	45.62%	
Contingency	3.26%	1.71%	1,504	1.45	360,962	360,962	1.45	1,504	1.75%	
General Req'ts	6.00%	3.14%	2,767	2.66	663,973	707,586	2.84	2,948	3.43%	
Contractor's G & A	2.00%	1.05%	922	0.89	221,324	235,862	0.95	983	1.14%	
Contractor's Profit	6.00%	3.14%	2,767	2.66	663,973	707,586	2.84	2,948	3.43%	
Indirect Construction		5.52%	4,864	4.68	1,167,442	1,167,442	4.68	4,864	5.65%	
Ineligible Costs		3.59%	3,165	3.05	759,565	759,565	3.05	3,165	3.68%	
Developer's G & A	1.92%	1.40%	1,237	1.19	296,810	0	0.00	0	0.00%	
Developer's Profit	13.00%	9.49%	8,371	8.06	2,009,051	2,305,861	9.25	9,608	11.17%	
Interim Financing		6.19%	5,460	5.26	1,310,342	1,310,342	5.26	5,460	6.35%	
Reserves		2.06%	1,817	1.75	436,155	0	0.00	0	0.00%	
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$88,186</b>	<b>\$84.88</b>	<b>\$21,164,694</b>	<b>\$20,646,710</b>	<b>\$82.80</b>	<b>\$86,028</b>	<b>100.00%</b>	
<b>Recap-Hard Construction Costs</b>		<b>61.31%</b>	<b>\$54,069</b>	<b>\$52.04</b>	<b>\$12,976,454</b>	<b>\$12,894,625</b>	<b>\$51.71</b>	<b>\$53,728</b>	<b>62.45%</b>	

<b>SOURCES OF FUNDS</b>				<b>RECOMMENDED</b>			
First Lien Mortgage	66.15%	\$58,333	\$56.15	\$14,000,000	\$14,000,000	\$13,750,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$2,286,741
HTC Syndication Proceeds	24.90%	\$21,957	\$21.13	5,269,669	5,269,669	5,329,415	% of Dev. Fee Deferred
Deferred Developer Fees	6.51%	\$5,738	\$5.52	1,377,041	1,377,041	1,567,295	69%
Additional (excess) Funds Req'd	2.45%	\$2,158	\$2.08	517,984	0	(0)	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$21,164,694</b>	<b>\$20,646,710</b>	<b>\$20,646,710</b>	<b>\$4,016,274</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Alta Cullen, Houston, MFB #2004-046 / 4% HTC #04455**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.08	\$10,741,466
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
9-Ft. Ceilings	3.00%		1.29	322,244
Roofing			0.00	0
Subfloor			(0.68)	(168,725)
Floor Cover			2.00	498,696
Porches/Balconies	\$18.00	48,548	3.50	873,864
Plumbing	\$605	576	1.40	348,480
Built-In Appliances	\$1,650	240	1.59	396,000
Stairs	\$1,700	80	0.55	136,000
Enclosed Corridors	\$33.16	0	0.00	0
Heating/Cooling			1.53	381,502
Garages/Carports	\$8.18	36,000	1.18	294,480
Comm &/or Aux Bldgs	\$61.64	3,939	0.97	242,780
Other:			0.00	0
<b>SUBTOTAL</b>			<b>56.41</b>	<b>14,066,787</b>
Current Cost Multiplier	1.10		5.64	1,406,679
Local Multiplier	0.88		(6.77)	(1,688,014)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$55.29</b>	<b>\$13,785,451</b>
Plans, specs, survy, bld prm	3.90%		(\$2.16)	(\$537,633)
Interim Construction Interes	3.38%		(1.87)	(465,259)
Contractor's OH & Profit	11.50%		(6.36)	(1,585,327)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$44.91</b>	<b>\$11,197,233</b>
Adjustment based on Alta Arlington			117%	\$9,601,983

**PAYMENT COMPUTATION**

<b>Primary</b>	\$14,000,000	Term	480
Int Rate	6.60%	DCR	1.04
<b>Secondary</b>	\$0	Term	
Int Rate	0.00%	Subtotal DCR	1.04
<b>Additional</b>	\$5,269,669	Term	
Int Rate		Aggregate DCR	1.04

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI**

Primary Debt Service	\$977,782
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$97,789</b>

<b>Primary</b>	\$13,750,000	Term	480
Int Rate	6.60%	DCR	1.10
<b>Secondary</b>	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.10
<b>Additional</b>	\$5,269,669	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,073,744	\$2,135,956	\$2,200,035	\$2,266,036	\$2,334,017	\$2,705,766	\$3,136,724	\$3,636,323	\$4,886,914
Secondary Income	43,200	44,496	45,831	47,206	48,622	56,366	65,344	75,751	101,804
Contractor's Profit	43,200	44,496	45,831	47,206	48,622	56,366	65,344	75,751	101,804
POTENTIAL GROSS INCOME	2,160,144	2,224,948	2,291,697	2,360,448	2,431,261	2,818,498	3,267,412	3,787,826	5,090,521
Vacancy & Collection Loss	(162,012)	(166,871)	(171,877)	(177,034)	(182,345)	(211,387)	(245,056)	(284,087)	(381,789)
Developer's G & A	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,998,132</b>	<b>\$2,058,077</b>	<b>\$2,119,820</b>	<b>\$2,183,414</b>	<b>\$2,248,917</b>	<b>\$2,607,111</b>	<b>\$3,022,356</b>	<b>\$3,503,739</b>	<b>\$4,708,732</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$54,367	\$56,542	\$58,803	\$61,155	\$63,602	\$77,381	\$94,146	\$114,543	\$169,552
Management	84,921	87,468,5383	90092.59448	92795.37231	95579.23348	110802.5274	128450.4974	148909.3315	200121.6896
Payroll & Payroll Tax	176,000	183,040	190,362	197,976	205,895	250,503	304,775	370,805	548,883
Repairs & Maintenance	115,000	119,600	124,384	129,359	134,534	163,681	199,143	242,288	358,645
Utilities	31,500	32,760	34,070	35,433	36,851	44,834	54,548	66,366	98,238
Water, Sewer & Trash	39,500	41,080	42,723	44,432	46,209	56,221	68,401	83,221	123,187
Insurance	45,600	47,424	49,321	51,294	53,346	64,903	78,964	96,072	142,211
Property Tax	266,400	277,056	288,138	299,664	311,650	379,170	461,319	561,265	830,809
Reserve for Replacements	48,000	49,920	51,917	53,993	56,153	68,319	83,120	101,129	149,695
Other	61,273	63,724	66,272	68,923	71,680	87,210	106,104	129,092	191,088
<b>TOTAL EXPENSES</b>	<b>\$922,561</b>	<b>\$958,614</b>	<b>\$996,084</b>	<b>\$1,035,026</b>	<b>\$1,075,499</b>	<b>\$1,303,025</b>	<b>\$1,578,971</b>	<b>\$1,913,690</b>	<b>\$2,812,428</b>
<b>NET OPERATING INCOME</b>	<b>\$1,075,572</b>	<b>\$1,099,463</b>	<b>\$1,123,736</b>	<b>\$1,148,388</b>	<b>\$1,173,417</b>	<b>\$1,304,086</b>	<b>\$1,443,384</b>	<b>\$1,590,049</b>	<b>\$1,896,304</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$977,782	\$977,782	\$977,782	\$977,782	\$977,782	\$977,782	\$977,782	\$977,782	\$977,782
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$97,789</b>	<b>\$121,681</b>	<b>\$145,954</b>	<b>\$170,606</b>	<b>\$195,635</b>	<b>\$326,303</b>	<b>\$465,602</b>	<b>\$612,267</b>	<b>\$918,522</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.10</b>	<b>1.12</b>	<b>1.15</b>	<b>1.17</b>	<b>1.20</b>	<b>1.33</b>	<b>1.48</b>	<b>1.63</b>	<b>1.94</b>
						260,969	395,953	538,934	765,394

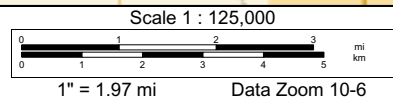
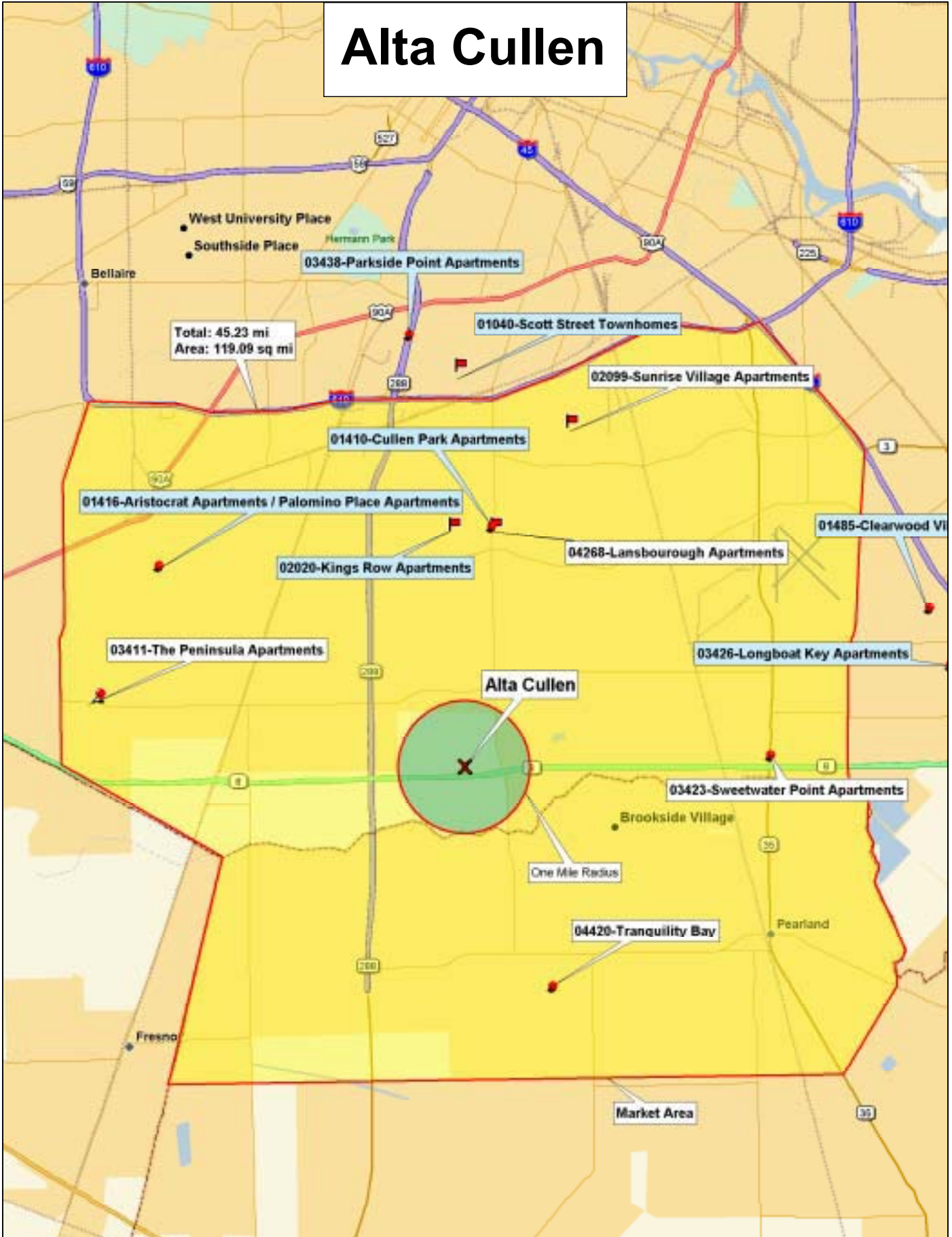
**LIHTC Allocation Calculation - Alta Cullen, Houston, MFB #2004-046 / 4% HTC #04455**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$1,687,500	\$1,687,500		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,464,238	\$1,464,238	\$1,464,238	\$1,464,238
Off-site improvements	\$521,375	\$521,375		
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$9,418,391	\$9,601,983	\$9,418,391	\$9,601,983
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$235,862	\$221,324	\$217,653	\$221,324
Contractor profit	\$707,586	\$663,973	\$652,958	\$663,973
General requirements	\$707,586	\$663,973	\$652,958	\$663,973
<b>(5) Contingencies</b>				
	\$360,962	\$360,962	\$360,962	\$360,962
<b>(6) Eligible Indirect Fees</b>				
	\$1,167,442	\$1,167,442	\$1,167,442	\$1,167,442
<b>(7) Eligible Financing Fees</b>				
	\$1,310,342	\$1,310,342	\$1,310,342	\$1,310,342
<b>(8) All Ineligible Costs</b>				
	\$759,565	\$759,565		
<b>(9) Developer Fees</b>			\$2,286,741	
Developer overhead		\$296,810		\$296,810
Developer fee	\$2,305,861	\$2,009,051		\$2,009,051
<b>(10) Development Reserves</b>				
		\$436,155		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$20,646,710</b>	<b>\$21,164,694</b>	<b>\$17,531,685</b>	<b>\$17,760,099</b>

<b>Deduct from Basis:</b>				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
<b>TOTAL ELIGIBLE BASIS</b>			<b>\$17,531,685</b>	<b>\$17,760,099</b>
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$17,531,685</b>	<b>\$17,760,099</b>
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$17,531,685</b>	<b>\$17,760,099</b>
Applicable Percentage			3.54%	3.54%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$620,622</b>	<b>\$628,708</b>

Syndication Proceeds	0.8789	\$5,454,719	\$5,525,786
<b>Total Credits (Eligible Basis Method)</b>		<b>\$620,622</b>	<b>\$628,708</b>
Syndication Proceeds		\$5,454,719	\$5,525,786
<b>Requested Credits</b>		<b>\$606,365</b>	
Syndication Proceeds		\$5,329,415	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$6,896,710</b>	
<b>Credit Amount</b>		<b>\$784,687</b>	

# Alta Cullen



# RENT CAP EXPLANATION

## Houston MSA

### AFFORDABILITY DEFINITION & COMMENTS

An apartment unit is "**affordable**" if the total housing expense (rent and utilities) that the tenant pays is **equal to or less than 30%** of the tenant's household income (as determined by HUD).

**Rent Caps** are established at this **30%** "affordability" threshold based on local area median income, adjusted for family size. Therefore, rent caps will vary from property to property depending upon the local area median income where the specific property is located.

If existing rents in the local market area are lower than the rent caps calculated at the 30% threshold for the area, then by definition the market is "affordable". This situation will occur in some larger metropolitan areas with high median incomes. In other words, the rent caps will not provide for lower rents to the tenants because the rents are already affordable. This situation, however, does not ensure that individuals and families will have access to affordable rental units in the area. The set-aside requirements under the Department's bond programs ensure availability of units in these markets to lower income individuals and families.

### MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2004

**MSA/County:** Houston      **Area Median Family Income (Annual):** \$61,000

ANNUALLY				MONTHLY							
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)				Utility Allowance by Unit Type <small>(provided by the local PHA)</small>	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)		
# of Persons	At or Below			Unit Type	At or Below				At or Below		
	50%	60%	80%		50%	60%	80%		50%	60%	80%
1	\$ 21,350	\$ 25,620	34,150	Efficiency	\$ 533	\$ 640	\$ 853		\$ 533	\$ 640	\$ 853
2	24,400	29,280	39,050	1-Bedroom	571	686	915	82	489	604	833
<b>3</b>	<b>27,450</b>	<b>32,940</b>	<b>43,900</b>	<b>2-Bedroom</b>	<b>686</b>	<b>823</b>	<b>1,097</b>	<b>102</b>	<b>584</b>	<b>721</b>	<b>995</b>
4	30,500	36,600	48,800	3-Bedroom	793	951	1,268	123	670	828	1,145
5	32,950	39,540	52,700	4-Bedroom	885	1,062	1,415		885	1,062	1,415
6	35,400	42,480	56,600	5-Bedroom	975	1,170	1,561		975	1,170	1,561
7	37,800	45,360	60,500								
8	40,250	48,300	64,400								
<b>FIGURE 1</b>				<b>FIGURE 2</b>				<b>FIGURE 3</b>	<b>FIGURE 4</b>		

**Figure 1** outlines the maximum annual household incomes in the area, adjusted by the number of people in the family, to qualify for a unit under the set-aside grouping indicated above each column.

For example, a family of three earning \$30,000 per year would fall in the 60% set-aside group. A family of three earning \$25,000 would fall in the 50% set-aside group.

**Figure 2** shows the maximum total housing expense that a family can pay under the affordable definition (i.e. under 30% of their household income).

For example, a family of three in the 60% income bracket earning \$32,940 could not pay more than \$823 for rent and utilities under the affordable definition.

- 1) \$32,940 divided by 12 = **\$2,745** monthly income; then,
- 2) **\$2,745** monthly income times 30% = **\$823** maximum total housing expense.

**Figure 4** displays the resulting maximum rent that can be charged for each unit type, under the three set-aside brackets. This becomes the rent cap for the unit.

The rent cap is calculated by subtracting the utility allowance in **Figure 3** from the maximum total housing expense for each unit type found in **Figure 2**.

**Figure 3** shows the utility allowance by unit size, as determined by the local public housing authority. The example assumes all electric units.

## Alta Cullen Apartments

### RESULTS & ANALYSIS: for 60% AMFI units

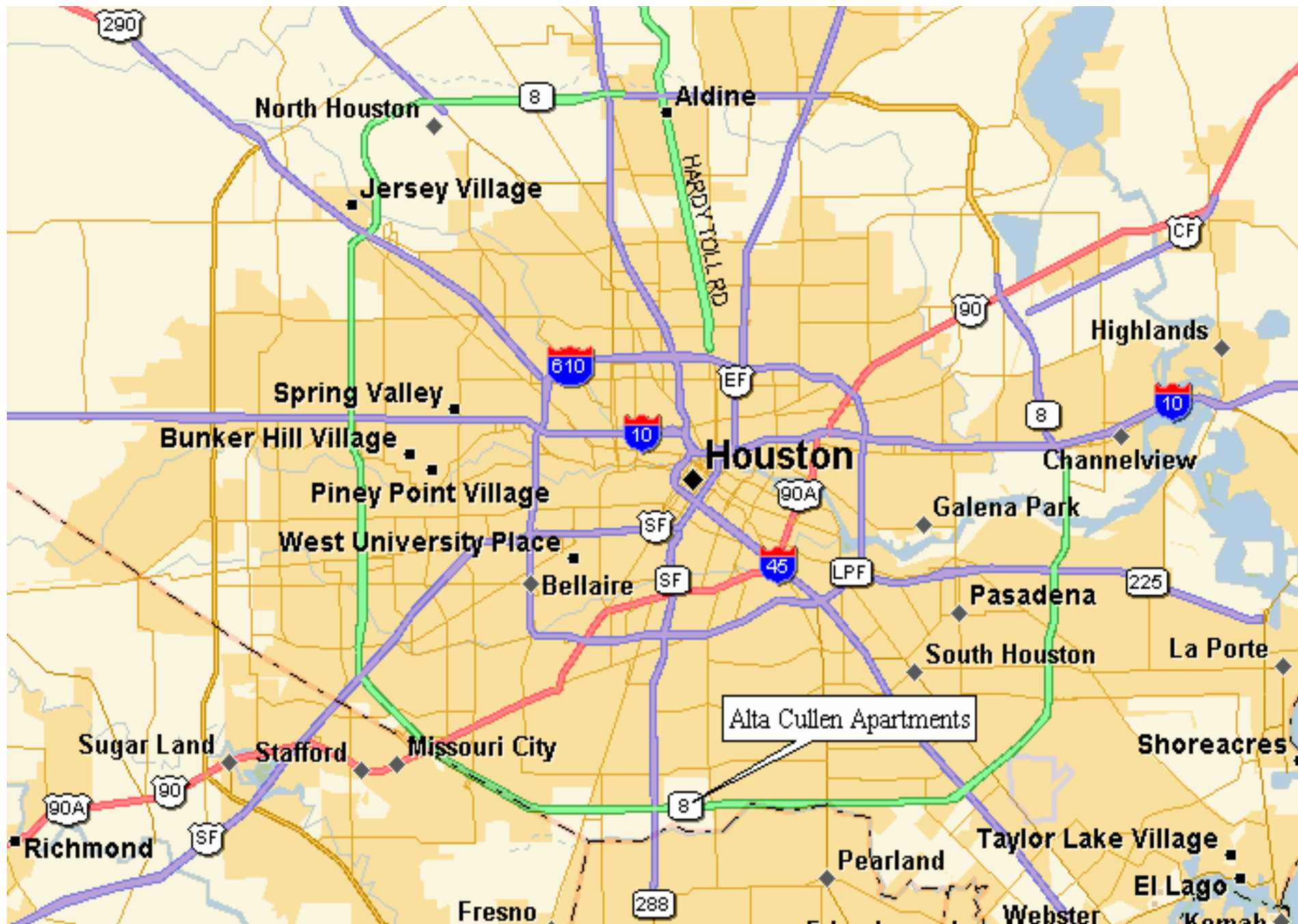
**Tenants** in the 60% AMFI bracket will **save \$29to \$79** per month (leaving **1.0%** to **2.5%** more of their monthly income for food, child care and other living expenses).

This is a monthly savings off the market rents of **4.0%** to **8.7%**.

<b>PROJECT INFORMATION</b>				
<b>Unit Mix</b>				
Unit Description	1-Bedroom	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	740	794	1,034	1,193
Rents if Offered at Market Rates	\$587	\$629	\$773	\$907
Rent per Square Foot	\$0.79	\$0.79	\$0.75	\$0.76

<b>SAVINGS ANALYSIS FOR 60% AMFI GROUPING</b>				
Rent Cap for 60% AMFI Set-Aside	\$604	\$604	\$721	\$828
<b>Monthly Savings for Tenant</b>	<b>(\$17)</b>	<b>\$25</b>	<b>\$52</b>	<b>\$79</b>
Rent per square foot	\$0.82	\$0.76	\$0.70	\$0.69
Maximum Monthly Income - 60% AMFI	\$2,440	\$2,440	\$2,745	\$3,173
<b>Monthly Savings as % of Monthly Income</b>	<b>-0.7%</b>	<b>1.0%</b>	<b>1.9%</b>	<b>2.5%</b>
<b>% DISCOUNT OFF MONTHLY RENT</b>	<b>-2.9%</b>	<b>4.0%</b>	<b>6.8%</b>	<b>8.7%</b>

**Information provided by:** Pacific Southwest Valuation, 5926 Balcones Drive , Suite 214, Austin, Texas 78731.  
Report dated October 12, 2004



North Houston

Jersey Village

Aldine

Spring Valley

Bunker Hill Village

Piney Point Village

West University Place

Bellaire

Houston

Highlands

Channelview

Galena Park

Pasadena

South Houston

La Porte

Sugar Land

Stafford

Missouri City

Alta Cullen Apartments

Shoreacres

Richmond

Pearland

Taylor Lake Village

El Lago

Fresno

Webster

# Applicant Evaluation

Project ID # **04611**

Name: **Alta Cullen Apartments**

City: **Houston**

LIHTC 9%     LIHTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas                       Members of the development team have been disbarred by HUD

Members of the application did not receive the required Previous Participation Acknowledgement

National Previous Participation Certification Received:       N/A               Yes               No

Noncompliance Reported on National Previous Participation Certification:       Yes               No

### Portfolio Management and Compliance

Total # of Projects monitored:   1  

Projects in Material Noncompliance

# in noncompliance:   0  

Projects zero to nine:   1    
grouped ten to nineteen:   0    
by score twenty to twenty-nine:   0  

Yes               No

# monitored with a score less than thirty:   1  

Projects not reported Yes   
in application No

# not yet monitored or pending review:   0  

# of projects not reported   0  

#### Portfolio Monitoring

#### Single Audit

#### Contract Administration

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Not applicable   
Review pending   
No unresolved issues   
Issues found regarding late cert   
Issues found regarding late audit   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewed by   Patricia Murphy  

Date   2/24/2005  

#### Multifamily Finance Production

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewer   S. Roth    
Date   2/25/2005  

#### Single Family Finance Production

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewer \_\_\_\_\_  
Date \_\_\_\_\_

#### Real Estate Analysis (Cost Certification and Workout)

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewer \_\_\_\_\_  
Date \_\_\_\_\_

#### Community Affairs

No relationship   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewer   EEF    
Date   2/28/2005  

#### Office of Colonia Initiatives

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewer \_\_\_\_\_  
Date \_\_\_\_\_

#### Financial Administration

No delinquencies found   
Delinquencies found

Reviewer   Stephanie A. D'Couto    
Date   3/1/2005  

**Executive Director:** \_\_\_\_\_

**Executed:** \_\_\_\_\_

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

Multifamily Finance Production Division

**Public Comment Summary**

**Alta Cullen Apartments**

**Public Hearing**

<i>Total Number Attended</i>	6
<i>Total Number Opposed</i>	0
<i>Total Number Supported</i>	4
<i>Total Number Neutral</i>	2
<i>Total Number that Spoke</i>	0

**Public Officials Letters Received**

<i>Opposition</i>	0
<i>Support</i>	2
County Judge Robert Eckels	
County Commissioner El Franco Lee	

**General Public Letters and Emails Received**

<i>Opposition</i>	0
<i>Support</i>	1
Southeast Coalition of Civic Clubs	

**Summary of Public Comment**

No Opposition



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PUBLIC HEARING

ALTA CULLEN APARTMENTS

Wednesday, October 13, 2004  
Auditorium  
Woodson Middle School  
10720 Southview Street  
Houston, Texas

PRESIDING:

ROBBYE G. MEYER, MULTIFAMILY BOND ADMINISTRATOR

P R O C E E D I N G S

1  
2 MS. MEYER: Good evening. My name is Robbye Meyer. And  
3 I would like to proceed with the public hearing. Let the record show  
4 that it is now 6:12 p.m., Wednesday, October 13, 2004. And we are  
5 the Woodson Middle School located at 19729 Southview Street in  
6 Houston, Texas.

7 I'm here to conduct the public hearing on behalf of the  
8 Texas Department of Housing and Community Affairs with respect to an  
9 issuance of tax-exempt multifamily revenue bonds for a residential  
10 rental community.

11 This hearing is required by the Internal Revenue Code.  
12 The sole purpose of this hearing is to provide a reasonable  
13 opportunity for interested individuals to express their views  
14 regarding the development and the proposed bond issuance. No  
15 decisions regarding the development will be made at this hearing.

16 The Department's board is scheduled to meet to consider  
17 this transaction tentatively on December 9. But it also may be moved  
18 to January 13.

19 In addition to providing your comments at this hearing  
20 the public is also invited to provide comment directly to the board  
21 at their meetings. The Department staff will also accept written  
22 comments from the public up until five o'clock on November 26, 2004.

23 The bonds will be issued as tax-exempt multifamily  
24 revenue bonds in the aggregate principal amount not to exceed 14

1 million and taxable bonds, if necessary, in an amount to be  
2 determined and issued in one or more series by the Texas Department  
3 of Housing and Community Affairs.

4           The proceeds of the bonds will be loaned to Alta Cullen  
5 Limited Partnership or a related person or affiliate entity thereof,  
6 to finance a portion of the costs of acquiring, constructing and  
7 equipping a multifamily rental housing community described as  
8 follows.

9           240 unit multifamily residential rental development to  
10 be constructed on approximately 15 acres of land located near the  
11 northeast intersection of Scott Street and Beltway 8, South Sam  
12 Houston Tollway West at approximately the 3500 block of Beltway 8,  
13 Harris County, Texas.

14           The proposed multifamily rental housing community will  
15 be initially owned and operated by the borrower or a related person  
16 affiliate entity thereof.

17           I would like to open the floor up for public comment.  
18 Does a developer want to make a comment? Do you -- would you like to  
19 make a comment, ma'am?

20           VOICE: Me?

21           MS. MEYER: Uh-huh.

22           VOICE: Oh, well, I'm not [inaudible].

23           MS. MEYER: Okay. I'm just asking. I just want to make  
24 sure. I don't want to leave anybody off.

1                   Let the record show there are no attendees that would  
2 like to make comment. And it is now 6:14. And we are adjourned.

3                   (Whereupon, at 6:14 p.m., the public hearing was  
4 adjourned.)

C E R T I F I C A T E

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

IN RE: Alta Cullen Apartments

LOCATION: Houston, Texas

DATE: October 14, 2004

I do hereby certify that the foregoing pages, numbers 1 through 5, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by J. Ben Bynum before the Texas Department of Housing and Community Affairs.

\_\_\_\_\_  
(Transcriber) 10/20/2004  
(Date)

On the Record Reporting, Inc.  
3307 Northland, Suite 315  
Austin, Texas 78731



[WWW.TDHCA.STATE.TX.US](http://WWW.TDHCA.STATE.TX.US)

## **MULTIFAMILY FINANCE PRODUCTION DIVISION**

### **2004 Private Activity Multifamily Revenue Bonds**

**Atascocita Pines Apartments  
230 Atascocita Road  
Humble, Texas  
Conroy Partners, L.P.  
192 Units  
Priority 2 – 100% of units at 60% AMFI  
\$11,900,000 Tax Exempt – Series 2005**

---

### **TABLE OF EXHIBITS**

---

<b>TAB 1</b>	<b>TDHCA Board Presentation</b>
<b>TAB 2</b>	<b>Bond Resolution</b>
<b>TAB 3</b>	<b>HTC Profile and Board Summary</b>
<b>TAB 4</b>	<b>Sources &amp; Uses of Funds Estimated Cost of Issuance</b>
<b>TAB 5</b>	<b>Department's Real Estate Analysis</b>
<b>TAB 6</b>	<b>Rental Restrictions Explanation Results and Analysis</b>
<b>TAB 7</b>	<b>Development Location Maps</b>
<b>TAB 8</b>	<b>TDHCA Compliance Summary Report</b>
<b>TAB 9</b>	<b>Public Input and Hearing Transcript (January 25, 2005)</b>

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**March 10, 2005**

**Action Item**

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Atascocita Pines Apartments development.

**Summary of the Atascocita Pines Apartments Transaction**

The pre-application was received on September 23, 2004. The application was scored and ranked by staff. The application was induced at the October Board meeting and submitted to the Texas Bond Review Board for addition to the 2004 Waiting List. The application received a Reservation of Allocation on November 18, 2004. This application was submitted under the Priority 2 category. There were twenty-four people in attendance with five people speaking for the record. A copy of the transcript is located in Tab 9 of this presentation. The proposed site is located in the Humble Independent School District.

**Summary of the Financial Structure**

The applicant is requesting the Department's approval and issuance of variable rate tax exempt bonds in the amount of \$11,900,000. The bonds will be credit enhanced by JPMorgan during the Construction Phase and will be replaced by Fannie Mae at Conversion. The Bonds will carry a Aa3/VMIGI rating. GMAC (Fannie Mae DUS Lender) will underwrite the transaction using a debt coverage ratio of 1.20 to 1 (Net Operating Income 1.2 times the debt service) amortized over 30 years. The term of the bonds will be for 33 years. The construction and lease up period will be for thirty months plus one 6 month optional extension with payment terms of interest only, followed by a 30 year term and amortization.

**Recommendation**

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Atascocita Pines Apartments development because of the demonstrated quality of construction of the proposed development, the feasibility of the development (as demonstrated by the financial commitments from Fannie Mae, JPMorgan Chase Bank and GMAC and the underwriting report by the Department's Real Estate Analysis division), the tenant and social services provided by the development and the demand for affordable units as demonstrated by the market area.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD MEMORANDUM**  
**March 10, 2005**

**DEVELOPMENT:** Atascocita Pines Apartments, Humble, Harris County, Texas

**PROGRAM:** Texas Department of Housing & Community Affairs  
2004 Private-Activity Multifamily Revenue Bonds  
(Reservation received 11/18/2004)

**ACTION**  
**REQUESTED:**

Approve the issuance of multifamily housing revenue bonds (the "Bonds") and multifamily housing revenue refunding bonds (the "Subordinate Refunding Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371 of the Texas Government Code and under Chapter 2306 of the Texas Government Code, the Department's enabling legislation which authorizes the Department to issue its revenue bonds for its public purposes as defined therein. The Subordinate Refunding Bonds will be issued, if at all, under Chapter 1207 of the Texas Government Code and Chapter 2306 of the Texas Government Code.

**PURPOSE:** The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Conroy Partners, L.P., a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 192-unit multifamily residential rental Development to be located at 230 Atascocita Road, Harris County, Texas (the "Development"). The first series of Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental Development.

**BOND AMOUNT:** \$11,900,000 Series 2005 Tax Exempt bonds (\*)  
\$11,900,000 Total bonds

The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Development and the amount for which Bond Counsel can deliver its Bond Opinion.

**ANTICIPATED**  
**CLOSING DATE:**

The Department received a volume cap allocation for the Bonds on November 18, 2004, pursuant to the Texas Bond Review Board's 2004 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before April 17, 2005, the anticipated closing date is March 22, 2005.



**BORROWER:**

Conroy Partners, L.P., a Texas Limited Partnership, the general partner of which is Newcrest Company, L.L.C. the members of which are A. Richard Wilson with 45% Ownership, Gerald Russell with 45% Ownership and David Russell with 10% Ownership. Wachovia Affordable Housing Community Development Corporation or an affiliate thereof will be providing the equity for the transaction by purchasing a 99.99% limited partnership interest in the Borrower.

**COMPLIANCE HISTORY:**

The Compliance Status Summary completed on February 24, 2005 reveals that the principals of the general partner above have a total of three (3) properties being monitored by the Department. One (1) has received a compliance score of less than 30. The other two (2) properties have not been monitored at this time.

**ISSUANCE TEAM:**

GMAC Commercial Mortgage Corporation. (FNMA DUS Lender/Servicer)  
Wachovia Affordable Housing Community Development Corporation (Credit Enhancer)  
Fannie Mae (Credit Facility Provider)  
GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, a Division of GMAC Commercial Holding Capital Markets Corp. (Underwriter)  
Wells Fargo Bank, National Association (Trustee)  
Vinson & Elkins L.L.P. (Bond Counsel)  
Dain Rauscher, Inc. (Financial Advisor)  
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)

**BOND PURCHASER:**

The Bonds will be publicly offered for sale on or about March 22, 2005 at which time the final pricing and Bond Purchaser(s) will be determined.

**DEVELOPMENT DESCRIPTION:**

The Development is a 192 unit apartment community to be constructed on approximately 10.5 acres located at 230 Atascocita Road, Harris County, Texas. The Development will consist of nine (9) two-story buildings and two (2) three-story buildings with a total of 197,408 net rentable square feet and an average unit size of approximately 1028 square feet. The property will also have a community building consisting of a kitchen, a fitness center, business center and leasing office. The development will include a laundry room, a swimming pool, barbeque grills and picnic area, and perimeter fencing with access gates. The complex will have 122 open parking spaces, 192 carports and 68 garages.

Units	Unit Type	Sq Ft	Proposed	AMFI
42	1-Bed/1-Baths	697	\$650.00	60%
42	2-Bed/2-Baths	996	\$779.00	60%
42	2-Bed/2-Baths	1052	\$779.00	60%
66	3-Bed/2-Baths	1160	\$899.00	60%
192	Total Units			

**SET-ASIDE UNITS:**

For Bond covenant purposes, forty percent (40%) of the units in the Development will be restricted to occupancy by persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in the Development will be set aside on a priority basis for persons with special needs. *(The Borrower has elected to set-aside 100% of the units for tax credit purposes)*

**RENT CAPS:**

For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for a family whose income equals sixty percent (60%) of the area median income which is a Priority 2 category of the private activity bond program.

**TENANT SERVICES:**

Tenant Services will be provided by the developer according to the requirements as outlined in the Departments Land Use Restriction Agreement.

**DEPARTMENT ORIGINATION FEES:**

\$1,000 Pre-Application Fee (Paid)  
 \$10,000 Application Fee (Paid)  
 \$59,500 Issuance Fee (.50% of the bond amount paid at closing)

**DEPARTMENT ANNUAL FEES:**

\$11,900 Bond Administration (0.10% of first year bond amount)  
 \$4,800 Compliance (\$25/unit/year adjusted annually for CPI)

*(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)*

**ASSET OVERSIGHT FEE:**

\$4,800 to TDHCA or assigns (\$25/unit/year adjusted annually for CPI)

**TAX CREDITS:**

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to \$577,587 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of the limited partnership, typically 99.99%, to raise equity funds for the Development. Although a tax credit

**BOND STRUCTURE &  
SECURITY FOR THE  
BONDS:**

sale has not been finalized, the Borrower anticipates raising approximately \$5,226,639 of equity for the transaction.

The Bonds are proposed to be issued under a Trust Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

As stated above, the Bonds are being issued to fund a Mortgage Loan to finance the acquisition, construction, equipping and long-term financing of the Development. The Mortgage Loan will be secured by, among other things, a Deed of Trust and other security instruments on the Development. The Mortgage Loan and security instruments will be assigned to the Trustee and JPMorgan and will become part of the Trust Estate securing the Bonds.

During both the construction period (the "Construction Phase"), credit enhancement and liquidity support for the Bonds will be provided by JPMorgan Chase Bank, National Association pursuant to an irrevocable direct pay letter of credit (the "Letter of Credit"). If conversion ("Conversion") from the Construction Phase to the permanent mortgage period (the "Permanent Phase"), occurs, the Letter of Credit will be replaced by credit enhancement and liquidity facility provided by Fannie Mae (the "Fannie Mae Credit Facility"). If Conversion does not occur, Fannie Mae will have no obligation to issue the Fannie Mae Credit Facility. If Conversion does not occur and JPMorgan has not extended the term of the Letter of Credit and there is no alternate credit facility in effect, the Bonds will be subject to mandatory tender.

In addition to the credit enhanced Mortgage Loan, other security for the Bonds during the Construction Phase consists of the net bond proceeds, the revenues and any other moneys received by the Trustee for payment of principal and interest on the Bonds, and amounts otherwise on deposit in the Funds and Accounts (excluding the Rebate Fund, the Fees Account and the Cost of Issuance Fund) and any investment earnings thereon (see Funds and Accounts section, below).

The Department is being asked to approve a Subordinate Refunding Bond Indenture at this time. No Subordinate Refunding Bonds will be issued now and it is not anticipated that they will ever be issued. Upon Conversion to the Permanent Phase, Fannie Mae will determine the final Mortgage Loan

amount. If the final Mortgage Loan amount is less than the original Mortgage Loan amount, the Borrower will be required to pay the difference which will be used to correspondingly reduce the amount of the outstanding Bonds. All or a portion of this payment amount may be financed through the issuance of the Subordinate Refunding Bonds. The Department and GMAC Commercial Holding Capital Corp. will enter into a Forward Bond Purchase Contract for the purchase and sale of the Subordinate Refunding Bonds if such Bonds are issued.

**CREDIT  
ENHANCEMENT:**

The credit enhancement by JPMorgan allows for an anticipated rating by the Rating Agency of Aa3/VMIG1 and an anticipated variable interest rate of 3.75% per annum. Without the credit enhancement, the Bonds would not be investment grade and therefore command a higher interest rate from investors on similar maturity bonds.

**FORM OF BONDS:**

The Bonds will be issued in book entry form and will be in authorized denominations of, during any Weekly Variable Rate Period, \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 or during any Reset Period or the Fixed Rate Period, \$5,000 or any integral multiple of \$5,000.

**TERMS OF THE  
MORTGAGE LOAN:**

The Mortgage Loan is a non-recourse obligation of the Owner, which means, subject to certain exceptions, that the Owner is not liable for the payment thereof beyond the amount realized from the pledged security. The Mortgage Loan provides for monthly payments of interest during the Construction Phase and level monthly payments of principal and interest following conversion to the Permanent Phase.

During the Construction Phase, the Borrower will be required to make payments on the Mortgage Loan directly to the Trustee (to the extent that capitalized interest funds deposited at closing into the Mortgage Loan Fund are insufficient to make the semi-annual interest payments on the Bonds) along with all other bond and credit enhancement fees. Upon Conversion, the Borrower will be required to pay mortgage payments on the Mortgage Loan to the Servicer, who will remit the principal and interest components of the mortgage payments to the Trustee. The Borrower will continue to pay certain other fees, including the Department's fees, directly to the Trustee.

Effective on the Conversion Date, which is anticipated to occur thirty months from the closing date of the Bonds with one six-month extension option, the Mortgage Loan will convert from the Construction Phase to the Permanent Phase upon satisfaction the conversion requirements set forth in the Construction Phase

Financing Agreement. Among other things, these requirements include completion of the Development according to plans and specifications and achievement of certain occupancy thresholds.

**MATURITY/SOURCES  
& METHODS OF  
REPAYMENT:**

The Bonds will bear interest at a variable rate until maturity, which is April 15, 2038.

The Bonds will be payable from: (1) revenues earned from the Mortgage Loan (which during the Construction Phase will be payable as to interest only); (2) earnings derived from amounts held in Funds & Accounts (discussed below) on deposit in an investment agreement; (3) funds deposited to the Mortgage Loan Fund specifically for capitalized interest during a portion of the Construction Phase; (4) or payments made by Fannie Mae under the credit facility.

Fannie Mae is obligated under the credit enhancement agreement to fund the payment of the Bonds, regardless of whether the Borrower makes the scheduled principal and interest payments on the Mortgage Loan. The Borrower is obligated to reimburse Fannie Mae for any moneys advanced by Fannie Mae for such payments

**REDEMPTION OF  
BONDS PRIOR TO  
MATURITY:**

The Bonds are subject to redemption under any of the following circumstances:

**Optional Redemption:**

The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower:

- (1) On any Interest Payment Date within a Weekly Variable Rate Period and on any Adjustment Date at a redemption price equal to 100 percent of the principle amount redeemed plus accrued interest to the Redemption Date.
- (2) On any date within a Reset Period at the respective redemption prices set forth in the Indenture as expressed as a percentage of the principal amount of the Bonds.
- (3) On any date within the Fixed Rate Period, at the respective redemption prices set forth in the Indenture as expressed as percentages of the principal amounts of the Bonds.

**Mandatory Redemption:**

- (1) The Bonds shall be redeemed in whole or in part in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation of, or any award as part of a settlement in lieu of condemnation of, the Mortgaged Property are applied in accordance with the Security Instrument to the prepayment of the Mortgage Loan.
- (2) The Bonds shall be redeemed in whole or in part in an amount specified by and at the direction of the Credit Provider requiring that the Bonds be redeemed pursuant to the Indenture following any Event of Default under the Reimbursement Agreement.
- (3) The Bonds shall be redeemed in whole or in part as follows:
  - a) On each Adjustment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Adjustment Date to the Redemption Account.
  - b) On any Interest Payment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Interest Payment Date to the Redemption Account.
- (4) The Bond shall be redeemed during the Fixed Rate Period if the Issuer has established a Sinking Fund Schedule, at the times and in the amounts set forth in the Sinking Fund Schedule.
- (5) The Bonds shall be redeemed in part in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment.
- (6) The Bonds shall be redeemed in whole if the Credit Provider notifies the Trustee that (i) the Conditions to Conversion have not been satisfied on or prior to the Termination Date, or (ii) a Borrower Default has occurred, or (iii) the Construction Lender has directed Fannie Mae to draw on the Letter of Credit due to an event of default by the Borrower under the Construction Phase Financing Agreement.
- (7) The Bonds shall be redeemed in whole or in part in the event and to the extent that amounts on deposit in the Loan Fund are transferred to the Redemption Account.

**FUNDS AND**

**ACCOUNTS/FUNDS**  
**ADMINISTRATION:**

Under the Trust Indenture, Wells Fargo Bank, National Association, (the "Trustee") will serve as registrar and authenticating agent for the Bonds, trustee of certain of the funds created under the Trust Indenture (described below), and will have responsibility for a number of loan administration and monitoring functions.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will initially be issued as fully registered securities and when issued will be registered in the name of Cede & Co., as nominee for DTC. One fully registered global bond in the aggregate principal amount of each stated maturity of the Bonds will be deposited with DTC.

Moneys on deposit in Trust Indenture funds are required to be invested in eligible investments prescribed in the Trust Indenture until needed for the purposes for which they are held.

The Trust Indenture will create up to six (6) funds with the following general purposes:

1. Loan Fund – Consists of a Project Account and Capitalized Moneys Account, each of which has a Bond Proceeds Subaccount and a Borrower Equity Subaccount. Monies in the Loan fund will be withdrawn to pay the costs of construction of the Development and interest on the Bonds and certain other fees during the Construction Phase.
2. Revenue Fund - General receipts and disbursement account for revenues to pay principal and interest on the Bonds. Sub-accounts created within the Revenue Fund for redemption provisions, credit facility purposes, the payment of interest and certain ongoing fees.
3. Costs of Issuance Fund – A temporary fund into which amounts for the payment of the costs of issuance are deposited and disbursed by the Trustee.
4. Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.
5. Bond Purchase Fund - so moneys held uninvested and

exclusively for the payment of the purchase price of Tendered Bonds (subject to provisions in the Indenture allowing reimbursement of the amounts owed to the Credit Provider).

6. Principal Reserve Fund – a fund to collect principal payments from the payments received from the Borrower through revenue from the project.

Essentially, all of the bond proceeds will be deposited into the Loan Fund and disbursed during the Construction Phase (over 18 to 24 months) to finance the construction of the Development. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower.

**DEPARTMENT  
ADVISORS:**

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 2003. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. Bond Trustee – Wells Fargo Bank, National Association was selected as bond trustee by the Department pursuant to a request for proposal process in December 2003.
3. Financial Advisor - Dain Rauscher, Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in June 2003.
4. Underwriter – Newman and Associates Inc. was selected by the Borrower from the Department's list of approved senior managers for multifamily bond issues. The underwriter list was compiled and approved by the Department May 2004.

**ATTORNEY GENERAL**



**REVIEW OF BONDS:**

No preliminary written review of the Bonds or the Subordinate Refunding Bonds by the Attorney General of Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds and the Subordinate Refunding Bonds will be submitted for review and approval prior to the issuance of the Bonds and the Subordinate Refunding Bonds.

**RESOLUTION NO. 05-015**

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (ATASCOCITA PINES APARTMENTS) SERIES 2005 AND SUBORDINATE MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (ATASCOCITA PINES APARTMENTS); APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Department may issue refunding bonds under Chapter 1207, Texas Government Code, to refund all or any part of the Department’s outstanding bonds, notes, or other general or special obligations; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Variable Rate Demand Multifamily Housing Revenue Bonds (Atascocita Pines Apartments) Series 2005 (the “Bonds”), pursuant to and in accordance with the terms of a Trust Indenture (the “Indenture”) by and between the Department and Wells Fargo Bank, National Association (the “Trustee”), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Conroy Partners LP, a Texas limited partnership (the “Borrower”), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the “Project”) located within the State of Texas required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 14, 2004, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Mortgage Loan") to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a multifamily note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Mortgage Loan will be provided for initially by a Letter of Credit issued by JPMorgan Chase Bank, N.A., a national banking association (the "Bank"), and upon conversion by a Credit Enhancement Instrument issued by Fannie Mae ("Fannie Mae"); and

WHEREAS, it is anticipated that the Note will be secured by a Construction Phase Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Mortgage") from the Borrower for the benefit of the Department and, initially, the Bank; and

WHEREAS, the Department's interest in the Mortgage Loan (except for certain reserved rights), including the Note and the Mortgage, will be assigned to the Trustee, as its interests may appear, and, initially, to the Bank, as its interests may appear, pursuant to an Assignment and Intercreditor Agreement (the "Assignment") among the Department, the Trustee and the Bank and acknowledged, accepted and agreed to by the Borrower; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Project which will be filed of record in the real property records Harris County, Texas; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the "Official Statement") and to authorize the authorized representatives of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Borrower, GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp. (the "Underwriter"), and any other parties to such Bond Purchase Agreement as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or another party to such Bond Purchase Agreement; and

WHEREAS, pursuant to the terms of the Note, the Borrower is required to make a Pre-Conversion Loan Equalization Payment (as such term is defined the Note) in the event that the principal amount of the Mortgage Loan, as finally determined pursuant to the terms of the Construction Phase

Financing Agreement (as such term is defined in the Indenture), is less than the original principal amount of the Mortgage Loan; and

WHEREAS, pursuant to the terms of the Indenture, the Bonds are subject to mandatory redemption in the event that the Borrower is required to make a Pre-Conversion Loan Equalization Payment pursuant to the terms of the Note; and

WHEREAS, the Board has determined to authorize the issuance, sale and delivery of its Subordinate Multifamily Housing Revenue Refunding Bonds (Atascocita Pines Apartments) (the "Refunding Bonds") pursuant to and in accordance with the terms of a Subordinate Indenture between the Department and Wells Fargo Bank, National Association, as trustee, or any successor thereto (the "Refunding Indenture"), for the purpose of obtaining funds to refinance a portion of the Project in the event that the Borrower is required to make a Pre-Conversion Loan Equalization Payment, all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Board desires to use the proceeds of the Refunding Bonds to fund a Subordinate Mortgage Loan (the "Refunding Mortgage Loan") to the Borrower in order to provide funds to make a Pre-Conversion Loan Equalization Payment and thereby refund a portion of the Bonds, all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Subordinate Loan Agreement (the "Refunding Loan Agreement") pursuant to which (i) the Department will agree to make the Refunding Mortgage Loan to the Borrower to enable the Borrower to make a Pre-Conversion Loan Equalization Payment and thereby refinance a portion of the Project, and (ii) the Borrower will execute and deliver to the Department a subordinate multifamily note (the "Refunding Note") in an original principal amount equal to the original aggregate principal amount of the Refunding Bonds, and providing for payment of interest on such principal amount equal to the interest on the Refunding Bonds; and

WHEREAS, it is anticipated that the Refunding Note will be secured by a Subordinate Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Refunding Mortgage") from the Borrower for the benefit of the Department; and

WHEREAS, it is anticipated that the Department's rights (except for certain reserved rights) under the Refunding Mortgage Loan, including the Refunding Note and the Refunding Mortgage, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust and Loan Documents (the "Refunding Assignment") from the Department for the benefit of the Trustee; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will amend the Regulatory Agreement in connection with the issuance of the Refunding Bonds to comply with state law and federal tax law; and

WHEREAS, the Board has determined that the Department shall enter into a Forward Purchase Contract (the "Forward Purchase Contract") with the Borrower and GMAC Commercial Holding Capital Corp. (the "Refunding Bond Purchaser") and any other party to the Forward Purchase Contract as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Refunding Bond Purchaser or another party to the Forward Purchase Contract will purchase all or their respective portion of the Refunding Bonds from the Department and the Department will sell the Refunding Bonds to the Refunding Bond Purchaser or another party to the Forward Purchase Contract; and

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the "Asset Oversight Agreement"), with respect to the Project for the purpose of monitoring the operation and maintenance of the Project; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Financing Agreement, the Assignment, the Regulatory Agreement, the Asset Oversight Agreement, the Official Statement, the Bond Purchase Agreement, the Refunding Indenture, the Refunding Loan Agreement, the Refunding Assignment and the Forward Purchase Contract (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.20, to authorize the issuance of the Bonds and the Refunding Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage, the Note, the Refunding Mortgage and the Refunding Note and the taking of such other actions as may be necessary or convenient in connection therewith;

**NOW, THEREFORE,**

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

#### ARTICLE I

##### ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds and the Refunding Bonds. That the issuance of the Bonds and the Refunding Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture and the Refunding Indenture, and that, upon execution and delivery of the Indenture and the Refunding Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and the Refunding Bonds and to deliver the Bonds and the Refunding Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture and the Refunding Indenture), and thereafter to deliver the Bonds and the Refunding Bonds to the order of the initial purchasers thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. (a) That the Chair or Vice Chairman of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chairman of the Board or the Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.00%; (ii) the aggregate principal amount of the Bonds shall not exceed \$11,900,000; (iii) the final maturity of the Bonds shall occur not later than May 15, 2038; and (iv) the price at which the Bonds are sold to the initial purchasers thereof under the Bond Purchase Agreement shall not exceed 103% of the principal amount thereof.

(b) That the Chair or Vice Chairman of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1207, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Refunding Bond Purchaser or another party to the Forward Purchase Contract, the Refunding Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chairman of the Board or the Executive Director of the Department of the Refunding Indenture and the Forward Purchase Contract; provided, however, that (i) the interest rate on the Refunding Bonds shall be 10%; provided that in no event shall the interest rate on the Refunding Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Refunding Bonds shall not exceed \$1,000,000; and (iii) the final maturity of the Refunding Bonds shall occur not later than the date that is 90 days after the maturity date of the Note.

Section 1.3--Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Indenture and to deliver the Indenture to the Trustee.

Section 1.4--Approval, Execution and Delivery of the Financing Agreement. That the form and substance of the Financing Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Financing Agreement and deliver the Financing Agreement to the Borrower and the Trustee.

Section 1.5--Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee.

Section 1.6--Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and any other party to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter and any other party to the Bond Purchase Agreement as appropriate.

Section 1.7--Acceptance of the Mortgage and Note. That the Mortgage and the Note are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are authorized to endorse and deliver the Note to the order of the Trustee and the Bank, as their interests may appear, without recourse.

Section 1.8--Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Assignment and to deliver the Assignment to the Borrower, the Trustee and the Bank.

Section 1.9--Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chairman of the Governing Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule

15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.10--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.11--Approval, Execution and Delivery of the Refunding Indenture. That the form and substance of the Refunding Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute the Refunding Indenture and to deliver the Refunding Indenture to the Trustee.

Section 1.12--Approval, Execution and Delivery of the Refunding Loan Agreement. That the form and substance of the Refunding Loan Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute the Refunding Loan Agreement and to deliver the Refunding Loan Agreement to the Borrower.

Section 1.13--Approval, Execution and Delivery of Amended Regulatory Agreement. That any amendments to the Regulatory Agreement to comply with state law and federal tax law in connection with the issuance of the Refunding Bonds are hereby authorized, and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the amended Regulatory Agreement, thereby evidencing the Department's approval of any such amendments, and to deliver such amended Regulatory Agreement to the Borrower and the Trustee.

Section 1.14--Acceptance of the Refunding Mortgage and the Refunding Note. That the Refunding Mortgage and the Refunding Note are hereby accepted by the Department, and that the authorized representatives of the Department named in this Resolution are each hereby authorized to endorse the Refunding Note to the order of the Trustee, without recourse.

Section 1.15--Approval, Execution and Delivery of the Refunding Assignment. That the form and substance of the Refunding Assignment are hereby approved, and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute the Refunding Assignment and to deliver the Refunding Assignment to the Trustee.

Section 1.16--Approval, Execution and Delivery of the Forward Purchase Contract. That the form and substance of the Forward Purchase Contract are hereby approved, and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute and deliver the Forward Purchase Contract to the Borrower and the Refunding Bond Purchaser and any other party to the Forward Purchase Contract as appropriate.

Section 1.17--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take

any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.18--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Financing Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Bond Purchase Agreement
- Exhibit F - Mortgage
- Exhibit G - Note
- Exhibit H - Assignment
- Exhibit I - Official Statement
- Exhibit J - Asset Oversight Agreement
- Exhibit K - Refunding Indenture
- Exhibit L - Refunding Loan Agreement
- Exhibit M - Refunding Mortgage
- Exhibit N - Refunding Note
- Exhibit O - Refunding Assignment
- Exhibit P - Forward Purchase Contract

Section 1.19--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.20--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.21--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.



## ARTICLE II

### APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds and the Refunding Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds and the Refunding Bonds.

Section 2.3--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

Section 2.4--Certification of the Minutes and Records. That the Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds, the Refunding Bonds and all other Department activities.

Section 2.5--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.6--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the Refunding Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and the Refunding Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture and the Refunding Indenture.

Section 2.7--Underwriter. That the underwriter with respect to the issuance of the Bonds shall be GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp.

Section 2.8--Approving Initial Rents. That the initial maximum rent charged by the Borrower for the units of the Project shall not exceed the amounts attached as Exhibit G to the Regulatory Agreement and shall be annually redetermined by the Borrower and reviewed by the Department as set forth in the Financing Agreement.

Section 2.9--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

Section 2.10--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the Refunding Bonds and the financing of the Project are hereby ratified and confirmed.

### ARTICLE III

#### CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act and Section 1207.008, Texas Government Code, and after the Department's consideration of the information with respect to the Project and the information with respect to the proposed financing of the Project by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Project is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(iii) that the Borrower is financially responsible,

(iv) that the financing of the Project is a public purpose and will provide a public benefit, and

(v) that the Project will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the Mortgage Loan in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Project with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Project in accordance with the Financing Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds and the Refunding Bonds to finance the Project is undertaken within the authority conferred by the Act and Chapter 1207, Texas Government Code, and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State of Texas to obtain decent, safe, and sanitary housing by financing the costs of the Project, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

(d) Findings with Respect to the Refunding Bonds.

(i) that the issuance of the Refunding Bonds is in the best interests of the Department; and

(ii) that the manner in which such refunding is being executed does not make it practicable to make the determination required by Section 1207.008(a)(2), Texas Government Code (with respect to the maximum amount by which the aggregate amount of payments to be made under the Refunding Bonds could exceed the aggregate amount of payments that would have been made under the terms of the portion of the Bonds being refunded).

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Project shall be (1) individuals and families of extremely low, low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Financing Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Mortgage Loan established pursuant to the Financing Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Project and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond or Refunding Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Chapter 33, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

## ARTICLE IV

### GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the Refunding Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate created under the Indenture and the Refunding Indenture, respectively, including the revenues and funds of the Department pledged under the Indenture and the Refunding Indenture to secure payment of the Bonds and the Refunding Bonds, respectively, and under no circumstances shall the Bonds or the Refunding Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non-Governmental Obligations. That the Bonds and the Refunding Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas. Each Bond and Refunding Bond shall contain on its face a statement to the effect that the State of Texas is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State of Texas is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 10th day of March, 2005

[SEAL]

By: \_\_\_\_\_  
Elizabeth Anderson, Chair

Attest: \_\_\_\_\_  
Delores Groneck, Secretary

## EXHIBIT A

### DESCRIPTION OF PROJECT

#### Section 1. Project and Owner.

Owner: Conroy Partners LP, a Texas limited partnership

Project: The Project is a 192-unit multifamily facility to be known as Atascocita Pines Apartments and to be located at 230 Atascocita Road, Humble, Harris County, Texas. It will consist of nine (9) two-story and two (2) three-story residential apartment buildings with approximately 197,408 net rentable square feet and an average unit size of approximately 1028 square feet. The unit mix will consist of:

42 one-bedroom/one-bath units  
84 two-bedroom/two-bath units  
66 three-bedroom/two-bath units

192 Total Units

Unit sizes will range from approximately 724 square feet to approximately 1174 square feet.

Common areas are expected to include a swimming pool, a picnic area, a play area with playground equipment, and a community center with a central kitchen, an exercise room, computer facilities and laundry facilities. Additionally, the Project will include 68 garages, 192 carports and 59 uncovered parking spaces.

#### Section 2. Project Amenities.

Project Amenities shall include:

- € Washer/Dryer Connections
- € Microwave Ovens in each Unit
- € Storage Rooms
- € Carports – 192
- € Garages – 68
- € Ceiling Fans in living area and all bedrooms
- € Ceramic Flooring in entry and all bathrooms
- € 100% Masonry (including stucco and hardiplank)
- € Playground and Equipment
- € Covered Community Porch
- € BBQ Grills and Tables (one each per 50 Units)
- € Full Perimeter Fencing and Gated Access
- € Business / Computer Facilities with internet access
- € Game / Recreation Room
- € Workout Facilities



**HOUSING TAX CREDIT PROGRAM  
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Atascocita Pines Apartments**

TDHCA#: 04499

**DEVELOPMENT AND OWNER INFORMATION**

Development Location: Humble QCT: N DDA: N TTC: N  
 Development Owner: Conroy Partners LP  
 General Partner(s): Newcrest Company, LLC, 100%, Contact: A. Richard Wilson  
 Construction Category: New  
 Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA  
 Development Type: General  
 Population

**Annual Tax Credit Allocation Calculation**

Applicant Request: \$590,697 Eligible Basis Amt: \$577,587 Equity/Gap Amt.: \$717,170

**Annual Tax Credit Allocation Recommendation: \$577,587**

Total Tax Credit Allocation Over Ten Years: \$ 5,775,870

**PROPERTY INFORMATION**

**Unit and Building Information**

Total Units: 192 HTC Units: 192 % of HTC Units: 100  
 Gross Square Footage: 200,968 Net Rentable Square Footage: 197,268  
 Average Square Footage/Unit: 1027  
 Number of Buildings: 11  
 Currently Occupied: N

**Development Cost**

Total Cost: \$18,229,737 Total Cost/Net Rentable Sq. Ft.: \$92.41

**Income and Expenses**

Effective Gross Income:<sup>1</sup> \$1,714,489 Ttl. Expenses: \$785,293 Net Operating Inc.: \$929,196  
 Estimated 1st Year DCR: 1.10

**DEVELOPMENT TEAM**

Consultant: Not Utilized Manager: SPM, Inc.  
 Attorney: William Bell Architect: Thompson Nelson Group, Inc.  
 Accountant: Novogradac & Company LP Engineer: Benchmark Engineering  
 Market Analyst: Vogt Williams & Bowen, LLC Lender: GMAC Commercial Mortgage  
 Contractor: Construction Supervisors, Inc. Syndicator: Wachovia Affordable Housing  
 Community Development Corp.

**PUBLIC COMMENT<sup>2</sup>**

From Citizens:	From Legislators or Local Officials:
<b>Letters:</b> # in Support: 0 # in Opposition: 1 <b>Public Hearing:</b> #in Support: 7 # in Opposition: 14 # Neutral: 1	Sen. John Whitmire, District 15 - NC Rep. Senfronia Thompson, District 141 - County Judge Robert Eckels - NC Robert Eckels, County Judge, Harris County - The proposed development is consistent with the Consolidated Plan for Harris County.

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support

**CONDITION(S) TO COMMITMENT**

1. Per §50.12( c ) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Receipt, review, and acceptance of revised floor building plans for building types I and II consistent with the site plan dated 2-15-05.
3. Receipt, review, and acceptance of a flood hazard mitigation plan to include certification from the project engineer that all finished ground floor elevations are at least one foot above the flood plain or additional consideration and documentation of flood plain reclamation site work costs, building flood insurance, and tenant flood insurance costs prior to commencement of construction.
4. Board acceptance of the potential redemption of up to \$160K in bonds at the conversion of permanent.
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.

**DEVELOPMENT’S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:**

Score  Utilization of Set-Aside  Geographic Distrib.  Tax Exempt Bond.  Housing Type

Other Comments including discretionary factors (if applicable).

\_\_\_\_\_  
Robbye Meyer, Multifamily Bond Program Administrator      Date      Brooke Boston, Director of Multifamily Finance Production Date

**DEVELOPMENT’S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

Score  Utilization of Set-Aside  Geographic Distrib.  Tax Exempt Bond  Housing Type

Other Comments including discretionary factors (if applicable). \_\_\_\_\_

\_\_\_\_\_  
Edwina P. Carrington, Executive Director      Date  
Chairman of Executive Award and Review Advisory Committee

**TDHCA Board of Director’s Approval and description of discretionary factors (if applicable).**

\_\_\_\_\_  
Chairperson Signature: \_\_\_\_\_ Date      Elizabeth Anderson,  
Chairman of the Board



## Atascocita Pines Apartments

### Estimated Sources & Uses of Funds

#### Sources of Funds

Series 2005 Tax-Exempt Bond Proceeds	\$ 11,900,000
Tax Credit Proceeds	4,908,370
Deferred Developer's Fee	938,934
Estimated Interest Earning	226,100
<b>Total Sources</b>	<b><u>\$ 17,973,404</u></b>

#### Uses of Funds

Acquisition and Site Work Costs	\$ 1,559,100
Direct Hard Construction Costs	9,741,435
Other Construction Costs (General Require, Overhead, Profit)	1,901,481
Indirect Construction Costs	1,496,532
Developer Fees	1,940,042
Direct Bond Related	255,835
Bond Purchaser Costs	1,008,479
Other Transaction Costs	70,500
Real Estate Closing Costs	-
<b>Total Uses</b>	<b><u>\$ 17,973,404</u></b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 59,500
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit)	4,800
TDHCA Bond Counsel and Direct Expenses (Note 1)	75,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	5,000
Borrower's Bond Counsel	25,000
Bond Administration Fee (2 years)	23,800
Trustee Fee	8,260
Trustee's Counsel (Note 1)	5,500
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	2,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	2,975
TEFRA Hearing Publication Expenses	2,500
<b>Total Direct Bond Related</b>	<b><u>\$ 255,835</u></b>

## Atascocita Pines Apartments

<b>Bond Purchase Costs</b>	
Newman & Assc (Underwriter) & Counsel	110,800
GMAC Commercial Holding (Sub-Bond Purchase) & Counsel	48,200
GMAC Commercial Mortgage (Lender) & Counsel & Fees	177,440
JPMorgan Chase Bank (LOC Provider) & Counsel	275,739
Rating Agency and Printing	15,500
Interest Rate Cap	380,800
<b>Total Bond Purchase Costs</b>	<b>\$ 1,008,479</b>
<b>Other Transaction Costs</b>	
Tax Credit Application and Determination Fees	53,000
Miscellaneous	17,500
<b>Total Other Transaction Costs</b>	<b>\$ 70,500</b>
<b>Real Estate Closing Costs</b>	
Title & Recording (Const.& Perm.)	
Property Taxes	
<b>Total Real Estate Costs</b>	<b>\$ -</b>
<b>Estimated Total Costs of Issuance</b>	<b>\$ 1,334,814</b>

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**DATE:** March 2, 2005      **PROGRAM:** 4% HTC      **FILE NUMBER:** #04499  
MFB      2004-055

**DEVELOPMENT NAME**

Atascocita Pines Apartments

**APPLICANT**

**Name:** Conroy Partners, L.P.      **Type:** For-profit  
**Address:** 7887 San Felipe, Suite 122      **City:** Houston      **State:** TX  
**Zip:** 77063      **Contact:** Gerald Russell      **Phone:** (713) 977-1772      **Fax:** (713) 784-3984

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

**Name:** A. Richard Wilson      **(%):** 45% of GP      **Title:** Manager of Managing General Partner  
**Name:** Gerald Russell      **(%):** 45% of GP      **Title:** Developer & Manager of Managing General Partner  
**Name:** David Russell      **(%):** 10% of GP      **Title:** Part-owner of GP

**PROPERTY LOCATION**

**Location:** 230 Atascocita Road       QCT       DDA  
**City:** Humble      **County:** Harris      **Zip:** 77396

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$590,697	N/A	N/A	N/A
2) \$11,900,000	6%	30 yrs	32 yrs
<b>Other Requested Terms:</b>	1) Annual ten-year allocation of housing tax credits 2) Tax- Exempt Private Activity Mortgage Revenue Bonds		
<b>Proposed Use of Funds:</b>	New construction	<b>Property Type:</b>	Multifamily
<b>Special Purpose (s):</b>	General population		

**RECOMMENDATION**

- RECOMMEND APPROVAL OF ISSUANCE OF \$11,900,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A VARIABLE INTEREST RATE UNDERWRITTEN AT 6% AND REPAYMENT TERM OF 32 YEARS WITH A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$577,587 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt review and acceptance of revised floor building plans for buildings type I and II consistent with the site plan dated 2-15-05.
2. Receipt, review, and acceptance of a flood hazard mitigation plan to include certification from the project engineer that all finished ground floor elevations are at least one foot above the flood plain and

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

parking and drive areas are no lower than six inches below the floodplain **or** additional consideration and documentation of flood plain reclamation site work costs, building flood insurance, and tenant flood insurance costs prior to commencement of construction;

3. Board acceptance of the potential redemption of up to \$160K in bonds at the conversion to permanent
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

<b>Total Units:</b>	<u>192</u>	<b># Rental Buildings</b>	<u>11</u>	<b># Non-Res. Buildings</b>	<u>1</u>	<b># of Floors</b>	<u>3</u>	<b>Age:</b>	<u>N/A</u> yrs	<b>Vacant:</b>	<u>N/A</u> at / /	
<b>Net Rentable SF:</b>	<u>197,268</u>	<b>Av Un SF:</b>	<u>1,027</u>	<b>Common Area SF:</b>	<u>3,700</u>	<b>Gross Bldg SF:</b>	<u>200,968</u>					

**STRUCTURAL MATERIALS**

The structure will be wood frame on a post-tensioned concrete slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 50% brick veneer/ 50% cement fiber siding, and wood trim. The interior wall surfaces will be drywall and the pitched roof will be finished with composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting & ceramic tile. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning, & 9-foot ceilings.

**ONSITE AMENITIES**

A 3,700-square foot community building will include an exercise room, lounge, computer learning center, management offices, maintenance room, & laundry facilities, a kitchen, restrooms, & a central mailroom. The community building, swimming pool, and equipped children's play area are located at the entrance to the property. In addition, perimeter fencing with limited access gates are planned for the site.

**Uncovered Parking:** 71 spaces    **Carports:** 192 spaces    **Garages:** 68 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Atascocita Pines Apartments is a relatively dense (18.3 units per acre) new construction development of 192 units of affordable housing located in Humble. The development will be comprised of 11 evenly-distributed medium garden style walk-up low-rise residential buildings as follows:

- € Two Building Type I with 4 one-bedroom/one-bath units, and 20 two-bedroom/two-bath units;
- € One Building Type II with 2 one-bedroom/one-bath units, 12 two- bedroom/two-bath units, and 2 three-bedroom/two-bath units;
- € Four Building Type III with 8 one-bedroom/one-bath units, and 8 three-bedroom/two-bath units;
- € Four Building Type IV with 8 two- bedroom/two-bath units, and 8 three-bedroom/two-bath;

**Architectural Review:**

The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. The development plans changed several times throughout the process and the final set of plans dated 2-15-05 appear to have an inconsistency in the building floor plans for buildings I and II. Therefore, receipt review and acceptance of revised floor building plans for these two buildings is a condition of this report. The remaining plans appear to provide acceptable access and storage. The elevations reflect attractive buildings with nice fenestration.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

SITE ISSUES			
SITE DESCRIPTION			
<b>Size:</b>	10.5	acres	457,380 square feet
			<b>Zoning/ Permitted Uses:</b> No zoning in Houston (ETJ)
<b>Flood Zone Designation:</b>		Zone AE to be improved	<b>Status of Off-Sites:</b> Partially improved

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** Humble is located in southwest region of the state, approximately 18 miles north from Houston in Harris County. The site is an irregularly-shaped parcel located in the southern area of Humble, approximately 2.5 miles from the central business district. The site is situated on the south side of Atascocita Road.

**Adjacent Land Uses:**

- ∅ **North:** Atascocita Road immediately adjacent and beyond is Greater Houston Home Services, Diamond Auto Storage, and Aspen Manufacturing;
- ∅ **South:** Vacant land immediately adjacent and Garner’s Bayou beyond;
- ∅ **East:** R. Dean’s Trucking and a private residence are immediately adjacent and Faith Manufacturing Company beyond; and
- ∅ **West:** Vacant land immediately adjacent and a water treatment plant beyond;

**Site Access:** Access to the property is from the east or west along Atascocita Road. The development is to have one main entry and one secondary exit from the north. Access to Interstate Highway 45 is 10 miles west, which provides connections to all other major roads serving the Houston area.

**Public Transportation:** The availability of public transportation was not identified in the application materials, but “the neighborhood is well-located within the Metropolitan Area’s transportation infrastructure”. (MKT Study, p. 24)

**Shopping & Services:** The site is within close proximity of major grocery/pharmacies, several shopping centers, High Meadows Library, and a variety of other retail establishments and restaurants. The site is located within Humble Independent School System. Various churches, Northeast Medical Center, St. Joseph’s Hospital, and the Lyndon B. Johnson General Hospital, and other health care facilities are located within a short driving distance from the site. No mileages were given in the report to suggest exact distances from the site.

**Special Adverse Site Characteristics:** The following issues have been identified as potentially bearing on the viability of the site for the proposed development:

- ∅ **Floodplain:** The site is located within the 100- year flood plain in Zone AE. The ESA notes that, “the Harris County Flood Control District (HCFCD) is currently making plans to construct a detention pond south of the subject property.” It further states, “that HCFCD plans to utilize the soil that is excavated from the location of the future detention pond to “build up” the Site elevation above the flood plain.”

Addendum “B” of the Commercial Contract-Unimproved Property indicates that the "Seller shall provide Buyer with a copy of the Hydrological Engineering study upon completion. Seller shall obtain all permits and approvals from Harris County and Harris County Flood Control in order for Buyer to undertake the detention and mitigation work required for the subject property. Seller agrees to provide Buyer, at no additional cost, with fill material required to remove the subject property from the 100-year flood plain. Seller, at Seller’s expense will be responsible for excavating and loading fill material at detention pond site, and Buyer, at Buyer’s expense will be responsible for hauling fill material from the detention pond site to the subject property.” Receipt, review, and acceptance of a flood hazard mitigation plan to include documentation from the project engineer that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain **or** additional consideration and documentation of flood plain reclamation site work costs, building flood insurance, and tenant flood insurance costs prior to commencement of construction is a condition of this report.

**Site Inspection Findings:** TDHCA staff performed a site inspection on January 25, 2005 and found the

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

location to be acceptable for the proposed development.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated November, 2004 was prepared by TGE Resources, Inc. and contained the following findings and recommendations:

**Findings:**

€ **Floodplain:** The site lies completely in Zone AE, the 100-year flood plain. “Mr. (William) Dark reported that the construction of the detention pond was a requirement of HCFCD given that the subject property is located within the 100-year flood plain. Mr. Dark further reported that HCFCD plans to utilize the soil that is excavated from the location of the future detention pond to ‘build up’ the Site elevation above the flood plain.” (ESA, i)

**Recommendations:** “No recommendations for further assessment are deemed warranted pursuant to this report.” (ESA, iii).

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 2 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI. 192 of the units (100% of the total) will be reserved for low-income tenants, all reserved for households earning 60% or less of AMGI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$25,620	\$29,280	\$32,940	\$36,600	\$39,540	\$42,480

**MARKET HIGHLIGHTS**

A market feasibility study dated November 19, 2004 was prepared by O’Connor & Associates (“Market Analyst”) and highlighted the following findings:

**Definition of Primary Market Area (PMA):** “The subject’s primary market is defined as that area within zip codes 77044, 77050, 77338, 77346, and 77396.” (p. 10). This area encompasses approximately 122 square miles and is equivalent to a circle with a radius of 6.25 miles.

**Population:** The estimated 2004 population of the PMA was 100,794 and is expected to increase by 13.61% to approximately 114,508 by 2009. Within the primary market area there were estimated to be 32,520 households in 2004.

**Total Primary Market Demand for Rental Units:** The Market Analyst calculated a total demand of 1,912 qualified households in the PMA, based on the current estimate of 33,871 households, the projected annual growth rate of 2.72%, renter households estimated at 52% of the population (based on the American Housing Survey data), income-qualified households estimated at 16.13%, and an annual renter turnover rate of 60%. (p. 5, 67). The Market Analyst used an income band of \$22,286 to \$39,540.

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	105	5%	103	6%
Resident Turnover	1,633	85%	1,657	94%
Other Sources:	174	10%	0	0%
<b>TOTAL ANNUAL DEMAND</b>	<b>1,912</b>	<b>100%</b>	<b>1,760</b>	<b>100%</b>

Ref: p. 5

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 21.34% based upon 1,967 units of demand (rather than the 2,017 actual total) and 408 unstabilized affordable housing in the PMA (including the subject and 216 units at the Park @ Humble) (p. 74). Humble Memorial Gardens is an

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

elderly deal, also in the PMA, that is not included as a competitive development. The Underwriter calculated an inclusive capture rate of 23.18% based upon a revised demand of 1,760. Both calculations suggest an acceptable capture rate.

**Local Housing Authority Waiting List Information:** “The waiting list for Section 8 vouchers has been closed for most of the past several years. Recently the Harris County Housing Authority opened their waiting list for a short time. In one week, over 9,000 families applied for assistance. The waiting list is well over 10,000 families with a minimum waiting time of over two years. This indicates a strong demand for new rental units in the subject’s defined market area.” (p. 44).

**Market Rent Comparables:** “The majority of apartment facilities in the subject’s primary market are older, less appealing projects. It is our opinion that rental rates will show moderate increases over the next few years. With continued demand and negligible new construction, the supply of available apartment product is declining. The trend is expected to continue, which will likely result in occupancies remaining high in the area. Although rents are slowly increasing, there are limited indications of external obsolescence in the market.” (p. 45).

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (60%)</b>	\$645	\$645	\$0	\$675	-\$30
<b>2-Bedroom (60%)</b>	\$773	\$772	\$1	\$835	-\$62
<b>3-Bedroom (60%)</b>	\$891	\$890	\$1	\$915	-\$24

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent = \$500, program max = \$600, differential = -\$100)

**Primary Market Occupancy Rates:** “The average occupancy for apartments in the subject’s primary market area was reported at 88.27% in the most recent O’Connor & Associates Apartment Database survey (3<sup>rd</sup> Quarter 2004). ... Based on our analysis of the market, moderate increases in occupancy are projected for this market.” (p. 40).

**Absorption Projections:** “Considering the strong absorption history of similar properties and the lack of available quality affordable units in this market, we project that the subject property will lease an average of 20-25 units per months until achieving stabilized occupancy.” (p. 75).

**Effect on Existing Housing Stock:** “Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration.” (p. 75).

**Market Study Analysis/Conclusions:** The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s gross rent projections are slightly higher (less than \$2K annually) than the maximum rents allowed under program guidelines, reflecting a likely rounding error. The rents for two- and three- bedroom units are one dollar more per unit than the maximum rents allowed. The Applicant has included secondary income of \$23.85 per unit which is greater than the Department’s guideline of \$5 to \$15. The Applicant has indicated that the additional income is primarily a result of the rental of 68 garage units at \$25 per garage. The Applicant has removed the cost of the garages from the eligible basis, but failed to provide any documentation that this level of garage income is achievable. The Applicant did provide documentation of income and expenses for a similar development, Green Pines, which reflected achievement of secondary income without garages of \$19.69 per unit known. Therefore the Underwriter also included this level of secondary income. Estimates of vacancy and collection losses are in line with TDHCA underwriting guidelines. As a result of these minor differences the Applicant’s effective gross income estimate is \$10K or 1% greater than the Underwriter’s estimate.

**Expenses:** The Applicant’s total expense estimate of \$3,796 per unit is 7% lower than the Underwriter’s database-derived estimate of \$4,090 per unit for comparably-sized developments. As mentioned above the Applicant provided operating experience from a similar 224 unit bond/tax credit development operated by a

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

related party in Houston. After adjustments made as a result for this historical experience only one line item deviates from the Underwriter's estimate. Particularly, the Applicant's payroll estimate is \$31K lower than the Underwriter's estimate, though it should be noted that the Underwriter's estimate is \$27 per unit lower than the historical expenses provided by the Applicant. It should also be noted that the Applicant submitted a management agreement that a 4% management fee and this amount was used by the Underwriter.

**Conclusion:** The Applicant's estimated total estimated operating expense is inconsistent with the Underwriter's expectations and the Applicant's net operating income (NOI) estimate is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. Due to the difference in operating expenses, the Underwriter's estimated debt coverage ratio (DCR) of 1.09 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project will likely be limited to \$844,647 by a reduction of the loan amount and/or a reduction in the interest rate and/or an extension of the term. Based on the variable rate cap of 6%, there is the potential for redemption of \$160,000 in bonds at conversion to permanent financing.

ASSESSED VALUE					
<b>Land: 10.5 acres</b>	\$342,460	<b>Assessment for the Year of:</b>	2004		
<b>Building:</b>	\$0	<b>Valuation by:</b>	Harris County Appraisal District		
<b>Total Assessed Value:</b>	\$342,460	<b>Tax Rate:</b>	3.35%		
EVIDENCE of SITE or PROPERTY CONTROL					
<b>Type of Site Control:</b>	Commercial Contract- Unimproved Property (10.5 acres)				
<b>Contract Expiration Date:</b>	6/ 27/ 2005	<b>Anticipated Closing Date:</b>	12/ 31/ 2004		
<b>Acquisition Cost:</b>	\$725,000	<b>Other Terms/Conditions:</b>	Closing date can be extended by Buyer		
<b>Seller:</b>	William E. Dark	<b>Related to Development Team Member:</b>	No		

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** A. Richard Wilson, a partner in the general partnership of the applicant and Buyer, is also listed as a Cooperating Broker in the sale and is expecting a 3% commission from the seller's proceeds in the sale. This is a potential conflict of interest, but is known to be relatively common, though often not as readily identified, in tax credit transactions. The site cost of \$725,000 (\$1.59/SF, \$69,047/acre, or \$3,776/unit) is substantiated by the tax assessed value of \$342,460 (without the site improvements required under the contract), and is assumed to be reasonable since the acquisition price per unit is well below \$5K per unit.

**Sitework Cost:** The Applicant's claimed sitework costs of \$4,344 per unit are within current Department guidelines. Therefore, further third party substantiation is not required. The primary costs to improve the property out of the floodplain are said to be incurred by the seller of the property, though the cost to haul the fill material from the adjacent but offsite detention pond to build up the site will be born by the applicant as stipulated in the contract. The Seller is also providing for the cost of bringing water and sewer lines to the site.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$395K (4%) lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

**Ineligible Costs:** The Applicant has indicated that secondary income will be derived from garage rental, and as such, garage direct construction costs were appropriately deducted from eligible basis.

**Fees:** The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by \$13,864 based on their own construction costs. Also, contingency is overstated by \$5,712. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

ineligible costs.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted by the Underwriter, is used to calculate eligible basis and determine the HTC allocation. The Applicant used a higher 3.55 applicable percentage rather than the 3.53% rate for applications submitted in November. As a result of these adjustments, an eligible basis of \$16,362,235 is used to determine a credit allocation of \$577,587 from this method. This amount is the recommended amount when compared to the Applicant's request and to the gap of need.

**FINANCING STRUCTURE**

**INTERIM TO PERMANENT BOND FINANCING**

**Source:** GMAC Commercial Mortgage Corporation ("GMACCCM") **Contact:** Joseph H. Torrence

**Tax-Exempt Amount:** \$11,900,000 **Interest Rate:** Underwritten at the strike rate of 6.00%

**Amortization:** 30 yrs **Term:** 30 yrs **Commitment:**  LOI  Firm  Conditional

**Additional Information:** Credit enhanced variable rate tax –exempt bond under the Fannie Mae DUS Product Line.

**Annual Payment:** \$856,158 **Lien Priority:** 1 **Date:** 2/ 8/ 2005

**CREDIT ENHANCMENT**

**Source:** Fannie Mae **Contact:** Sarah Garland

**Tax-Exempt Amount:** \$11,900,000 **Interest Rate:** 6.00%

**Amortization:** 30 yrs **Term:** 32 yrs **Commitment:**  LOI  Firm  Conditional

**Annual Payment:** 120 basis points **Lien Priority:** 1 **Date:** 2/ 8/ 2005

**TAX CREDIT SYNDICATION**

**Source:** Wachovia Affordable Housing Community Development Corporation **Contact:** Tim McCann

**Net Proceeds:** \$4,908,370 **Net Syndication Rate (per \$1.00 of 10-yr HTC)** 90.5¢

**Commitment:**  LOI  Firm  Conditional **Date:** 2/ 8/ 2005

**APPLICANT EQUITY**

**Amount:** \$1,421,367 **Source:** Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Interim to Permanent Bond Financing:** The tax-exempt variable rate bonds are to be issued by Texas Department of Housing and Community Affairs and initially purchased by GMAC. The tax-exempt bonds are to be credit enhanced by Fannie Mae through the DUS Product line. The commitment is in the amount of \$11,900,000 with a strike rate and underwriting interest rate of 6%. The commitment also reflects the rate will be variable based upon a base rate plus the fee stack of 1.425% (credit enhancement, servicing, liquidity, bond issuer, trustee, and remarketing). The basis for the base rate was not prescribed in the commitment but is generally the BMA rate which is currently around 2% resulting in an overall effective rate of 3.425% initially. The underlying uncertainty surrounding any variable rate transaction is most acute if an escrow for future rate caps is not required. While it is recommended and likely that such an escrow would be required, it is not spelled out in the commitment letter terms and conditions. In the short run this cap could easily and should be funded outside of the stack as a result of the tremendous 250 basis point actual interest rate savings that will be achieved over the underwritten rate for this transaction. The additional actual cash flow that will be achieved as a result of this interest rate savings will also be available to repay the deferred developer fee at a rate much faster than the rate projected in this report using the underwriting rate.

**HTC Syndication:** The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The Commitment letter for investment does require the

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

guarantee of an interest rate cap or swap that will cover the first 15 years of the compliance period; however a cost associated with this cap was not identified.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,421,367 amount to 72% of the total available developer fees.

**Financing Conclusions:** Based on the Applicant's adjusted estimate of eligible basis, the HTC allocation should not exceed \$577,587 annually for ten years, resulting in syndication proceeds of approximately \$5,226,639. Despite being less in credits, the syndication proceeds are greater than originally anticipated by the Applicant, because the syndication price is better than originally anticipated. Due to the difference in estimated net operating income, the Underwriter's debt coverage ratio (DCR) of 1.09 is less than the program minimum standard of 1.10. Therefore, the final bond amount may be reduced by as much as \$160K. Based on this underwriting analysis, the Applicant's deferred developer fee will be reduced to \$1,263,098 which represents approximately 64% of the eligible fee and which should be repayable from cash flow within 10 years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may be available to fund those development cost overruns.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant and Developer are all related entities. These are common relationships for HTC-funded developments.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- € The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- € Principals of the General Partner, A. Richard Wilson and David Russell, submitted unaudited financial statements as of February 15, 2005 and are anticipated to be guarantors of the development.
- € Principal of the General Partner, Gerald Russell, submitted an unaudited financial statement as of December 31, 2004 and is also anticipated to be a guarantor of the development.

**Background & Experience:**

Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- € The Applicant's operating expenses are more than 5% outside of the Underwriter's verifiable range.
- € Significant environmental risk exists regarding the site being located within the 100-year flood plain.

**Underwriter:**

\_\_\_\_\_  
*Phillip Drake*

**Date:** March 2, 2005

**Director of Real Estate Analysis:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** March 2, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Atascocita Pines Apartments., Humble, MFB 2004-055/ 4%HTC, #04499**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 60%	42	1	1	724	\$686	\$645	\$27,090	\$0.89	\$41.00	\$37.31
TC 60%	84	2	2	1,064	823	\$772	64,848	0.73	51.00	43.31
TC 60%	66	3	2	1,174	951	\$890	58,740	0.76	61.00	49.31
<b>TOTAL:</b>	<b>192</b>		<b>AVERAGE:</b>	<b>1,027</b>	<b>\$837</b>	<b>\$785</b>	<b>\$150,678</b>	<b>\$0.76</b>	<b>\$52.25</b>	<b>\$44.06</b>

<b>INCOME</b>				<b>TDHCA</b>		<b>APPLICANT</b>		Comptroller's Region 6		
Total Net Rentable Sq Ft <b>197,268</b>								IREM Region Houston		
POTENTIAL GROSS RENT				\$1,808,136	\$1,809,360					
Sec. Income + Garages	Per Unit Per Month:	\$19.69		45,366	54,960	\$23.85		Per Unit Per Month		
Other Secondary Income				0						
POTENTIAL GROSS INCOME				\$1,853,502	\$1,864,320					
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(139,013)	(139,824)	-7.50%		of Potential Gross Rent		
Employee or Other Non-Rental Units or Concessions				0						
EFFECTIVE GROSS INCOME				\$1,714,489	\$1,724,496					
<b>EXPENSES</b>				<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>	
General & Administrative	4.36%	\$390	0.38	\$74,827	\$59,154	\$0.30	\$308	3.43%		
Management	4.00%	357	0.35	68,580	69,157	0.35	360	4.01%		
Payroll & Payroll Tax	9.13%	815	0.79	156,480	125,504	0.64	654	7.28%		
Repairs & Maintenance	3.95%	352	0.34	67,675	64,429	0.33	336	3.74%		
Utilities	1.76%	157	0.15	30,096	25,294	0.13	132	1.47%		
Water, Sewer, & Trash	3.65%	326	0.32	62,592	48,793	0.25	254	2.83%		
Property Insurance	3.11%	277	0.27	53,271	67,990	0.34	354	3.94%		
Property Tax 3.35	9.38%	838	0.82	160,837	157,487	0.80	820	9.13%		
Reserve for Replacements	2.24%	200	0.19	38,400	38,407	0.19	200	2.23%		
CATV, S. Serv., Compl, Sec	4.23%	378	0.37	72,537	72,537	0.37	378	4.21%		
<b>TOTAL EXPENSES</b>	<b>45.80%</b>	<b>\$4,090</b>	<b>\$3.98</b>	<b>\$785,293</b>	<b>\$728,753</b>	<b>\$3.69</b>	<b>\$3,796</b>	<b>42.26%</b>		
<b>NET OPERATING INC</b>	<b>54.20%</b>	<b>\$4,840</b>	<b>\$4.71</b>	<b>\$929,196</b>	<b>\$995,743</b>	<b>\$5.05</b>	<b>\$5,186</b>	<b>57.74%</b>		
<b>DEBT SERVICE</b>										
Mortgage Revenue Bonds	49.94%	\$4,459	\$4.34	\$856,158	\$856,158	\$4.34	\$4,459	49.65%		
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%		
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%		
<b>NET CASH FLOW</b>	<b>4.26%</b>	<b>\$380</b>	<b>\$0.37</b>	<b>\$73,038</b>	<b>\$139,585</b>	<b>\$0.71</b>	<b>\$727</b>	<b>8.09%</b>		
AGGREGATE DEBT COVERAGE RATIO				1.09	1.16					
RECOMMENDED DEBT COVERAGE RATIO				1.10						

<b>CONSTRUCTION COST</b>						<b>(69,156.35)</b>				
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL	
Acquisition Cost (site or blc)	4.08%		\$3,776	\$3.68	\$725,000	\$725,000	\$3.68	\$3,776	3.98%	
Off-Sites	0.00%		0	0.00	0	0	0.00	0	0.00%	
Sitework	4.70%		4,344	4.23	834,100	834,100	4.23	4,344	4.58%	
Direct Construction	52.40%		48,454	47.16	9,303,155	9,698,102	49.16	50,511	53.20%	
Contingency	5.00%	2.85%	2,640	2.57	506,863	532,322	2.70	2,773	2.92%	
General Req'ts	6.00%	3.43%	3,168	3.08	608,235	637,721	3.23	3,321	3.50%	
Contractor's G & I	2.00%	1.14%	1,056	1.03	202,745	212,929	1.08	1,109	1.17%	
Contractor's Prof:	6.00%	3.43%	3,168	3.08	608,235	637,722	3.23	3,321	3.50%	
Indirect Construction	2.43%		2,248	2.19	431,600	431,600	2.19	2,248	2.37%	
Ineligible Costs	4.35%		4,026	3.92	772,926	772,926	3.92	4,026	4.24%	
Developer's G & A	2.36%	1.85%	1,709	1.66	328,095	328,095	1.66	1,709	1.80%	
Developer's Profit	11.78%	9.24%	8,544	8.32	1,640,467	1,640,467	8.32	8,544	9.00%	
Interim Financing	8.05%		7,441	7.24	1,428,753	1,428,753	7.24	7,441	7.84%	
Reserves	2.06%		1,904	1.85	365,484	350,000	1.77	1,823	1.92%	
<b>TOTAL COST</b>	<b>100.00%</b>		<b>\$92,477</b>	<b>\$90.01</b>	<b>\$17,755,658</b>	<b>\$18,229,737</b>	<b>\$92.41</b>	<b>\$94,947</b>	<b>100.00%</b>	
<b>Recap-Hard Construction Costs</b>	<b>67.94%</b>		<b>\$62,830</b>	<b>\$61.15</b>	<b>\$12,063,333</b>	<b>\$12,552,896</b>	<b>\$63.63</b>	<b>\$65,380</b>	<b>68.86%</b>	

<b>SOURCES OF FUNDS</b>				<b>RECOMMENDED</b>			
Mortgage Revenue Bonds	67.02%	\$61,979	\$60.32	\$11,900,000	\$11,900,000	\$11,740,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$1,968,562
HTC Syndication Proceeds	27.64%	\$25,564	\$24.88	4,908,370	4,908,370	5,226,639	% of Dev. Fee Deferred
Deferred Developer Fees	8.01%	\$7,403	\$7.21	1,421,367	1,421,367	1,263,098	64%
Additional (excess) Funds Req	-2.67%	(\$2,469)	(\$2.40)	(474,079)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$17,755,658</b>	<b>\$18,229,737</b>	<b>\$18,229,737</b>	<b>\$3,480,114</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Atascocita Pines Apartments., Humble, MFB 2004-055/ 4%HTC, #04499**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$ 43.41	\$8,563,770
<b>Adjustments</b>				
Exterior Wall Finish	4.00%		\$1.74	\$342,551
Elderly/9-Ft. Ceil	3.50%		1.52	299,732
Roofing			0.00	0
Subfloor			(0.81)	(160,182)
Floor Cover			2.00	394,536
Porches/Balconies	\$20.95	15,204	1.61	318,463
Plumbing	\$605	450	1.38	272,250
Built-In Appliances	\$1,650	192	1.61	316,800
Stairs	\$1,475	52	0.39	76,700
Open Corridors	\$20.95	23,395	2.48	490,029
Heating/Cooling			1.53	301,820
Garages	\$30.22	13,600	2.08	410,992
Comm &/or Aux Bldg	\$62.22	3,700	1.17	230,221
Carports	\$8.18	28,800	1.19	235,584
<b>SUBTOTAL</b>			<b>61.30</b>	<b>12,093,266</b>
Current Cost Multiplier	1.10		6.13	1,209,327
Local Multiplier	0.88		(7.36)	(1,451,192)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$60.08</b>	<b>\$11,851,401</b>
Plans, specs, survy, b	3.90%		(\$2.34)	(\$462,205)
Interim Construction I	3.38%		(2.03)	(399,985)
Contractor's OH & Prof	11.50%		(6.91)	(1,362,911)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$48.80</b>	<b>\$9,626,300</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$11,900,000	Term	360
Int Rate	6.00%	DCR	1.09
<b>Secondary</b>	\$0	Term	
Int Rate	0.00%	Subtotal DCR	1.09
<b>Additional</b>	\$4,908,370	Term	
Int Rate		Aggregate DCR	1.09

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$844,647
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$84,549</b>

<b>Primary</b>	\$11,740,000	Term	360
Int Rate	6.00%	DCR	1.10
<b>Secondary</b>	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.10
<b>Additional</b>	\$4,908,370	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

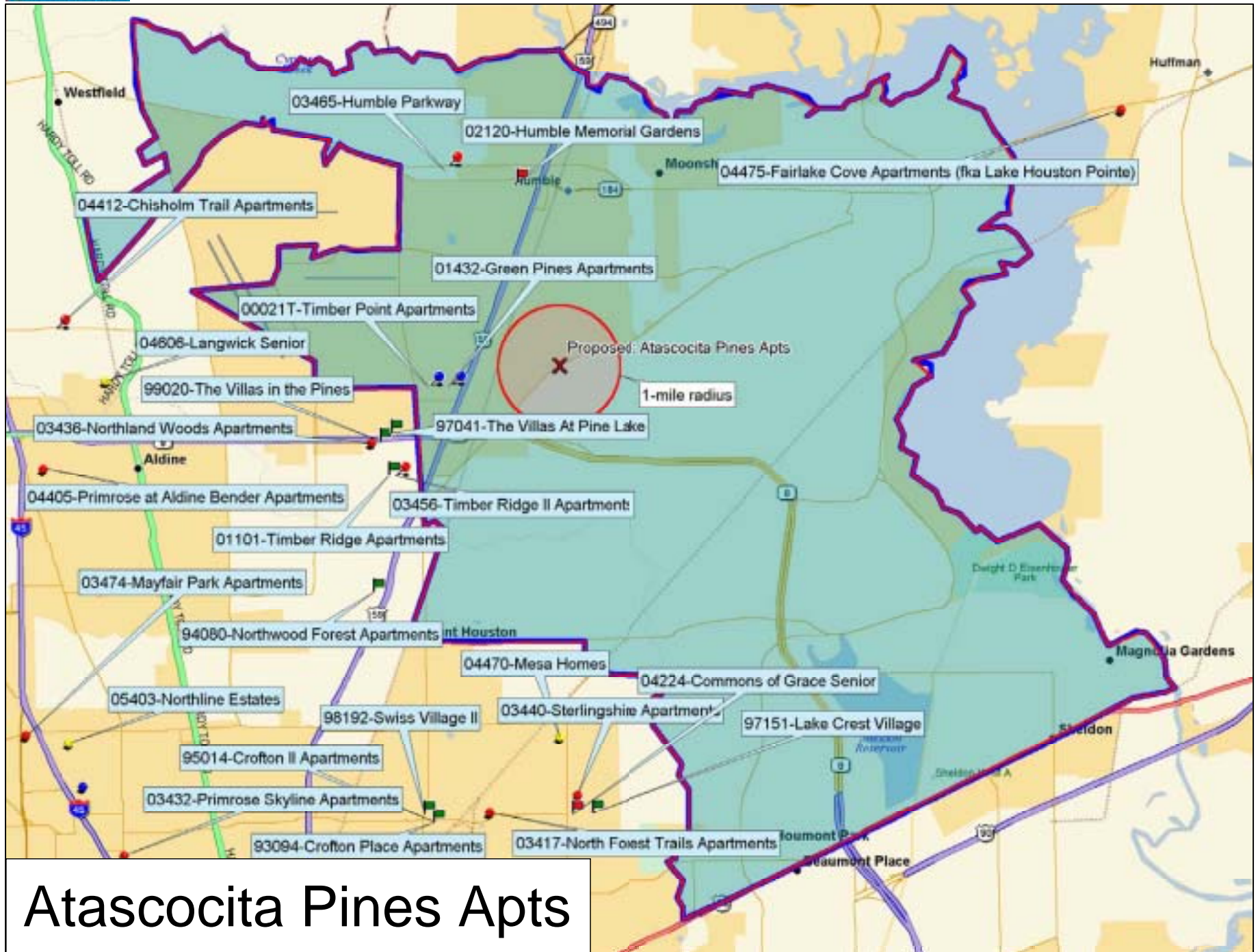
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	#####	#####	\$1,918,251	\$1,975,799	\$2,035,073	\$2,359,207	\$2,734,968	\$3,170,577	\$4,260,991
Secondary Income	45,366	46,727	48,129	49,572	51,060	59,192	68,620	79,549	106,907
Other Secondary Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,853,502	1,909,107	1,966,380	2,025,371	2,086,133	2,418,399	2,803,588	3,250,127	4,367,898
Vacancy & Collection Los	(139,013)	(143,183)	(147,479)	(151,903)	(156,460)	(181,380)	(210,269)	(243,759)	(327,592)
Employee or Other Non-Re	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	#####	#####	\$1,818,902	\$1,873,469	\$1,929,673	\$2,237,019	\$2,593,319	\$3,006,367	\$4,040,306
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$74,827	\$77,820	\$80,932	\$84,170	\$87,537	\$106,502	\$129,575	\$157,648	\$233,358
Management	68,580	70,637	72,756	74,939	77,187	89,481	103,733	120,255	161,612
Payroll & Payroll Tax	156,480	162,739	169,249	176,019	183,059	222,720	270,973	329,680	488,007
Repairs & Maintenance	67,675	70,382	73,197	76,125	79,170	96,322	117,191	142,580	211,054
Utilities	30,096	31,300	32,552	33,854	35,208	42,836	52,117	63,408	93,859
Water, Sewer & Trash	62,592	65,096	67,700	70,407	73,224	89,088	108,389	131,872	195,203
Insurance	53,271	55,402	57,618	59,922	62,319	75,821	92,248	112,233	166,133
Property Tax	160,837	167,270	173,961	180,920	188,156	228,921	278,518	338,859	501,594
Reserve for Replacements	38,400	39,936	41,533	43,195	44,923	54,655	66,496	80,903	119,756
Other	72,537	75,438	78,456	81,594	84,858	103,242	125,610	152,824	226,217
<b>TOTAL EXPENSES</b>	<b>\$785,293</b>	<b>\$816,019</b>	<b>\$847,954</b>	<b>\$881,144</b>	<b>\$915,641</b>	<b>\$1,109,588</b>	<b>\$1,344,849</b>	<b>\$1,630,262</b>	<b>\$2,396,793</b>
<b>NET OPERATING INCOME</b>	<b>\$929,196</b>	<b>\$949,905</b>	<b>\$970,948</b>	<b>\$992,324</b>	<b>\$1,014,032</b>	<b>\$1,127,432</b>	<b>\$1,248,470</b>	<b>\$1,376,105</b>	<b>\$1,643,513</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$844,647	\$844,647	\$844,647	\$844,647	\$844,647	\$844,647	\$844,647	\$844,647	\$844,647
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$84,549</b>	<b>\$105,258</b>	<b>\$126,301</b>	<b>\$147,678</b>	<b>\$169,385</b>	<b>\$282,785</b>	<b>\$403,823</b>	<b>\$531,458</b>	<b>\$798,867</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.10</b>	<b>1.12</b>	<b>1.15</b>	<b>1.17</b>	<b>1.20</b>	<b>1.33</b>	<b>1.48</b>	<b>1.63</b>	<b>1.95</b>

LIHTC Allocation Calculation - Atascocita Pines Apartments., Humble, MPB 2004-055/ 4%HTC, #04499

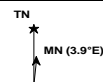
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$725,000	\$725,000		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$834,100	\$834,100	\$834,100	\$834,100
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard	\$9,698,102	\$9,303,155	\$9,698,102	\$9,303,155
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$212,929	\$202,745	\$210,644	\$202,745
Contractor profit	\$637,722	\$608,235	\$631,932	\$608,235
General requirements	\$637,721	\$608,235	\$631,932	\$608,235
<b>(5) Contingencies</b>	\$532,322	\$506,863	\$526,610	\$506,863
<b>(6) Eligible Indirect Fees</b>	\$431,600	\$431,600	\$431,600	\$431,600
<b>(7) Eligible Financing Fees</b>	\$1,428,753	\$1,428,753	\$1,428,753	\$1,428,753
<b>(8) All Ineligible Costs</b>	\$772,926	\$772,926		
<b>(9) Developer Fees</b>				
Developer overhead	\$328,095	\$328,095	\$328,095	\$328,095
Developer fee	\$1,640,467	\$1,640,467	\$1,640,467	\$1,640,467
<b>(10) Development Reserves</b>	\$350,000	\$365,484		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$18,229,737</b>	<b>\$17,755,658</b>	<b>\$16,362,235</b>	<b>\$15,892,248</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$16,362,235	\$15,892,248
High Cost Area Adjustment		100%	100%
<b>TOTAL ADJUSTED BASIS</b>		\$16,362,235	\$15,892,248
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$16,362,235	\$15,892,248
Applicable Percentage		3.53%	3.53%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$577,587	\$560,996

Syndication Proceeds	0.9049	\$5,226,639	\$5,076,509
<b>Total Credits (Eligible Basis Method)</b>		<b>\$577,587</b>	<b>\$560,996</b>
Syndication Proceeds		\$5,226,639	\$5,076,509
Requested Credits		\$590,697	
Syndication Proceeds		\$5,345,273	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$6,489,737</b>	
Credit Amount		\$717,170	



# Atascocita Pines Apts



# RENT CAP EXPLANATION

## Houston MSA

### AFFORDABILITY DEFINITION & COMMENTS

An apartment unit is "**affordable**" if the total housing expense (rent and utilities) that the tenant pays is **equal to or less than 30%** of the tenant's household income (as determined by HUD).

**Rent Caps** are established at this **30%** "affordability" threshold based on local area median income, adjusted for family size. Therefore, rent caps will vary from property to property depending upon the local area median income where the specific property is located.

If existing rents in the local market area are lower than the rent caps calculated at the 30% threshold for the area, then by definition the market is "affordable". This situation will occur in some larger metropolitan areas with high median incomes. In other words, the rent caps will not provide for lower rents to the tenants because the rents are already affordable. This situation, however, does not ensure that individuals and families will have access to affordable rental units in the area. The set-aside requirements under the Department's bond programs ensure availability of units in these markets to lower income individuals and families.

### MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2004

**MSA/County:** Houston      **Area Median Family Income (Annual):** \$61,000

ANNUALLY				MONTHLY							
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)			Utility Allowance by Unit Type <small>(provided by the local PHA)</small>	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)			
# of Persons	At or Below			Unit Type	At or Below			At or Below			
	50%	60%	80%		50%	60%	80%	50%	60%	80%	
1	\$ 21,350	\$ 25,620	34,150	Efficiency	\$ 533	\$ 640	\$ 853		\$ 533	\$ 640	\$ 853
2	24,400	29,280	39,050	1-Bedroom	571	686	915	50	521	636	865
<b>3</b>	<b>27,450</b>	<b>32,940</b>	<b>43,900</b>	<b>2-Bedroom</b>	<b>686</b>	<b>823</b>	<b>1,097</b>	<b>58</b>	<b>628</b>	<b>765</b>	<b>1,039</b>
4	30,500	36,600	48,800	3-Bedroom	793	951	1,268	66	727	885	1,202
5	32,950	39,540	52,700	4-Bedroom	885	1,062	1,415		885	1,062	1,415
6	35,400	42,480	56,600	5-Bedroom	975	1,170	1,561		975	1,170	1,561
7	37,800	45,360	60,500								
8	40,250	48,300	64,400								
<b>FIGURE 1</b>				<b>FIGURE 2</b>			<b>FIGURE 3</b>	<b>FIGURE 4</b>			

**Figure 1** outlines the maximum annual household incomes in the area, adjusted by the number of people in the family, to qualify for a unit under the set-aside grouping indicated above each column.

For example, a family of three earning \$30,000 per year would fall in the 60% set-aside group. A family of three earning \$25,000 would fall in the 50% set-aside group.

**Figure 2** shows the maximum total housing expense that a family can pay under the affordable definition (i.e. under 30% of their household income).

For example, a family of three in the 60% income bracket earning \$32,940 could not pay more than \$823 for rent and utilities under the affordable definition.

- 1) \$32,940 divided by 12 = **\$2,745** monthly income; then,
- 2) **\$2,745** monthly income times 30% = **\$823** maximum total housing expense.

**Figure 4** displays the resulting maximum rent that can be charged for each unit type, under the three set-aside brackets. This becomes the rent cap for the unit.

The rent cap is calculated by subtracting the utility allowance in **Figure 3** from the maximum total housing expense for each unit type found in **Figure 2**.

**Figure 3** shows the utility allowance by unit size, as determined by the local public housing authority. The example assumes all electric units.

## Atascocita Pines Apartments

### RESULTS & ANALYSIS: for 60% AMFI units

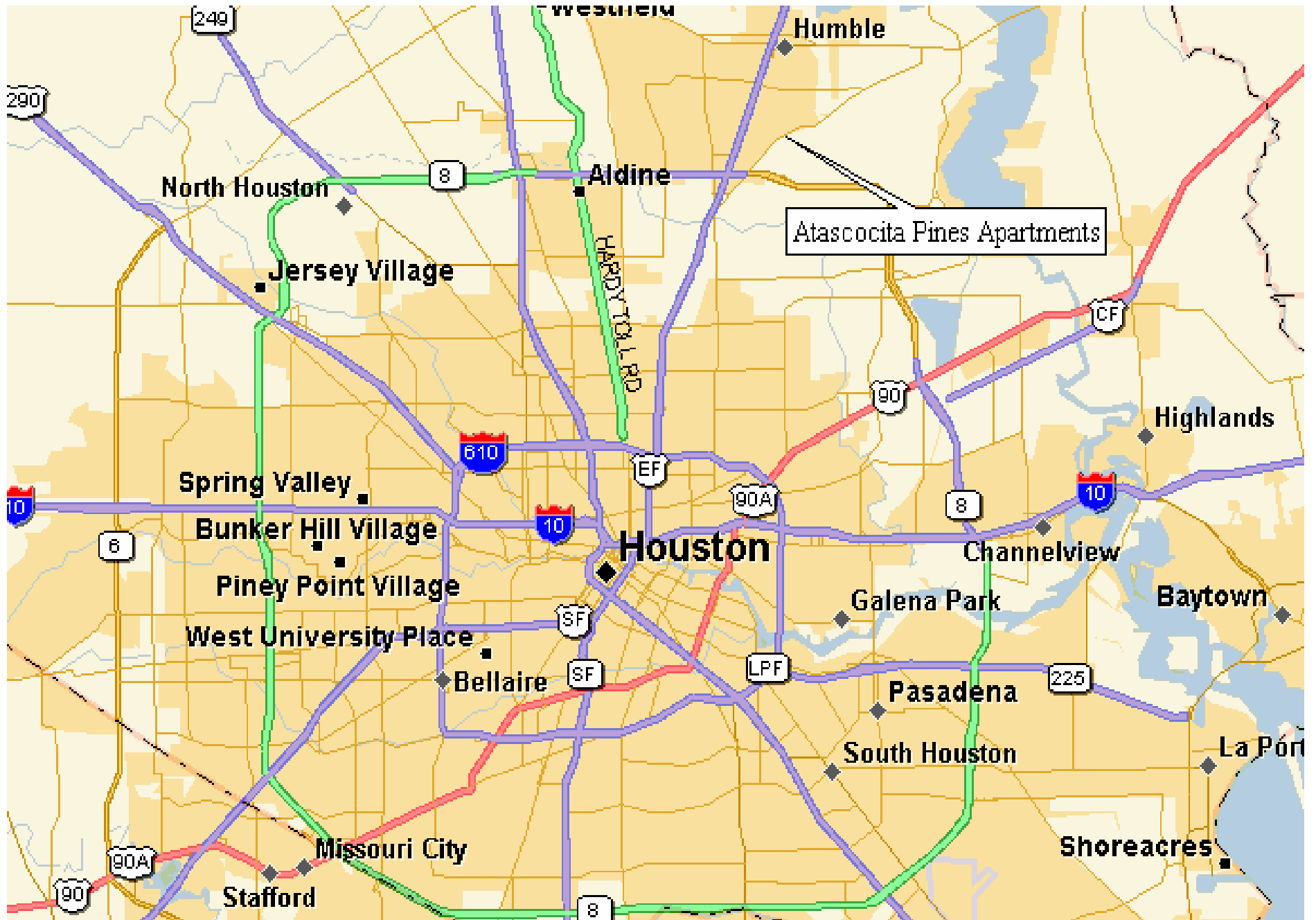
**Tenants** in the 60% AMFI bracket will **save \$39 to \$80** per month (leaving **1.3%** to **2.9%** more of their monthly income for food, child care and other living expenses).  
This is a monthly savings off the market rents of **4.3%** to **9.5%**.

PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	724	1,064	1,174
Rents if Offered at Market Rates	\$675	\$845	\$925
Rent per Square Foot	\$1.07	\$1.26	\$1.27

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 60% AMFI Set-Aside	\$636	\$765	\$885
<b>Monthly Savings for Tenant</b>	<b>\$39</b>	<b>\$80</b>	<b>\$40</b>
Rent per square foot	\$0.88	\$0.72	\$0.75
Maximum Monthly Income - 60% AMFI	\$2,440	\$2,745	\$3,173
<b>Monthly Savings as % of Monthly Income</b>	<b>1.6%</b>	<b>2.9%</b>	<b>1.3%</b>
<b>% DISCOUNT OFF MONTHLY RENT</b>	<b>5.8%</b>	<b>9.5%</b>	<b>4.3%</b>

**Information provided by:** CBRE, 2700 Post Oak Blvd, Suite 250, Houston, Texas 77056 Report dated February 8, 2005





# Applicant Evaluation

Project ID # **04499**

Name: **Atascocita Pines Apartments**

City: **Humble**

LIHTC 9%     LIHTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas                       Members of the development team have been disbarred by HUD

Members of the application did not receive the required Previous Participation Acknowledgement

National Previous Participation Certification Received:     N/A                       Yes                       No

Noncompliance Reported on National Previous Participation Certification:     Yes                       No

## Portfolio Management and Compliance

Total # of Projects monitored:   1  

Projects in Material Noncompliance

# in noncompliance:   0  

Projects zero to nine:   1    
grouped ten to nineteen:   0    
by score twenty to twenty-nine:   0  

Yes                       No

# monitored with a score less than thirty:   1  

Projects not reported Yes   
in application No

# not yet monitored or pending review:   2  

# of projects not reported   0  

### Portfolio Monitoring

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

### Single Audit

Not applicable   
Review pending   
No unresolved issues   
Issues found regarding late cert   
Issues found regarding late audit   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

### Contract Administration

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewed by   Patricia Murphy  

Date   2/24/2005  

### Multifamily Finance Production

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewer   S. Roth    
Date   2/25/2005  

### Single Family Finance Production

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewer \_\_\_\_\_  
Date \_\_\_\_\_

### Real Estate Analysis (Cost Certification and Workout)

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewer \_\_\_\_\_  
Date \_\_\_\_\_

### Community Affairs

No relationship   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewer   EEF    
Date   2/28/2005  

### Office of Colonia Initiatives

Not applicable   
Review pending   
No unresolved issues   
Unresolved issues found   
Unresolved issues found that  
warrant disqualification   
(Comments attached)

Reviewer \_\_\_\_\_  
Date \_\_\_\_\_

### Financial Administration

No delinquencies found   
Delinquencies found

Reviewer   Stephanie A. D'Couto    
Date   3/1/2005  

**Executive Director:** \_\_\_\_\_

**Executed:** \_\_\_\_\_

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

## Public Comment Summary

### Atascocita Pines

#### Public Hearing

<i>Total Number Attended</i>	24
<i>Total Number Opposed</i>	14
<i>Total Number Supported</i>	7
<i>Total Number Neutral</i>	1
<i>Total Number that Spoke</i>	5

#### Public Officials Letters Received

<i>Opposition</i>	0
<i>Support</i>	0

#### General Public Letters and Emails Received

<i>Opposition</i>	1
<i>Audubon Park Community Improvement Assoc.</i>	
<i>Support</i>	0

#### Summary of Public Comment

- 1 Creates additional burdens to local services such as the school system
- 2 Declining property values (no supporting evidence for this concern)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS SERIES 2005  
ATASCOCITA PINES

PUBLIC HEARING

Jack Fields Elementary School  
2505 South Houston Avenue  
Humble, Texas

January 25, 2005  
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator

I N D E X

<u>SPEAKER</u>	<u>PAGE</u>
Gerald Russell	17
Julia Nation	27
Kenneth Jordan	27
James Avey	28
Mary Ann Flores	30

P R O C E E D I N G S

1  
2 MS. MEYER: My name is Robbye Meyer and I'm with the  
3 Texas Department of Housing and Community Affairs. We are the bond  
4 issuer for this particular development.

5 I'm going to give a brief presentation and give you an  
6 idea of what affordable housing is and I'll give you some general  
7 information about this particular development. And then the  
8 developer is here and he'll be here to answer any questions -- if you  
9 have some questions at that point.

10 And then I'll do a brief little speech that happens to  
11 be said and then we'll go into public comment for anybody that wants  
12 to make comments for the record.

13 There is a court reporter here. A copy of this  
14 transcript will be given to the Texas Department of Housing's Board  
15 for them to make a decision concerning this transaction. So  
16 that's -- you are being recorded.

17 So that being said, this is the Atascocita Pines  
18 Apartments. It -- kind of give you an idea of -- affordable housing  
19 isn't Section 8 public housing. It's not your tenant-based rental  
20 assistance-type projects that you're used to seeing. It's not the  
21 old slums that nobody wants in their backyard.

22 Affordable housing is privately owned. It's privately  
23 managed. It's privately developed.

24 The federal government came up with two programs to help

1 private industry or, actually, encourage private industry to build  
2 affordable housing so that you wouldn't have the public housing  
3 that's out there right now that nobody wants to have anything to do  
4 with.

5 In these two programs -- it's a Private-Activity Bond  
6 Program and also the Housing Tax Credit Program. The federal  
7 government came up with both of these programs, again, to encourage  
8 developers to build affordable housing.

9 The Private-Activity Bond Program is tax-exempt bonds  
10 that is not tax-exempt from property tax -- that is a tax-exemption  
11 to the bond purchaser. The bond purchaser accepts a lower rate of  
12 return; therefore, the lender that is involved will charge a lower  
13 interest rate for the mortgage that will be placed on the property to  
14 the developer.

15 The Housing Tax Credit Program is a tax credit also to  
16 the investor. It's not a property tax exemption in any way. And  
17 both of the programs are much like the deduction that you would take  
18 on your mortgage on your personal tax return. It has the same net  
19 effect to the IRS and they are -- they're tax credits to the  
20 investors and the purchasers of the bonds.

21 Each of the properties has a compliance period with the  
22 state for at least 30 years or as long as the bonds are outstanding.

23 If the bonds happen to have a 40-year mortgage on them, then there  
24 will be a compliance period for 40 years -- as long as those bonds

1 are outstanding or at least 30 years.

2 In that monitoring, they look at the rent restrictions  
3 to make sure that the tenant occupancy is correct -- that the  
4 developers are abiding by the guidelines that they're supposed to.  
5 They look at physical appearance. They also do a financial audit.

6 Also, along with the affordable housing -- it's not just  
7 a roof over somebody's head and it's not just lower rents, there's a  
8 packaged deal that comes with affordable housing and part of the  
9 packaged deal is a tenant services package that's offered to the  
10 tenants, free of their charge, and some of those include after-school  
11 tutoring -- they have after-school care. They have honor programs  
12 for kids. They have computer classes. Some have health screenings  
13 and things like that.

14 So there's more to affordable housing than just a roof  
15 over somebody's head.

16 This particular development will consist of 192 units.  
17 There will be 60 one-bedroom, one-bath units with an average square  
18 footage of 697 square feet; 84 two-bedroom, two-bath units with an  
19 average square footage of 1,024; and 48 three-bedroom, two-bath units  
20 with an average square footage of 1,160.

21 It will consist of eleven two-story buildings and one  
22 non-residential building. It will service families at 60 percent of  
23 the area median income and the area median income for the Houston  
24 area is 61,000.



1                   So to give you an idea -- family of three -- their  
2 combined income for that family, they could not earn more than  
3 \$32,940 in order to qualify to live here.

4                   AUDIENCE: Could you repeat that again.

5                   MS. MEYER: It'll service families at 60 percent of the  
6 area median income for the Houston Metropolitan statistical area and  
7 the area median income for Houston is 61,000.

8                   So to give you an example, for a family of three, their  
9 combined income for that family could not be more than \$32,940.

10                  And that's in your -- if you get a packet of information  
11 off the table up here, it's in that packet. So if you need that  
12 information --

13                  The proposed rents for a one bedroom will be  
14 approximately \$650. For a two bedroom, it'd be \$779 and a three  
15 bedroom would be approximately \$899.

16                  As I said, there is a transcription that will be done  
17 for this public hearing and that will be presented to the Texas  
18 Department of Housing's Board.

19                  That Board meeting is scheduled for March the 10th.  
20 That meeting is in Austin, Texas; however, it is a public meeting and  
21 if you'd like to make public comment directly to the Board, you are  
22 welcome to do so.

23                  The close of any public comment -- if you don't make a  
24 comment here tonight and you decide later on when you get home that

1 you want -- you do want to make a public comment, you can send that  
2 information to me either by email -- you can fax it to me or you can  
3 mail it to me. And, again, there's some packets up  
4 here that have all my information -- fax numbers, email address, and  
5 it also has our website address that gives a lot more information on  
6 exactly what affordable housing is and how it affects your  
7 neighborhoods. There's a lot of useful information on our website if  
8 you'd like to know more about it.

9 Now, I'm going to kind of open the floor up to the  
10 developer. If anybody has any questions, of either myself or the  
11 developer, I'll be glad to field those questions at this time.

12 AUDIENCE: I have a question.

13 MS. MEYER: Yes, sir?

14 AUDIENCE: Is there a standard --

15 MS. MEYER: Well, now per federal regulations, you  
16 cannot have more than two per bedroom -- you know, per regulations,  
17 and that's one of the things that's audited.

18 And like I said, we have -- the state monitors these  
19 properties and that's one thing that is looked at -- the tenant  
20 occupancy -- to make sure -- there are strict guidelines that the  
21 development has to adhere to in order to use both of these programs.

22 And in order to do that, they have to abide by the rules  
23 and that's part of the rules.

24 AUDIENCE: Who's going to monitor them for that?

1 MS. MEYER: Is this --

2 AUDIENCE: Who's going to monitor that they're not over  
3 capacity? Who's going to monitor that?

4 MS. MEYER: Well -- the question is who monitors?

5 The state does a monitor -- I mean, we send monitors out  
6 there and we do audits on all the properties.

7 AUDIENCE: How often and, you know, is it because a  
8 complaint has been filed or is it because it is part of your  
9 research?

10 MS. MEYER: Well -- the question is, you know, what  
11 makes people go out there?

12 They -- sometimes it is a complaint. That's not usually  
13 how it works, but that does cause an automatic monitoring situation.

14 The management companies with the different developers  
15 have -- I mean, they know exactly what they have to do and there are  
16 grave consequences to the development if they don't abide by the  
17 rules.

18 And you will find very few of -- developers that will  
19 hop out there and do something that they're not supposed to do and  
20 break the rules because if they are caught, they stand a chance of 1)  
21 not ever being able to use the financing again, but they'll also --  
22 you know, there's consequences to the development.

23 AUDIENCE: Can you give an example or an area of a  
24 similar set-up?

1 MS. MEYER: Do what now? I'm sorry.

2 AUDIENCE: Can you give an area of similar -- of a  
3 program?

4 MS. MEYER: For a development that you want to see?

5 AUDIENCE: Correct.

6 MS. MEYER: Greens Road is -- 6060 Greens Road and  
7 that's actually a development for this particular developer. Any  
8 questions?

9 AUDIENCE: Has that been completed?

10 MS. MEYER: That property has been completed and it's  
11 been in lease-up for two -- three years now.

12 AUDIENCE: This question doesn't necessarily -- is  
13 related to this but I've received several other notices of other  
14 developments that are coming in besides this one.

15 MS. MEYER: Uh-huh?

16 AUDIENCE: Do we know how many are going to be up and  
17 down this part of the road?

18 MS. MEYER: Well, the question is do you know how many  
19 are slotted for this area?

20 What -- the Texas Department of Housing is not the only  
21 issuer. Okay? There are two other issuers of bonds in the Houston  
22 area. One is Harris County and -- actually, there's three.

23 There's Harris County Housing Finance Corporation, the  
24 Houston Finance Corporation, and also, Victory Street -- I can't

1 think what the rest of their name is.

2 I'll give you a website here in a little bit and it's  
3 the Bond Review Board's website. They are actually the administrator  
4 for the complete bond program and there's a list of all the  
5 developments throughout the state of Texas. And they have a list and  
6 you can see exactly what else is in your area.

7 AUDIENCE: Well, I looked on that list and there are  
8 only two that are even up -- that are listed on there that I have  
9 received notices from you all's office --

10 MS. MEYER: Now, the -- okay. There's another program.  
11 You're saying that you've received more notices.

12 There's another program -- the 9 percent Housing Tax  
13 Credit Program, which those applications will be coming in to our  
14 office on March the 1st.

15 That's a separate program from what we're dealing with  
16 tonight, but you may be getting notified from some of those  
17 properties.

18 AUDIENCE: Well, that's what I'm getting at. How many  
19 total units are we looking at on this section of Atascocita Road from  
20 one type of development or another?

21 MS. MEYER: Well I can't answer that question -- how  
22 many are out there right now because I don't know. I'd have to check  
23 with the Bond Review Board and I could tell which bond transactions  
24 were out there, but I won't know on the 9 Percent Tax Credit side

1 until March 1 when we finally get all the applications.

2 Those will also be posted to our website, so you can see  
3 exactly, you know, how many are out there.

4 One thing with the 9 Percent Tax Credit Program -- there  
5 is what's called a one-mile rule and they can't have a development  
6 built within one mile of another development within the last three  
7 years.

8 If it's in the city of Houston, they have  
9 to -- they would have to have a resolution in order to do that. If  
10 it's in the county, they would have to have a resolution from the  
11 county commissioner in order to move forward on one of those  
12 properties if it's within that three-year period of time.

13 If it's within the same year under the 9 Percent Tax  
14 Credit Program, only one of them can go through. So that will limit  
15 part of your concern.

16 AUDIENCE: Okay. Can I ask -- let me ask this. How  
17 many developments is this developer currently have slated to try to  
18 go --

19 MS. MEYER: One. Yes, ma'am?

20 AUDIENCE: Of the residents of this development, how  
21 many children within the school-age will there be?

22 MS. MEYER: Well, I can't --

23 AUDIENCE: If so -- I mean, whatever school they send  
24 them to, what happens -- where would they go to school? I mean, if

1 they go to school here, there would be an influx here. You're  
2 talking about a lot of housing under this development.

3 MS. MEYER: Well, there's 192 units. Okay? I can't  
4 tell you exactly how many families will move in there that will have  
5 children.

6 AUDIENCE: So it doesn't matter, the children?

7 MS. MEYER: Yes, the children do matter. Now, one --

8 AUDIENCE: Is there a limit or you -- is -- I mean what  
9 are they going to answer to this application or -- to move in here?  
10 What are the requirements? Surely there's going to be children and  
11 where will they go to school at?

12 MS. MEYER: It's my understanding that the children  
13 would go to this elementary school.

14 Is that correct? If they were elementary school  
15 children, I think.

16 AUDIENCE: If there was one child per unit, that's 192  
17 children into this school.

18 MS. MEYER: Well, now, one thing you have to consider  
19 is, you know, a lot of the people who are going to be living there  
20 are already in your school district. Okay?

21 AUDIENCE: Not all of them.

22 MS. MEYER: I didn't say all of them. But the majority  
23 have and we've done some other studies. I've had some developers in  
24 the Dallas area and also one in Houston do the exact same thing --

1 that have more properties -- and what they have found is there's  
2 about 23 to 30 percent increase in new children.

3 The rest of the population is already in the school  
4 district. Now, I can't tell you that's exactly what's going to  
5 happen here. I can just tell that's some studies that we've had some  
6 developers do in the Dallas and also in the Houston area. So --

7 AUDIENCE: Therefore, an individual based on a three  
8 bedroom, could have one adult and five children, is basically what  
9 you're saying? That they would have to be put somewhere.

10 So chances are if they are on the low income housing,  
11 they are going to be on reduced lunch -- other programs that are  
12 provided by the taxpayers' dollars.

13 MS. MEYER: The question being?

14 AUDIENCE: Is it totally acceptable to you to have a  
15 three bedroom -- you said earlier that you had a maximum of two  
16 persons per room. If you do the math, two times three is six.

17 So if you only have one adult, there can be five  
18 children?

19 MS. MEYER: That is correct. The question is how  
20 many --

21 AUDIENCE: So there's no limit, basically, to the number  
22 of children versus adults. I mean, it's not going to be based on a  
23 family per se of maximum three children?

24 MS. MEYER: No.



1 AUDIENCE: There's no maximum children?

2 MS. MEYER: No, it's maximum people on the tenancy.

3 AUDIENCE: Have you all done a study in your other  
4 developments as to what influence that has?

5 MS. MEYER: Well, that's what I was just telling you.  
6 Some of the other -- we don't have a -- the Texas Department of  
7 Housing has not done a study on, you know, every development we do.

8 It's not required, but I've had have some larger  
9 developers that, you know, have several properties and that's --  
10 those statistics are, you know, 23 to 30 percent of new children.  
11 The rest of the children were already in the school district.

12 AUDIENCE: If your interest is so vast in this  
13 community -- was privately owned, why is the state here?

14 MS. MEYER: Do what now?

15 AUDIENCE: If it's a privately owned development --

16 MS. MEYER: Uh-huh?

17 AUDIENCE: -- why is the state here?

18 MS. MEYER: The question is if it's privately owned, why  
19 is the state here?

20 The state is the issuer of the bonds that -- the tax-  
21 exempt bonds that the development has submitted an application to  
22 receive those bonds and that's why the state is involved.

23 AUDIENCE: Supported by the taxpayers.

24 MS. MEYER: Do what now?

1 AUDIENCE: Supported by the taxpayers for the bonds.

2 MS. MEYER: No. The bonds are not supported -- and it's  
3 not a taxpayer thing. It is a tax-exemption to the bond purchaser.  
4

5 The federal government allows each state X amount of  
6 allocation every year to issue in tax-exempt bonds and this is part  
7 of that program under the Tax-Exempt Bond Program.

8 And this developer has applied to use those allocations  
9 and that's why the state -- and it would be the same thing if you had  
10 Harris County Housing Finance Corporation, which is a local issuer  
11 here -- they're in the same program. So they would be doing the same  
12 thing.

13 AUDIENCE: So if these are low-income, not Section 8,  
14 who sets the guidelines on the income? I mean, I see it here, but  
15 who decided that?

16 MS. MEYER: On the incomes, we actually used the HUD  
17 guideline incomes. I mean, HUD doesn't have anything to do with it  
18 except we used their incomes on a yearly basis. They post new  
19 incomes at the end of January, first part of February, and those are  
20 the incomes that we used for our guidelines but it's not -- it  
21 doesn't have anything to do with Section 8.

22 AUDIENCE: But you're using their guidelines  
23 to --

24 MS. MEYER: For income.

1 AUDIENCE: For income.

2 MS. MEYER: We use the HUD income guidelines. Yes.

3 AUDIENCE: Where in the infrastructure for this come  
4 from? The water? The sewer? And everything else?

5 MS. MEYER: Mr. Russell, can you come up here?

6 Repeat that question again.

7 MR. RUSSELL: The question was where are we getting the  
8 infrastructure? Water and sewer service, is that correct? I'm  
9 sorry. Is it okay if I hold this thing?

10 MS. MEYER: Yes. You can hold it.

11 MR. RUSSELL: It's a little too short for me. Question  
12 was where is the infrastructure coming from. Water, sewer, sanitary  
13 sewer? It's coming from the Municipal Utilities District El Dorado  
14 M.U.D.

15 AUDIENCE: It is coming from the M.U.D. district budget?

16 MR. RUSSELL: El Dorado M.U.D.

17 AUDIENCE: El Dorado?

18 MR. RUSSELL: Yes.

19 AUDIENCE: I can think of some areas of low income  
20 housing. Is there any guarantee that that's not going to happen  
21 here?

22 MR. RUSSELL: Sir, I will tell you that we screen our  
23 tenants very carefully.

24 We run through several checks, 1) we credit check them,

1 2) they have to have a job -- they have to prove that they can pay  
2 their rent. We check their prior rental history -- in other words,  
3 where they lived before, and one other thing, what else?

4 MS. MEYER: Criminal background.

5 AUDIENCE: Criminal background check?

6 MR. RUSSELL: Criminal background check -- that was one  
7 I couldn't remember. They have to pass all those checks or they  
8 don't get in. And furthermore, we have a zero tolerance policy on  
9 all our properties -- on drugs and criminal activities. One  
10 mistake -- they're out of there.

11 AUDIENCE: On the criminal background check, do you  
12 check the leasee or do you check members of the family?

13 MR. RUSSELL: Any person that is living there that is an  
14 adult has to be on the lease. If they're over 16, I believe, they  
15 have to be on the lease and we background -- we criminal background  
16 check for all of them. Yes.

17 AUDIENCE: What if you have a woman who brings a man in  
18 without a check and he's a drug dealer. What if that happened?

19 MR. RUSSELL: If a man moves in with a woman living on  
20 the property and we keep a very close eye on who's coming and  
21 going -- if he's not on the lease, he gets on the lease. Otherwise,  
22 he's out of there.

23 AUDIENCE: And you do a background check on him?

24 MR. RUSSELL: Yes, we do a background check on him.

1 Yes.

2 AUDIENCE: Guidelines.

3 MR. RUSSELL: I'm sorry. Say again?

4 AUDIENCE: Are they HUD guidelines?

5 MR. RUSSELL: I can't hear you.

6 AUDIENCE: Are they also HUD guidelines?

7 MS. MEYER: Are they HUD guidelines?

8 MR. RUSSELL: Yes. They are HUD guidelines. Yes, they  
9 are.

10 AUDIENCE: Because that is why for HUD -- guideline  
11 criteria -- on these criminal background checks, where will you be --

12 MR. RUSSELL: I'll have to ask for some help on that.

13 Sonya, could you help me with that?

14 SONYA: We check every state they've ever lived in and  
15 then we also check nationwide for any drug activity or sex offender  
16 crimes. So that's nationwide. If we find out they have lived in --  
17 more than five days that automatically checks out. We have a  
18 screening company that we pay to find out that information.

19 AUDIENCE: If you have someone who is a registered sex  
20 offender who wants to move in?

21 MR. RUSSELL: Question is what if we have someone who is  
22 a registered sex offender? They are not eligible to live on our  
23 properties.

24 AUDIENCE: Are there any other security on the property

1 that will be able to report these problems?

2 MR. RUSSELL: We have onsite security. For instance, at  
3 our Greens Road property, we have policemen who are -- some of who  
4 live on the property -- others who are in and out of the property on  
5 a regular basis -- they're in there every night.

6 We keep coffee on site for them. They have a key to our  
7 clubhouse. They drive in their patrol cars. They can get themselves  
8 a cup of coffee and they walk around the property.

9 AUDIENCE: [inaudible] --

10 MR. RUSSELL: Sir?

11 AUDIENCE: -- very bad example.

12 MS. MEYER: No. This is -- okay. This wasn't Greens  
13 Pointe. This is his -- he has a property right over here. It's  
14 called Green Pines on Greens Road, but it's not Greens Pointe.

15 I know exactly what you're talking about there. It's  
16 not there.

17 AUDIENCE: Well, we don't want to end up like that.

18 MS. MEYER: No. I don't think you have that problem,  
19 but that's -- this is not the Greens Pointe area. It's just right  
20 off of --

21 AUDIENCE: How are things running there are 6050 Greens  
22 Road.

23 MS. MEYER: Do what now? I'm sorry.

24 AUDIENCE: How are things running there? Are they good

1 there?

2 MR. RUSSELL: You want me to answer it?

3 MS. MEYER: Yes.

4 MR. RUSSELL: The question is how are things going at  
5 Greens Road.

6 As of an hour ago, we had two vacant units. We opened  
7 the property about three years ago and it's never dropped below 90  
8 percent occupancy.

9 The only occupancy that we've ever experienced is just  
10 turnover. Someone changes jobs, they go through a divorce and have  
11 to move, whatever. They move out and we immediately get someone  
12 right back in. Those two units that we have vacant today -- we had  
13 two people looking at them when I was there about two hours ago.

14 AUDIENCE: Crime going on there?

15 MR. RUSSELL: It's virtually non-existent.

16 AUDIENCE: What about transportation? Is it all  
17 supplied by the people who live there or is the Metro going to bring  
18 the bus-rail passed it?

19 MR. RUSSELL: The question's about public  
20 transportation. At our Greens Road site, we don't have public  
21 transportation there. People have their own cars.

22 AUDIENCE: And school? Where do those children go to  
23 school?

24 MR. RUSSELL: They're in the Aldine School District.

1 AUDIENCE: When do you propose to have them open?

2 MR. RUSSELL: No, ma'am. We have not had any discussion  
3 with school officials.

4 AUDIENCE: With all the new housing going on around  
5 here, how are we going to have room for the kids?

6 (All talking at once.)

7 MR. RUSSELL: Yes. We are a for-profit entity or we try  
8 to be most of the time. We pay a lot of taxes.

9 For instance, on our Greens Road property, my  
10 recollections is we pay about \$175,000 a year in taxes on that and  
11 part of that -- half of that is school tax.

12 AUDIENCE: How are they going to come up with the  
13 amount -- the school tax you're going to pay on this property? Is it  
14 strictly on value and size? Or is it going to be on the amount of  
15 children that you put in public schools?

16 MR. RUSSELL: It will be on the valuation.

17 AUDIENCE: I mean again it could be the same problem  
18 with a lot of our large projects. You can have a whole lot more  
19 children than the tax base will support. Well, they can't really do  
20 that if they don't know what the influx is going to be and that's  
21 what they've already said is they do not know how many children will  
22 end up going to the school here or the other children --

23 I agree, but I mean when they can't even come up with a  
24 number -- that's my problem is we don't even have an average that we



1 can say might come to the school. We won't even venture out that far  
2 to say 100, 200.

3 I mean these schools are overcrowded. We pay tax money.  
4 We have -- which just came in. They're having to come up with  
5 schools. Summerwood School because building in this area. And now  
6 we're going to come in and we're going to build an apartment  
7 community over here or are you all going to come up with property for  
8 a school or anything like that or is it just your taxes? That's what  
9 we're saying is we're going to bear the brunt of this tax burden.

10 Our children are going to go to schools that are going  
11 to be more overcrowded until the bond issues can be passed to build  
12 more schools, find teachers. I mean that's a huge concern.

13 Everybody in our subdivision -- that's one of their  
14 major concerns. Their children are already going to overcrowded  
15 schools and we're fixing to dump more kids into the school.

16 I mean, I'm not just picking on you all because I'm  
17 against some of the other developments that are coming in here  
18 because they don't bring us up to standard before they dump these  
19 kids here.

20 It's not right to the children. It's not right to the  
21 people who are here and the children that move in.

22 MS. MEYER: Okay.

23 AUDIENCE: We've seen 500 homes going in down here in  
24 the Beltway. We're very overcrowded.

1 MS. MEYER: Okay. It sounds like we're going to move  
2 into the public comment section because you all have several issues.

3 So we'll go ahead and do that.

4 I need to read a brief speech here for the record and then we will  
5 start public comment.

6 I will ask you -- if you want to make comment and you  
7 know that now and you have not filled out a witness affirmation form,  
8 if you could please do that for me, I'll need it as public record.

9 Again, my name is Robbye Meyer and I would like to  
10 proceed with the public hearing. And let the record show that it is  
11 6:42 on January the 25th and we are at the Jack Fields Elementary  
12 School located at 2505 South Houston Avenue in Humble, Texas.

13 I'm here to conduct a public hearing on behalf of the  
14 Texas Department of Housing and Community Affairs with respect to an  
15 issuance of tax-exempt multifamily revenue bonds for a residential  
16 rental community.

17 This hearing is required by the Internal Revenue Code.  
18 The sole purpose of this hearing is to provide a reasonable  
19 opportunity for interested individuals to express their views  
20 regarding the development and the proposed bond issuance.

21 No decisions regarding this development will be made at  
22 this hearing. The Department's Board is scheduled tentatively to  
23 meet to consider this transaction on March 10, 2005.

24 In addition to providing your comments at this hearing,

1 you are also invited to provide public comment directly to the Board  
2 at that meeting.

3 Also, Department staff will accept written comments  
4 until 5 o'clock on February 25.

5 The bonds will be issued as tax-exempt multifamily  
6 revenue bonds in the aggregate principal amount not to exceed  
7 \$11,900,000 in taxable bonds, if necessary, in an amount to be  
8 determined and issued by one or more series.

9 The proceeds of the bonds will be loaned to Conroy  
10 Partners, L.P., or a related person or affiliate entity thereof, to  
11 finance a portion of the costs of acquiring, constructing, and  
12 equipping a multifamily rental housing community described as  
13 follows: 192-unit multifamily residential rental development to be  
14 constructed on approximately 10.5 acres of land located at 230  
15 Atascocita Road in Harris County, Texas.

16 The proposed multifamily rental housing community will  
17 be initially owned and operated by the borrower or a related person  
18 or affiliate entity thereof.

19 At this time, I would like to open up for public comment  
20 and the first person I have is Julia Nation. Do you want -- would  
21 you like to make comment, ma'am?

22 It's up to you. No --

23 MS. NATION: My comment is basically that our school  
24 system is already overcrowded and we see thousands of homes going in

1 constantly and we already have subsidized housing in it.

2 Our location is not near transportation or jobs and I  
3 have worked with people who've lived in this area who have had needs.

4 It's too far to walk five miles to go to work.

5 And so based upon the overcrowding of our school system  
6 and based upon the location, I don't think it's a good location,  
7 also, for this kind of development.

8 And I just think that we need to consider the schools  
9 first. And as we've already said, they're already overcrowded and  
10 they will be more crowded and you can't build schools fast enough to  
11 take care of this number of people.

12 So I just don't think that this is a good location  
13 considering everything involved -- the number of people and the needs  
14 for jobs and transportation.

15 MS. MEYER: Thank you. The next person I have is  
16 Kenneth Jordan.

17 MR. JORDAN: I'm Kenneth Jordan, president of the  
18 Audubon Park [phonetic] Homeowner's Association.

19 We have sent a certified letter that reads, The Audubon  
20 Park Homeowner's Association strives to maintain property values in  
21 the area.

22 The construction of a new apartment complex will be the  
23 third multifamily complex to be built in the immediate area in recent  
24 years.

1 Not only does this distract from the single-family home  
2 environment of the neighborhood, it creates additional burdens to the  
3 local services, such as the school system.

4 The result is a decline in the property value. The  
5 Board of Directors of Audubon Park Homeowner's Association is  
6 formally requesting that the Texas Department of Housing and Affairs  
7 do everything in its power to stop the construction of this complex.

8 And I'm Kenneth Jordan the president of the Audubon Park  
9 Homeowner's Association.

10 MS. MEYER: Thank you. Can I take a copy of that?

11 MR. JORDAN: Yes, you can. A certified copy has already  
12 been mailed.

13 MS. MEYER: Okay. James Avey?

14 MR. AVEY: I'm James Avey. I'm the president of East  
15 Tex Oak Civic Club [phonetic].

16 Again, our concerns are the schools being overcrowded,  
17 the fact that the there's no, basically, no limit, like we've said,  
18 to the amount of children that can come in to this.

19 Background checks are wonderful. Credit checks are  
20 wonderful, but I personally know people who have had credit checks  
21 done and they're using their children's Social Security numbers, who  
22 are just old enough to get cards -- as a credit check.

23 I know people who are 14 years old who have \$30,000  
24 worth of credit against them already. There needs to be something

1 better for us.

2           This area can't support the jobs. Again, there's no  
3 transportation readily available. Audubon Park, East Tex Oaks, have  
4 fought for years now to improve the area, to get property values up  
5 and at this point in time, all I see this is going to do is bring it  
6 down.

7           And I, you know, I don't know what else to add to that  
8 other than that we strongly oppose this.

9           MS. MEYER: Okay. Thank you, sir.

10           Is there anybody else that has any -- that would like to  
11 speak?

12           MS. FLORES: I would.

13           MS. MEYER: You would? Okay. Come. If you will state  
14 your name and then I'll get that from you.

15           MS. FLORES: I'm Mary Ann Flores and I've lived in  
16 Audubon Park since 1976 -- probably the first, if not the second  
17 people to move in over there.

18           I love my neighborhood. I firmly oppose this  
19 development. Along with Mr. Jordan and what this young man from the  
20 East Tex Oak Civic Club, I agree with those things.

21           The schools, the people that are good as gold when they  
22 move in, and then once they're in, they forget all of that. They  
23 bring you completely down.

24           Maybe 2 percent of the people that move in there will be

1 good and stay as good as gold from the day they moved in, but I  
2 strictly oppose it.

3           And I won't be able to make the trip to Austin, but if  
4 there is another hearing -- oh, and another thing is if the school  
5 board got notified here and you don't have a number of students that  
6 we'll be coming here, they still owe that to every parent, every  
7 household that is in this school district to know that because I see  
8 from the people that are here, they do not know that.

9           And that's one thing that I would like to ask for  
10 someone to move on that -- to let them know what's happening because  
11 obviously they do not know. Thank you.

12           MS. MEYER: Thank you. Is there anybody else who would  
13 like to speak for the record?

14           Mr. Wilson, would you like to speak? Mr. Russell?

15           I'll give you the dates one more time. The Board  
16 meeting is on March the 10th. It's normally at nine or ten o'clock  
17 in the morning, depending on how long the agenda is going to be.

18           We will actually post everything that will be presented  
19 to the Board on our website. If you'll pick up one of the packets of  
20 information up here before you leave, on the very back page it has  
21 all my information on it.

22           It has our website address. You can give me a call and  
23 I can show you exactly where that is on the website and you can see  
24 exactly what will be presented to the Board for this particular

1 transaction. And it will be seven days prior to that Board meeting.

2 That's on a Thursday and it will be the previous Thursday is when it  
3 will actually be posted onto the website so you can see exactly what  
4 will be presented to the Board.

5 If you have any additional comments that you want the  
6 Board to know or staff to know, that comment period is open until the  
7 25th at five o'clock. So if you have any additional comments --  
8 written comments that you want to make, you're free to do that.

9 And since there's no more comments, I will conclude the  
10 hearing and it is now -- hold on just a minute.

11 AUDIENCE: Who is the actual owner of the property?

12 MS. MEYER: Mr. Russell?

13 MR. RUSSELL: This gentleman here and --

14 MS. MEYER: It's Gerald Russell and Richard Wilson and  
15 David Russell.

16 MR. RUSSELL: [inaudible] Property Group -- Partnership.

17 MS. MEYER: Okay?

18 AUDIENCE: Two different addresses -- from y'all, this  
19 one and we got another one the other day --

20 (Pause.)

21 MS. MEYER: This is the only one on Atascocita Road  
22 that's with this developer. Okay?

23 Any other comments before I conclude? Yes, sir?

24 AUDIENCE: We're worrying about the children. What



1 about the other complexes that --

2 MR. RUSSELL: The rule I've always heard is about 25  
3 percent --

4 AUDIENCE: Two to three children in your two-bedroom --  
5 make use of that.

6 But I will say from my experience -- we've probably only  
7 had the --

8 MS. MEYER: And that's Aldine School District. Okay.  
9 I'm going to conclude the hearing and it is now 6:55.

10 (Whereupon, at 6:55 p.m., the hearing was concluded.)

C E R T I F I C A T E

1  
2  
3 MEETING OF: TDHCA Public Hearing  
4 Multifamily Housing Revenue Series 2005  
5 LOCATION: Humble, Texas  
6 DATE: January 25, 2005

7 I do hereby certify that the foregoing pages,  
8 numbers 1 through 31, inclusive, are the true, accurate,  
9 and complete transcript prepared from the verbal recording  
10 made by electronic recording by Sue J. Brindley before the  
11 Texas Department of Housing and Community Affairs.

\_\_\_\_\_  
(Transcriber) 2/02/2005  
(Date)

On the Record Reporting, Inc.  
3307 Northland, Suite 315  
Austin, Texas 78731

**BOND FINANCE DIVISION**

**BOARD ACTION REQUEST**

**March 10, 2005**

**Action Item**

Firms Recommended for the Role of Senior Manager in Conjunction with the Sale of TDHCA's Single Family Mortgage Revenue Bonds

**Required Action**

Approve the Three Firms Recommended for the Role of Senior Manager in Conjunction with the Sale of TDHCA's Single Family Mortgage Revenue Bonds

**Background**

In 2001 the Board selected twelve investment banking firms to provide single family bond underwriting services for TDHCA. Six firms were designated as senior managers. Bond Finance has worked directly with these firms since that time and recommends reducing the number of senior managers from six to three.

Bond Finance ranked and scored the six firms based on criteria approved by TDHCA's Board at its February 10, 2005 board meeting. Bond Finance compiled, ranked, and scored this information based on nine quantitative factors covering categories including capitalization, national presence, retail distribution capacity, institutional distribution capacity, single family housing finance experience, and derivatives capacity.

Bond Finance also ranked and scored the firms based on three qualitative criteria including underwriting and sales execution, innovativeness, and responsiveness. The attached tables and schedules summarize the results of this review.

Based on the results of this review, Bond Finance recommends the Board approve the following firms as TDHCA's senior managers for TDHCA's single family bond issues:

<b>Firm Name</b>	<b>Quantitative Score (Max 45 pts)</b>	<b>Qualitative Score (Max 15 pts)</b>	<b>Combined Score (Max 60 pts)</b>	<b>Corporate Headquarters</b>	<b>TDHCA Contact Location</b>
Citigroup Global Markets	38	14	52	New York, NY	Houston, TX New York, NY
UBS Financial Services	34	15	49	New York, NY	Houston, TX New York, NY San Antonio, TX
Bear, Stearns & Co.	33	13	46	New York, NY	New York, NY

Bond Finance recommends that the Board assign the remaining three firms to the co-manager teams. A system for the selection of co-seniors will be presented at the next board meeting.

**Recommendation**

Approve the Three Firms Recommended for the Role of Senior Manager in Conjunction with the Sale of TDHCA's Single Family Mortgage Revenue Bonds

**Texas Department of Housing and Community Affairs  
Senior Managers Qualifications Review  
Scoring Results**

**Ranking by Quantitative Score**

Rank	Firm	Points
1	Citigroup Global Markets	38
2	UBS Financial Services	34
3	Bear Stearns	33
4	George K. Baum	14
4	Piper Jaffray	14
5	Siebert Brandford Shank	3

**Ranking by Qualitative Score**

Rank	Firm	Points
1	UBS Financial Services	15
2	Citigroup Global Markets	14
3	Bear Stearns	13
4	George K. Baum	11
5	Piper Jaffray	8
6	Siebert Brandford Shank	0

**Ranking by Combined Score**

Rank	Firm	Points
1	Citigroup Global Markets	52
2	UBS Financial Services	49
3	Bear Stearns	46
4	George K. Baum	25
5	Piper Jaffray	22
6	Siebert Brandford Shank	3

**Texas Department of Housing and Community Affairs  
Senior Managers Qualifications Review  
Qualifications Summary**

Data Requested		Bear Stearns	Citigroup Global Markets	George K. Baum	Piper Jaffray	Siebert Brandford Shank	UBS Financial Services	Minimum Value	Maximum Value	Average Value
1	TDHCA Relationship Banker(s)	Peter Weiss	Andy Bynam Nick Fluehr	C. Scott Riffle	Dale Lehman	Carmen T. Best	Frank Farley Desrye Morgan Laura Powell Joe Tait	N/A	N/A	N/A
2	TDHCA Technical Banker(s)	Ben Tu	Amy Bartoletti Cory Hoepner Steven Sohn	Guy Yandel	Alan Hans	John Carter Derek McNeil	Joe Tait	N/A	N/A	N/A
3	TDHCA Analyst(s)	Will Chen	Li Chen Raymond High	Margaret Wallace	Andrew Deming Manja Dobraca Nick Hagen	Lou Lasaath	Robin Redford James McIntyre Jeff Ziglar	N/A	N/A	N/A
4	TDHCA Underwriter(s) and Location	Brian Maguire, NY Kyle Pulling, NY	Marc Livaosi, NY	Robert Lombardi, CO Edmund Steinauer, CO	Darci Doneff, MN	Sherman Swanson, CA	Steve Piller, NY	N/A	N/A	N/A
5	Total Number of Bankers <i>Specializing</i> in Single Family Mortgage Revenue Bonds (Do Not Include Support Staff)	9	11	25	7	1	22	1	25	13
6	Net Capital as of September 30, 2004	\$2,201,462,000	\$3,705,000,000	\$12,824,000	\$243,700,000	\$6,890,000	\$1,310,000,000	\$6,890,000	\$3,705,000,000	\$1,246,646,000
7	Excess Net Capital as of September 30, 2004	\$1,977,877,000	\$3,149,000,000	\$12,574,000	\$233,200,000	\$6,650,000	\$1,110,000,000	\$6,650,000	\$3,149,000,000	\$1,081,550,167
8	Number of Total Retail Salespeople and Number of Total Institutional Municipal Bond Salespeople	488	11,821	45	1,022	122	7,523	45	11,821	3,504
9	TDHCA Distribution Results	See Distribution Summary	See Distribution Summary	See Distribution Summary	See Distribution Summary	See Distribution Summary	See Distribution Summary			
10	Par Amount of Negotiated Single Family Bonds Managed in 2004 (January 1 – November 30) (Full Credit to Book Manager)	\$788,000,000	\$2,086,015,000	\$1,006,200,000	\$317,400,000	\$0	\$2,347,000,000	\$0	\$2,347,000,000	\$1,090,769,167
	2003	\$2,151,000,000	\$768,325,000	\$1,860,100,000	\$157,900,000	\$0	\$2,723,000,000	\$0	\$2,723,000,000	\$1,276,720,833
	2002	\$1,287,000,000	\$1,170,677,000	\$663,100,000	\$125,300,000	\$0	\$2,177,000,000	\$0	\$2,177,000,000	\$903,846,167
	Average: 2002 - 2004	\$1,408,666,667	\$1,341,672,333	\$1,176,466,667	\$200,200,000	\$0	\$2,415,666,667	\$0	\$2,415,666,667	\$1,090,445,389
11	Current number of State Housing Finance Agency Clients (Senior Manager Role Only – Does Not Include Co-Senior or Co-Manager Assignments)	20	15	9	5	0	25	0	25	12
12	Par amount of interest rate swaps executed since 1997 on a principal basis (affiliated intermediaries only) in conjunction with the issuance of single family mortgage revenue bonds	\$2,278,520,000	\$1,091,380,000	\$0	\$0	\$0	\$913,035,000	\$0	\$2,278,520,000	\$713,822,500
13	All affiliated Derivative Product Companies ("DPCs"), DPC ratings, and respective DPC capitalization/reserves as of September 30, 2004.	See DPC Summary	See DPC Summary	See DPC Summary	See DPC Summary	See DPC Summary	See DPC Summary			

**Texas Department of Housing and Community Affairs  
Senior Managers Qualifications Review**

**Quantitative Scoring**

		Bear Stearns		Citigroup Global Markets		George K. Baum		Piper Jaffray		Siebert Brandford Shank		UBS Financial Services	
		Rank	Points	Rank	Points	Rank	Points	Rank	Points	Rank	Points	Rank	Points
1	TDHCA Relationship Banker's Name	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	TDHCA Technical Banker's Name	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	TDHCA Analyst's Name	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	TDHCA Underwriter's Name and Location	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	Total Number of Bankers <i>Specializing</i> in Single Family Mortgage Revenue Bonds (Does Not Include Support Staff)	4	2	3	3	1	5	5	1	6	0	2	4
6	Net Capital as of September 30, 2004	2	4	1	5	5	1	4	2	6	0	3	3
7	Excess Net Capital as of September 30, 2004	2	4	1	5	5	1	4	2	6	0	3	3
8	Number of Total Retail Municipal Bond Salespeople and Number of Total Institutional Municipal Bond Salespeople	4	2	1	5	6	0	3	3	5	1	2	4
9	TDHCA Distribution Results (See Distribution Summary)	2	4	1	5	5	1	3	3	0	0	4	2
10	Par Amount of Negotiated Single Family Bonds Managed in 2004 (January 1 – November 30) (Full Credit to Book Manager)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Average: 2002 - 2004	2	4	3	3	4	2	5	1	6	0	1	5
11	Current number of State Housing Finance Agency Clients (Senior Manager Role Only – Do Not Include Co-Senior or Co-Manager Assignments)	2	4	3	3	4	2	5	1	6	0	1	5
12	Par amount of interest rate swaps executed since 1997 on a principal basis (affiliated intermediaries only) in conjunction with the issuance of single family mortgage revenue bonds	1	5	2	4	6	0	6	0	6	0	3	3
13	All affiliated Derivative Product Companies (“DPCs”), DPC ratings, and respective DPC capitalization/reserves as of September 30, 2004. (See DPC Summary)		4		5		2		1		2		5
<b>Total Quantitative Score</b>		<b>3</b>	<b>33</b>	<b>1</b>	<b>38</b>	<b>4</b>	<b>14</b>	<b>4</b>	<b>14</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>34</b>

**Qualitative Scoring**

		Bear Stearns		Citigroup Global Markets		George K. Baum		Piper Jaffray		Siebert Brandford Shank		UBS Financial Services	
		Rank	Points	Rank	Points	Rank	Points	Rank	Points	Rank	Points	Rank	Points
1	<b>Underwriting and Sales Execution:</b> (Ability and willingness to underwrite TDHCA's bonds under both favorable and unfavorable market conditions)		5		5		4		3		0		5
2	<b>Innovativeness:</b> (Offering creative bond structuring solutions that add value to TDHCA's capital markets initiatives)		4		4		4		2		0		5
3	<b>Responsiveness:</b> (Responding in a timely manner to requests from Bond Finance and TDHCA's Finance Team; Knowledge of TDHCA's bond indentures)		4		5		3		3		0		5
<b>Total Qualitative Score</b>		<b>3</b>	<b>13</b>	<b>2</b>	<b>14</b>	<b>4</b>	<b>11</b>	<b>5</b>	<b>8</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>15</b>

<b>Total Combined Score</b>		<b>3</b>	<b>46</b>	<b>1</b>	<b>52</b>	<b>4</b>	<b>25</b>	<b>5</b>	<b>22</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>49</b>
-----------------------------	--	----------	-----------	----------	-----------	----------	-----------	----------	-----------	----------	----------	----------	-----------

**Texas Department of Housing and Community Affairs  
Senior Managers Qualifications Review  
Scoring Methodology**

**Quantitative Scoring Methodology**

Quantitative Criteria: 9 items scored; 45 points maximum total score

<u>Rank</u>	<u>Points</u>
1	5
2	4
3	3
4	2
5	1
6	0

**Qualitative Scoring Methodology**

Qualitative Criteria: 3 items scored; 15 points maximum total score

**Rating Scale**

5	Excellent
4	Above Average
3	Average
2	Fair
1	Poor
0	Not Applicable

**Combined Scoring Methodology**

Combined Criteria: 12 items scored; 60 points maximum total score

**Item 13 Scoring Criteria**

<b><u>Derivative Counterparty Platform</u></b>	<b><u>Points</u></b>
Rated Parent	5
Rated Subsidiary with Separate Capitalization	4
Rated/Unrated Subsidiary with Rated Parent Guaranty	3
Rated Subsidiary with Unaffiliated Intermediary	2
Unrated Subsidiary with Unaffiliated Intermediary	1

**Texas Department of Housing and Community Affairs  
Senior Manager Qualifications Review  
Distribution Summary**

<b>Series Name</b>	<b>Issue Amount</b>	<b>Senior Manager</b>	<b>Priority Orders</b>	<b>%</b>	<b>Rank</b>	<b>Points</b>
SFMRB 2004 C - F	\$ 175,070,000	<i>Piper Jaffray</i>	193,723	111%	<b>3</b>	<b>3</b>
SFMRB 2004 A	\$ 180,751,000	<i>UBS Financial Services</i>	193,590	107%	<b>4</b>	<b>2</b>
RMRB 2003 A	\$ 73,630,000	<i>Bear Stearns</i>	83,715	114%	<b>2</b>	<b>4</b>
RMRB 2002 A	\$ 42,310,000	<i>Bear Stearns</i>	48,790	115%	-	-
SFMRB 2002 A - D	\$ 118,000,000	<i>Citigroup Global Markets</i>	301,580	256%	-	-
RMRB 2001 A - E	\$ 155,125,000	<i>Citigroup Global Markets</i>	220,630	142%	<b>1</b>	<b>5</b>
RMRB 2000 B - E	\$ 124,915,000	<i>George K. Baum</i>	106,650	85%	<b>5</b>	<b>1</b>



**Texas Department of Housing and Community Affairs  
Senior Managers Qualifications Review  
Derivatives Product Companies ("DPC") Summary**

Parent or Subsidiary (DPC)	Credit Ratings (Moody's/S&P)	Capitalization	Affiliate Guaranty	Unaffiliated Intermediary or Third Party Required	Score
<b>Bear Stearns</b>					
Bear Stearns Financial Products	Subsidiary	Aaa/AAA	\$365 million	N/A	None
Bear Stearns Trading Risk Management	Subsidiary	Aaa/AAA		N/A	
Bear Stearns Capital Markets	Subsidiary	NR/NR	N/A	Yes	None
<b>Citigroup Global Markets</b>					
Citibank, N.A., New York	Parent	Aa1/AA	\$59.4 billion	N/A	None
Citigroup Financial Products, Inc.	Subsidiary	Aa1/AA	N/A	Yes	None
Salomon Swapco Inc.	Subsidiary	Aaa/AAA	Varies	N/A	None
<b>George K. Baum</b>					
GKB Financial Services Corporation	Subsidiary	NR/AA-	\$1.0 million	N/A	Yes - Societe Generale
<b>Piper Jaffray</b>					
Piper Jaffray Financial Products	Subsidiary	NR/NR	N/A	N/A	Yes - Morgan Stanley Capital Services
<b>Siebert Brandford Shank (Pending)</b>					
Siebert Brandford Shank Financial Products	Subsidiary	Aa3/A+	\$1.1 million	N/A	Yes - Merrill Lynch Derivative Products AG
<b>UBS Financial Services</b>					
UBS AG	Parent	Aa2/AA	\$82.9 billion	N/A	None

**Item 13 Scoring Criteria**

<b>Derivative Counterparty Platform</b>	<b>Points</b>
Rated Parent	5
Rated Subsidiary with Separate Capitalization	4
Rated/Unrated Subsidiary with Rated Parent Guaranty	3
Rated Subsidiary with Unaffiliated Intermediary	2
Unrated Subsidiary with Unaffiliated Intermediary	1

**Texas Department of Housing and Community Affairs  
Senior Managers Qualifications Review**

**Qualitative Summary**

		<b>Bear Stearns</b>	<b>Citigroup Global Markets</b>	<b>George K. Baum</b>	<b>Piper Jaffray</b>	<b>Siebert Brandford Shank</b>	<b>UBS Financial Services</b>
1	<b>Underwriting and Sales Execution:</b> (Ability and willingness to underwrite TDHCA's bonds under both favorable and unfavorable market conditions)	Bond market conditions volatile and poor. Excellent pricing following famous Greenspan comments in July 2003. Underwrote \$5 million in bonds with no repricing.	Bond market conditions volatile and poor. Excellent pricing two-three weeks after 9/11.	Bond market conditions poor. Underwrote \$8 million in bonds with no repricing.	At the direction of TDHCA's Financial Advisor, priced bonds on two different days. Demonstrated good relationship with Freddie Mac.	Did not provide senior manager services.	Bond market conditions volatile and poor. Excellent pricing prior to April 2004 employment report.
2	<b>Innovativeness:</b> (Offering creative bond structuring solutions that add value to TDHCA's capital markets initiatives)	Spent significant amount of time with Bond Finance and TDHCA's Finance Team to provide an in-depth understanding of interest rate swaps. Developed unique product applicable to TDHCA.	Introduced split-tax plan structure to TDHCA. Structured Fannie Mae Expanded Approval loans into program at the request of TDHCA.	Always offering value-added proposals (mortgage certificate sales) resulting in additional funding for TDHCA.	Obtained favorable bond insurance premium.	Did not provide senior manager services.	Successfully structured TDHCA's first VRDB's and interest rate swap.
3	<b>Responsiveness:</b> (Responding in a timely manner to requests from Bond Finance and TDHCA's Finance Team; Knowledge of TDHCA's bond indentures)	Provided numerous highly detailed, ad hoc analysis and schedules as requested by Bond Finance.	Continuously monitored bond proceeds due to drastic decline in interest rates. Worked with TDHCA on difficult transaction restructurings for no additional fees.	Demonstrated knowledge of TDHCA's SFMRB bond indenture.	Demonstrated knowledge of TDHCA's SFMRB bond indenture.	Did not provide senior manager services.	Addressed legal issues upfront by bringing UBS swap and legal personnel to Austin. Applied experience with similar credit issues from past transactions. Very detailed and thorough indenture analysis.

**Qualitative Scoring**

		<b>Bear Stearns</b>		<b>Citigroup Global Markets</b>		<b>George K. Baum</b>		<b>Piper Jaffray</b>		<b>Siebert Brandford Shank</b>		<b>UBS Financial Services</b>	
		<b>Rank</b>	<b>Points</b>	<b>Rank</b>	<b>Points</b>	<b>Rank</b>	<b>Points</b>	<b>Rank</b>	<b>Points</b>	<b>Rank</b>	<b>Points</b>	<b>Rank</b>	<b>Points</b>
1	<b>Underwriting and Sales Execution:</b> (Ability and willingness to underwrite TDHCA's bonds under both favorable and unfavorable market conditions)												
2	<b>Innovativeness:</b> (Offering creative bond structuring solutions that add value to TDHCA's capital markets initiatives)	5		5		4		3		0		5	
3	<b>Responsiveness:</b> (Responding in a timely manner to requests from Bond Finance and TDHCA's Finance Team; Knowledge of TDHCA's bond indentures)	4		4		4		2		0		5	
	<b>Total Qualitative Score</b>	4		5		3		3		0		5	
	<b>Total Qualitative Score</b>	<b>3</b>	<b>13</b>	<b>2</b>	<b>14</b>	<b>4</b>	<b>11</b>	<b>5</b>	<b>8</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>15</b>
<b>Total Quantitative Score</b>		<b>3</b>	<b>33</b>	<b>1</b>	<b>38</b>	<b>4</b>	<b>14</b>	<b>4</b>	<b>14</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>34</b>
<b>Total Combined Score</b>		<b>3</b>	<b>46</b>	<b>1</b>	<b>52</b>	<b>4</b>	<b>25</b>	<b>5</b>	<b>22</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>49</b>

**COMMUNITY AFFAIRS DIVISION  
SECTION 8 PROGRAM**

**BOARD ACTION REQUEST  
March 10, 2005**

**Action Item**

Approval of Section 8 5-Year and 2005 Annual Public Housing Agency (PHA) Plans.

**Required Action**

Staff recommends approval of the proposed 5-Year and 2005 PHA Plans for the Department's Section 8 Program written in compliance with 42 U.S.C.1437(c-1)(a) and (b). This plan is due to HUD on April 17, 2005.

**Background**

Section 511 of the Quality Housing and Work Responsibility Act (QHWRA), (Public Law No. 105-276), signed into law on October 21, 1998, made several changes to the requirements for entities which administer the Section 8 housing choice voucher program. At 42 U.S.C 1437(c-1)(a), public housing agencies are required to prepare a 5-Year plan covering the operations of its Section 8 Program. The 5-Year Plan describes the mission of the agency and the long range goals and objectives for achieving the mission over the subsequent 5 years. 42 U.S.C. 1437(c-1)(b) requires public housing agencies such as the Department to submit an Annual Plan which provides information about program operations and services, the strategy for handling operational concerns, residents' concerns and needs, and services for the upcoming fiscal year.

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

---

# PHA Plans

5 Year Plan for Fiscal Years 2005 - 2009  
Annual Plan for Fiscal Year 2005

**NOTE: THIS PHA PLANS TEMPLATE (HUD 50075) IS TO BE COMPLETED IN  
ACCORDANCE WITH INSTRUCTIONS LOCATED IN APPLICABLE PIH NOTICES**

**PHA Plan  
Agency Identification**

**PHA Name:** Texas Department of Housing and Community Affairs

**PHA Number:** TX901

**PHA Fiscal Year Beginning:** (07/2005)

**Public Access to Information**

**Information regarding any activities outlined in this plan can be obtained by contacting: (select all that apply)**

- Main administrative office of the PHA
- PHA development management offices
- PHA local offices

**Display Locations For PHA Plans and Supporting Documents**

The PHA Plans (including attachments) are available for public inspection at: (select all that apply)

- Main administrative office of the PHA
- PHA development management offices
- PHA local offices
- Main administrative office of the local government
- Main administrative office of the County government
- Main administrative office of the State government
- Public library
- PHA website
- Other (list below)

PHA Plan Supporting Documents are available for inspection at: (select all that apply)

- Main business office of the PHA
- PHA development management offices
- Other (list below)

**5-YEAR PLAN**  
**PHA FISCAL YEARS 2005 - 2009**  
[24 CFR Part 903.5]

**A. Mission**

State the PHA's mission for serving the needs of low-income, very low income, and extremely low-income families in the PHA's jurisdiction. (select one of the choices below)

- The mission of the PHA is the same as that of the Department of Housing and Urban Development: To promote adequate and affordable housing, economic opportunity and a suitable living environment free from discrimination.
- The PHA's mission is: (state mission here)

**B. Goals**

The goals and objectives listed below are derived from HUD's strategic Goals and Objectives and those emphasized in recent legislation. PHAs may select any of these goals and objectives as their own, or identify other goals and/or objectives. Whether selecting the HUD-suggested objectives or their own, **PHAS ARE STRONGLY ENCOURAGED TO IDENTIFY QUANTIFIABLE MEASURES OF SUCCESS IN REACHING THEIR OBJECTIVES OVER THE COURSE OF THE 5 YEARS.** (Quantifiable measures would include targets such as: numbers of families served or PHAS scores achieved.) PHAs should identify these measures in the spaces to the right of or below the stated objectives.

**HUD Strategic Goal: Increase the availability of decent, safe, and affordable housing.**

- PHA Goal: Expand the supply of assisted housing  
Objectives:
- Apply for additional rental vouchers:
  - Reduce public housing vacancies:
  - Leverage private or other public funds to create additional housing opportunities:
  - Acquire or build units or developments
  - Other (list below)
- PHA Goal: Improve the quality of assisted housing  
Objectives:
- Improve public housing management: (PHAS score)
  - Improve voucher management: (SEMAP score)
  - Increase customer satisfaction:
  - Concentrate on efforts to improve specific management functions: (list; e.g., public housing finance; voucher unit inspections)
  - Renovate or modernize public housing units:
  - Demolish or dispose of obsolete public housing:
  - Provide replacement public housing:
  - Provide replacement vouchers:

Other: (list below)

PHA Goal: Increase assisted housing choices

Objectives:

- Provide voucher mobility counseling:
- Conduct outreach efforts to potential voucher landlords
- Increase voucher payment standards
- Implement voucher homeownership program:
- Implement public housing or other homeownership programs:
- Implement public housing site-based waiting lists:
- Convert public housing to vouchers:
- Other: (list below)

**HUD Strategic Goal: Improve community quality of life and economic vitality**

PHA Goal: Provide an improved living environment

Objectives:

- Implement measures to deconcentrate poverty by bringing higher income public housing households into lower income developments:
- Implement measures to promote income mixing in public housing by assuring access for lower income families into higher income developments:
- Implement public housing security improvements:
- Designate developments or buildings for particular resident groups (elderly, persons with disabilities)
- Other: (list below)

**HUD Strategic Goal: Promote self-sufficiency and asset development of families and individuals**

PHA Goal: Promote self-sufficiency and asset development of assisted households

Objectives:

- Increase the number and percentage of employed persons in assisted families:
- Provide or attract supportive services to improve assistance recipients' employability:
- Provide or attract supportive services to increase independence for the elderly or families with disabilities.
- Other: (list below)

**HUD Strategic Goal: Ensure Equal Opportunity in Housing for all Americans**

- PHA Goal: Ensure equal opportunity and affirmatively further fair housing  
Objectives:
- Undertake affirmative measures to ensure access to assisted housing regardless of race, color, religion national origin, sex, familial status, and disability:
  - Undertake affirmative measures to provide a suitable living environment for families living in assisted housing, regardless of race, color, religion national origin, sex, familial status, and disability:
  - Undertake affirmative measures to ensure accessible housing to persons with all varieties of disabilities regardless of unit size required:
  - Other: (list below)

**Other PHA Goals and Objectives: (list below)**

- 1. To provide improved living conditions for very low income families while maintaing their rent payments at an affordable level.**
- 2. To provide decent, safe and sanitary housing for eligible participants.**
- 3. To promote freedom of housing choice and integrated housing for low income and minority families.**
- 4. To provide an incentive to private property owners to rent to lower income families or individuals by offering timely assistance payments.**



**Annual PHA Plan**  
**PHA Fiscal Year 2005**  
[24 CFR Part 903.7]

**i. Annual Plan Type:**

Select which type of Annual Plan the PHA will submit.

**Standard Plan**

**Streamlined Plan:**

- High Performing PHA**  
 **Small Agency (<250 Public Housing Units)**  
 **Administering Section 8 Only**

**Troubled Agency Plan**

**Executive Summary of the Annual PHA Plan**

[24 CFR Part 903.7 9 (r)]

Provide a brief overview of the information in the Annual Plan, including highlights of major initiatives and discretionary policies the PHA has included in the Annual Plan.

**The Department will continue to work for the maximum utilization of its Section 8 vouchers. The Department will continue to work with various Public Housing Authorities, Lenders, Builders, the U. S. Department of Agriculture, Rural Development Program and HUD, to implement a demonstration project for Section 8 Homeownership. The Department will continue to administer its 35 Project Access vouchers to serve the disability community impacted by the Olmstead Decision. The Department will continue to make efforts to collaborate with other programs to improve the living conditions of Section 8 residents through programs such as the Temporary Assistance to Needy Families (TANF) Program and the Department will continue working closely with the State's local PHAs to address the affordable housing needs of the citizens of Texas.**

**iii. Annual Plan Table of Contents**

[24 CFR Part 903.7 9 (r)]

Provide a table of contents for the Annual Plan, including attachments, and a list of supporting documents available for public inspection.

**Table of Contents**

	<u>Page #</u>
<b>Annual Plan</b>	
i. Executive Summary	1
ii. Table of Contents	1
1. Housing Needs	5
2. Financial Resources	13
3. Policies on Eligibility, Selection and Admissions	14
4. Rent Determination Policies	25
5. Operations and Management Policies	29
6. Grievance Procedures	31

7. Capital Improvement Needs	N/A
8. Demolition and Disposition	N/A
9. Designation of Housing	N/A
10. Conversions of Public Housing	N/A
11. Homeownership	36
12. Community Service Programs	38
13. Crime and Safety	N/A
14. Pets (Inactive for January 1 PHAs)	N/A
15. Civil Rights Certifications (included with PHA Plan Certifications)	42
16. Audit	42
17. Asset Management	N/A
18. Other Information	43

**Attachments**

Indicate which attachments are provided by selecting all that apply. Provide the attachment’s name (A, B, etc.) in the space to the left of the name of the attachment. Note: If the attachment is provided as a **SEPARATE** file submission from the PHA Plans file, provide the file name in parentheses in the space to the right of the title.

**Required Attachments:**

- Admissions Policy for Deconcentration
- FY 2005 Capital Fund Program Annual Statement
- Most recent board-approved operating budget (Required Attachment for PHAs that are troubled or at risk of being designated troubled ONLY)

**Optional Attachments:**

- PHA Management Organizational Chart
- FY 2005 Capital Fund Program 5 Year Action Plan
- Public Housing Drug Elimination Program (PHDEP) Plan
- Comments of Resident Advisory Board or Boards (must be attached if not included in PHA Plan text)
- Other (List below, providing each attachment name)

**Supporting Documents Available for Review**

Indicate which documents are available for public review by placing a mark in the “Applicable & On Display” column in the appropriate rows. All listed documents must be on display if applicable to the program activities conducted by the PHA.

<b>List of Supporting Documents Available for Review</b>		
<b>Applicable &amp; On Display</b>	<b>Supporting Document</b>	<b>Applicable Plan Component</b>
X	PHA Plan Certifications of Compliance with the PHA Plans and Related Regulations	5 Year and Annual Plans
X	State/Local Government Certification of Consistency with the Consolidated Plan	5 Year and Annual Plans
X	Fair Housing Documentation: Records reflecting that the PHA has examined its programs	5 Year and Annual Plans

<b>List of Supporting Documents Available for Review</b>		
<b>Applicable &amp; On Display</b>	<b>Supporting Document</b>	<b>Applicable Plan Component</b>
	or proposed programs, identified any impediments to fair housing choice in those programs, addressed or is addressing those impediments in a reasonable fashion in view of the resources available, and worked or is working with local jurisdictions to implement any of the jurisdictions' initiatives to affirmatively further fair housing that require the PHA's involvement.	
<b>X</b>	Consolidated Plan for the jurisdiction/s in which the PHA is located (which includes the Analysis of Impediments to Fair Housing Choice (AI)) and any additional backup data to support statement of housing needs in the jurisdiction	Annual Plan: Housing Needs
<b>N/A</b>	Most recent board-approved operating budget for the public housing program	Annual Plan: Financial Resources;
<b>N/A</b>	Public Housing Admissions and (Continued) Occupancy Policy (A&O), which includes the Tenant Selection and Assignment Plan [TSAP]	Annual Plan: Eligibility, Selection, and Admissions Policies
<b>X</b>	Section 8 Administrative Plan	Annual Plan: Eligibility, Selection, and Admissions Policies
<b>N/A</b>	Public Housing Deconcentration and Income Mixing Documentation: 1. PHA board certifications of compliance with deconcentration requirements (section 16(a) of the US Housing Act of 1937, as implemented in the 2/18/99 <i>Quality Housing and Work Responsibility Act Initial Guidance; Notice</i> and any further HUD guidance) and 2. Documentation of the required deconcentration and income mixing analysis	Annual Plan: Eligibility, Selection, and Admissions Policies
<b>N/A</b>	Public housing rent determination policies, including the methodology for setting public housing flat rents <input type="checkbox"/> check here if included in the public housing A & O Policy	Annual Plan: Rent Determination
<b>N/A</b>	Schedule of flat rents offered at each public housing development <input type="checkbox"/> check here if included in the public housing A & O Policy	Annual Plan: Rent Determination
<b>X</b>	Section 8 rent determination (payment standard) policies <input checked="" type="checkbox"/> check here if included in Section 8 Administrative Plan	Annual Plan: Rent Determination
<b>N/A</b>	Public housing management and maintenance policy documents, including policies for the prevention or eradication of pest infestation (including cockroach infestation)	Annual Plan: Operations and Maintenance
<b>N/A</b>	Public housing grievance procedures <input type="checkbox"/> check here if included in the public housing A & O Policy	Annual Plan: Grievance Procedures
<b>X</b>	Section 8 informal review and hearing procedures	Annual Plan: Grievance

<b>List of Supporting Documents Available for Review</b>		
<b>Applicable &amp; On Display</b>	<b>Supporting Document</b>	<b>Applicable Plan Component</b>
	<input checked="" type="checkbox"/> check here if included in Section 8 Administrative Plan	Procedures
N/A	The HUD-approved Capital Fund/Comprehensive Grant Program Annual Statement (HUD 52837) for the active grant year	Annual Plan: Capital Needs
N/A	Most recent CIAP Budget/Progress Report (HUD 52825) for any active CIAP grant	Annual Plan: Capital Needs
N/A	Most recent, approved 5 Year Action Plan for the Capital Fund/Comprehensive Grant Program, if not included as an attachment (provided at PHA option)	Annual Plan: Capital Needs
N/A	Approved HOPE VI applications or, if more recent, approved or submitted HOPE VI Revitalization Plans or any other approved proposal for development of public housing	Annual Plan: Capital Needs
N/A	Approved or submitted applications for demolition and/or disposition of public housing	Annual Plan: Demolition and Disposition
N/A	Approved or submitted applications for designation of public housing (Designated Housing Plans)	Annual Plan: Designation of Public Housing
N/A	Approved or submitted assessments of reasonable revitalization of public housing and approved or submitted conversion plans prepared pursuant to section 202 of the 1996 HUD Appropriations Act	Annual Plan: Conversion of Public Housing
N/A	Approved or submitted public housing homeownership programs/plans	Annual Plan: Homeownership
N/A	Policies governing any Section 8 Homeownership program <input type="checkbox"/> check here if included in the Section 8 Administrative Plan	Annual Plan: Homeownership
N/A	Any cooperative agreement between the PHA and the TANF agency	Annual Plan: Community Service & Self-Sufficiency
X	FSS Action Plan/s for public housing and/or Section 8( <b>Plan for Brazoria County approved – continued implementation pending HUD’s decision regarding TDHCA Board Resolution #04-63</b> )	Annual Plan: Community Service & Self-Sufficiency
N/A	Most recent self-sufficiency (ED/SS, TOP or ROSS or other resident services grant) grant program reports	Annual Plan: Community Service & Self-Sufficiency
N/A	The most recent Public Housing Drug Elimination Program (PHEDEP) semi-annual performance report for any open grant and most recently submitted PHDEP application (PHDEP Plan)	Annual Plan: Safety and Crime Prevention
X	The most recent fiscal year audit of the PHA conducted under section 5(h)(2) of the U.S. Housing Act of 1937 (42 U. S.C. 1437c(h)), the results of that audit and the PHA’s response to any findings	Annual Plan: Annual Audit
N/A	Troubled PHAs: MOA/Recovery Plan	Troubled PHAs
N/A	Other supporting documents (optional) (list individually; use as many lines as necessary)	(specify as needed)

# 1. Statement of Housing Needs

[24 CFR Part 903.79 (a)]

## A. Housing Needs of Families in the Jurisdiction/s Served by the PHA

Based upon the information contained in the Consolidated Plan/s applicable to the jurisdiction, and/or other data available to the PHA, provide a statement of the housing needs in the jurisdiction by completing the following table. In the "Overall" Needs column, provide the estimated number of renter families that have housing needs. For the remaining characteristics, rate the impact of that factor on the housing needs for each family type, from 1 to 5, with 1 being "no impact" and 5 being "severe impact." Use N/A to indicate that no information is available upon which the PHA can make this assessment.

<b>Houston District - Housing Needs of Families in the Jurisdiction by Family Type</b>							
Family Type	Overall	Afford-ability	Supply	Quality	Access-ibility	Size	Loca-tion
Income <= 30% of AMI	4,410	N/A	N/A	N/A	N/A	N/A	N/A
Income >30% but <=50% of AMI	3,071	N/A	N/A	N/A	N/A	N/A	N/A
Income >50% but <80% of AMI	1,502	N/A	N/A	N/A	N/A	N/A	N/A
Elderly	1,228	N/A	N/A	N/A	N/A	N/A	N/A
Families with Disabilities	1,683	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	White 4,503	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	Black 2,107	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	Hisp. 3,136	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	Other 234	N/A	N/A	N/A	N/A	N/A	N/A

### TDHCA Houston District:

#### Cities

Sealy  
Alvin, Angleton, Brazoria, Sweeny  
Clute, Freeport, West Columbia  
Anahuac  
Columbus, Eagle Lake, Weimar  
Needville  
Dickinson, Hitchcock, League City  
Kemah & County  
Hearne  
Hempstead, Waller, Prairie View  
El Campo, Wharton

#### Counties

Austin  
Brazoria  
Brazoria  
Chambers  
Colorado  
Ft. Bend  
Galveston  
Galveston  
Robertson  
Waller  
Wharton

<b>Dallas - Housing Needs of Families in the Jurisdiction by Family Type</b>							
<b>Family Type</b>	<b>Overall</b>	<b>Afford- ability</b>	<b>Supply</b>	<b>Quality</b>	<b>Access- ibility</b>	<b>Size</b>	<b>Loca- tion</b>
Income <= 30% of AMI	2,171	N/A	N/A	N/A	N/A	N/A	N/A
Income >30% but <=50% of AMI	1,503	N/A	N/A	N/A	N/A	N/A	N/A
Income >50% but <80% of AMI	1,033	N/A	N/A	N/A	N/A	N/A	N/A
Elderly	980	N/A	N/A	N/A	N/A	N/A	N/A
Families with Disabilities	1,206	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	White 2,520	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	Black 1,163	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	Hisp. 1,460	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	Other 123	N/A	N/A	N/A	N/A	N/A	N/A

**TDHCA Dallas (Ft. Worth) Jurisdiction:**

**Cities**

**Clifton, China Spring & County  
Comanche, DeLeon, Gustine  
Ozona  
Pilot Point, Sanger  
Ennis, Italy, Waxahachie  
Dublin  
Marlin, Rosebud & County  
Fairfield, Teague & County  
Alvarado, Keene  
Kosse  
Mason  
McGregor  
Menard  
Blooming Grove, Kerens  
El Dorado**

**Counties**

**Bosque  
Comanche  
Crockett  
Denton  
Ellis  
Erath  
Falls  
Freestone  
Johnson  
Limestone  
Mason  
McLennan  
Menard  
Navarro  
Schleicher**

<b>San Antonio - Housing Needs of Families in the Jurisdiction by Family Type</b>							
Family Type	Overall	Afford- ability	Supply	Quality	Access- ibility	Size	Loca- tion
Income <= 30% of AMI	1,900	N/A	N/A	N/A	N/A	N/A	N/A
Income >30% but <=50% of AMI	1,278	N/A	N/A	N/A	N/A	N/A	N/A
Income >50% but <80% of AMI	927	N/A	N/A	N/A	N/A	N/A	N/A
Elderly	1,050	N/A	N/A	N/A	N/A	N/A	N/A
Families with Disabilities	1,123	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	White 2,604	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	Black 292	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	Hisp. 1,745	N/A	N/A	N/A	N/A	N/A	N/A
Race/Ethnicity	Other 82	N/A	N/A	N/A	N/A	N/A	N/A

**San Antonio TDHCA Jurisdiction:**

**Cities**

**Rockport**  
**Lytle**  
**Bertram, Marble Falls**  
**Luling, Lockhart & County**  
**Marion**  
**Alice & County**  
**Kerrville**  
**Giddings, Lexington & County**  
**George West**  
**Llano**  
**Hondo, Natalia**  
**Bishop, Robstown & County**

**Counties**

**Aransas**  
**Atacosa**  
**Burnet**  
**Caldwell**  
**Guadalupe**  
**Jim Wells**  
**Kerr**  
**Lee**  
**Live Oak**  
**Llano**  
**Medina**  
**Nueces**

What sources of information did the PHA use to conduct this analysis? (Check all that apply; all materials must be made available for public inspection.)

- Consolidated Plan of the Jurisdiction/s  
Indicate year: 2005
- U.S. Census data: the Comprehensive Housing Affordability Strategy (“CHAS”) dataset
- American Housing Survey data  
Indicate year:
- Other housing market study  
Indicate year:
- Other sources: (list and indicate year of information)  
2000 U. S. Census

### B. Housing Needs of Families on the Public Housing and Section 8 Tenant- Based Assistance Waiting Lists

State the housing needs of the families on the PHA’s waiting list/s. **Complete one table for each type of PHA-wide waiting list administered by the PHA.** PHAs may provide separate tables for site-based or sub-jurisdictional public housing waiting lists at their option.

<b>Housing Needs of Families on the Waiting List</b>			
Waiting list type: (select one)			
<input checked="" type="checkbox"/> Section 8 tenant-based assistance			
<input type="checkbox"/> Public Housing			
<input type="checkbox"/> Combined Section 8 and Public Housing			
<input type="checkbox"/> Public Housing Site-Based or sub-jurisdictional waiting list (optional)			
If used, identify which development/subjurisdiction:			
	# of families	% of total families	Annual Turnover
Waiting list total	<b>897</b>		*
Extremely low income <=30% AMI	N/A	N/A	
Very low income (>30% but <=50% AMI)	N/A	N/A	
Low income (>50% but <80% AMI)	N/A	N/A	
Families with children	<b>691</b>	<b>77%</b>	
Elderly families	<b>21</b>	<b>2%</b>	
Families with Disabilities	<b>85</b>	<b>9%</b>	



Housing Needs of Families on the Waiting List			
*No demographics	in data base.		
Race/ethnicity	<b>White Non/Hisp.</b> <b>307</b>	<b>34%</b>	
Race/ethnicity	<b>Black Non/Hisp.</b> <b>361</b>	<b>40%</b>	
Race/ethnicity	<b>White/Hispanic</b> <b>224</b>	<b>25%</b>	
Race/ethnicity	<b>Other – 5</b>	<b>1%</b>	
<b>Note: This waiting list figure is a composite of several statewide jurisdictional waiting lists.</b>			
Characteristics by Bedroom Size (Public Housing Only)			
1BR	N/A	N/A	N/A
2 BR	N/A	N/A	N/A
3 BR	N/A	N/A	N/A
4 BR	N/A	N/A	N/A
5 BR	N/A	N/A	N/A
5+ BR	N/A	N/A	N/A
Is the waiting list closed (select one)? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes			
If yes:			
How long has it been closed (# of months) 12 or more.			
Does the PHA expect to reopen the list in the PHA Plan year? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			
Does the PHA permit specific categories of families onto the waiting list, even if generally closed? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			

### C. Strategy for Addressing Needs

Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list **IN THE UPCOMING YEAR**, and the Agency's reasons for choosing this strategy.

#### (1) Strategies

**Need: Shortage of affordable housing for all eligible populations**

**Strategy 1. Maximize the number of affordable units available to the PHA within its current resources by:**

Select all that apply

- Employ effective maintenance and management policies to minimize the number of public housing units off-line
- Reduce turnover time for vacated public housing units
- Reduce time to renovate public housing units

- Seek replacement of public housing units lost to the inventory through mixed finance development
- Seek replacement of public housing units lost to the inventory through section 8 replacement housing resources
- Maintain or increase section 8 lease-up rates by establishing payment standards that will enable families to rent throughout the jurisdiction
- Undertake measures to ensure access to affordable housing among families assisted by the PHA, regardless of unit size required
- Maintain or increase section 8 lease-up rates by marketing the program to owners, particularly those outside of areas of minority and poverty concentration
- Maintain or increase section 8 lease-up rates by effectively screening Section 8 applicants to increase owner acceptance of program
- Participate in the Consolidated Plan development process to ensure coordination with broader community strategies
- Other (list below)

**Strategy 2: Increase the number of affordable housing units by:**

Select all that apply

- Apply for additional section 8 units should they become available
- Leverage affordable housing resources in the community through the creation of mixed - finance housing
- Pursue housing resources other than public housing or Section 8 tenant-based assistance.
- Other: (list below)

**Need: Specific Family Types: Families at or below 30% of median**

**Strategy 1: Target available assistance to families at or below 30 % of AMI**

Select all that apply

- Exceed HUD federal targeting requirements for families at or below 30% of AMI in public housing
- Exceed HUD federal targeting requirements for families at or below 30% of AMI in tenant-based section 8 assistance
- Employ admissions preferences aimed at families with economic hardships
- Adopt rent policies to support and encourage work
- Other: (list below)

**Need: Specific Family Types: Families at or below 50% of median**

**Strategy 1: Target available assistance to families at or below 50% of AMI**

Select all that apply

- Employ admissions preferences aimed at families who are working

- Adopt rent policies to support and encourage work
- Other: (list below)

**Housing Assistance – In addition to the Department’s own efforts to address the affordable housing needs of extremely low income Texans, the 78<sup>th</sup> Texas Legislature passed an appropriations rider to TDHCA’s enabling legislation that requires the housing finance division to “adopt an annual goal to apply a minimum of \$30,000,000 of the division’s total housing funds toward housing assistance for individuals and families earning less than the following:**

- 1 person household: \$13,000
- 2 person household \$16,000
- 3 person household \$17,000
- 4 person household \$19,000
- 5 person household \$21,000

**Need: Specific Family Types: The Elderly**

**Strategy 1: Target available assistance to the elderly:**

Select all that apply

- Seek designation of public housing for the elderly
- Apply for special-purpose vouchers targeted to the elderly, should they become available
- Other: (list below)

**Need: Specific Family Types: Families with Disabilities**

**Strategy 1: Target available assistance to Families with Disabilities:**

Select all that apply

- Seek designation of public housing for families with disabilities
- Carry out the modifications needed in public housing based on the section 504 Needs Assessment for Public Housing
- Apply for special-purpose vouchers targeted to families with disabilities, should they become available
- Affirmatively market to local non-profit agencies that assist families with disabilities
- Other: (list below)  
**TDHCA administers 35 Project Access Housing Choice Vouchers that are being utilized to assist persons with disabilities to transition from nursing homes to the community by providing access to affordable housing and necessary supportive services. TDHCA will continue administration of these vouchers to serve the Olmstead population.**

**Need: Specific Family Types: Races or ethnicities with disproportionate housing needs**

**Strategy 1: Increase awareness of PHA resources among families of races and ethnicities with disproportionate needs:**

Select if applicable

- Affirmatively market to races/ethnicities shown to have disproportionate housing needs
- Other: (list below)

**Strategy 2: Conduct activities to affirmatively further fair housing**

Select all that apply

- Counsel section 8 tenants as to location of units outside of areas of poverty or minority concentration and assist them to locate those units
- Market the section 8 program to owners outside of areas of poverty /minority concentrations
- Other: (list below)

**Other Housing Needs & Strategies: (list needs and strategies below)**

**(2) Reasons for Selecting Strategies**

Of the factors listed below, select all that influenced the PHA's selection of the strategies it will pursue:

- Funding constraints
- Staffing constraints
- Limited availability of sites for assisted housing
- Extent to which particular housing needs are met by other organizations in the community
- Evidence of housing needs as demonstrated in the Consolidated Plan and other information available to the PHA
- Influence of the housing market on PHA programs
- Community priorities regarding housing assistance
- Results of consultation with local or state government
- Results of consultation with residents and the Resident Advisory Board
- Results of consultation with advocacy groups
- Other: (list below)

**2. Statement of Financial Resources**

[24 CFR Part 903.7 9 (b)]

List the financial resources that are anticipated to be available to the PHA for the support of Federal public housing and tenant-based Section 8 assistance programs administered by the PHA during the Plan year. Note: the table assumes that Federal public housing or tenant based Section 8 assistance grant funds are expended on eligible purposes; therefore, uses of these funds need not be stated. For other funds, indicate the use for those funds as one of the following categories: public housing operations, public housing capital improvements, public housing safety/security, public housing supportive services, Section 8 tenant-based assistance, Section 8 supportive services or other.

<b>Financial Resources: Planned Sources and Uses</b>		
<b>Sources</b>	<b>Planned \$</b>	<b>Planned Uses</b>
<b>1. Federal Grants (FY 2005 grants)</b>	<b>N/A</b>	
a) Public Housing Operating Fund	N/A	
b) Public Housing Capital Fund	N/A	
c) HOPE VI Revitalization	N/A	
d) HOPE VI Demolition	N/A	
e) Annual Contributions for Section 8 Tenant-Based Assistance	<b>\$9,803,539</b>	
f) Public Housing Drug Elimination Program (including any Technical Assistance funds)	N/A	
g) Resident Opportunity and Self-Sufficiency Grants	N/A	
h) Community Development Block Grant	N/A	
i) HOME	N/A	
Other Federal Grants (list below)	N/A	
<b>2. Prior Year Federal Grants (unobligated funds only) (list below)</b>	<b>N/A</b>	
<b>3. Public Housing Dwelling Rental Income</b>	<b>N/A</b>	
<b>4. Other income (list below)</b>	<b>N/A</b>	
<b>4. Non-federal sources (list below)</b>	<b>N/A</b>	

Financial Resources: Planned Sources and Uses		
Sources	Planned \$	Planned Uses
<b>Total resources</b>	<b>\$9,803,539</b>	

### **3. PHA Policies Governing Eligibility, Selection, and Admissions**

[24 CFR Part 903.7 9 (c)]

#### **A. Public Housing \*N/A to Agency**

Exemptions: PHAs that do not administer public housing are not required to complete subcomponent 3A.

#### **(1) Eligibility**

a. When does the PHA verify eligibility for admission to public housing? (select all that apply)

- When families are within a certain number of being offered a unit: (state number)
- When families are within a certain time of being offered a unit: (state time)
- Other: (describe)

b. Which non-income (screening) factors does the PHA use to establish eligibility for admission to public housing (select all that apply)?

- Criminal or Drug-related activity
- Rental history
- Housekeeping
- Other (describe)

c.  Yes  No: Does the PHA request criminal records from local law enforcement agencies for screening purposes?

d.  Yes  No: Does the PHA request criminal records from State law enforcement agencies for screening purposes?

e.  Yes  No: Does the PHA access FBI criminal records from the FBI for screening purposes? (either directly or through an NCIC-authorized source)

#### **(2) Waiting List Organization**

a. Which methods does the PHA plan to use to organize its public housing waiting list (select all that apply)

- Community-wide list

- Sub-jurisdictional lists
- Site-based waiting lists
- Other (describe)

b. Where may interested persons apply for admission to public housing?

- PHA main administrative office
- PHA development site management office
- Other (list below)

c. If the PHA plans to operate one or more site-based waiting lists in the coming year, answer each of the following questions; if not, skip to subsection **(3) Assignment**

1. How many site-based waiting lists will the PHA operate in the coming year?

2.  Yes  No: Are any or all of the PHA's site-based waiting lists new for the upcoming year (that is, they are not part of a previously-HUD-approved site based waiting list plan)?  
If yes, how many lists?

3.  Yes  No: May families be on more than one list simultaneously  
If yes, how many lists?

4. Where can interested persons obtain more information about and sign up to be on the site-based waiting lists (select all that apply)?

- PHA main administrative office
- All PHA development management offices
- Management offices at developments with site-based waiting lists
- At the development to which they would like to apply
- Other (list below)

### **(3) Assignment**

a. How many vacant unit choices are applicants ordinarily given before they fall to the bottom of or are removed from the waiting list? (select one)

- One
- Two
- Three or More

b.  Yes  No: Is this policy consistent across all waiting list types?

c. If answer to b is no, list variations for any other than the primary public housing waiting list/s for the PHA:

### **(4) Admissions Preferences**

a. Income targeting:

- Yes  No: Does the PHA plan to exceed the federal targeting requirements by targeting more than 40% of all new admissions to public housing to families at or below 30% of median area income?

b. Transfer policies:

In what circumstances will transfers take precedence over new admissions? (list below)

- Emergencies  
 Overhoused  
 Underhoused  
 Medical justification  
 Administrative reasons determined by the PHA (e.g., to permit modernization work)  
 Resident choice: (state circumstances below)  
 Other: (list below)

c. Preferences

1.  Yes  No: Has the PHA established preferences for admission to public housing (other than date and time of application)? (If “no” is selected, skip to subsection **(5) Occupancy**)

2. Which of the following admission preferences does the PHA plan to employ in the coming year? (select all that apply from either former Federal preferences or other preferences)

Former Federal preferences:

- Involuntary Displacement (Disaster, Government Action, Action of Housing Owner, Inaccessibility, Property Disposition)  
 Victims of domestic violence  
 Substandard housing  
 Homelessness  
 High rent burden (rent is > 50 percent of income)

Other preferences: (select below)

- Working families and those unable to work because of age or disability  
 Veterans and veterans' families  
 Residents who live and/or work in the jurisdiction  
 Those enrolled currently in educational, training, or upward mobility programs  
 Households that contribute to meeting income goals (broad range of incomes)  
 Households that contribute to meeting income requirements (targeting)  
 Those previously enrolled in educational, training, or upward mobility programs  
 Victims of reprisals or hate crimes  
 Other preference(s) (list below)



3. If the PHA will employ admissions preferences, please prioritize by placing a "1" in the space that represents your first priority, a "2" in the box representing your second priority, and so on. If you give equal weight to one or more of these choices (either through an absolute hierarchy or through a point system), place the same number next to each. That means you can use "1" more than once, "2" more than once, etc.

Date and Time

Former Federal preferences:

- Involuntary Displacement (Disaster, Government Action, Action of Housing Owner, Inaccessibility, Property Disposition)
- Victims of domestic violence
- Substandard housing
- Homelessness
- High rent burden

Other preferences (select all that apply)

- Working families and those unable to work because of age or disability
- Veterans and veterans' families
- Residents who live and/or work in the jurisdiction
- Those enrolled currently in educational, training, or upward mobility programs
- Households that contribute to meeting income goals (broad range of incomes)
- Households that contribute to meeting income requirements (targeting)
- Those previously enrolled in educational, training, or upward mobility programs
- Victims of reprisals or hate crimes
- Other preference(s) (list below)

4. Relationship of preferences to income targeting requirements:

- The PHA applies preferences within income tiers
- Not applicable: the pool of applicant families ensures that the PHA will meet income targeting requirements

**(5) Occupancy**

a. What reference materials can applicants and residents use to obtain information about the rules of occupancy of public housing (select all that apply)

- The PHA-resident lease
- The PHA's Admissions and (Continued) Occupancy policy
- PHA briefing seminars or written materials
- Other source (list)

b. How often must residents notify the PHA of changes in family composition? (select all that apply)

- At an annual reexamination and lease renewal

- Any time family composition changes
- At family request for revision
- Other (list)

**(6) Deconcentration and Income Mixing**

a.  Yes  No: Did the PHA’s analysis of its family (general occupancy) developments to determine concentrations of poverty indicate the need for measures to promote deconcentration of poverty or income mixing?

b.  Yes  No: Did the PHA adopt any changes to its **admissions policies** based on the results of the required analysis of the need to promote deconcentration of poverty or to assure income mixing?

c. If the answer to b was yes, what changes were adopted? (select all that apply)

Adoption of site-based waiting lists  
If selected, list targeted developments below:

Employing waiting list “skipping” to achieve deconcentration of poverty or income mixing goals at targeted developments  
If selected, list targeted developments below:

Employing new admission preferences at targeted developments  
If selected, list targeted developments below:

Other (list policies and developments targeted below)

d.  Yes  No: Did the PHA adopt any changes to **other** policies based on the results of the required analysis of the need for deconcentration of poverty and income mixing?

e. If the answer to d was yes, how would you describe these changes? (select all that apply)

- Additional affirmative marketing
- Actions to improve the marketability of certain developments
- Adoption or adjustment of ceiling rents for certain developments
- Adoption of rent incentives to encourage deconcentration of poverty and income-mixing
- Other (list below)

f. Based on the results of the required analysis, in which developments will the PHA make special efforts to attract or retain higher-income families? (select all that apply)

- Not applicable: results of analysis did not indicate a need for such efforts
- List (any applicable) developments below:

g. Based on the results of the required analysis, in which developments will the PHA make special efforts to assure access for lower-income families? (select all that apply)

- Not applicable: results of analysis did not indicate a need for such efforts  
 List (any applicable) developments below:

## **B. Section 8**

Exemptions: PHAs that do not administer section 8 are not required to complete sub-component 3B. **Unless otherwise specified, all questions in this section apply only to the tenant-based section 8 assistance program (vouchers, and until completely merged into the voucher program, certificates).**

### **(1) Eligibility**

a. What is the extent of screening conducted by the PHA? (select all that apply)

- Criminal or drug-related activity only to the extent required by law or regulation  
 Criminal and drug-related activity, more extensively than required by law or regulation  
 More general screening than criminal and drug-related activity (list factors below)  
 Other (list below)

b.  Yes  No: Does the PHA request criminal records from local law enforcement agencies for screening purposes?

c.  Yes  No: Does the PHA request criminal records from State law enforcement agencies for screening purposes?

d.  Yes  No: Does the PHA access FBI criminal records from the FBI for screening purposes? (either directly or through an NCIC-authorized source)

e. Indicate what kinds of information you share with prospective landlords? (select all that apply)

- Criminal or drug-related activity  
 Other (describe below)

### **(2) Waiting List Organization**

a. With which of the following program waiting lists is the section 8 tenant-based assistance waiting list merged? (select all that apply)

- None  
 Federal public housing  
 Federal moderate rehabilitation  
 Federal project-based certificate program

Other federal or local program (list below)

b. Where may interested persons apply for admission to section 8 tenant-based assistance? (select all that apply)

PHA main administrative office

Other (list below) List of Local Operators

<b>LOCAL OPERATOR LIST</b>				
<b>Location</b>	<b>LO First</b>	<b>LO Phone #</b>	<b>LO Address</b>	<b>Hrs of Operation</b>
Alton	Willie Tenorio	(512) 475-2634	507 Sabine St, Austin, Tx 78701	Monday-Friday 8:00-5:00pm
Alvarado	Sharon Vass	(817) 790-3351	104 W.College, Alvarado ,Tx 76009	Monday-Friday 8:00-5:00pm
Alvin	Margaret Dixon	(979) 864-1427	313 W. Mulberry, Angleton, Tx 77515	Monday-Friday 8:00-5:00pm
Anahuac	Jessica Laskoskie	(409) 267-8306	P.O. Box 489, Anahuac,Tx 77514	Tuesday & Thursday 1:30-4:30pm
Angleton	Margaret Dixon	(979) 864-1427	313 W. Mulberry, Angleton, Tx 77515	Monday-Friday 8:00-5:00pm
Bertram	Dorothy Johnson	(830) 693-3109	P.O. Box 703, Marble Falls, Tx 78654	Monday-Friday 8:00-5:00pm
Blooming Grove	Linda Bray	(930) 695-2711	P.O. Box 237 Blooming Grove,Tx 76633	Monday-Friday 8:00-4:00pm
Bosque Co.	Luci Bishop	(254) 836-4796	538 County Rd 3570, China Springs,Tx 76633	Monday-Friday By Appt
Brazoria	Margaret Dixon	(979) 864-1427	313 W. Mulberry, Angleton, Tx 77515	Monday-Friday 8:00-5:00pm
Caldwell Co.	Frank Cantu	(512) 392-1161	P.O. Box 748 San Marcos,Tx 78667	Monday-Friday 8:00-5:00pm
Clute	Margaret Dixon	(979) 864-1427	313 W. Mulberry, Angleton, Tx 77515	Monday-Friday 8:00-5:00pm
Colorado Co.	Jennifer Braneff	(979)540-2984	165 W. Austin Giddings,Tx 78942	Monday-Friday 8:00-5:00pm
<b>LOCAL OPERATOR LIST</b>				<b>cont'd</b>
Comanche Co.	Dolly Rhodes	(254) 879-2931	4732 Hwy 1496, Dublin,Tx 76446	Wed & Fridays 1:00-5:00
Crockett Co.	Edith Maxwell	(512) 475-3884	507 Sabine St, Austin Tx 78701	Monday-Friday 8:00-5:00pm
Dublin HA	Dee Zachary	(254) 445-2165	201 E. May, Dublin, Tx 76446	Mon-Friday 9:00-12pm 1:00-3:00pm

El Campo HA	Charlene Smith	(979) 543-7143	1303 Delta El Campo, Tx 77437	Wednesdays 8:00-5:00pm
El Dorado	Edith Maxwell	(512) 475-3884	507 Sabine St, Austin Tx 78701	Monday-Friday 8:00-5:00pm
Ennis	Vickie McCoy	(972) 875-1234	P.O.Box 220, Ennis, Tx 75119	Monday-Friday 8:00-5:00pm
Fairfield	Quilla Johnson	(254) 739-5756	616 Pine St, League, Tx 75680	Monday-Wednesday 9:00-12:00pm
Falls Co.	Carlene Mack	(254) 883-6550	P.O. Box 231, Marlin, Tx 76661	Thursdays 1:00-4:30pm
Freeport	Margaret Dixon	(979) 864-1427	313 W. Mulberry, Angleton, Tx 77515	Monday-Friday 8:00-5:00pm
Freestone Co.	Quilla Johnson	(254) 739-5733	616 Pine St, League, Tx 75680	Monday-Friday 8:00-5:00pm
Galveston Co.	Glenda Cagen	(409) 935-8002	714 Bayou Dr, La Marque, Tx 77568	Monday & Tuesday 8:30-5:00pm
George West	Jacquelyn Harborth	(361) 449-1556	P.O. Box 2250 George West, Tx 78022	Tuesday 1:00-4:00pm
Giddings	Jennifer Branef	(979) 540-2984	165 W. Austin Giddings, Tx 78942	Monday-Friday 8:00-5:00pm
Hearne	Erica Garcia	(979) 595-2800	P.O. Box Drawer 4128 Bryan, Tx 77805	Monday-Friday 8:00-5:00pm
Hempstead	Willie Faye Hurd	(512) 475-3892	507 Sabine St, Austin Tx 78701	Monday- Friday 8:00-5:00pm
Hondo	Shannon Muniz	(830) 741-6130	804 Harper Hondo, Tx 78861	Monday-Thursday 8:00-5:00pm
Italy	Debra Bryant	(972) 483-7329	P.O. Box 840, Italy, Tx 76651	Monday-Wednesday 8:00-5:00pm
Jim Wells Co	Rosa Zamarripa	(361) 664-3453	P.O.Box 1407 Alice, Tx 78333	Wednesday 9:00-12:00pm
Keene	Diann Wilmart	((817) 202-8110	P.O.Box 257, Keene, Tx 76059	Monday-Friday 10:00-5:00pm
Kerens	Cindy Scott	(903) 396-2971	P.O.Box 160, Kerens, Tx 75144	Monday-Friday 7:30-4:30pm
Kerrville	Comelia Rue	(830) 896-2124	200 B Guadalupe Plaza, Kerrville, Tx 78028	Monday, Wed, Fri 8:00-12pm & 1-5pm
Kosse	Carlene Mack	(254) 803-5748	P.O.Box 231, Marlin, Tx 76661	Thursdays 1:00-4:30pm

**LOCAL OPERATOR LIST**

**cont'd**

Lee	Jennifer Branef	(979) 540-2984	165 W. Austin Giddings, Tx 78942	Monday- Friday 8:00-5:00pm
Lexington	Jennifer Branef	(979) 540-2984	165 W. Austin Giddings, Tx 78942	Monday- Friday 8:00-5:00pm
Llano	Tiffany Saylor	(915) 247-4931	1110 Berry St, Llano, Tx 78643	Monday-Friday 9:00-3:00pm

Lytle	Elda Perez	(830) 709-3692	P.O.Box 39, Lytle,Tx 78052	Tuesday & Wednesday 9:00-12:00pm
Marble Falls	Dorothy Johnson	(830) 693-3109	P.O.Box 703, Marble Falls,Tx 78654	Monday-Friday 8:00-5:00pm
Marion	Ernest Leal	(830) 379-3022	300 Laurel Lane, New Braunfels, Tx 78155	Monday-Friday 8:30--4:30pm
Marlin	Carlene Mack	(254) 883-6550	P.O. Box 231, Marlin, Tx 76661	Thursdays 1:00-4:30pm
Mart	Carlene Mack	(254) 883-6550	P.O. Box 231, Marlin, Tx 76661	Thursdays 1:00-4:30pm
Mason	Dorothy Brannies	(915) 347-5853	P.O.Box B, Mason,Tx 76856	Monday-Friday Appt Only
McGregor	Sandy Tijerina	(254) 840-2806	P.O. Box 192, McGregor, Tx 76656	Monday-Friday 8:00-5:00pm
Menard	Edith Maxwell	(512) 475-3884	507 Sabine St, Austin, Tx 78701	Monday-Friday 8:00-5:00pm
Natalia	Shannon Muniz	(830) 741-6130	205 A E Court St, Seguin,Tx 78155	Monday-Friday Appt Only
Needville	Glenda Gagen	(409) 935-8002	714 Bayou Dr, La Marque,Tx 77568	Monday & Tuesday 8:30-5:00pm
Nueces Co	Diane Flores	(361) 387-1527	998 Ruben Chavez, Robstown,Tx 78380	Monday-Friday 8:00-5:00pm
Pilot Point	Sandra Gray	(940) 868-2193	P.O.Box 457, Pilot Point, Tx 76258	Monday-Friday Appt Only
Prairie View	Willie Faye Hurd	(512) 475-3892	507 Sabine St, Austin, Tx 78701	Monday-Friday 8:00-5:00pm
Rockport	Willie Tenorio	(512) 475-3130	507 Sabine St, Austin, Tx 78701	Monday-Friday 8:00-5:00pm
Rosebud	Carlene Mack	(254) 883-6550	P.O.Box 231, Marlin,Tx 76661	Thursdays 1:00-4:30pm
Sanger	Samantha Renz	(940) 458-7930	P.O.Box 578 Sanger,Tx 76266	Monday-Friday 8:00-5:00pm
Sealy	Jennifer Braneff	(940) 540-2984	165 W. Austin Giddings,Tx 78942	Monday-Friday 8:00-5:00pm
Sweeny	Reatta Minshew	(979) 548-3321	P.O.Box 248, Sweeny,Tx 77480	Monday-Wednesday 9:00-12:00pm

<b>LOCAL OPERATOR LIST</b>				<b>cont'd</b>
Teague	Quilla Johnson	(254) 739-5756	616 Pine St, League, Tx 75680	Monday & Wednesday 9:00-12:00pm
Waller	Willie Faye Hurd	(512) 475-3892	507 Sabine St, Austin, Tx 78701	Monday-Fridays 8:00-5:00pm

Waxahachie	Felicia Warner	(972) 937-7330	P.O.Box 173, Waxahachie,Tx 75165	Wednesdays 9:00-5:00pm
Weimar	Jennifer Braneff	(979) 540-2984	165 W. Austin Giddings,Tx 78942	Monday-Friday 8:00-5:00pm
West Columbia	Margaret Dixon	(979) 864-1427	313 W. Mulberry, Angleton, Tx 77515	Monday-Friday 8:00-5:00pm
Wharton	Jo Knezek	(979) 532-4811	1924 North Fulton,Tx 77488	Monday-Friday 8:00-5:00pm

**(3) Search Time**

- a.  Yes  No: Does the PHA give extensions on standard 60-day period to search for a unit?

If yes, state circumstances below:

**TDHCA grants extensions if:  
Safe, decent and sanitary housing is unavailable; or  
Decent and sanitary housing is not affordable; or  
An applicant shows concerted effort to find a suitable unit and is unsuccessful; or  
An applicant cannot find a unit because of rental history.**

**(4) Admissions Preferences**

- a. Income targeting

- Yes  No: Does the PHA plan to exceed the federal targeting requirements by targeting more than 75% of all new admissions to the section 8 program to families at or below 30% of median area income?

- b. Preferences

1.  Yes  No: Has the PHA established preferences for admission to section 8 tenant-based assistance? (other than date and time of application) (if no, skip to subcomponent **(5) Special purpose section 8 assistance programs**)

2. Which of the following admission preferences does the PHA plan to employ in the coming year? (select all that apply from either former Federal preferences or other preferences)

Former Federal preferences

- Involuntary Displacement (Disaster, Government Action, Action of Housing Owner, Inaccessibility, Property Disposition)  
 Victims of domestic violence

- Substandard housing
- Homelessness
- High rent burden (rent is > 50 percent of income)

Other preferences (select all that apply)

- Working families and those unable to work because of age or disability
- Veterans and veterans' families
- Residents who live and/or work in your jurisdiction
- Those enrolled currently in educational, training, or upward mobility programs
- Households that contribute to meeting income goals (broad range of incomes)
- Households that contribute to meeting income requirements (targeting)
- Those previously enrolled in educational, training, or upward mobility programs
- Victims of reprisals or hate crimes
- Other preference(s) (list below)

3. If the PHA will employ admissions preferences, please prioritize by placing a "1" in the space that represents your first priority, a "2" in the box representing your second priority, and so on. If you give equal weight to one or more of these choices (either through an absolute hierarchy or through a point system), place the same number next to each. That means you can use "1" more than once, "2" more than once, etc.

Date and Time

Former Federal preferences

- Involuntary Displacement (Disaster, Government Action, Action of Housing Owner, Inaccessibility, Property Disposition)
- Victims of domestic violence
- Substandard housing
- Homelessness
- High rent burden

Other preferences (select all that apply)

- Working families and those unable to work because of age or disability
- Veterans and veterans' families
- Residents who live and/or work in your jurisdiction
- Those enrolled currently in educational, training, or upward mobility programs
- Households that contribute to meeting income goals (broad range of incomes)
- Households that contribute to meeting income requirements (targeting)
- Those previously enrolled in educational, training, or upward mobility programs
- Victims of reprisals or hate crimes
- Other preference(s) (list below)



4. Among applicants on the waiting list with equal preference status, how are applicants selected? (select one)
- Date and time of application
- Drawing (lottery) or other random choice technique
5. If the PHA plans to employ preferences for “residents who live and/or work in the jurisdiction” (select one)
- This preference has previously been reviewed and approved by HUD
- The PHA requests approval for this preference through this PHA Plan
6. Relationship of preferences to income targeting requirements: (select one)
- The PHA applies preferences within income tiers
- Not applicable: the pool of applicant families ensures that the PHA will meet income targeting requirements

**(5) Special Purpose Section 8 Assistance Programs**

- a. In which documents or other reference materials are the policies governing eligibility, selection, and admissions to any special-purpose section 8 program administered by the PHA contained? (select all that apply)
- The Section 8 Administrative Plan
- Briefing sessions and written materials
- Other (list below)
- b. How does the PHA announce the availability of any special-purpose section 8 programs to the public?
- Through published notices
- Other (list below)

**TDHCA website**

**4. PHA Rent Determination Policies**

[24 CFR Part 903.7 9 (d)]

**A. Public Housing \*N/A to Agency**

Exemptions: PHAs that do not administer public housing are not required to complete sub-component 4A.

**(1) Income Based Rent Policies**

Describe the PHA’s income based rent setting policy/ies for public housing using, including discretionary (that is, not required by statute or regulation) income disregards and exclusions, in the appropriate spaces below.

- a. Use of discretionary policies: (select one)

- The PHA will not employ any discretionary rent-setting policies for income based rent in public housing. Income-based rents are set at the higher of 30% of adjusted monthly income, 10% of unadjusted monthly income, the welfare rent, or minimum rent (less HUD mandatory deductions and exclusions). (If selected, skip to sub-component (2))

---or---

- The PHA employs discretionary policies for determining income based rent (If selected, continue to question b.)

b. Minimum Rent

1. What amount best reflects the PHA's minimum rent? (select one)

- \$0  
 \$1-\$25  
 \$26-\$50

2.  Yes  No: Has the PHA adopted any discretionary minimum rent hardship exemption policies?

3. If yes to question 2, list these policies below:

c. Rents set at less than 30% than adjusted income

1.  Yes  No: Does the PHA plan to charge rents at a fixed amount or percentage less than 30% of adjusted income?

2. If yes to above, list the amounts or percentages charged and the circumstances under which these will be used below:

d. Which of the discretionary (optional) deductions and/or exclusions policies does the PHA plan to employ (select all that apply)

- For the earned income of a previously unemployed household member  
 For increases in earned income  
 Fixed amount (other than general rent-setting policy)  
If yes, state amount/s and circumstances below:

Fixed percentage (other than general rent-setting policy)  
If yes, state percentage/s and circumstances below:

- For household heads  
 For other family members  
 For transportation expenses  
 For the non-reimbursed medical expenses of non-disabled or non-elderly families

Other (describe below)

e. Ceiling rents

1. Do you have ceiling rents? (rents set at a level lower than 30% of adjusted income) (select one)

- Yes for all developments
- Yes but only for some developments
- No

2. For which kinds of developments are ceiling rents in place? (select all that apply)

- For all developments
- For all general occupancy developments (not elderly or disabled or elderly only)
- For specified general occupancy developments
- For certain parts of developments; e.g., the high-rise portion
- For certain size units; e.g., larger bedroom sizes
- Other (list below)

3. Select the space or spaces that best describe how you arrive at ceiling rents (select all that apply)

- Market comparability study
- Fair market rents (FMR)
- 95<sup>th</sup> percentile rents
- 75 percent of operating costs
- 100 percent of operating costs for general occupancy (family) developments
- Operating costs plus debt service
- The "rental value" of the unit
- Other (list below)

f. Rent re-determinations:

1. Between income reexaminations, how often must tenants report changes in income or family composition to the PHA such that the changes result in an adjustment to rent? (select all that apply)

- Never
- At family option
- Any time the family experiences an income increase
- Any time a family experiences an income increase above a threshold amount or percentage: (if selected, specify threshold)\_\_\_\_\_
- Other (list below)

- g.  Yes  No: Does the PHA plan to implement individual savings accounts for residents (ISAs) as an alternative to the required 12 month disallowance of earned income and phasing in of rent increases in the next year?

## **(2) Flat Rents**

1. In setting the market-based flat rents, what sources of information did the PHA use to establish comparability? (select all that apply.)
- The section 8 rent reasonableness study of comparable housing
  - Survey of rents listed in local newspaper
  - Survey of similar unassisted units in the neighborhood
  - Other (list/describe below)

## **B. Section 8 Tenant-Based Assistance**

Exemptions: PHAs that do not administer Section 8 tenant-based assistance are not required to complete sub-component 4B. **Unless otherwise specified, all questions in this section apply only to the tenant-based section 8 assistance program (vouchers, and until completely merged into the voucher program, certificates).**

### **(1) Payment Standards**

Describe the voucher payment standards and policies.

- a. What is the PHA's payment standard? (select the category that best describes your standard)
- At or above 90% but below 100% of FMR
  - 100% of FMR
  - Above 100% but at or below 110% of FMR
  - Above 110% of FMR (if HUD approved; describe circumstances below)
- b. If the payment standard is lower than FMR, why has the PHA selected this standard? (select all that apply)
- FMRs are adequate to ensure success among assisted families in the PHA's segment of the FMR area
  - The PHA has chosen to serve additional families by lowering the payment standard
  - Reflects market or submarket
  - Other (list below)
- c. If the payment standard is higher than FMR, why has the PHA chosen this level? (select all that apply)
- FMRs are not adequate to ensure success among assisted families in the PHA's segment of the FMR area
  - Reflects market or submarket
  - To increase housing options for families

Other (list below)

d. How often are payment standards reevaluated for adequacy? (select one)

Annually

Other (list below)

e. What factors will the PHA consider in its assessment of the adequacy of its payment standard? (select all that apply)

Success rates of assisted families

Rent burdens of assisted families

Other (list below)

**Availability of HUD funds.**

**Review of rental market in served areas.**

## **(2) Minimum Rent**

a. What amount best reflects the PHA's minimum rent? (select one)

\$0

\$1-\$25

\$26-\$50

b.  Yes  No: Has the PHA adopted any discretionary minimum rent hardship exemption policies? (if yes, list below)

## **5. Operations and Management**

[24 CFR Part 903.7 9 (e)]

Exemptions from Component 5: High performing and small PHAs are not required to complete this section. Section 8 only PHAs must complete parts A, B, and C(2)

### **A. PHA Management Structure**

Describe the PHA's management structure and organization.

(select one)

An organization chart showing the PHA's management structure and organization is attached.

A brief description of the management structure and organization of the PHA follows:

### **B. HUD Programs Under PHA Management**

— List Federal programs administered by the PHA, number of families served at the beginning of the upcoming fiscal year, and expected turnover in each. (Use "NA" to indicate that the PHA does not operate any of the programs listed below.)

<b>Program Name</b>	<b>Units or Families Served at Year Beginning</b>	<b>Expected Turnover</b>
Public Housing	N/A	N/A
Section 8 Vouchers	2100*	44

Section 8 Certificates	N/A	N/A
Section 8 Mod Rehab	N/A	N/A
Special Purpose Section 8 Certificates/Vouchers (list individually)	N/A	N/A
Public Housing Drug Elimination Program (PHDEP)	N/A	N/A
Other Federal Programs(list individually)	N/A	N/A

**\*Includes 35 Project Access Vouchers**

### C. Management and Maintenance Policies

List the PHA's public housing management and maintenance policy documents, manuals and handbooks that contain the Agency's rules, standards, and policies that govern maintenance and management of public housing, including a description of any measures necessary for the prevention or eradication of pest infestation (which includes cockroach infestation) and the policies governing Section 8 management.

(1) Public Housing Maintenance and Management: (list below)

(2) Section 8 Management: (list below)

#### **Administrative Plan**

## **6. PHA Grievance Procedures**

[24 CFR Part 903.7 9 (f)]

Exemptions from component 6: High performing PHAs are not required to complete component 6. Section 8-Only PHAs are exempt from sub-component 6A.

### **A. Public Housing \*N/A to Agency**

1.  Yes  No: Has the PHA established any written grievance procedures in addition to federal requirements found at 24 CFR Part 966, Subpart B, for residents of public housing?

If yes, list additions to federal requirements below:

2. Which PHA office should residents or applicants to public housing contact to initiate the PHA grievance process? (select all that apply)

- PHA main administrative office  
 PHA development management offices  
 Other (list below)

**B. Section 8 Tenant-Based Assistance**

1.  Yes  No: Has the PHA established informal review procedures for applicants to the Section 8 tenant-based assistance program and informal hearing procedures for families assisted by the Section 8 tenant-based assistance program in addition to federal requirements found at 24 CFR 982?

If yes, list additions to federal requirements below:

2. Which PHA office should applicants or assisted families contact to initiate the informal review and informal hearing processes? (select all that apply)

- PHA main administrative office  
 Other (list below)

**7. Capital Improvement Needs      N/A to Agency**

[24 CFR Part 903.7 9 (g)]

Exemptions from Component 7: Section 8 only PHAs are not required to complete this component and may skip to Component 8.

**A. Capital Fund Activities**

Exemptions from sub-component 7A: PHAs that will not participate in the Capital Fund Program may skip to component 7B. All other PHAs must complete 7A as instructed.

**(1) Capital Fund Program Annual Statement**

Using parts I, II, and III of the Annual Statement for the Capital Fund Program (CFP), identify capital activities the PHA is proposing for the upcoming year to ensure long-term physical and social viability of its public housing developments. This statement can be completed by using the CFP Annual Statement tables provided in the table library at the end of the PHA Plan template **OR**, at the PHA's option, by completing and attaching a properly updated HUD-52837.

Select one:

- The Capital Fund Program Annual Statement is provided as an attachment to the PHA Plan at Attachment (state name)

-or-

- The Capital Fund Program Annual Statement is provided below: (if selected, copy the CFP Annual Statement from the Table Library and insert here)

**(2) Optional 5-Year Action Plan**

Agencies are encouraged to include a 5-Year Action Plan covering capital work items. This statement can be completed by using the 5 Year Action Plan table provided in the table library at the end of the PHA Plan template **OR** by completing and attaching a properly updated HUD-52834.

a.  Yes  No: Is the PHA providing an optional 5-Year Action Plan for the Capital Fund? (if no, skip to sub-component 7B)

b. If yes to question a, select one:

The Capital Fund Program 5-Year Action Plan is provided as an attachment to the PHA Plan at Attachment (state name

-or-

The Capital Fund Program 5-Year Action Plan is provided below: (if selected, copy the CFP optional 5 Year Action Plan from the Table Library and insert here)

## **B. HOPE VI and Public Housing Development and Replacement Activities (Non-Capital Fund) \*N/A to Agency**

Applicability of sub-component 7B: All PHAs administering public housing. Identify any approved HOPE VI and/or public housing development or replacement activities not described in the Capital Fund Program Annual Statement.

Yes  No: a) Has the PHA received a HOPE VI revitalization grant? (if no, skip to question c; if yes, provide responses to question b for each grant, copying and completing as many times as necessary)  
b) Status of HOPE VI revitalization grant (complete one set of questions for each grant)

1. Development name:

2. Development (project) number:

3. Status of grant: (select the statement that best describes the current status)

- Revitalization Plan under development
- Revitalization Plan submitted, pending approval
- Revitalization Plan approved
- Activities pursuant to an approved Revitalization Plan underway

Yes  No: c) Does the PHA plan to apply for a HOPE VI Revitalization grant in the Plan year?

If yes, list development name/s below:

Yes  No: d) Will the PHA be engaging in any mixed-finance development activities for public housing in the Plan year?

If yes, list developments or activities below:



- Yes  No: e) Will the PHA be conducting any other public housing development or replacement activities not discussed in the Capital Fund Program Annual Statement?  
If yes, list developments or activities below:

**8. Demolition and Disposition** \*N/A to Agency

[24 CFR Part 903.7 9 (h)]

Applicability of component 8: Section 8 only PHAs are not required to complete this section.

1.  Yes  No: Does the PHA plan to conduct any demolition or disposition activities (pursuant to section 18 of the U.S. Housing Act of 1937 (42 U.S.C. 1437p)) in the plan Fiscal Year? (If “No”, skip to component 9; if “yes”, complete one activity description for each development.)

2. Activity Description

- Yes  No: Has the PHA provided the activities description information in the **optional** Public Housing Asset Management Table? (If “yes”, skip to component 9. If “No”, complete the Activity Description table below.)

<b>Demolition/Disposition Activity Description</b>
1a. Development name:
1b. Development (project) number:
2. Activity type: Demolition <input type="checkbox"/> Disposition <input type="checkbox"/>
3. Application status (select one) Approved <input type="checkbox"/> Submitted, pending approval <input type="checkbox"/> Planned application <input type="checkbox"/>
4. Date application approved, submitted, or planned for submission: (DD/MM/YY)
5. Number of units affected:
6. Coverage of action (select one) <input type="checkbox"/> Part of the development <input type="checkbox"/> Total development
7. Timeline for activity: a. Actual or projected start date of activity: b. Projected end date of activity:

**9. Designation of Public Housing for Occupancy by Elderly Families or Families with Disabilities or Elderly Families and Families with Disabilities** \*N/A to Agency

[24 CFR Part 903.7 9 (i)]

Exemptions from Component 9; Section 8 only PHAs are not required to complete this section.

1.  Yes  No: Has the PHA designated or applied for approval to designate or does the PHA plan to apply to designate any public housing for occupancy only by the elderly families or only by families with disabilities, or by elderly families and families with disabilities or will apply for designation for occupancy by only elderly families or only families with disabilities, or by elderly families and families with disabilities as provided by section 7 of the U.S. Housing Act of 1937 (42 U.S.C. 1437e) in the upcoming fiscal year? (If “No”, skip to component 10. If “yes”, complete one activity description for each development, unless the PHA is eligible to complete a streamlined submission; PHAs completing streamlined submissions may skip to component 10.)

2. Activity Description  
 Yes  No: Has the PHA provided all required activity description information for this component in the **optional** Public Housing Asset Management Table? If “yes”, skip to component 10. If “No”, complete the Activity Description table below.

<b>Designation of Public Housing Activity Description</b>
1a. Development name: 1b. Development (project) number:
2. Designation type: Occupancy by only the elderly <input type="checkbox"/> Occupancy by families with disabilities <input type="checkbox"/> Occupancy by only elderly families and families with disabilities <input type="checkbox"/>
3. Application status (select one) Approved; included in the PHA’s Designation Plan <input type="checkbox"/> Submitted, pending approval <input type="checkbox"/> Planned application <input type="checkbox"/>
4. Date this designation approved, submitted, or planned for submission: <u>(DD/MM/YY)</u>
5. If approved, will this designation constitute a (select one) <input type="checkbox"/> New Designation Plan <input type="checkbox"/> Revision of a previously-approved Designation Plan?
6. Number of units affected: 7. Coverage of action (select one) <input type="checkbox"/> Part of the development <input type="checkbox"/> Total development

**10. Conversion of Public Housing to Tenant-Based Assistance**

[24 CFR Part 903.7 9 (j)] N/A to Agency  
Exemptions from Component 10; Section 8 only PHAs are not required to complete this section.

**A. Assessments of Reasonable Revitalization Pursuant to section 202 of the HUD FY 1996 HUD Appropriations Act**

1.  Yes  No: Have any of the PHA’s developments or portions of developments been identified by HUD or the PHA as covered under section 202 of the HUD FY 1996 HUD Appropriations Act? (If “No”, skip to component 11; if “yes”, complete one activity description for each identified development, unless eligible to complete a streamlined submission. PHAs completing streamlined submissions may skip to component 11.)

2. Activity Description

Yes  No: Has the PHA provided all required activity description information for this component in the **optional** Public Housing Asset Management Table? If “yes”, skip to component 11. If “No”, complete the Activity Description table below.

<b>Conversion of Public Housing Activity Description</b>
1a. Development name: 1b. Development (project) number:
2. What is the status of the required assessment? <input type="checkbox"/> Assessment underway <input type="checkbox"/> Assessment results submitted to HUD <input type="checkbox"/> Assessment results approved by HUD (if marked, proceed to next question) <input type="checkbox"/> Other (explain below)
3. <input type="checkbox"/> Yes <input type="checkbox"/> No: Is a Conversion Plan required? (If yes, go to block 4; if no, go to block 5.)
4. Status of Conversion Plan (select the statement that best describes the current status) <input type="checkbox"/> Conversion Plan in development <input type="checkbox"/> Conversion Plan submitted to HUD on: (DD/MM/YYYY) <input type="checkbox"/> Conversion Plan approved by HUD on: (DD/MM/YYYY) <input type="checkbox"/> Activities pursuant to HUD-approved Conversion Plan underway
5. Description of how requirements of Section 202 are being satisfied by means other than conversion (select one) <input type="checkbox"/> Units addressed in a pending or approved demolition application (date submitted or approved: <input type="checkbox"/> Units addressed in a pending or approved HOPE VI demolition application (date submitted or approved: ) <input type="checkbox"/> Units addressed in a pending or approved HOPE VI Revitalization Plan

(date submitted or approved:      )

Requirements no longer applicable: vacancy rates are less than 10 percent

Requirements no longer applicable: site now has less than 300 units

Other: (describe below)

**B. Reserved for Conversions pursuant to Section 22 of the U.S. Housing Act of 1937**

**C. Reserved for Conversions pursuant to Section 33 of the U.S. Housing Act of 1937**

**11. Homeownership Programs Administered by the PHA**

[24 CFR Part 903.7 9 (k)]

**A. Public Housing                      \*N/A to Agency**

Exemptions from Component 11A: Section 8 only PHAs are not required to complete 11A.

1.  Yes  No: Does the PHA administer any homeownership programs administered by the PHA under an approved section 5(h) homeownership program (42 U.S.C. 1437c(h)), or an approved HOPE I program (42 U.S.C. 1437aaa) or has the PHA applied or plan to apply to administer any homeownership programs under section 5(h), the HOPE I program, or section 32 of the U.S. Housing Act of 1937 (42 U.S.C. 1437z-4). (If “No”, skip to component 11B; if “yes”, complete one activity description for each applicable program/plan, unless eligible to complete a streamlined submission due to **small PHA** or **high performing PHA** status. PHAs completing streamlined submissions may skip to component 11B.)

2. Activity Description

Yes  No: Has the PHA provided all required activity description information for this component in the **optional** Public Housing Asset Management Table? (If “yes”, skip to component 12. If “No”, complete the Activity Description table below.)

<b>Public Housing Homeownership Activity Description (Complete one for each development affected)</b>
1a. Development name:
1b. Development (project) number:
2. Federal Program authority:

<input type="checkbox"/> HOPE I <input type="checkbox"/> 5(h) <input type="checkbox"/> Turnkey III <input type="checkbox"/> Section 32 of the USHA of 1937 (effective 10/1/99)
3. Application status: (select one) <input type="checkbox"/> Approved; included in the PHA's Homeownership Plan/Program <input type="checkbox"/> Submitted, pending approval <input type="checkbox"/> Planned application
4. Date Homeownership Plan/Program approved, submitted, or planned for submission: (DD/MM/YYYY)
5. Number of units affected: 6. Coverage of action: (select one) <input type="checkbox"/> Part of the development <input type="checkbox"/> Total development

## B. Section 8 Tenant Based Assistance

1.  Yes  No: Does the PHA plan to administer a Section 8 Homeownership program pursuant to Section 8(y) of the U.S.H.A. of 1937, as implemented by 24 CFR part 982 ? (If "No", skip to component 12; if "yes", describe each program using the table below (copy and complete questions for each program identified), unless the PHA is eligible to complete a streamlined submission due to high performer status. **High performing PHAs** may skip to component 12.)

2. Program Description:

**The Department's goal is to implement a Section 8 Homeownership program.**

- a. Size of Program

- Yes  No: Will the PHA limit the number of families participating in the section 8 homeownership option?

If the answer to the question above was yes, which statement best describes the number of participants? (select one)

- 25 or fewer participants  
 26 - 50 participants  
 51 to 100 participants  
 more than 100 participants

- b. PHA-established eligibility criteria

- Yes  No: Will the PHA's program have eligibility criteria for participation in its Section 8 Homeownership Option program in addition to HUD criteria?

If yes, list criteria below:

## **12. PHA Community Service and Self-sufficiency Programs**

[24 CFR Part 903.7 9 (l)]

Exemptions from Component 12: High performing and small PHAs are not required to complete this component. Section 8-Only PHAs are not required to complete sub-component C.

### **A. PHA Coordination with the Welfare (TANF) Agency**

#### 1. Cooperative agreements:

- Yes  No: Has the PHA entered into a cooperative agreement with the TANF Agency, to share information and/or target supportive services (as contemplated by section 12(d)(7) of the Housing Act of 1937)?

If yes, what was the date that agreement was signed? DD/MM/YY

#### 2. Other coordination efforts between the PHA and TANF agency (select all that apply)

- Client referrals
- Information sharing regarding mutual clients (for rent determinations and otherwise)
- Coordinate the provision of specific social and self-sufficiency services and programs to eligible families
- Jointly administer programs
- Partner to administer a HUD Welfare-to-Work voucher program
- Joint administration of other demonstration program
- Other (describe)

**While there is no formal cooperative agreement, Section 8 program staff works closely with the state of Texas TANF offices sharing information regarding clients for rent determinations.**

### **B. Services and programs offered to residents and participants**

#### **(1) General**

##### a. Self-Sufficiency Policies

Which, if any of the following discretionary policies will the PHA employ to enhance the economic and social self-sufficiency of assisted families in the following areas? (select all that apply)

- Public housing rent determination policies
- Public housing admissions policies
- Section 8 admissions policies
- Preference in admission to section 8 for certain public housing families
- Preferences for families working or engaging in training or education programs for non-housing programs operated or coordinated by the PHA



- b.  Yes  No: If the PHA is not maintaining the minimum program size required by HUD, does the most recent FSS Action Plan address the steps the PHA plans to take to achieve at least the minimum program size?

If no, list steps the PHA will take below:

**\*FSS Action Plan approved for Brazoria County, implementation pending HUD's decision regarding TDHCA Board Resolution #04-63.**

### C. Welfare Benefit Reductions

1. The PHA is complying with the statutory requirements of section 12(d) of the U.S. Housing Act of 1937 (relating to the treatment of income changes resulting from welfare program requirements) by: (select all that apply)

- Adopting appropriate changes to the PHA's public housing rent determination policies and train staff to carry out those policies
- Informing residents of new policy on admission and reexamination
- Actively notifying residents of new policy at times in addition to admission and reexamination.
- Establishing or pursuing a cooperative agreement with all appropriate TANF agencies regarding the exchange of information and coordination of services
- Establishing a protocol for exchange of information with all appropriate TANF agencies
- Other: (list below)

### D. Reserved for Community Service Requirement pursuant to section 12(c) of the U.S. Housing Act of 1937

### **13. PHA Safety and Crime Prevention Measures** \*N/A to Agency

[24 CFR Part 903.7 9 (m)]

Exemptions from Component 13: High performing and small PHAs not participating in PHDEP and Section 8 Only PHAs may skip to component 15. High Performing and small PHAs that are participating in PHDEP and are submitting a PHDEP Plan with this PHA Plan may skip to sub-component D.

#### A. Need for measures to ensure the safety of public housing residents

1. Describe the need for measures to ensure the safety of public housing residents (select all that apply)

- High incidence of violent and/or drug-related crime in some or all of the PHA's developments
- High incidence of violent and/or drug-related crime in the areas surrounding or adjacent to the PHA's developments
- Residents fearful for their safety and/or the safety of their children
- Observed lower-level crime, vandalism and/or graffiti
- People on waiting list unwilling to move into one or more developments due to perceived and/or actual levels of violent and/or drug-related crime
- Other (describe below)



2. What information or data did the PHA used to determine the need for PHA actions to improve safety of residents (select all that apply).

- Safety and security survey of residents
- Analysis of crime statistics over time for crimes committed “in and around” public housing authority
- Analysis of cost trends over time for repair of vandalism and removal of graffiti
- Resident reports
- PHA employee reports
- Police reports
- Demonstrable, quantifiable success with previous or ongoing anticrime/anti drug programs
- Other (describe below)

3. Which developments are most affected? (list below)

**B. Crime and Drug Prevention activities the PHA has undertaken or plans to undertake in the next PHA fiscal year**

1. List the crime prevention activities the PHA has undertaken or plans to undertake: (select all that apply)

- Contracting with outside and/or resident organizations for the provision of crime- and/or drug-prevention activities
- Crime Prevention Through Environmental Design
- Activities targeted to at-risk youth, adults, or seniors
- Volunteer Resident Patrol/Block Watchers Program
- Other (describe below)

2. Which developments are most affected? (list below)

**C. Coordination between PHA and the police**

1. Describe the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities: (select all that apply)

- Police involvement in development, implementation, and/or ongoing evaluation of drug-elimination plan
- Police provide crime data to housing authority staff for analysis and action
- Police have established a physical presence on housing authority property (e.g., community policing office, officer in residence)
- Police regularly testify in and otherwise support eviction cases
- Police regularly meet with the PHA management and residents
- Agreement between PHA and local law enforcement agency for provision of above-baseline law enforcement services

Other activities (list below)

2. Which developments are most affected? (list below)

**D. Additional information as required by PHDEP/PHDEP Plan**

PHAs eligible for FY 2005 PHDEP funds must provide a PHDEP Plan meeting specified requirements prior to receipt of PHDEP funds.

Yes  No: Is the PHA eligible to participate in the PHDEP in the fiscal year covered by this PHA Plan?

Yes  No: Has the PHA included the PHDEP Plan for FY 2005 in this PHA Plan?

Yes  No: This PHDEP Plan is an Attachment. (Attachment Filename: \_\_\_\_)

**14. RESERVED FOR PET POLICY**

[24 CFR Part 903.7 9 (n)]

**15. Civil Rights Certifications**

[24 CFR Part 903.7 9 (o)]

Civil rights certifications are included in the PHA Plan Certifications of Compliance with the PHA Plans and Related Regulations.

**16. Fiscal Audit**

[24 CFR Part 903.7 9 (p)]

1.  Yes  No: Is the PHA required to have an audit conducted under section 5(h)(2) of the U.S. Housing Act of 1937 (42 U.S.C. 1437c(h))?  
(If no, skip to component 17.)

2.  Yes  No: Was the most recent fiscal audit submitted to HUD?

3.  Yes  No: Were there any findings as the result of that audit?

4.  Yes  No: If there were any findings, do any remain unresolved?  
If yes, how many unresolved findings remain? \_\_\_\_

5.  Yes  No: Have responses to any unresolved findings been submitted to HUD?

If not, when are they due (state below)?

**17. PHA Asset Management**

**\*N/A to Agency**

[24 CFR Part 903.7 9 (q)]

Exemptions from component 17: Section 8 Only PHAs are not required to complete this component. High performing and small PHAs are not required to complete this component.

1.  Yes  No: Is the PHA engaging in any activities that will contribute to the long-term asset management of its public housing stock, including how the Agency will plan for long-term operating, capital investment, rehabilitation, modernization, disposition,

and other needs that have **not** been addressed elsewhere in this PHA Plan?

2. What types of asset management activities will the PHA undertake? (select all that apply)

- Not applicable
- Private management
- Development-based accounting
- Comprehensive stock assessment
- Other: (list below)

3.  Yes  No: Has the PHA included descriptions of asset management activities in the **optional** Public Housing Asset Management Table?

### **18. Other Information**

[24 CFR Part 903.7 9 (r)]

#### **A. Resident Advisory Board Recommendations**

1.  Yes  No: Did the PHA receive any comments on the PHA Plan from the Resident Advisory Board/s?

**\*Notice of 2005 public hearing was mailed to all active tenants in January 2005.**

2. If yes, the comments are: (if comments were received, the PHA **MUST** select one)

- Attached at Attachment (File name)
- Provided below: **(8 comments)**
  - **More Project Access vouchers are needed and TDHCA must support more affordable and accessible housing for the aged and disabled.**
  - **The waiting list numbers are very low.**
  - **Encourage the department to keep up the good work.**
  - **Thank you for being a big help.**
  - **Appreciate the program and how much it is a help.**
  - **Don't know what I would do if HUD did not help me.**
  - **Appreciate program, if not for this program, a lot of the elderly would be out of housing.**
  - **Our help is greatly appreciated.**

3. In what manner did the PHA address those comments? (select all that apply)

- Considered comments, but determined that no changes to the PHA Plan were necessary.
- The PHA changed portions of the PHA Plan in response to comments  
List changes below:
- Other: (list below)

**B. Description of Election process for Residents on the PHA Board**

1.  Yes  No: Does the PHA meet the exemption criteria provided section 2(b)(2) of the U.S. Housing Act of 1937? (If no, continue to question 2; if yes, skip to sub-component C.)
2.  Yes  No: Was the resident who serves on the PHA Board elected by the residents? (If yes, continue to question 3; if no, skip to sub-component C.)

**\*As of the date of this plan, the Governor of Texas has not appointed a Section 8 resident to the Board of Directors. The Appointments Office of the Governor continues to explore this issue.**

3. Description of Resident Election Process

- a. Nomination of candidates for place on the ballot: (select all that apply)
- Candidates were nominated by resident and assisted family organizations
  - Candidates could be nominated by any adult recipient of PHA assistance
  - Self-nomination: Candidates registered with the PHA and requested a place on ballot
  - Other: (describe)
- b. Eligible candidates: (select one)
- Any recipient of PHA assistance
  - Any head of household receiving PHA assistance
  - Any adult recipient of PHA assistance
  - Any adult member of a resident or assisted family organization
  - Other (list)
- c. Eligible voters: (select all that apply)
- All adult recipients of PHA assistance (public housing and section 8 tenant-based assistance)
  - Representatives of all PHA resident and assisted family organizations
  - Other (list)

**C. Statement of Consistency with the Consolidated Plan**

For each applicable Consolidated Plan, make the following statement (copy questions as many times as necessary).

1. Consolidated Plan jurisdiction: (provide name here)  
**State of Texas Consolidated Plan**
2. The PHA has taken the following steps to ensure consistency of this PHA Plan with the Consolidated Plan for the jurisdiction: (select all that apply)

- The PHA has based its statement of needs of families in the jurisdiction on the needs expressed in the Consolidated Plan/s.
- The PHA has participated in any consultation process organized and offered by the Consolidated Plan agency in the development of the Consolidated Plan.
- The PHA has consulted with the Consolidated Plan agency during the development of this PHA Plan.
- Activities to be undertaken by the PHA in the coming year are consistent with the initiatives contained in the Consolidated Plan. (list below)
- Other: (list below)

4. The Consolidated Plan of the jurisdiction supports the PHA Plan with the following actions and commitments: (describe below)

- A. PHA Goal: Expand the supply of assisted housing**  
**TDHCA: By applying for additional vouchers should they become available**
- B. PHA Goal: Improve the quality of assisted housing**  
**TDHCA: By improving voucher management**

**D. Other Information Required by HUD**

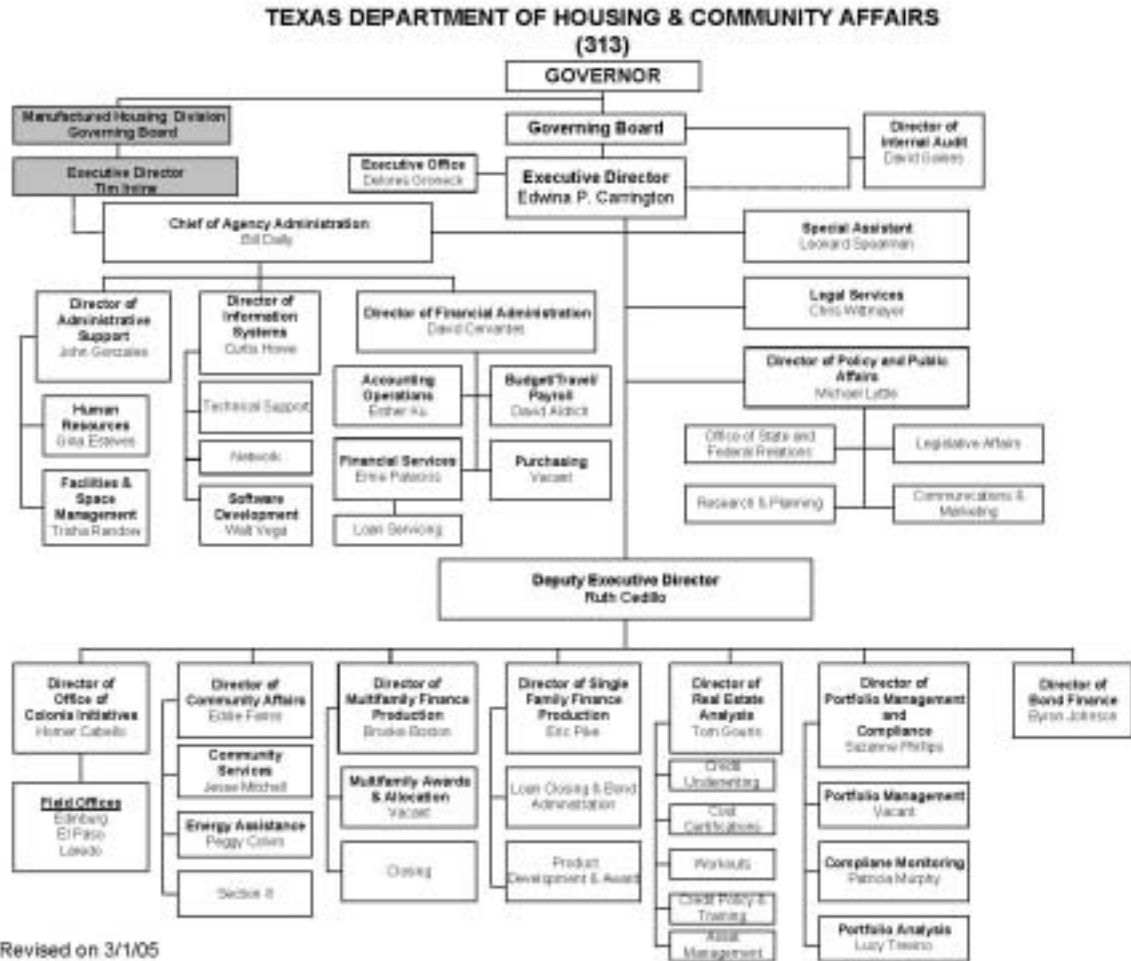
Use this section to provide any additional information requested by HUD.

**Significant Amendments or Modifications**

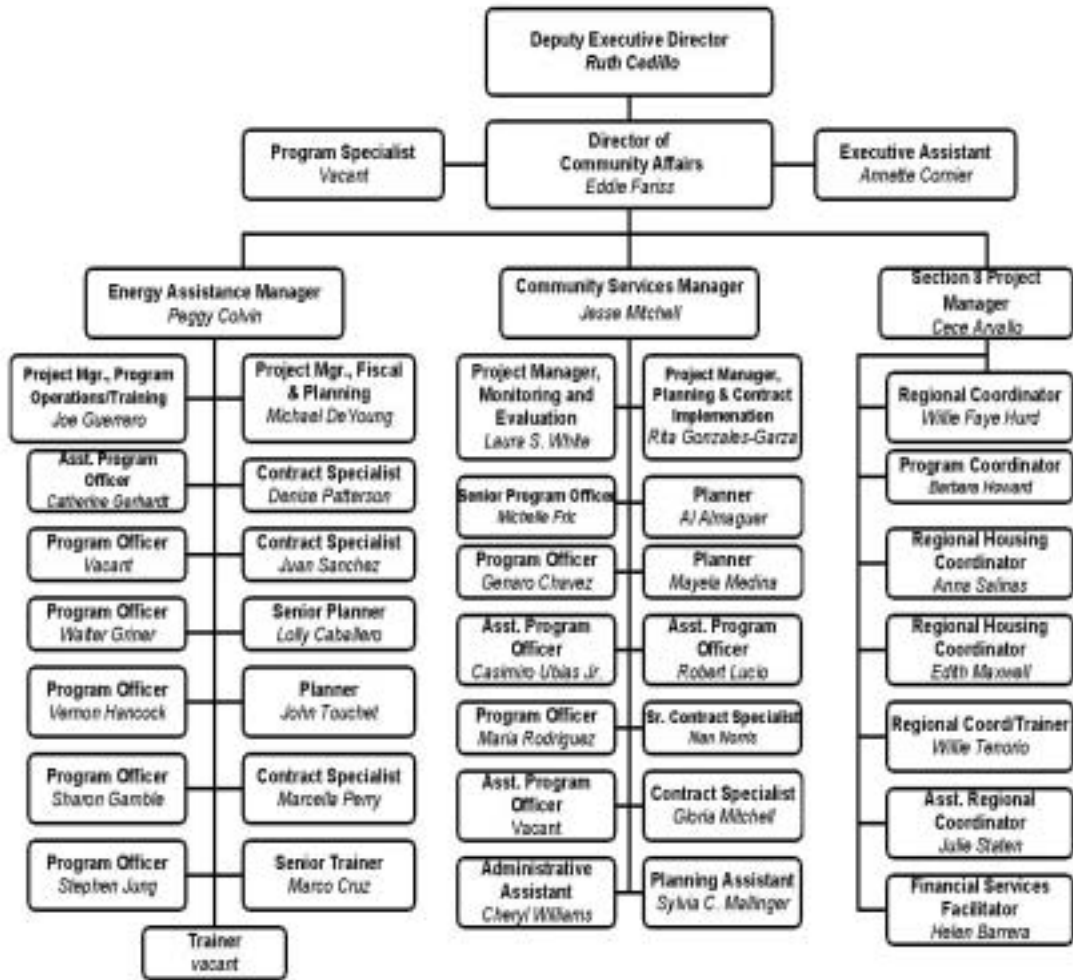
- **Changes to rent or admissions policies or organization of the waiting list;**
- **Addition of new activities not presently in the plan;**

**The Department will submit a revised plan that has met full public process requirements. The amendment or modification may not be implemented until approved by HUD.**

# Attachments



## Community Affairs Division



Community Affairs, Revised on Tuesday, January 11, 2005

# PHA Plan Table Library

## Component 7 Capital Fund Program Annual Statement Parts I, II, and II

### Annual Statement Capital Fund Program (CFP) Part I: Summary

Capital Fund Grant Number      FFY of Grant Approval: (MM/YYYY)

Original Annual Statement

Line No.	Summary by Development Account	Total Estimated Cost
1	Total Non-CGP Funds	
2	1406 Operations	
3	1408 Management Improvements	
4	1410 Administration	
5	1411 Audit	
6	1415 Liquidated Damages	
7	1430 Fees and Costs	
8	1440 Site Acquisition	
9	1450 Site Improvement	
10	1460 Dwelling Structures	
11	1465.1 Dwelling Equipment-Nonexpendable	
12	1470 Nondwelling Structures	
13	1475 Nondwelling Equipment	
14	1485 Demolition	
15	1490 Replacement Reserve	
16	1492 Moving to Work Demonstration	
17	1495.1 Relocation Costs	
18	1498 Mod Used for Development	
19	1502 Contingency	
20	<b>Amount of Annual Grant (Sum of lines 2-19)</b>	
21	Amount of line 20 Related to LBP Activities	
22	Amount of line 20 Related to Section 504 Compliance	
23	Amount of line 20 Related to Security	
24	Amount of line 20 Related to Energy Conservation Measures	



**Annual Statement**  
**Capital Fund Program (CFP) Part II: Supporting Table**

Development Number/Name HA-Wide Activities	General Description of Major Work Categories	Development Account Number	Total Estimated Cost

**Annual Statement  
Capital Fund Program (CFP) Part III: Implementation Schedule**

Development Number/Name HA-Wide Activities	All Funds Obligated (Quarter Ending Date)	All Funds Expended (Quarter Ending Date)

## Optional Table for 5-Year Action Plan for Capital Fund (Component 7)

Complete one table for each development in which work is planned in the next 5 PHA fiscal years. Complete a table for any PHA-wide physical or management improvements planned in the next 5 PHA fiscal year. Copy this table as many times as necessary. Note: PHAs need not include information from Year One of the 5-Year cycle, because this information is included in the Capital Fund Program Annual Statement.

Optional 5-Year Action Plan Tables				
Development Number	Development Name (or indicate PHA wide)	Number Vacant Units	% Vacancies in Development	
Description of Needed Physical Improvements or Management Improvements			Estimated Cost	Planned Start Date (HA Fiscal Year)
<b>Total estimated cost over next 5 years</b>				



**EXECUTIVE DIVISION  
BOARD ACTION REQUEST  
March 10, 2005**

**Action Item**

Election of Officers of the Board

**Required Action**

The Board elect the Vice-Chairman, the Secretary and the Treasurer of the Board.

**Background**

**§ 2306.030. Presiding Officer; Other Officers**

- (a) The governor shall designate a member of the board as the presiding officer of the board to serve in that capacity at the will of the governor. The presiding officer presides at meetings of the board and performs other duties required by this chapter.
- (b) The board shall elect the following officers:
  - (1) from the members of the board, an assistant presiding officer to perform the duties of the presiding officer when the presiding officer is not present or is incapable of performing duties of the presiding officer;
  - (2) a secretary to be the official custodian of the minutes, books, records, and seal of the board and to perform other duties assigned by the board; and
  - (3) a treasurer to perform duties assigned by the board.
- (c) The offices of secretary and treasurer may be held by one individual, and the holder of each of these offices need not be a board member. The board may appoint one or more individuals who are not members to be assistant secretaries to perform any duty of the secretary.
- (d) Officers of the board shall be elected at the first meeting of the board on or after January 31 of each odd-numbered year and at any other time as necessary to fill a vacancy.

The current Officers of the Board are:

Chair: Elizabeth Anderson  
Vice-Chair: C. Kent Conine  
Secretary: Delores Groneck  
Treasurer: Vacant

|  
**EXECUTIVE SESSION**

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session

Consultation with Attorney Pursuant to §551.071, Texas Government Code, On Political Activities by Public Entities and Individuals

Elizabeth Anderson

**OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

Elizabeth Anderson

## **REPORT ITEMS**

### Executive Directors Report

1. Bills filed in the current Legislative Session
2. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for February, 2005
3. Senate Finance Working Group Meeting, 02-22-05
4. House Committee on Border & International Affairs, 02-23-05
  
5. Senate Finance Mark Up Hearing, 02-28-05
6. House Appropriations Committee Hearing, 02-28-05
7. State Auditor's Office Draft Report Concerning the Federal Compliance Audit for the Section 8 Housing Choice Voucher Program for FY 2004

Executive Directors Report

1. Bills filed in the current Legislative Session
2. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for February, 2005

## **TDHCA Outreach Activities, February 2005**

*A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public*

<b>Event</b>	<b>Location</b>	<b>Date</b>	<b>Division</b>	<b>Purpose</b>
Rural Housing Symposium	Austin	February 1	Executive	Presentation
“Housing Texas” Information Campaign committee meeting	Austin	February 1	Policy & Public Affairs	Participant
KTEK-AM, Houston; “What’s Up?” news program interview	Austin	February 2	Multifamily, Policy & Public Affairs	Presentation
Senate IGR Committee hearing	Austin	February 2	Policy & Public Affairs	Monitoring
Senate Finance Committee Hearing	Austin	February 3	Executive Policy & Public Affairs	Testimony
Farm Worker Housing workshop	Austin	February 3	Policy & Public Affairs	Participant
Texas Association of Homebuilders meeting	Austin	February 5	Executive	Participant
Meeting with Governor Perry/Military Issues	Austin	February 7	Executive	Participant
House Appropriations Subcommittee hearings	Austin	February 7	Executive, Policy & Public Affairs	Monitoring
PIAB Olmstead seminar planning meeting	Austin	February 7	Policy & Public Affairs	Participant
PIAB Olmstead seminar planning meeting	Austin	February 7	Policy & Public Affairs	Participant
House Committee on Urban Affairs hearing	Austin	February 8	Executive, Policy & Public Affairs	Testimony
SAO Contract Contracting Forum	Austin	February 8	Executive, Internal Audit	Participant
Montana Vista Residents Meeting	El Paso	February 8	Office of Colonia Initiatives	Presentation
House Appropriations Subcommittee hearing	Austin	February 9	Policy & Public Affairs	Monitoring
House Appropriations Subcommittee hearing	Austin	February 10	Executive, Policy & Public Affairs	Testimony
“Money Follows the	Austin	February 10	Policy & Public	Participant



Person” workshop			Affairs	
DOE/Policy Advisory Council WAP hearing	Austin	February 11	Community Affairs	Presentation, Public Hearing, Meeting
TSAHC Board meeting	Austin	February 11	Policy & Public Affairs	Monitoring
Single Family HOME Application workshop	El Paso	February 14	Single Family	Training
Meeting with XCEL/SPS staff on utility PY 2005	Austin	February 14	Community Affairs	Meeting
National Association of State Community Service Programs	Washington, D. C.	February 15 – 17	Community Affairs	Presentation, Participant
Meeting with Cindy Leon (HUD)	Austin	February 15	Executive	Meeting
Meeting with Representative Eddie Rodriguez	Austin	February 15	Executive, Policy & Public Affairs	Meeting
Meeting with Michael Gerber (Governor’s Office) and Cindy Leon (HUD)	Austin	February 15	Executive, Policy & Public Affairs	Meeting
Single Family HOME Application workshop	Lubbock	February 15	Single Family	Training
Texas Mortgage Bankers Association Servicing Workshop	Dallas	February 15	Manufactured Housing	Presentation
House Committee on Urban Affairs	Austin	February 15	Policy & Public Affairs	Monitoring
South Texas Housing Forum	Alice	February 15	Executive, OCI, Policy & Public Affairs	Presentation, Participant
Senate Committee on Natural Resources	Austin	February 15	Single Family, Real Estate Analysis	Testimony
Senate Jurisprudence Committee hearing	Austin	February 16	Office of Colonia Initiatives	Testimony
Meeting with Senator Royce West	Austin	February 16	Executive, Policy & Public Affairs	Meeting
Single Family HOME Application workshop	Uvalde	February 16	Single Family	Training
Lufkin, Nacogdoches reception	Austin	February 16	Executive	Participant
Meeting with TSHAC staff	Austin	February 17	Executive	Meeting
Meeting with Representative Alma Allen	Austin	February 17	Executive, Policy & Public Affairs	Meeting
Single Family HOME Application workshop	McKinney	February 17	Single Family	Training
House Committee on Border & International Affairs	Austin	February 17	Executive, OCI, Policy & Public Affairs	Testimony

Meeting with Entergy staff on utility PY 2005 funding	Austin	February 17	Community Affairs	Meeting
Texas Association of Community Action Agencies Board meeting	Austin	February 18	Community Affairs	Presentation
Single Family HOME Application workshop	Harlingen	February 18	Single Family	Training
Houston-Galveston COG meeting	Houston	February 18	Executive	Presentation, Participant
Texas Association of Realtors winter conference	Austin	February 19	Single Family	Presentation
Senate Finance Committee working group	Austin	February 22	Executive, Policy & Public Affairs	Participant
Single Family HOME Application workshop	Corpus Christi	February 22	Single Family	Training
Single Family HOME Application workshop	Nacogdoches	February 22	Single Family	Training
House Committee on Appropriations	Austin	February 22	Executive, Policy & Public Affairs	Monitoring
Meeting with Representative Blake	Austin	February 22	Executive, Policy & Public Affairs	Meeting
Mexia Day at the Capitol event	Austin	February 22	Policy & Public Affairs	Presentation
House Subcommittee on General Government	Austin	February 23	Policy & Public Affairs	Monitoring
House Committee on Border & International Affairs	Austin	February 23	Executive, Manufactured Housing, OCI, Legal, Policy & Public Affairs	Testimony
Senate Jurisprudence Committee	Austin	February 23	Executive, Policy & Public Affairs	Testimony
House Committee on Appropriations	Austin	February 23	Policy & Public Affairs	Monitoring
Affordable Housing Seminar, sponsored by Senator Shapleigh	Austin	February 23	Executive	Presentation
Meeting with Representative Martinez	Austin	February 23	Executive, Policy & Public Affairs	Meeting
El Paso Day reception	Austin	February 23	Executive	Participant
Single Family HOME Application workshop	Austin	February 24	Single Family	Training
ADR meeting with Governor Perry's staff	Austin	February 24	Executive, Legal, Policy & Public Affairs	Participant
Meeting with Representative	Austin	February 24	Executive, Policy & Public	Meeting

Menendez staff			Affairs	
LULAC 2005 Legislative Awards event	Austin	February 24	Executive	Participant
Senate Finance Mark Up hearing	Austin	February 28	Executive, Policy & Public Affairs	Monitoring
House Committee on Appropriations	Austin	February 28	Executive, Legal, OCI, Policy & Public Affairs	Testimony
Meeting with Representative Moreno	Austin	February 28	Executive, Policy & Public Affairs	Meeting
DADS/TDHCA Olmstead Housing seminar	Austin	February 28	Portfolio Management & Compliance, Policy & Public Affairs	Presentation, Participant
Texas Association of Community Development Corps. Conference	Austin	February 28	Policy & Public Affairs	Presentation

3. Senate Finance Working Group Meeting, 02-22-05  
The Department participated in the Senate Workgroup Meeting on Article VII
4. House Committee on Border & International Affairs, 02-23-05  
The Department participated in the House Committee on Border and International Affairs Meeting on February 23, 2005. Ms. Edwina Carrington served as a resource witness and testified before the Committee.
5. Senate Finance Mark Up Hearing, 02-28-05
6. House Appropriations Committee Hearing, 02-28-05  
The House Committee on Appropriations and the Senate Finance Committee met to make initial funding decisions regarding the department. Ms. Edwina Carrington represented the Department at these meetings.
7. State Auditor's Office Draft Report Concerning the Federal Compliance Audit for the Section 8 Housing Choice Voucher Program for FY 2004

**ADJOURN**

Elizabeth Anderson

*To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or contact the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.*

*Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.*

*Non-English speaking individuals who require interpreters for this meeting should contact Delores Groneck, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.*

*Personas que hablan español y requieren un intérprete, favor de llamar a Jorge Reyes al siguiente número (512) 475-4577 por lo menos tres días antes de la junta para hacer los preparativos apropiados.*