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# **BOARD MEETING OF DECEMBER 14, 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**

**December 14, 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

**PROGRAMS COMMITTEE MEETING  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
1100 Congress Avenue  
Capitol Extension Room E1.036 (Senate Finance hearing room)  
Austin, Texas 78701  
Wednesday, December 14, 2005 9:45 AM**

**A G E N D A**

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

Kent Conine  
Vice Chair of Board

**PUBLIC COMMENT**

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

**ACTION ITEMS**

- Item 1 Discussion of Possible Rule Amendments and Program Guidelines for the 2006 Single Family HOME Funding Cycle for Publication in Texas Register for Public Comment
- Item 2 Discussion of the Department's Section 504 of the Rehabilitation Act of 1973 Policies and Procedures

**ADJOURN**

Kent Conine

*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 Susan Woods, 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 Susan Woods, 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.*

# SINGLE FAMILY FINANCE PRODUCTION DIVISION

## BOARD ACTION REQUEST

December 14, 2005

### Action Items

Consider rule amendments and program guidelines for the 2006 Single Family HOME Investment Partnerships (HOME) Program Funding Cycle.

### Required Action

Approve rule amendments and program guidelines for the 2006 Single Family HOME Funding Cycle for publication in the Texas Register for public comment.

### Background and Recommendations

At the November Board meeting, the Board sought to review the 2006 HOME Program Rules at the December Program's Committee with proposed rule amendments or changes to the program guidelines as they relate to the Single Family HOME Program. The Department believes that some changes will need to be reflected primarily in the guidelines and manuals for the program. To accomplish the stated goals some rules require further revision of the rule under a new round of amendments to the current rules.

Staff proposes three award methodology options, as well as, changes in program guidelines, resulting in rule amendments, for the Board's discussion and consideration. Under all three proposed methodologies, the goals and objectives of the Department are being met. Those applicants serving the lowest income citizens of Texas as applicable per Activity, whose prior performance is satisfactory, who have the highest need, and commit to providing sufficient matching dollars will receive preference in scoring criteria.

### **OVERALL RULE AMENDMENTS**

The proposed overall rule amendments and program changes are listed below.

Staff believes the addition approved at the November Board meeting of §53.53(k), *[a]n applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the applicant's cash reserve obligation or made promises in connection therewith*, is a significant amendment to the 2005 HOME Rules.

Section 53.53(k) is intended to clarify the federal match and conflict of interest requirements of the HOME Program. The new language does not preclude third-party organizations, such as contractors, consultants, or service providers from providing match as long as the third-party organization is not deriving a monetary benefit from the award. Given that a conflict of interest and/or a monetary benefit may arise from an organization under contract from an award, such procured and/or contractually bound organizations are strictly prohibited from providing match. Additionally, a third-party organization may not provide a portion of their services as match and still derive a monetary benefit from the award. It is important to note that any party providing matching contributions cannot bid or be procured by the Administrator of a contract, as this could be considered a conflict of interest and in violation of program rules.

The staff believes this language benefits all applicants and stakeholders, by clarifying the Department's definition and application of the federal rules. Additionally, this new language would help to solve the

issue raised by applicants in the 2005 Single Family HOME Funding Cycle regarding related parties providing cash reserves and match for Applicants' use. The Department intends to eliminate the Cash Reserves component of the application process since it is not required by Federal or State regulations. Applicants will still be strongly encouraged, given the HOME Program is a cost reimbursable program, to make available cash reserves to pay contractors if necessary so as to make available the projects to as many contractors as possible, but this element will not be scored in the selection process.

**Past Performance**

Additionally, to address concerns raised during the 2005 Single Family HOME funding cycle, and to enforce timely commitments and expenditure rates as required by the U.S. Department of Housing and Urban Development (HUD), the following rule amendment is recommended for Board adoption relating to past performance.

§53.62(g) Department may terminate a contract in whole or in part. If Applicant has not achieved substantial progress in performance of a contract within six (6) months of the effective date of this contract, the contract will terminate. The Department will track substantial progress during the initial six (6) month period and throughout the contract term. Substantial progress in contract performance must be satisfactorily completed during the term of the contract as follows:

Type	Term Lapsed	% Committed	% Drawn	% Match
OCC	6 months	Environmental Clearance	N/A	N/A
	12 months	50%	25%	25%
	18 months	100%	50%	50%
	24 months	100%	100%	100%
HBA, HBA/Rehab, ADDI, CFD	6 months	Environmental Clearance	N/A	N/A
	12 months	50%	25%	25%
	18 months	75%	50%	50%
	24 months	100%	100%	100%
TBRA	6 months	Environmental Clearance	N/A	N/A
	12 months	50%	25%	25%
	18 months	75%	50%	50%
	24 months	100%	75%	75%
	30 months	100%	100%	100%

This performance timeline will be enforced by the Portfolio Management and Compliance Division on awarded contracts, but will also be used as a selection scoring criteria in funding 2006 Single Family HOME applications. Administrators not meeting this performance timeline would not only face the possible deobligation of funds under existing contracts, but a score of zero for past poor or unsatisfactory performance as well; thus, resulting in a much less competitive overall score.

Staff recommends Applicants should receive points based on prior awards and performance in accordance with their contracts and Department rules as follows:

HOME Award Status	Points awarded
Applicant has never received a HOME award, <b>OR</b> has received an award prior to 2002 and is 100% committed and expended from contract start date	20 points
Applicant received HOME award in 2002-2003 <b>AND</b> funds are 100% committed AND expended from contract start date	18 points
Applicant received HOME award in 2004: <ul style="list-style-type: none"> <li>• OCC funds are 100% committed <b>AND</b> 50% expended from contract start date</li> <li>• HBA &amp; TBRA funds are 75% committed <b>AND</b> 50% expended from contract start date</li> </ul>	16 points
Applicant received HOME award during 2005 <b>AND</b> Environmental Clearance has been conducted from contract start date	13 points

*\*If unsatisfactory performance exists on ANY prior award (regardless of set aside or Activity), a score of zero points will result.*

Staff believes this performance timeline encourages Administrators to meet their contractual obligations and, if applicable, proactively work with their procured consulting firm in the operation and administration of their contract.

#### ***Contractor Affidavit***

In an effort to further prevent conflicts of interest and possible improper monetary exchanges among contractors, consulting firms, and Administrators, staff proposes that all such participating parties sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that no conflict of interest exists between Administrators and contractors or other interested parties.

*The following amendment to the rules is proposed:*

§53.53(l) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions.

### **PROGRAM GUIDELINE CHANGES**

#### ***Owner Occupied Housing Assistance Contract***

In an effort to more expeditiously commit and expend funds, staff proposes that the contract term for Owner Occupied Housing Assistance (OCC), currently 24 months, be reduced to 18 months. By decreasing the contract term, Administrators will be required to better manage their vendors and contract workload to allow satisfactory performance. Additionally, the Department proposes making an OCC award serving 50% or below Area Median Family Income (AMFI) a five year, zero percent interest, deferred forgivable loan and OCC awards serving above 50% AMFI, zero percent interest, repayable loans for a term of 30 years.

Of those contracts awarded OCC funds in 2005:

- 203 households will be served at 30% or below
- 289 households will be served between 31% and 50%
- 12 households will be served between 51% and 60%
- 20 households will be served between 61% and 80%

Given the proposal above, the majority of OCC funds serve populations at 50% or below AMFI (492 of the 524 households, approximately 94%). The deferred forgivable loan is a much more viable funding



option for low income households, due to their inability to financially repay the debt. This Activity historically serves an elderly population as well, many of whom only receive Social Security Income benefits. Additionally, the Department is charged legislatively with a goal to award a minimum of \$30 million to households whose income is at or below 30% AMFI. Due to the addition of this requirement (Rider 4), those counties whose income is at or below 50% AMFI are scored the same as those serving 30% AMFI. Staff believes capping the deferred forgivable requirement at or below 50% AMFI will help to ensure compliance with this Rider.

Deferred forgivable loans shall be evidenced by a Note and Deed of Trust against the property and shall be repayable upon sale of the home, whether voluntary or involuntary; refinance; or payoff of any superior lien note, if any, or if the home ceases to be the assisted homebuyer's principal residence, whichever is first to occur. Each deferred forgivable loan will be zero percent interest over five years, forgivable at a rate of 20% per year of assisted homeowner occupancy.

Repayable loans will be amortized over a 30 year period of time. Monthly installments shall be due and payable monthly until maturity or loan pay off.

All loans whether deferred forgivable or repayable will be forgiven upon death of the borrower and co-borrower. In the event of sale of the home (voluntary or involuntary), the assisted homeowner will repay the loan balance from the net proceeds of the sale. The net proceeds are the sales price minus superior loan repayment (other than HOME funds).

#### ***Homebuyer Assistance Contract***

The Department proposes providing downpayment and closing cost assistance to eligible first-time homebuyers for the acquisition of affordable single family housing in the amount of \$10,000, regardless of which county the home is located. This assistance will be in the form of a 2<sup>nd</sup> or 3<sup>rd</sup> lien loan. This amount of assistance would mirror the American Dream Downpayment Initiative (ADDI) requirement established by HUD. With the ever increasing purchase price of homes, and extreme need for downpayment funds, the Department believes the maximum cap allowed by HUD should be utilized for any funds falling under the Homebuyer Assistance Activity, not just those accessing ADDI funds. Administrators have the discretion of awarding qualifying homebuyers the full \$10,000 or a lesser amount given their need.

The Portfolio Management and Compliance Division conducted an analysis of the amount of assistance potential homebuyers at 50% AMFI and below would require when purchasing a home in Texas in 2004. This study indicated a need well beyond the current tiered structure of \$5,000, \$7,500, or \$10,000 depending on the county in which the property is located. Due to the Department's limited resources, it is recommended the amount of assistance per homebuyer be capped at \$10,000 across the State.

#### ***Caps for Allowable Costs:***

Administrators receive an amount not to exceed 4% of their award amount for administrative costs used for activities as defined in 24 CFR Section 92.207 and CPD Notice 94-13. Eligible expenses include, but are not limited, to: salaries and wages; staff and overhead; travel expenses; legal, accounting, audit services; public information; and Fair Housing requirements.

In addition to administrative expenses, OCC and HBA/ADDI Administrators are allowed to use 12% and 10% respective of project hard costs as soft costs. TBRA does not have any soft costs associated with this activity. Examples of soft costs include: architectural, engineering or related professional services; work write-ups and cost estimates; building permits; appraisals; contractor fees; temporary relocation costs, affirmative marketing and fair housing information services; environmental review; homebuyer counseling; credit report fees; and inspections for lead-based paint.

If an Administrator procures a consulting firm, typically the administrative funds and soft costs are paid to the consulting firm for their services. The Department would like to recommend the use of caps for soft costs as they relate to match and possibly a cap on construction hard costs. The caps, if adopted, would be based on a statewide average for each individual cost from Program Year 2004. These amounts would be adjusted yearly based on the rate of inflation according to the consumer price index. These caps would be utilized not only in the administration of a contract, but when evaluating match in the application process.

The Department is still in the process of determining the cap limits and suggests once finalized, they be included in the 2006 Single Family HOME Application Guidelines and Policies and Procedures Manual.

### ***Application Deficiency Clarification***

Section 53.58(c) states *if an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both thresholds and/or scoring documentation.*

Currently Administrative Deficiencies are defined as *the absence of information or a document from the application as required in this rule.* In an effort to provide clarification and to limit appeals, staff will publish a list of those items in the application guidelines that fall under the definition of an *Administrative Deficiency.*

## **AWARD METHODOLOGIES**

With the program guidelines changes and proposed rule amendments listed above, the following three award methodologies are proposed for the Board's review. Additionally, rule amendments for threshold and selection criteria will be included. A matrix listing staff's arguments for and against each methodology is included for the Board's review.

### ***Competitive Methodology***

The first scenario proposes continuing to award applicants through a competitive selection process as was used under prior years. Proposed program guideline changes and rule amendments for threshold and selection criteria are suggested. A minimum threshold score will continue to be required.

ARGUMENTS FOR: Under this methodology:

1. The highest qualifying applicant would receive a full or partial funding recommendation.
2. The highest scoring applicants will be rewarded for helping to achieve the Department's goals.
3. Given that full funding requests will be recommended for award in most cases, a greater amount of impact would be achieved in the applicant's community for submitting a more competitive application.
4. Given the proposed changes to the selection criteria and rule amendments, this methodology should be much less controversial.

ARGUMENTS AGAINST: Under this methodology:

1. Fewer applicants would be recommended for funding than under one of the other proposed methodologies.
2. Many deserving applicants may not receive a funding recommendation.
3. Maintains potential for conflict as relatively small differences between scores will likely continue.
4. Some smaller communities may not apply because of inability to reach level of points considered necessary to obtain funding when competing with larger towns.
5. Places emphasis on application process to obtain highest number of points.

In this methodology, only minor amendments to §53.59, Process for Awards, are required for clarification purposes. However, overall program rule guidelines and rule amendments for threshold and selection criteria would be required (see 2006 DRAFT HOME Rule – Competitive Methodology).

### ***Lottery Methodology***

The second scenario proposes the use of a lottery system to award funds. Each applicant would be required to achieve a minimum threshold score before continuing in the lottery process. Each qualifying applicant would have the ability to compete for funds through a random selection process.

ARGUMENTS FOR: Under this methodology:

1. Ensures a random selection process in which qualifying applicants can be recommended for their full, or in some cases partial, funding request.
2. Lowers the threshold encouraging smaller communities who have not previously participated to place applications.
3. Every qualifying applicant has an equal opportunity to receive a funding recommendation.
4. Board appeals may be reduced utilizing this methodology.
5. Random selection could provide a broader dispersal of funds within regions.
6. Because maximum award limits could be made, the greatest amount of impact would be achieved in an applicant's community.

ARGUMENTS AGAINST: Under this methodology:

1. Possibly not awarding the most deserving applicants or those with the greatest need.
2. The Department has not previously used the methodology and therefore may not be aware of potential conflicts.
3. May result in grant consultants soliciting more applicants to increase their odds of being selected; thus creating potential performance issues in the future for the Administrators they represent.
4. Random selection process could create a concentration in dispersal of funds within regions.
5. Because of lower thresholds, items like match and serving the lowest income may not be fully realized if minimum thresholds can be reached without these elements.

In this methodology, amendments to §53.59, Process for Awards, are required. Overall program rule guidelines and rule amendments for threshold and selection criteria would be required (see 2006 DRAFT HOME Rule – Lottery Methodology).

### ***Broader Distribution Methodology***

The third scenario proposes establishing a minimum threshold score; however, rather than receiving a lottery number and competing with other qualifying applicants, every qualifying applicant would receive a partial award recommendation. The recommendation would be pro rated, based on the total number of qualifying applicants' project requests. A minimum award amount may be established to ensure feasibility.

ARGUMENTS FOR: Under this methodology:

1. All qualifying applicants would receive funds to provide assistance in their respective communities, and allows for a greater dispersion of funds from the limited resources available under the HOME Program.
2. More applicants may be encouraged to apply for assistance knowing that if they meet the minimum threshold score, they will receive a partial funding recommendation.
3. Fewer appeals would be likely.

4. In addition to only the reconstruction of homes, this scenario may allow an increased number of homes to be rehabilitated and allow more local contractors to participate that otherwise may not be able to commit to building several homes. This could also shorten the time from award to actually benefit to the individual homeowner.

ARGUMENTS AGAINST: Under this methodology:

1. If reconstruction is the desired program choice, this methodology may limit the ability of applicants to perform this activity due to the anticipated reduction in award amounts. For example, using last year's data, Tenant Based Rental Assistance (TBRA) was largely unaffected. However, Homebuyer Assistance (HBA)/American Dream Downpayment Assistance (ADDI) awards were reduced by approximately 50 and with OCC, in several cases left applicants with insufficient funds to complete one unit, especially in regions with a large number of applicants.
2. Contractors may be less likely to bid on projects where two to four households would be assisted; the economics of scale may not be cost effective.
3. Smaller awards could place administrative burden on Administrators and Department resources as more contracts will need to be created and monitored.
4. More competitive regions could be negatively impacted and could reduce applications in that region. This methodology changes the award from highest scoring applications receiving a recommendation to all applications meeting threshold receiving a possible partial award recommendation.
5. This process creates little incentive to maximize application scoring.
6. Could be a disincentive for outside contractors/vendors to participate in grant application and administration process as smaller awards would mean fewer dollars available for administration.

In this methodology, amendments to §53.59, Process for Awards, are required. Overall program rule guidelines and rule amendments for threshold and selection criteria would be required (see 2006 DRAFT HOME Rule – Broader Distribution Methodology).

### **THRESHOLD & SELECTION CRITERIA**

Regardless of methodology adopted, all activities for 2006 Single Family HOME funds (OCC, HBA, and TBRA) will have a minimum threshold and a maximum score per Activity for each proposed methodology. The matrix below outlines how the minimum threshold score was derived. Applicants need only receive the cumulative minimum threshold score establish per methodology, not the minimum score established per individual selection criteria. The matrix is a reference tool only.

	Points												
	2005	% of Total Score	2006	% of Total Score	Lottery			Competitive			Broader Dist.		
					OCC	HBA	TBRA	OCC	HBA	TBRA	OCC	HBA	TBRA
AHN	7	7%	21	21%	3	3	3	3	3	3	3	3	3
Income	20	20%	20	20%	20	10	20	20	10	20	20	10	20
Previous Award/Performance	4	4%	20	20%	16	16	13	18	18	13	20	20	13
Match	15	15%	20	20%	10	10	10	10	10	10	10	10	10
Specific to Activity	15	15%	10	10%	10	10	5	10	10	5	10	10	5
Forms/Need	15	15%	5	5%	5	5	5	5	5	5	5	5	5
Financial	3	3%	2	2%	2	2	2	2	2	2	2	2	2
PWD	2	2%	2	2%	0	0	2	0	0	2	0	0	2
Cash Reserves	10	10%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Organization Capacity	9	9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total/Minimum Threshold</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>	<b>66</b>	<b>56</b>	<b>60</b>	<b>68</b>	<b>58</b>	<b>60</b>	<b>70</b>	<b>60</b>	<b>60</b>

	Points												
	2005	% of Total Score	2006	% of Total Score	OCC			HBA			TBRA		
					L	C	BD	L	C	BD	L	C	BD
AHN	7	7%	21	21%	3	3	3	3	3	3	3	3	3
Income	20	20%	20	20%	20	20	20	10	10	10	20	20	20
Previous Award/Performance	4	4%	20	20%	16	18	20	16	18	20	13	13	13
Match	15	15%	20	20%	10	10	10	10	10	10	10	10	10
Specific to Activity	15	15%	10	10%	10	10	10	10	10	10	5	5	5
Forms/Need	15	15%	5	5%	5	5	5	5	5	5	5	5	5
Financial	3	3%	2	2%	2	2	2	2	2	2	2	2	2
PWD	2	2%	2	2%	0	0	0	0	0	0	2	2	2
Cash Reserves	10	10%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Organization Capacity	9	9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total/Minimum Threshold</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>	<b>66</b>	<b>68</b>	<b>70</b>	<b>56</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>

	Points							
	2005	% of Total Score	2006	% of Total Score	CFD			BD
					L	C	BD	
AHN	7	6%	21	20%	3	3	3	3
Income	20	18%	20	19%	20	20	20	20
Previous Award/Performance	4	4%	20	19%	13	13	13	13
Match	15	14%	20	19%	0	0	0	0
Specific to Activity	24	22%	14	13%	14	14	14	14
Forms/Need	15	14%	5	5%	5	5	5	5
Financial	3	3%	2	2%	2	2	2	2
PWD	2	2%	2	2%	0	0	0	0
Cash Reserves	10	9%	n/a	n/a	n/a	n/a	n/a	n/a
Organization Capacity	9	8%	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total/Minimum Threshold</b>	<b>109</b>	<b>100%</b>	<b>104</b>	<b>100%</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>57</b>

Due to the implementation of proposed program guidelines, rule amendments, and the following selection criteria, it is anticipated that higher scores will be more difficult to attain. Since TBRA and CFD is generally accessed by nonprofits, typically undersubscribed, and difficult for applicants to provide match funds, the minimum threshold for these Activities is the same for all proposed methodologies.

The selection criteria point breakdown for each Activity is included in the proposed rule amendments as attached.

## 2006 Proposed Award Methodologies for the Board's Consideration

	Process	Pros	Cons
<b>Competitive</b>	Award applicants in the same manner as in years past, but with program guideline changes.	<ol style="list-style-type: none"> <li>1. The highest qualifying applicant would receive a full or partial funding recommendation.</li> <li>2. The highest scoring applicants will be rewarded for helping to achieve the Department's goals.</li> <li>3. Given that full funding requests will be recommended for award in most cases, a greater amount of impact would be achieved in the applicant's community for submitting a more competitive application.</li> <li>4. Given the proposed changes to the selection criteria and rule amendments, this methodology should be much less controversial.</li> </ol>	<ol style="list-style-type: none"> <li>1. Fewer applicants would be recommended for funding than under one of the other proposed methodologies.</li> <li>2. Many deserving applicants may not receive a funding recommendation.</li> <li>3. Maintains potential for conflict as relatively small differences between scores will likely continue.</li> <li>4. Some smaller communities may not apply because of inability to reach level of points considered necessary to obtain funding when competing with larger towns.</li> <li>5. Places emphasis on application process to obtain highest number of points.</li> </ol>
<b>Lottery</b>	Only applicants meeting or exceeding a minimum score will receive a lottery number. Funds will be recommended in the order in which lottery numbers are drawn, up to the limit of funds available per region, and area type.	<ol style="list-style-type: none"> <li>1. Ensures a random selection process in which qualifying applicants can be recommended for their full, or in some cases partial, funding request.</li> <li>2. Lowers the threshold encouraging smaller communities who have not previously participated to place applications.</li> <li>3. Every qualifying applicant has an equal opportunity to receive a funding recommendation.</li> <li>4. Board appeals may be reduced utilizing this methodology.</li> <li>5. Random selection could provide a broader dispersal of funds within regions.</li> <li>6. Because maximum award limits could be made, the greatest amount of impact could be achieved in an applicant's community.</li> </ol>	<ol style="list-style-type: none"> <li>1. Possibly not awarding the most deserving applicants or those with the greatest need.</li> <li>2. The Department has not previously used the methodology and therefore may not be aware of potential conflicts based on regional requirements</li> <li>3. May result in grant consultants soliciting more applicants to increase their odds of being selected; thus creating potential performance issues in the future for the Administrators they represent.</li> <li>4. Random selection process could create a concentration in dispersal of funds within regions.</li> <li>5. Because of lower thresholds, items like match and serving the lowest income needs may not be fully realized if minimum thresholds can be reached without these elements.</li> </ol>

## 2006 Proposed Award Methodologies for the Board's Consideration

<p><b>Broader Distribution</b></p>	<p>All applicants meeting or exceeding a minimum threshold score, receive a prorated recommendation for award based on the total number of qualifying applicants' project requests.</p>	<ol style="list-style-type: none"> <li>1. All qualifying applicants would receive funds to provide assistance in their respective communities, and allows for a greater dispersion of funds from the limited resources available under the HOME Program.</li> <li>2. More applicants may be encouraged to apply for assistance knowing that if they meet the minimum threshold score, they will receive a partial funding recommendation.</li> <li>3. Fewer appeals would be likely.</li> <li>4. In addition to only the reconstruction of homes, this scenario may allow an increased number of homes to be rehabilitated and allow more local contractors to participate.</li> </ol>	<ol style="list-style-type: none"> <li>1. If reconstruction is the desired program, this methodology could limit the ability of applicants to perform this task.</li> <li>2. Contractors may be less likely to bid on projects where two to four households would be assisted; the economics of scale may not be cost effective.</li> <li>3. Smaller awards could place administrative burden on Administrators and Department resources as more contracts will need to be created and monitored.</li> <li>4. More competitive regions could be negatively impacted and could reduce applications in that region.</li> <li>5. This process creates little incentive to maximize application scoring.</li> <li>6. Could be a disincentive for outside vendors to participate in grant application and administration process as smaller awards would mean fewer dollars available for administration.</li> </ol>
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**2006 HOME Investment Partnership Program (HOME) Rule  
Title 10, Part 1, Chapter 53 Texas Administrative Code**

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**§53.50.Purpose.**

This Chapter clarifies the use and administration of all funds provided to the Texas Department of Housing and Community Affairs (Department) by the United States Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 United States Code §§12701-12839) and HUD regulations at 24 Code of Federal Regulations (CFR) Part 92. The State’s HOME Program is designed to:

- (1) focus on the areas with the greatest housing need described in the State Consolidated Plan;
- (2) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, reconstruction, tenant-based rental assistance, and pre-development loans;
- (3) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and
- (4) provide low, very low, and extremely low income Texans with affordable, decent, safe and sanitary housing.



**§53.51. Definitions.**

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Activity--A form of assistance by which HOME funds are used to provide incentives to develop and support affordable housing and homeownership through acquisition, new construction, reconstruction, and rehabilitation of housing.

(2) Administrative Deficiencies--The absence of information or a document from the application as required in this rule.

(3) Applicant--An eligible entity which is preparing to submit or has submitted an application for HOME funds and is designated in the application to assume contractual liability and legal responsibility as the Recipient executing the written agreement with the Department.

(4) Board--The governing board of the Texas Department of Housing and Community Affairs.

(5) CFR--Code of Federal Regulations.

(6) Colonia--A geographic area located in a county some part of which is within 150 miles of the international border of this state that:

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

(B) Has the physical and economic characteristics of a Colonia, as determined by the Texas Water Development Board.

(7) Community Housing Development Organization (CHDO)--A private nonprofit organization that satisfies the requirements of 24 CFR 92.2 and is certified as such by the Department.

(8) Community Housing Development Organization Pre-Development Loan--A form of assistance in which funds are made available as loans to cover those costs outlined in 24 CFR 92.301.

(9) Competitive Application Cycle--A defined period during which applications may be submitted according to a published Notice of Funding Availability (NOFA). Applications will be reviewed in accordance with the rules for application review published in the NOFA, and application guidelines.

(10) Consolidated Plan--The State Consolidated Plan prepared in accordance with 24 CFR Part 91, which describes the needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs and is subject to approval annually by HUD.

(11) Demonstration Fund--A reserve fund for use alone or in combination and coordination with other programs administered by the Department. This Fund will be available for out of cycle applications, innovative programs brought to the Department for consideration and emergency programs. Additionally, this fund may be used with other programs administered by the Department as outlined in the Consolidated Plan, as approved by the Board.

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

(13) Development--Projects that have a construction component, either in the form of new construction or the rehabilitation of multi-unit or single family residential housing that meet the affordability requirements.

(14) Expenditure--Approved expense evidenced by documentation submitted by the Recipient to the Department for purposes of drawing funds from HUD's Integrated Disbursement and Information System (IDIS) for work completed, inspected and certified as complete, and as otherwise required by the Department.

(15) Family--Includes but is not limited to the following types of families as defined in 24 CFR 5.403:

(A) A family with or without children;

- (B) An elderly family;
  - (C) A near elderly family;
  - (D) A disabled family;
  - (E) A displaced family;
  - (F) The remaining member of a tenant family; or
  - (G) A single person who is not an elderly or displaced person or a person with disabilities or the remaining member of a tenant family.
- (16) Homebuyer Assistance--Down payment, closing costs, and gap financing assistance provided to eligible homebuyers. Minor rehabilitation may be combined with Homebuyer Assistance.
- (17) HOME--The HOME Investment Partnerships Program at 42 United States Code §§12701-12839 and the regulations promulgated thereafter at 24 CFR Part 92.
- (18) Household--One or more persons occupying a housing unit.
- (19) HUD--The United States Department of Housing and Urban Development, or its successor.
- (20) IDIS--Integrated Disbursement and Information System established by HUD.
- (21) Income Eligible Families:
- (A) Low-Income Families--Families whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (B) Very Low-Income Families--Families whose annual incomes do not exceed 50% of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (C) Extremely Low Income Families--Families whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
- (22) Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:
- (A) have separate and specific buildings exclusively for the age restricted units;
  - (B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;
  - (C) have separate and specific entrances, and other appropriate security measures for the age restricted units;
  - (D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;
  - (E) share the same Development site;
  - (F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and
  - (G) meet the requirements of the federal Fair Housing Act
- (23) Match--Eligible forms of non-federal contributions to a program or project in the forms specified in 24 CFR 92.220.
- (24) Neighborhood--As defined by HUD, a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government; except that if the unit of general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

(25) New construction--Any Development not meeting the definition of Rehabilitation or Reconstruction.

(26) NOFA--Notice of Funding Availability, published in the Texas Register.

(27) Nonprofit organization--A public or private organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(C) has a current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application for 501(c) (3) or (c) (4) status cannot be used to comply with the tax status requirement.

(28) Open Application Cycle--A defined period during which applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed. Applications will be reviewed in accordance with the rules for application review published in the NOFA, and/or application guidelines.

(29) Owner-Occupied Housing Assistance--A form of assistance for the purpose of rehabilitating or reconstructing existing owner-occupied housing.

(30) Participating Jurisdiction (PJ)--Any state or unit of general local government, including consortia as specified in 24 CFR 92.101, designated by HUD in accordance with 24 CFR 92.105.

(31) Predevelopment Costs--Reimbursable costs related to a specific eligible housing project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies and legal fees;

(C) Predevelopment costs do not include general operational or administrative costs.

(32) Program--Funds provided in the form of a contract to an eligible Applicant for the purpose of administering more than one Project or assisting more than one household.

(33) Program Income--Gross income received by the Department or program administrators directly generated from the use of HOME funds or matching contributions as further described in 24 CFR 92.2.

(34) Project--A site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking under 24 CFR 92.2.

(35) Recipient--A successful applicant that has been awarded funds by the Department to administer a HOME program, including a State Recipient, Subrecipient, for-profit entity, nonprofit entity, or CHDO.

(36) Reconstruction--The rebuilding of a structure on the same lot where housing is standing at the time of Development Application. HOME funds may be used to build a new foundation or repair an existing foundation. During reconstruction, the number of rooms per unit may change, but the number of units may not.

(37) Rehabilitation--Includes the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction.

(38) Rental Housing Development--A project for the acquisition, new construction, reconstruction or rehabilitation of multi-family or single family rental housing, or conversion of commercial property to rental housing.

(39) Rural Development--A Development located within an area which:

(A) is situated outside the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA);

(B) within the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA), if the statistical area has a population of 20,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for new construction or rehabilitation funding by the Texas-United States Department of Agriculture-Rural Housing Service (TX-USDA-RHS).

(40) Single Family Housing Development--A form of assistance to make funds available to HOME eligible Applicants including non-profit organizations, CHDOs, units of general local government, for-profit housing organizations, sole proprietors and public housing agencies for the purpose of constructing single family affordable housing units for homeownership.

(41) Special Needs--Those individuals or categories of individuals determined by the Department to have unmet housing needs consistent with 42 USC §12701 et seq. and as provided in the Consolidated Plan.

(42) State Recipient--A unit of general local government designated by the Department to receive HOME funds.

(43) Subrecipient--A public agency or nonprofit organization selected by the Department to administer all or a portion of the Department's HOME program. A public agency or nonprofit that receives HOME funds solely as a developer or owner of housing is not a Subrecipient. The Department's selection of a Subrecipient is not subject to the procurement procedures and requirements.

(44) Tenant-Based Rental Assistance (TBRA)--A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance also includes security deposits and utility deposits for rental of dwelling units.

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

### **§53.52.Allocation of Funds**

(a) The Department shall administer all federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12704 et seq.) in accordance with HUD's final HOME rule, 24 CFR Part 92 and Chapter 2306, Texas Government Code. Consistent with the federal HOME rule and the Department annual Consolidated Plan. The HOME program shall:

(1) adopt a goal to apply an aggregate minimum of 25 percent of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income, pursuant to §2306.111(a) of the Texas Government Code;

(2) expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas, pursuant to §2306.111(c) of the Texas Government Code; and

(3) Allocate funds to all urban/exurban areas and rural areas of each uniform state service region consistent with the Department's Regional Allocation Plan, unless funds are reserved for contract-for-deed conversions or for set-asides mandated by state or federal law, or each contract-for-deed allocation or set-aside allocation equals not more than 10 percent of the total allocation of funds for the program year, pursuant to §2306.111(d) of the Texas Government Code.

(b) The Department shall release an annual allocation plan based on the funding allocation outlined in the Department's Consolidated Plan, and consistent with the Chapter 2306 of the Texas Government Code, after a full accounting of available funds has been determined.

**§53.53.Applicant Requirements.**

(a) Eligible Applicant. The following organizations or entities are eligible to apply for HOME eligible activities:

- (1) nonprofit organizations;
- (2) CHDOs;
- (3) units of general local government;
- (4) for-profit entities and sole proprietors; and
- (5) public housing agencies.

(b) Ineligible Applicant: The following violations will cause an Applicant, and any applications they have submitted, to be ineligible:

- (1) previously funded Recipient(s) whose HOME funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to the current funding cycle;
- (2) applicants who have not satisfied all eligibility requirements described in subsection (f) of this section and the NOFA, and application guidelines to which they are responding, and for which Administrative Deficiencies were unresolved (relating to Applicant Requirements);
- (3) Applicants that have failed to make payment on any loans or fee commitments made with the Department;
- (4) applicants that have been otherwise barred by HUD and/or the Department;
- (5) applicant or developer, or their staff, that violate the state's revolving door policy; or
- (6) applicants that may be ineligible in accordance with those requirements at §50.5 of this title, excluding those requirements at §§50.5(a)(5) - (8), (10) and (11) of this Title.

(c) Communication with Department Employees. Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established

under paragraphs (1) - (3) of this subsection. §50.5(b)(7) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.

(1) the communication must be restricted to technical or administrative matters directly affecting the Application;

(2) the communication must occur or be received on the premises of the Department during established business hours; and

(3) a record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication (§2306.1113).

(d) Noncompliance. Each application will be reviewed for its compliance history by the Department, consistent with Chapter 60 of this title. Applications found to be in Material Noncompliance, or otherwise violating the compliance rules of the Department, will be terminated.

(e) Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in 24 CFR Part 92 of the HUD HOME program rules, and any additional items included in the NOFA for rental housing developments.

(f) Limitations on the Size of Developments. Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units.

(g) Eligibility requirements. An Applicant must satisfy each of the following requirements in order to be eligible to apply for HOME funding and as more fully described in the NOFA and application guidelines, when applicable:

(1) provide evidence of its ability to carry out the Program in the areas of financing, acquiring, rehabilitating, developing or managing affordable housing developments;

(2) demonstrate fiscal, programmatic, and contractual compliance on previously awarded Department contracts or loan agreements;

(3) submit any past due audit to the department in a satisfactory format on or before the application deadline, in accordance with §1.3(b) of this Title;

(4) demonstrate reasonable HOME Program expenditure and project performance on contract(s), as determined through program monitoring; and

(5) demonstrate satisfactory performance otherwise required by the Department and set out in the application guidelines.

(h) If indicated by the Department, Recipients must comply with all requirements to utilize the Department's website to provide necessary data to the Department.

(i) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in §1.37 of this title.

(j) Public Notification. Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to lose its "received by date" under open application cycles, or be terminated under competitive application cycles. Applicants must provide notifications to:

- (1) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;
  - (2) all neighborhood organizations whose defined boundaries include the location of the Development;
  - (3) executive officer and Board President of the school district that covers the location of the Development;
  - (4) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and
  - (5) the State Representative and State Senator whose district covers the location of the Development.
- (6) The notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.
- (k) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the applicant's cash reserve obligation or made promises in connection therewith.

(l) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions.

#### **§53.54.Application Limitations.**

An eligible Applicant may apply for several eligible activities provided that the total amount requested does not exceed the funding limits established in this section. The Department reserves the right to reduce the amount requested in an application based on program or project feasibility, underwriting analysis, or availability of funds:

- (1) Award amount for Owner-Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance shall not exceed \$500,000 per Activity, per NOFA, except as may be otherwise allowed by the Board.
- (2) Award amount for Development activities shall not exceed \$3 million, except as may be recommended by staff and otherwise approved by the Board. The Department reserves the right to set maximum loan to value limitations and minimum match requirements on all Development activities.
- (3) Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50% of the CHDO's total annual operating expenses in that fiscal year, or \$50,000, whichever is greater. The Department reserves the right to limit an Applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.
- (4) Per unit subsidy for all HOME-assisted housing may not exceed the per-unit dollar limits established by HUD under §221(d)(3) of the National Housing Act which are applicable to the area in which the housing is located, and published by the Department.
- (5) Award amount for Disaster Relief shall not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board. Only one application per affected unit of general local government may be submitted for each designated disaster. Public housing authorities (PHAs) and Nonprofit organizations may only act as an Applicant, in lieu of the unit of local government, if they are so designated by the affected unit of general local government. Award amount for designated Applicants may not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board.
- (6) Award amount for CHDO Predevelopment Loans may not exceed \$50,000 per application. Applicants may submit only one application per NOFA to cover eligible costs, as defined under §53.54(f) of this title.

**§53.55.Program Activities.**

All eligible applicants that satisfy the requirements of §53.52 may apply for the following Program Activities:

(1) Owner-Occupied Housing Assistance: Assisted homeowners must be income eligible and must occupy the property as their principal residence. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is reconstructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(2) Homebuyer Assistance: HOME funds utilized for Homebuyer Assistance are subject to the Department's recapture provisions as approved by HUD in the Consolidated Plan and as outlined in the application guidelines. The eligible uses for Homebuyer Assistance are down-payment assistance, closing cost assistance, gap financing, and in some instances, rehabilitation. The total assistance provided per eligible homebuyer may not exceed the limits as determined or allowed by the Board or the HOME Final Rule.

(3) Rental Housing Development: Eligible Activities include acquisition, new construction, and rehabilitation. Refinancing or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible. Owners of rental units assisted with HOME funds must comply with income and rent restrictions pursuant to 24 CFR 92.252 and keep the units affordable for a period of time, depending upon the amount of HOME assistance provided. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(4) Tenant-Based Rental Assistance: Provides rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant Based Rental Assistance also includes security and utility deposits for rental of dwelling units. Recipients must comply with 24 CFR 92.209 and 92.216.

(5) Single Family Housing Development: Newly constructed housing must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a). If eligible, an Applicant that applies for Single Family Housing Development may also apply for Homebuyer Assistance.

(6) CHDO Pre-Development Loans: The Department may set-aside up to 10% of the annual CHDO 15% Set-Aside for pre-development loans in accordance with 24 CFR 92.300(c). Applicants for pre-development loans will be required to have a summary description of a proposed Development and be able to show the necessary development experience to apply, as outlined in the NOFA and application guidelines. Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Pre-development loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, the Board may elect to waive pre-development loan repayment, in whole or in part, if there are impediments to a development that the Department determines are reasonably beyond the control of the CHDO.

(7) Set-Asides: other activities deemed eligible under set-asides defined by the Department and outlined in the Consolidated Plan.

**§53.56.Prohibited Activities.**

In accordance with 24 CFR 92.214, HOME funds may not be used to:

(1) Provide project reserve accounts, except as provided in §92.206(d)(5), or operating subsidies;

(2) Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act;



- (3) Provide non-federal matching contributions required under any other Federal program;
- (4) Provide assistance authorized under section 9 of the 1937 Act (Public Housing Capital and Operating Funds);
- (5) Provide assistance to eligible low-income housing under 24 CFR part 248 (Prepayment of Low Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR 248.101;
- (6) Provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under 24 CFR §92.504. However, additional HOME funds may be committed to a project up to one year after project completion (see 24 CFR §92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount established under 24 CFR §92.250;
- (7) Pay for the acquisition of property owned by the participating jurisdiction, except for property acquired by the participating jurisdiction with HOME funds, or property acquired in anticipation of carrying out a HOME project;
- (8) Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds; or
- (9) Pay for any cost that is not eligible under 24 CFR §§92.206 through 92.209.

**§53.57.Distribution of Funds.**

In accordance with 24 CFR §92.201(b)(1), the Department makes every effort to distribute HOME funds throughout the state according to the Department's assessment of the geographic distribution of housing needs, as identified in the Consolidated Plan. Funds shall also be allocated in accordance with §2306.111(d) and (g), Texas Government Code. The Department receives HOME funds for areas of the state which have not received Participating Jurisdiction (PJ) status from HUD. Section 2306.111(c) of the Texas Government Code requires the Department to award at least 95% of HOME Program funds to entities in nonparticipating jurisdictions. All funds not set aside under this section shall be used for the benefit of persons with disabilities who live in areas other than nonparticipating areas.

- (1) CHDO Set-Aside. In accordance with 24 CFR §92.300, not less than 15% of the HOME allocation will be set aside by the Department for CHDO eligible activities. CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If an insufficient number of qualified applications are received by the deadline, the Department reserves the right to hold additional competitions in order to meet federal set-aside requirements.
- (2) Special Needs: In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), with a documented history of working with special needs populations and with relevant housing related experience. Applicants may submit applications for eligible activities, as outlined in the Consolidated Plan. If an insufficient number of qualified applications are received, the Department reserves the right to transfer funds remaining in accordance with paragraph (6) of this subsection regarding Redistribution.
- (3) Other Set-Asides. In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), for those eligible activities outlined under Set-Asides.
- (4) Administrative Funds. In accordance with 24 CFR §92.207 up to 10% of the Department's HOME allocation plus 10% of any program income received may be used for eligible and reasonable planning and administrative costs. Administrative and planning costs may be incurred by the Department, State Recipient, Subrecipient, nonprofit entity, or CHDO.

(5) CHDO Operating Expenses. In accordance with 24 CFR §92.208 up to 5% of the Department's HOME allocation may be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Funds, or through a separate application cycle not tied to a specific Activity.

(6) Redistribution. In an effort to commit HOME funds in a timely manner, the Department may reallocate funds set-aside in accordance with the Consolidated Plan, at its own discretion, to other regions or activities if:

(A) the Department fails to receive a sufficient number of applications from a particular region or Activity;

(B) no applications are submitted for a region; or

(C) applications for a region or Activity do not meet eligibility requirements or minimum threshold scores (when applicable), or are financially infeasible as applicable.

(7) Marginal Applications. When the remainder of the allocation within a region is insufficient to completely fund the next ranked application in the region or Activity, it is within the discretion of the Department to:

(A) fund the next ranked application for the partial amount, reducing the scope of the application proportionally;

(B) make necessary adjustments to fully fund the application; or

(C) transfer the remaining funds to other regions or activities.

(8) HOME Demonstration Fund. The Department, with Board approval, may reserve HOME funds to combine and coordinate with other programs administered by the Department as outlined in the Consolidated Plan, or for housing activities the Department is permitted to fund under applicable law.

### **§53.58.Application Process.**

(a) An Applicant must submit a completed application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA, and application guidelines. Applications containing false information and applications not received by the deadline will be disqualified. Disqualified Applicants are notified in writing. All applications must be received by the Department by 5:00 p.m. on the date identified in the NOFA, and application guidelines, regardless of method of delivery.

(b) Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner:

(1) The Department will accept applications on an ongoing basis, until such date when the Department makes notice to the public that the Open Application Cycle has been closed. All applications must be received during business hours (8:00 a.m. to 5:00 p.m.) on any business day. The Department may limit the eligibility of applications in the NOFA, and application guidelines.

(2) Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review.

(A) Phase One will begin as of the received date. Applications not being considered under the CHDO Set-Aside will be passed through to Phase Two upon receipt. Phase One will only entail the review of the CHDO Certification package. The Department will ensure review of these materials and issue notice of any deficiencies on the CHDO Certification package within 30 days of the received date. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Two and will continue

to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase One until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to Phase Two. Applications that have not proceeded out of Phase One within 50 days of the received date will be terminated and must reapply for consideration of funds.

(B) Phase Two will include a review of all application requirements. The Department will ensure review of materials required under the NOFA, and application guidelines and will issue notice of any deficiencies as to threshold and eligibility within 45 days of the date it enters Phase Two. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Three and will continue to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase Two until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies, and of threshold and eligibility requirements will the Application be forwarded to Phase Three. An Application that has not proceeded out of Phase Two within 65 days of the date it entered Phase Two will be terminated and must reapply for consideration of funds. Application submitted for non-development Activities will not go through a Phase Three evaluation.

(C) Phase Three will include a comprehensive review for material noncompliance and financial feasibility by the Department. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended loan terms, the loan or grant amount and any conditions to be placed on the development. The Department will ensure financial feasibility review and issue notice of any required deficiencies for that feasibility review within 45 days of the date it enters Phase Three. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into "Recommended Status" and will continue to be prioritized by their received date. Applications with deficiencies not satisfied within seven business days, will be retained in Phase Three until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon resolution of all deficiencies will the Application be forwarded to the Department's Executive Awards Review and Advisory Committee for recommendation to the Board. Any application that has not finished Phase Three within 65 days of the date it entered Phase Three will be terminated and must reapply for consideration of funds.

(D) Upon completion of the applicable final review Phase, applications will be presented to the Executive Awards Review and Advisory Committee (the Committee). If satisfactory, the Committee will then recommend the award of funds to the Board, as long as HOME funds are still available for this Activity under the applicable NOFA. If the Application is recommended at least 14 days prior to the next Board meeting, it will be placed on the next Board meeting's agenda. If the Application is recommended with less than 14 days before the next Board meeting, the recommendation will be placed on the subsequent month's Board meeting agenda. Applications which are not recommended by the committee will be either returned to Department Staff or terminated.

(E) Because applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an application has completed all phases of its review. In the case that all HOME funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for 90 days in its current phase. If new HOME funds become available, applications will continue onward with their review without losing their received date priority. If HOME funds do not become available within 90 days of the notification, the Applicant will be notified that their application is no longer under consideration. The applicant must reapply to be considered for future funding. If on the date an application is received by the Department, no funds are available under this NOFA, the applicant will be notified that no funds exist under the NOFA and the application will not be processed.

(F) The Department may decline to fund any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any applications which are received, and may decide it is

in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any application.

(c) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both threshold and/or scoring documentation. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. Administrative Deficiencies given to Applications submitted under an Open Application Cycle NOFA will be handled in the manner described under Part B of this Section. Applications submitted under a Competitive Application Cycle NOFA will be treated in the following manner. If Administrative Deficiencies are not cured to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. An Applicant may not change or supplement an application in any manner after the filing deadline, except in response to a direct request from the Department.

(d) Alternative Dispute Resolution Policy. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, and Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

### §53.59.Process for Awards.

(a) The Department will publish a NOFA in the Texas Register and on the Department's website. The NOFA may be published as either an Open or Competitive Application Cycle. The NOFA will establish and define the terms and conditions for the submission of applications, and may set a deadline for receiving applications under a Competitive Application Cycle. The NOFA will also indicate the approximate amount of available funds.

(b) Selection Procedures for non-development Activities such as, Owner Occupied Housing Assistance, Homebuyer Assistance, ~~and~~ Tenant-Based Rental Assistance, and Contract for Deed.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92 and in these rules. Applications that do not comply with such requirements are disqualified. Disqualified Applicants are notified in writing.

~~(2) Applications are ranked from highest scores to lowest in their respective regions or Activity according to HOME Program scores. All funds not subject to the Regional Allocation Formula may be awarded on a first-come, first-serve basis.~~

(3) Applications must meet or exceed a minimum score determined by Department's staff for the respective activities to be considered for funding.

(3) Applications are ranked from highest scores to lowest in their respective regions or Activity according to HOME Program scores. All funds not subject to the Regional Allocation Formula may be awarded on a first-come, first-serve basis.

~~(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a recommendation for partial funding.~~

(54) Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored. Funds will be recommended in the order by ranking score, up to the limit of funds available per Activity and geography type in the region. Should an Activity not have enough qualified Applicants, the funds will be redirected to the next Activity and geography type in the region that had a higher number of qualified Applicants. If sufficient applications are not received in a region, any remaining funds will be redirected to the region with the highest number of qualified Applicants. Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility. Subsequently, the recommendation regarding their application will be made available on the Department's website at least seven calendar days prior to the Board meeting at which the awards may be approved.

(5) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a recommendation for partial funding.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for each Activity.

(7) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

(c) Selection Procedures for Development activities, such as, Single Family Housing Development and Rental Housing Development.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92, and in these rules. Applications that do not comply with HOME requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Housing Developments activities will undergo a review in accordance with §53.58 of this title governing open and competitive application cycles, as appropriate, and as prescribed in the NOFA, and application guidelines.

(3) A site visit will be conducted as part of the HOME Program Development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a partial recommendation for funding.

(5) Each Development application will be notified of its score in writing no later than seven calendar days after all applications received have been scored. Subsequently, the recommendation regarding their application will be made available on the Department's web site at least seven calendar days prior to the Board meeting at which the awards may be approved.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for such Activity.

(7) Even after Board approval for the award of HOME Development Activity funds may be conditional upon a completed loan closing and any other conditions deemed necessary by the Department.

(8) Applicants may appeal staff’s decision regarding their applications in accordance with §1.7 of this title.

**§53.60.General Selection Criteria.**

At a minimum, the following criteria are utilized in evaluating the applications for HOME funds. The applicable criteria are further delineated in the application guidelines and NOFA, which are part of the application package.

(1) Needs Assessment--Whether the proposed project meets the demographic, economic, and special need characteristics of the population residing in the target area and the need that the HOME program is designed to address, using qualitative and quantitative information, market studies, if appropriate, and other source documentation as delineated in the application guidelines, which are part of the application.

(2) Program Design--Whether the proposed project meets the needs identified in the needs assessment, whether the design is complete and whether the project fits within the community setting. Information required includes, but is not limited to: community involvement; support services and resources; scope of program; income and population targeting; marketing, fair housing and relocation plans, as applicable.

(3) Capability of Applicant--Whether the Applicant has the capacity to administer and manage the proposed program/project, demonstrated through previous experience either by the Applicant, cooperating entity or key staff (including other contracted service providers), in program management, property management, acquisition, rehabilitation, construction, real estate finance counseling and training or other activities relevant to the proposed program, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.

(4) Financial Feasibility. Applications for funding will be reviewed for financial feasibility based on the Department’s underwriting standards for development activities and as outlined in the NOFA and application guidelines . The review will be based on the supporting financial data provided by Applicants and third party reports submitted with the application.

**§53.61.Threshold and Selection Criteria for Single Family Non-development Activities**

(a)Applications must meet the minimum threshold score in order to be considered eligible to receive a funding recommendation:

(1) Owner Occupied Housing Assistance, 68 points.

(2) Homebuyer Assistance, 58 points.

(3) Tenant Based Rental Assistance, 60 points.

(4) Contract for Deed, 57 points.

(b)The following selection criteria point breakdown will be utilized when scoring applications:

(1) Affordable Housing Needs Score. Points range from 1 to 7, as published by the Department. The Affordable Housing Needs Score determined for the service area proposed in the application will be multiplied by a factor of 3, for a maximum of 21 points.

(2) Income Targeting. Points will be awarded based on the percentage of total units targeted to specific income levels. Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI.

(A) For Owner Occupied Housing Assistance and Tenant Based Rental Assistance:

(i) 0% to 19.99% of units at 60% AMFI, 0 points;

(ii) 20% to 39.99% of units at 60% AMFI, 2 points;

- (iii) 40% to 59.99% of units at 60% AMFI, 4 points;
- (iv) 60% to 79.99% of units at 60% AMFI, 6 points;
- (v) 80% to 99.99% of units at 60% AMFI, 8 points;
- (vi) 100% of units at 60% AMFI, 10 points;
- (vii) 0% to 19.99% of units at 30% AMFI, an additional 0 points;
- (viii) 20% to 39.99% of units at 30% AMFI, and additional 2 points;
- (ix) 40% to 59.99% of units at 30% AMFI, an additional 4 points;
- (x) 60% to 79.99% of units at 30% AMFI, an additional 6 points;
- (xi) 80% to 99.99% of units at 30% AMFI, an additional 8 points;
- (xii) 100% of units at 30% AMFI, and additional 10 points.

(B) For Homebuyer Assistance and Contract for Deed:

- (i) 0% to 19.99% of units at 80% AMFI, 5 points;
- (ii) 20% to 39.99% of units at 80% AMFI, 4 points;
- (iii) 40% to 59.99% of units at 80% AMFI, 3 points;
- (iv) 60% to 79.99% of units at 80% AMFI, 2 points;
- (v) 80% to 100% of units at 80% AMFI, 1 point;
- (vi) 0% to 9.99% of units at 60% AMFI, an additional 2 points;
- (vii) 10% to 19.99% of units at 60% AMFI, an additional 4 points;
- (viii) 20% to 29.99% of units at 60% AMFI, an additional 6 points;
- (ix) 30% to 39.99% of units at 60% AMFI, an additional 8 points;
- (x) 40% to 49.99% of units at 60% AMFI, an additional 10 points;
- (xi) 50% to 59.99% of units at 60% AMFI, an additional 11 points;
- (xii) 60% to 69.99% of units at 60% AMFI, an additional 12 points;
- (xiii) 70% to 79.99% of units at 60% AMFI, an additional 13 points;
- (xiv) 80% to 89.99% of units at 60% AMFI, an additional 14 points;
- (xv) 90% to 100% of units at 60% AMFI, an additional 15 points.

(3) Previous Award & Past Performance. Applicants will receive points for having received an award and performed in accordance with their contracts and Department rules. If unsatisfactory performance exists on any prior award regardless of set aside or Activity, a score of zero points will result.

(A) Applicant has never received a HOME award, or has received an award prior to 2002 and is 100% committed and expended from contract start date, 20 points;

(B) Applicant received HOME award in 2002-2003 and funds are 100% committed AND expended from contract start date, 18 points;

(C) Applicant received HOME award in 2004, 16 points:

- (i) Owner Occupied Housing Assistance funds are 100% committed and 50% expended from contract start date;
- (ii) Homebuyer Assistance and Tenant Based Rental Assistance funds are 75% committed and 50% expended from contract start date;

(D) Applicant received HOME award during 2005 and Environmental Clearance has been conducted from contract start date, 13 points.

(4) Match. Points will be awarded based on the dollar amount of eligible match as a percentage up to 25% of the requested project funds and the population size to be assisted.

(A) Percentage of Match per Project Request.

(i) 0% to 12.49% of project request, 0 points;

(ii) 12.5% to 15.5% of project request, 6 points;

(iii) 15.51 to 18.5% of project request, 7 points;

(iv) 18.51% to 21.5% of project request, 8 points;

(v) 21.51% to 24.99% of project request, 9 points;

(vi) 25% or greater of project request, 10 points.

(B) Applicants will only receive additional points for population size if providing 12.5% or greater in match.

(A) Population size of 20,001 and above, 0 points;

(B) Population size of 10,001 to 20,000, 2 points;

(C) Population size of 5,001 to 10,000, 4 points;

(D) Population size of 3,001 to 5,000, 6 points;

(E) Population size of 1,501 to 3,000, 8 points;

(F) Population size of 1 to 1,500, 10 points.

(5) Specific to Activity.

(i) Owner Occupied Housing Assistance and Contract for Deed. Local Contractor Letters of Interest. Points will be awarded based on a review of the letters (up to five letters) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed application. To be considered for scoring, the letters must be on the contractor's letterhead, including: the contractor's full name; address, city, state, and zip code; and dated within three months of the application deadline. Maximum of 10 points.

a. The contractor must be headquartered within the regional service area proposed in the application, 2 points per letter for a maximum of 10 points.

b. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area, 1 point per letter for a maximum of 5 points.

(ii) Homebuyer Assistance. Description of Lender Products. Points will be awarded based on a review of the commitment letters (up to three letters) submitted from lenders interested in participating in the Applicant's proposed application. To be considered for scoring, the letters must be on the lender's letterhead, including: name of lender; address, city, state, and zip code; and state the willingness and ability to make affordable loan products available for first-time homebuyers. Letters must be dated within three months of application deadline. 2 points per letter for a maximum of 6 points.

(iii) Homebuyer Assistance and Contract for Deed. Level of Homebuyer Counseling. Points will be awarded based on a review of the documentation submitted describing the level of homebuyer counseling proposed for potential homebuyers. Maximum of 4 points.



- a. Copy of curriculum, 2 points;
  - b. Copy of written agreement with service provider, 1 point;
  - c. Post purchase counseling to be provided, 1 point.
- (iv) Tenant Based Rental Assistance. Self Sufficiency Plan. Points will be awarded based on a review of the documentation submitted describing the Self Sufficiency Plan proposed for potential tenants. Maximum of 5 points.
- a. Description of the services to be provided, 2 points;
  - b. Training schedule, 2 points;
  - c. Copy of written agreement with service provider, 1 point.
- (6) Citizen Forms. Points will be awarded based on the number of completed citizen forms as a percentage of the total units proposed:
- (A) 0% to 9.99% of forms complete, 0 points;
  - (B) 10% to 29.99% of forms complete, 1 point;
  - (C) 30% to 49.99% of forms complete, 2 points;
  - (D) 50% to 69.99% of forms complete, 3 points;
  - (E) 70% to 89.99% of forms complete, 4 points;
  - (F) 90% to 100% of forms complete, 5 points.
- (7) Financial Oversight. Submission of 2004 or 2005 “Independent Auditor’s Report”, 2 points.
- (8) Serving Persons with Disabilities. To be eligible for these points, the Applicant must propose targeting 100% of the units to persons who meet the definition of Persons with Disabilities and have a documented history of working with the disability community, 2 points.

**§53.612. Program Administration.**

- (a) Agreement. Upon approval by the Board, Applicants receiving HOME funds shall enter into, execute, and deliver to the Department all written agreements between the Department and Recipient, including land use restriction agreements and compliance agreements as required by the Department.
- (b) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any HOME written agreement provided that:
- (1) in the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; and
  - (2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award.
  - (3) Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.
- (c) Deobligation.
- (1) The Department reserves the right to deobligate funds in the following situations:
    - (A) Recipient has any unresolved compliance issues on existing or prior contracts with the Department;

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- (B) Recipient fails to set-up programs/projects or expend funds in a timely manner;
- (C) Recipient defaults on any agreement by and between Recipient and the Department;
- (D) Recipient misrepresents any facts to the Department during the HOME application process, award of contracts, or administration of any HOME contract;
- (E) Recipient's inability to provide adequate financial support to administer the HOME contract or withdrawal of significant financial support;
- (F) Recipient is not in compliance with 24 CFR Part 92, or these rules;
- (G) Recipient declines funds; or
- (H) Recipient fails to expend all funds awarded.

(2) The Department, with approval of the Board, may elect to reassign funds following the Deobligation Policy, adopted by the Board on January 17, 2002, in the order prioritized as follows:

- (A) Successful appeals (as allowable under program rules and regulations);
- (B) Disaster Relief (disaster declarations or documented extenuating circumstances such as imminent threat to health and safety);
- (C) Special Needs;
- (D) Colonias; or
- (E) Other projects/uses as determined by the Executive Director and/or Board including the next year's funding cycle for each respective program.

(d) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive 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 good cause, as determined by the Board.

(e) Additional Funds. In the event the Department receives additional funds from HUD, the Department, with Board approval, may elect to distribute funds to other Recipients.

(f) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

(g) Department may terminate a contract in whole or in part. If Applicant has not achieved substantial progress in performance of a contract within six (6) months of the effective date of this contract, the contract will terminate. The Department will track substantial progress during the initial six (6) month period and throughout the contract term. Substantial progress in contract performance must be satisfactorily completed during the term of the contract as follows:

<u>Type</u>	<u>Term Lapsed</u>	<u>% Committed</u>	<u>% Drawn</u>	<u>% Match</u>
<u>OCC</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>100%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>HBA, HBA/Rehab, ADDI</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

<u>TBRA</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>75%</u>	<u>75%</u>
	<u>30 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**§53.623. Community Housing Development Organization (CHDO) Certification.**

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

(1) Applicant--A private nonprofit organization that has submitted a request for certification as a Community Housing Development Organization (CHDO) to the Department. An Applicant for the CHDO set aside must be a CHDO certified by the Department or as otherwise certified or designated as described in subsection (d) of this section.

(2) Articles of Incorporation--A document that sets forth the basic terms of a corporation's existence and is the official recognition of the corporation's existence. The documents must evidence that they have been filed with the Secretary of State.

(3) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the articles of incorporation. Bylaws and amendments to bylaws must be formally adopted in the manner prescribed by the organization's articles or current bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend bylaws.

(4) Community--For urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural areas, "community" is defined as one or several neighborhoods, a town, village, county, or multi-county area, but not the whole state.

(5) Low income--An annual income that does not exceed eighty percent (80%) of the median income for the area, with adjustments for family size, as defined by the U.S. Department of Housing and Urban Development (HUD).

(6) Memorandum of Understanding (MOU)--A written statement detailing the understanding between parties.

(7) Resolutions--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws.

(b) Application Procedures for Certification of CHDO. An Applicant requesting certification as a CHDO must submit an application for CHDO certification in a form prescribed by the Department. The CHDO application must be submitted with an application for HOME funding under the CHDO set-aside, and be recertified on an annual basis. The application must include documentation evidencing the requirements of this subsection.

(1) Applicant must have the following required legal status at the time of application to apply for certification as a CHDO:

(A) Organized as a private nonprofit organization under the Texas Nonprofit Corporation Act or other state not-for-profit/nonprofit statute as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(B) The Applicant must be registered with the Secretary of State to do business in the State of Texas.

(C) No part of the private nonprofit organization's net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(D) The Applicant must have the following tax status:

(i) A current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective while certified as a CHDO; or

(ii) Classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(iii) A private nonprofit organization's pending application for 501(c)(3) or (c)(4) status cannot be used to comply with the tax status requirement under this subparagraph.

(E) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's:

(i) Articles of Incorporation,

(ii) Charter;

(iii) Resolutions; or

(iv) Bylaws.

(F) The Applicant must have a clearly defined service area. The Applicant may include as its service area an entire community as defined in subsection (a)(4) of this section, but not the whole state. Private nonprofit organizations serving special populations must also define the geographic boundaries of its service areas. This subparagraph does not require a private nonprofit organization to represent only a single neighborhood.

(2) An Applicant must have the following capacity and experience:

(A) Conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems" as evidenced by:

(i) notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department;

(ii) certification from a Certified Public Accountant; or

(iii) HUD approved audit summary.

(B) Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

(i) resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds; or

(ii) contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.

(C) Has a history of serving the community within which housing to be assisted with HOME funds is to be located as evidenced by:

(i) statement that documents at least one year of experience in serving the community; or

(ii) for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community; and

(iii) The CHDO or its parent organization must be able to show one year of serving the community prior to the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president or other official of the organization.

(3) An Applicant must have the following organizational structure:

(A) The Applicant must maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in the Applicant's service area. Low-income neighborhoods are defined as neighborhoods where 51 percent or more of the residents are low-income. Residents of low-income neighborhoods do not have to be low income individuals themselves. If a low-income individual does not live in a low-income neighborhood as herein defined, the low-income individual must certify that he qualifies as a low-income individual. This certification is in addition to the affidavit required in clause (ii) of this subparagraph. For the purpose of this subparagraph, elected representatives of low-income neighborhood organizations include block groups, town watch organizations, civic associations, neighborhood church groups, Neighbor Works organizations and any organization composed primarily of residents of a low-income neighborhood as herein defined whose primary purpose is to serve the interest of the neighborhood residents. Compliance with this subparagraph shall be evidenced by:

(i) written provision or statement in the organizations By-laws, Charter or Articles of Incorporation;

(ii) affidavit in a form prescribed by the Department signed by the organization's Executive Director and notarized; and

(iii) current roster of all Board of Directors, including names and mailing addresses. The required one-third low-income residents or elected representatives must be marked on list as such.

(B) The Applicant must provide a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects. The formal process should include a system for community involvement in parts of the private nonprofit organization's service areas where housing will be developed, but which are not represented on its boards. Input from the low-income community is not met solely by having low-income representation on the board. The formal process must be in writing and approved or adopted by the private nonprofit organization, as evidenced by:

(i) organization's By-laws;

(ii) Resolution; or

(iii) written statement of operating procedures approved by the governing body. Statement must be original letterhead, signed by the Executive Director and evidence date of board approval.

(C) A local or state government and/or public agency cannot qualify as a CHDO, but may sponsor the creation of a CHDO. A private nonprofit organization may be chartered by a State or local government, but the following restrictions apply:

(i) The state or local government may not appoint more than one-third of the membership of the organization's governing body;

(ii) The board members appointed by the state or local government may not, in turn, appoint the remaining two-thirds of the board members;

(iii) No more than one-third of the governing board members may be public officials. Public officials include elected officials, appointed public officials, employees of the participating jurisdiction, or employees of the sponsoring state or local government, and individuals appointed by a public official. Elected officials include, but are not limited to, state legislators or any other statewide elected officials. Appointed public officials include, but are not limited to, members of any regulatory and/or advisory boards or commissions that are appointed by a State official;

(iv) Public officials who themselves are low-income residents or representatives do not count toward the one-third minimum requirement of community representatives in subparagraph (A) of this paragraph; and

(v) Compliance with clauses (i)-(iv) of this subparagraph shall be evidenced by:

(I) organization's By-laws;

(II) Charter; or

(III) Articles of Incorporation.

(D) If the Applicant is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the Applicant's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the Applicant's:

(i) By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

(E) An Applicant may be sponsored or created by a for-profit entity provided the for-profit entity's primary purpose does not include the development or management of housing, as evidenced in the for-profit organization's By-laws. If an Applicant is associated or has a relationship with a for-profit entity or entities, the Applicant must prove it is not controlled, nor receives directions from individuals, or entities seeking profit as evidenced by:

(i) organization's By-laws; or

(ii) Memorandum of Understanding (MOU).

(4) Religious or Faith-based Organizations may sponsor a CHDO if the CHDO meets all the requirements of this section. While the governing board of a CHDO sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the faith-based organization may retain control over appointments to the board. If a CHDO is sponsored by a religious organization, the following restrictions also apply:

(A) Housing developed must be made available exclusively for the residential use of program beneficiaries and must be made available to all persons regardless of religious affiliations or beliefs;

(B) A religious organization that participates in the HOME program may not use HOME funds to support any inherently religious activities: such as worship, religious instruction, or proselytizing;

(C) HOME funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Sanctuaries, chapels, or other rooms which a faith-based CHDO uses as its principal place of worship are always ineligible for HOME-funded improvements;

(D) Compliance with clauses (A)-(C) of this subparagraph may be evidenced by:

(i) The Organizations By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

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(c) An application for Community Housing Development Organization (CHDO) Certification will only be accepted if submitted with an application to the Department for HOME funds. If all requirements under this section are met, the Applicant will be certified as a CHDO upon the award of HOME funds by the Department. A new application for CHDO certification must be submitted to the Department with each new application for HOME funds under the CHDO set aside.

(d) If an Applicant submits an application for CHDO certification for a service area that is located in a local Participating Jurisdiction, the Applicant must submit evidence of the local taxing jurisdiction or local Participating Jurisdiction certification or designation of the Applicant as a CHDO.

(e) In the case of an Applicant applying for HOME funds (See 5% Disability requirement at §53.52(a)(2) of this Title) from the Department to be used in a Participating Jurisdiction, where neither the Participating Jurisdiction nor the local taxing entity certifies CHDOs outside of the local HOME application process, the Certification process described in this section applies.

**2006 HOME Investment Partnership Program (HOME) Rule**  
**Title 10, Part 1, Chapter 53 Texas Administrative Code**

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**§53.50.Purpose.**

This Chapter clarifies the use and administration of all funds provided to the Texas Department of Housing and Community Affairs (Department) by the United States Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 United States Code §§12701-12839) and HUD regulations at 24 Code of Federal Regulations (CFR) Part 92. The State’s HOME Program is designed to:

- (1) focus on the areas with the greatest housing need described in the State Consolidated Plan;
- (2) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, reconstruction, tenant-based rental assistance, and pre-development loans;
- (3) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and
- (4) provide low, very low, and extremely low income Texans with affordable, decent, safe and sanitary housing.



**§53.51. Definitions.**

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Activity--A form of assistance by which HOME funds are used to provide incentives to develop and support affordable housing and homeownership through acquisition, new construction, reconstruction, and rehabilitation of housing.
- (2) Administrative Deficiencies--The absence of information or a document from the application as required in this rule.
- (3) Applicant--An eligible entity which is preparing to submit or has submitted an application for HOME funds and is designated in the application to assume contractual liability and legal responsibility as the Recipient executing the written agreement with the Department.
- (4) Board--The governing board of the Texas Department of Housing and Community Affairs.
- (5) CFR--Code of Federal Regulations.
- (6) Colonia--A geographic area located in a county some part of which is within 150 miles of the international border of this state that:
  - (A) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under §17.921, Water Code; or
  - (B) Has the physical and economic characteristics of a Colonia, as determined by the Texas Water Development Board.
- (7) Community Housing Development Organization (CHDO)--A private nonprofit organization that satisfies the requirements of 24 CFR 92.2 and is certified as such by the Department.
- (8) Community Housing Development Organization Pre-Development Loan--A form of assistance in which funds are made available as loans to cover those costs outlined in 24 CFR 92.301.
- (9) Competitive Application Cycle--A defined period during which applications may be submitted according to a published Notice of Funding Availability (NOFA). Applications will be reviewed in accordance with the rules for application review published in the NOFA, and application guidelines.
- (10) Consolidated Plan--The State Consolidated Plan prepared in accordance with 24 CFR Part 91, which describes the needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs and is subject to approval annually by HUD.
- (11) Demonstration Fund--A reserve fund for use alone or in combination and coordination with other programs administered by the Department. This Fund will be available for out of cycle applications, innovative programs brought to the Department for consideration and emergency programs. Additionally, this fund may be used with other programs administered by the Department as outlined in the Consolidated Plan, as approved by the Board.
- (12) Department--The Texas Department of Housing and Community Affairs.
- (13) Development--Projects that have a construction component, either in the form of new construction or the rehabilitation of multi-unit or single family residential housing that meet the affordability requirements.
- (14) Expenditure--Approved expense evidenced by documentation submitted by the Recipient to the Department for purposes of drawing funds from HUD's Integrated Disbursement and Information System (IDIS) for work completed, inspected and certified as complete, and as otherwise required by the Department.
- (15) Family--Includes but is not limited to the following types of families as defined in 24 CFR 5.403:
  - (A) A family with or without children;

- (B) An elderly family;
  - (C) A near elderly family;
  - (D) A disabled family;
  - (E) A displaced family;
  - (F) The remaining member of a tenant family; or
  - (G) A single person who is not an elderly or displaced person or a person with disabilities or the remaining member of a tenant family.
- (16) Homebuyer Assistance--Down payment, closing costs, and gap financing assistance provided to eligible homebuyers. Minor rehabilitation may be combined with Homebuyer Assistance.
- (17) HOME--The HOME Investment Partnerships Program at 42 United States Code §§12701-12839 and the regulations promulgated thereafter at 24 CFR Part 92.
- (18) Household--One or more persons occupying a housing unit.
- (19) HUD--The United States Department of Housing and Urban Development, or its successor.
- (20) IDIS--Integrated Disbursement and Information System established by HUD.
- (21) Income Eligible Families:
- (A) Low-Income Families--Families whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (B) Very Low-Income Families--Families whose annual incomes do not exceed 50% of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (C) Extremely Low Income Families--Families whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
- (22) Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:
- (A) have separate and specific buildings exclusively for the age restricted units;
  - (B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;
  - (C) have separate and specific entrances, and other appropriate security measures for the age restricted units;
  - (D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;
  - (E) share the same Development site;
  - (F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and
  - (G) meet the requirements of the federal Fair Housing Act
- (23) Match--Eligible forms of non-federal contributions to a program or project in the forms specified in 24 CFR 92.220.
- (24) Neighborhood--As defined by HUD, a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government; except that if the unit of general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

(25) New construction--Any Development not meeting the definition of Rehabilitation or Reconstruction.

(26) NOFA--Notice of Funding Availability, published in the Texas Register.

(27) Nonprofit organization--A public or private organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(C) has a current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application for 501(c) (3) or (c) (4) status cannot be used to comply with the tax status requirement.

(28) Open Application Cycle--A defined period during which applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed. Applications will be reviewed in accordance with the rules for application review published in the NOFA, and/or application guidelines.

(29) Owner-Occupied Housing Assistance--A form of assistance for the purpose of rehabilitating or reconstructing existing owner-occupied housing.

(30) Participating Jurisdiction (PJ)--Any state or unit of general local government, including consortia as specified in 24 CFR 92.101, designated by HUD in accordance with 24 CFR 92.105.

(31) Predevelopment Costs--Reimbursable costs related to a specific eligible housing project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies and legal fees;

(C) Predevelopment costs do not include general operational or administrative costs.

(32) Program--Funds provided in the form of a contract to an eligible Applicant for the purpose of administering more than one Project or assisting more than one household.

(33) Program Income--Gross income received by the Department or program administrators directly generated from the use of HOME funds or matching contributions as further described in 24 CFR 92.2.

(34) Project--A site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking under 24 CFR 92.2.

(35) Recipient--A successful applicant that has been awarded funds by the Department to administer a HOME program, including a State Recipient, Subrecipient, for-profit entity, nonprofit entity, or CHDO.

(36) Reconstruction--The rebuilding of a structure on the same lot where housing is standing at the time of Development Application. HOME funds may be used to build a new foundation or repair an existing foundation. During reconstruction, the number of rooms per unit may change, but the number of units may not.

(37) Rehabilitation--Includes the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction.

(38) Rental Housing Development--A project for the acquisition, new construction, reconstruction or rehabilitation of multi-family or single family rental housing, or conversion of commercial property to rental housing.

(39) Rural Development--A Development located within an area which:

(A) is situated outside the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA);

(B) within the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA), if the statistical area has a population of 20,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for new construction or rehabilitation funding by the Texas-United States Department of Agriculture-Rural Housing Service (TX-USDA-RHS).

(40) Single Family Housing Development--A form of assistance to make funds available to HOME eligible Applicants including non-profit organizations, CHDOs, units of general local government, for-profit housing organizations, sole proprietors and public housing agencies for the purpose of constructing single family affordable housing units for homeownership.

(41) Special Needs--Those individuals or categories of individuals determined by the Department to have unmet housing needs consistent with 42 USC §12701 et seq. and as provided in the Consolidated Plan.

(42) State Recipient--A unit of general local government designated by the Department to receive HOME funds.

(43) Subrecipient--A public agency or nonprofit organization selected by the Department to administer all or a portion of the Department's HOME program. A public agency or nonprofit that receives HOME funds solely as a developer or owner of housing is not a Subrecipient. The Department's selection of a Subrecipient is not subject to the procurement procedures and requirements.

(44) Tenant-Based Rental Assistance (TBRA)--A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance also includes security deposits and utility deposits for rental of dwelling units.

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

### **§53.52.Allocation of Funds**

(a) The Department shall administer all federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12704 et seq.) in accordance with HUD's final HOME rule, 24 CFR Part 92 and Chapter 2306, Texas Government Code. Consistent with the federal HOME rule and the Department annual Consolidated Plan. The HOME program shall:

(1) adopt a goal to apply an aggregate minimum of 25 percent of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income, pursuant to §2306.111(a) of the Texas Government Code;

(2) expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas, pursuant to §2306.111(c) of the Texas Government Code; and

(3) Allocate funds to all urban/exurban areas and rural areas of each uniform state service region consistent with the Department’s Regional Allocation Plan, unless funds are reserved for contract-for-deed conversions or for set-asides mandated by state or federal law, or each contract-for-deed allocation or set-aside allocation equals not more than 10 percent of the total allocation of funds for the program year, pursuant to §2306.111(d) of the Texas Government Code.

(b) The Department shall release an annual allocation plan based on the funding allocation outlined in the Department’s Consolidated Plan, and consistent with the Chapter 2306 of the Texas Government Code, after a full accounting of available funds has been determined.

**§53.53.Applicant Requirements.**

(a) Eligible Applicant. The following organizations or entities are eligible to apply for HOME eligible activities:

- (1) nonprofit organizations;
- (2) CHDOs;
- (3) units of general local government;
- (4) for-profit entities and sole proprietors; and
- (5) public housing agencies.

(b) Ineligible Applicant: The following violations will cause an Applicant, and any applications they have submitted, to be ineligible:

- (1) previously funded Recipient(s) whose HOME funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to the current funding cycle;
- (2) applicants who have not satisfied all eligibility requirements described in subsection (f) of this section and the NOFA, and application guidelines to which they are responding, and for which Administrative Deficiencies were unresolved (relating to Applicant Requirements);
- (3) Applicants that have failed to make payment on any loans or fee commitments made with the Department;
- (4) applicants that have been otherwise barred by HUD and/or the Department;
- (5) applicant or developer, or their staff, that violate the state’s revolving door policy; or
- (6) applicants that may be ineligible in accordance with those requirements at §50.5 of this title, excluding those requirements at §§50.5(a)(5) - (8), (10) and (11) of this Title.

(c) Communication with Department Employees. Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established

under paragraphs (1) - (3) of this subsection. §50.5(b)(7) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.

(1) the communication must be restricted to technical or administrative matters directly affecting the Application;

(2) the communication must occur or be received on the premises of the Department during established business hours; and

(3) a record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication (§2306.1113).

(d) Noncompliance. Each application will be reviewed for its compliance history by the Department, consistent with Chapter 60 of this title. Applications found to be in Material Noncompliance, or otherwise violating the compliance rules of the Department, will be terminated.

(e) Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in 24 CFR Part 92 of the HUD HOME program rules, and any additional items included in the NOFA for rental housing developments.

(f) Limitations on the Size of Developments. Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units.

(g) Eligibility requirements. An Applicant must satisfy each of the following requirements in order to be eligible to apply for HOME funding and as more fully described in the NOFA and application guidelines, when applicable:

(1) provide evidence of its ability to carry out the Program in the areas of financing, acquiring, rehabilitating, developing or managing affordable housing developments;

(2) demonstrate fiscal, programmatic, and contractual compliance on previously awarded Department contracts or loan agreements;

(3) submit any past due audit to the department in a satisfactory format on or before the application deadline, in accordance with §1.3(b) of this Title;

(4) demonstrate reasonable HOME Program expenditure and project performance on contract(s), as determined through program monitoring; and

(5) demonstrate satisfactory performance otherwise required by the Department and set out in the application guidelines.

(h) If indicated by the Department, Recipients must comply with all requirements to utilize the Department's website to provide necessary data to the Department.

(i) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in §1.37 of this title.

(j) Public Notification. Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to lose its "received by date" under open application cycles, or be terminated under competitive application cycles. Applicants must provide notifications to:

- (1) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;
  - (2) all neighborhood organizations whose defined boundaries include the location of the Development;
  - (3) executive officer and Board President of the school district that covers the location of the Development;
  - (4) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and
  - (5) the State Representative and State Senator whose district covers the location of the Development.
- (6) The notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.
- (k) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the applicant's cash reserve obligation or made promises in connection therewith.

(l) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions.

#### **§53.54.Application Limitations.**

An eligible Applicant may apply for several eligible activities provided that the total amount requested does not exceed the funding limits established in this section. The Department reserves the right to reduce the amount requested in an application based on program or project feasibility, underwriting analysis, or availability of funds:

- (1) Award amount for Owner-Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance shall not exceed \$500,000 per Activity, per NOFA, except as may be otherwise allowed by the Board.
- (2) Award amount for Development activities shall not exceed \$3 million, except as may be recommended by staff and otherwise approved by the Board. The Department reserves the right to set maximum loan to value limitations and minimum match requirements on all Development activities.
- (3) Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50% of the CHDO's total annual operating expenses in that fiscal year, or \$50,000, whichever is greater. The Department reserves the right to limit an Applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.
- (4) Per unit subsidy for all HOME-assisted housing may not exceed the per-unit dollar limits established by HUD under §221(d)(3) of the National Housing Act which are applicable to the area in which the housing is located, and published by the Department.
- (5) Award amount for Disaster Relief shall not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board. Only one application per affected unit of general local government may be submitted for each designated disaster. Public housing authorities (PHAs) and Nonprofit organizations may only act as an Applicant, in lieu of the unit of local government, if they are so designated by the affected unit of general local government. Award amount for designated Applicants may not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board.
- (6) Award amount for CHDO Predevelopment Loans may not exceed \$50,000 per application. Applicants may submit only one application per NOFA to cover eligible costs, as defined under §53.54(f) of this title.

### **§53.55.Program Activities.**

All eligible applicants that satisfy the requirements of §53.52 may apply for the following Program Activities:

(1) Owner-Occupied Housing Assistance: Assisted homeowners must be income eligible and must occupy the property as their principal residence. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is reconstructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(2) Homebuyer Assistance: HOME funds utilized for Homebuyer Assistance are subject to the Department's recapture provisions as approved by HUD in the Consolidated Plan and as outlined in the application guidelines. The eligible uses for Homebuyer Assistance are down-payment assistance, closing cost assistance, gap financing, and in some instances, rehabilitation. The total assistance provided per eligible homebuyer may not exceed the limits as determined or allowed by the Board or the HOME Final Rule.

(3) Rental Housing Development: Eligible Activities include acquisition, new construction, and rehabilitation. Refinancing or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible. Owners of rental units assisted with HOME funds must comply with income and rent restrictions pursuant to 24 CFR 92.252 and keep the units affordable for a period of time, depending upon the amount of HOME assistance provided. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(4) Tenant-Based Rental Assistance: Provides rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant Based Rental Assistance also includes security and utility deposits for rental of dwelling units. Recipients must comply with 24 CFR 92.209 and 92.216.

(5) Single Family Housing Development: Newly constructed housing must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a). If eligible, an Applicant that applies for Single Family Housing Development may also apply for Homebuyer Assistance.

(6) CHDO Pre-Development Loans: The Department may set-aside up to 10% of the annual CHDO 15% Set-Aside for pre-development loans in accordance with 24 CFR 92.300(c). Applicants for pre-development loans will be required to have a summary description of a proposed Development and be able to show the necessary development experience to apply, as outlined in the NOFA and application guidelines. Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Pre-development loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, the Board may elect to waive pre-development loan repayment, in whole or in part, if there are impediments to a development that the Department determines are reasonably beyond the control of the CHDO.

(7) Set-Asides: other activities deemed eligible under set-asides defined by the Department and outlined in the Consolidated Plan.

### **§53.56.Prohibited Activities.**

In accordance with 24 CFR 92.214, HOME funds may not be used to:

(1) Provide project reserve accounts, except as provided in §92.206(d)(5), or operating subsidies;

(2) Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act;



- (3) Provide non-federal matching contributions required under any other Federal program;
- (4) Provide assistance authorized under section 9 of the 1937 Act (Public Housing Capital and Operating Funds);
- (5) Provide assistance to eligible low-income housing under 24 CFR part 248 (Prepayment of Low Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR 248.101;
- (6) Provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under 24 CFR §92.504. However, additional HOME funds may be committed to a project up to one year after project completion (see 24 CFR §92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount established under 24 CFR §92.250;
- (7) Pay for the acquisition of property owned by the participating jurisdiction, except for property acquired by the participating jurisdiction with HOME funds, or property acquired in anticipation of carrying out a HOME project;
- (8) Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds; or
- (9) Pay for any cost that is not eligible under 24 CFR §§92.206 through 92.209.

#### **§53.57.Distribution of Funds.**

In accordance with 24 CFR §92.201(b)(1), the Department makes every effort to distribute HOME funds throughout the state according to the Department's assessment of the geographic distribution of housing needs, as identified in the Consolidated Plan. Funds shall also be allocated in accordance with §2306.111(d) and (g), Texas Government Code. The Department receives HOME funds for areas of the state which have not received Participating Jurisdiction (PJ) status from HUD. Section 2306.111(c) of the Texas Government Code requires the Department to award at least 95% of HOME Program funds to entities in nonparticipating jurisdictions. All funds not set aside under this section shall be used for the benefit of persons with disabilities who live in areas other than nonparticipating areas.

- (1) CHDO Set-Aside. In accordance with 24 CFR §92.300, not less than 15% of the HOME allocation will be set aside by the Department for CHDO eligible activities. CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If an insufficient number of qualified applications are received by the deadline, the Department reserves the right to hold additional competitions in order to meet federal set-aside requirements.
- (2) Special Needs: In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), with a documented history of working with special needs populations and with relevant housing related experience. Applicants may submit applications for eligible activities, as outlined in the Consolidated Plan. If an insufficient number of qualified applications are received, the Department reserves the right to transfer funds remaining in accordance with paragraph (6) of this subsection regarding Redistribution.
- (3) Other Set-Asides. In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), for those eligible activities outlined under Set-Asides.
- (4) Administrative Funds. In accordance with 24 CFR §92.207 up to 10% of the Department's HOME allocation plus 10% of any program income received may be used for eligible and reasonable planning and administrative costs. Administrative and planning costs may be incurred by the Department, State Recipient, Subrecipient, nonprofit entity, or CHDO.

(5) CHDO Operating Expenses. In accordance with 24 CFR §92.208 up to 5% of the Department's HOME allocation may be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Funds, or through a separate application cycle not tied to a specific Activity.

(6) Redistribution. In an effort to commit HOME funds in a timely manner, the Department may reallocate funds set-aside in accordance with the Consolidated Plan, at its own discretion, to other regions or activities if:

(A) the Department fails to receive a sufficient number of applications from a particular region or Activity;

(B) no applications are submitted for a region; or

(C) applications for a region or Activity do not meet eligibility requirements or minimum threshold scores (when applicable), or are financially infeasible as applicable.

(7) Marginal Applications. When the remainder of the allocation within a region is insufficient to completely fund the next ranked application in the region or Activity, it is within the discretion of the Department to:

(A) fund the next ranked application for the partial amount, reducing the scope of the application proportionally;

(B) make necessary adjustments to fully fund the application; or

(C) transfer the remaining funds to other regions or activities.

(8) HOME Demonstration Fund. The Department, with Board approval, may reserve HOME funds to combine and coordinate with other programs administered by the Department as outlined in the Consolidated Plan, or for housing activities the Department is permitted to fund under applicable law.

### **§53.58.Application Process.**

(a) An Applicant must submit a completed application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA, and application guidelines. Applications containing false information and applications not received by the deadline will be disqualified. Disqualified Applicants are notified in writing. All applications must be received by the Department by 5:00 p.m. on the date identified in the NOFA, and application guidelines, regardless of method of delivery.

(b) Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner:

(1) The Department will accept applications on an ongoing basis, until such date when the Department makes notice to the public that the Open Application Cycle has been closed. All applications must be received during business hours (8:00 a.m. to 5:00 p.m.) on any business day. The Department may limit the eligibility of applications in the NOFA, and application guidelines.

(2) Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review.

(A) Phase One will begin as of the received date. Applications not being considered under the CHDO Set-Aside will be passed through to Phase Two upon receipt. Phase One will only entail the review of the CHDO Certification package. The Department will ensure review of these materials and issue notice of any deficiencies on the CHDO Certification package within 30 days of the received date. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Two and will continue

to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase One until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to Phase Two. Applications that have not proceeded out of Phase One within 50 days of the received date will be terminated and must reapply for consideration of funds.

(B) Phase Two will include a review of all application requirements. The Department will ensure review of materials required under the NOFA, and application guidelines and will issue notice of any deficiencies as to threshold and eligibility within 45 days of the date it enters Phase Two. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Three and will continue to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase Two until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies, and of threshold and eligibility requirements will the Application be forwarded to Phase Three. An Application that has not proceeded out of Phase Two within 65 days of the date it entered Phase Two will be terminated and must reapply for consideration of funds. Application submitted for non-development Activities will not go through a Phase Three evaluation.

(C) Phase Three will include a comprehensive review for material noncompliance and financial feasibility by the Department. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended loan terms, the loan or grant amount and any conditions to be placed on the development. The Department will ensure financial feasibility review and issue notice of any required deficiencies for that feasibility review within 45 days of the date it enters Phase Three. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into "Recommended Status" and will continue to be prioritized by their received date. Applications with deficiencies not satisfied within seven business days, will be retained in Phase Three until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon resolution of all deficiencies will the Application be forwarded to the Department's Executive Awards Review and Advisory Committee for recommendation to the Board. Any application that has not finished Phase Three within 65 days of the date it entered Phase Three will be terminated and must reapply for consideration of funds.

(D) Upon completion of the applicable final review Phase, applications will be presented to the Executive Awards Review and Advisory Committee (the Committee). If satisfactory, the Committee will then recommend the award of funds to the Board, as long as HOME funds are still available for this Activity under the applicable NOFA. If the Application is recommended at least 14 days prior to the next Board meeting, it will be placed on the next Board meeting's agenda. If the Application is recommended with less than 14 days before the next Board meeting, the recommendation will be placed on the subsequent month's Board meeting agenda. Applications which are not recommended by the committee will be either returned to Department Staff or terminated.

(E) Because applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an application has completed all phases of its review. In the case that all HOME funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for 90 days in its current phase. If new HOME funds become available, applications will continue onward with their review without losing their received date priority. If HOME funds do not become available within 90 days of the notification, the Applicant will be notified that their application is no longer under consideration. The applicant must reapply to be considered for future funding. If on the date an application is received by the Department, no funds are available under this NOFA, the applicant will be notified that no funds exist under the NOFA and the application will not be processed.

(F) The Department may decline to fund any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any applications which are received, and may decide it is

in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any application.

(c) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both threshold and/or scoring documentation. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. Administrative Deficiencies given to Applications submitted under an Open Application Cycle NOFA will be handled in the manner described under Part B of this Section. Applications submitted under a Competitive Application Cycle NOFA will be treated in the following manner. If Administrative Deficiencies are not cured to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. An Applicant may not change or supplement an application in any manner after the filing deadline, except in response to a direct request from the Department.

(d) Alternative Dispute Resolution Policy. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, and Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

### **§53.59.Process for Awards.**

(a) The Department will publish a NOFA in the Texas Register and on the Department's website. The NOFA may be published as either an Open or Competitive Application Cycle. The NOFA will establish and define the terms and conditions for the submission of applications, and may set a deadline for receiving applications under a Competitive Application Cycle. The NOFA will also indicate the approximate amount of available funds.

(b) Selection Procedures for non-development Activities such as, Owner Occupied Housing Assistance, Homebuyer Assistance, ~~and~~ Tenant-Based Rental Assistance, and Contract for Deed.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92 and in these rules. Applications that do not comply with such requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Applications ~~are ranked from highest scores to lowest in their respective regions or Activity according to HOME Program scores. All for~~ funds not subject to the Regional Allocation Formula may be awarded on a first-come, first-serve basis. Applicants may also receive a partial recommendation for funding.

(3) ~~Applications-Applications~~ subject to the Regional Allocation Formula must meet or exceed a minimum score determined by Department's staff for the respective activities to be considered for funding.

(4) ~~In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors~~

~~and feasibility of the proposed project identified in the application. Tied Applicants may also receive a recommendation for partial funding. Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored. Only Applicants meeting or exceeding a minimum score will receive a lottery number. Funds will be recommended in the order in which lottery numbers are selected, up to the limit of funds available per Activity and geography type in the region. Should an Activity not have enough qualified Applicants, the funds will be redirected to the next Activity and geography type in the region that had a higher number of qualified Applicants. If sufficient applications are not received in a region, any remaining funds will be redirected to the region with the highest number of qualified Applicants. Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility.~~

~~(5) Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored. Subsequently, the recommendations for funding regarding their application will be made available on the Department's website at least seven calendar days prior to the Board meeting at which the awards may be approved.~~

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for each Activity.

(7) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

(c) Selection Procedures for Development activities, such as, Single Family Housing Development and Rental Housing Development.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92, and in these rules. Applications that do not comply with HOME requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Housing Developments activities will undergo a review in accordance with §53.58 of this title governing open and competitive application cycles, as appropriate, and as prescribed in the NOFA, and application guidelines.

(3) A site visit will be conducted as part of the HOME Program Development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a partial recommendation for funding.

(5) Each Development application will be notified of its score in writing no later than seven calendar days after all applications received have been scored. Subsequently, the recommendation regarding their application will be made available on the Department's web site at least seven calendar days prior to the Board meeting at which the awards may be approved.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for such Activity.

(7) Even after Board approval for the award of HOME Development Activity funds may be conditional upon a completed loan closing and any other conditions deemed necessary by the Department.

(8) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

### **§53.60.General Selection Criteria.**

At a minimum, the following criteria are utilized in evaluating the applications for HOME funds. The applicable criteria are further delineated in the application guidelines and NOFA, which are part of the application package.

(1) Needs Assessment--Whether the proposed project meets the demographic, economic, and special need characteristics of the population residing in the target area and the need that the HOME program is designed to address, using qualitative and quantitative information, market studies, if appropriate, and other source documentation as delineated in the application guidelines, which are part of the application.

(2) Program Design--Whether the proposed project meets the needs identified in the needs assessment, whether the design is complete and whether the project fits within the community setting. Information required includes, but is not limited to: community involvement; support services and resources; scope of program; income and population targeting; marketing, fair housing and relocation plans, as applicable.

(3) Capability of Applicant--Whether the Applicant has the capacity to administer and manage the proposed program/project, demonstrated through previous experience either by the Applicant, cooperating entity or key staff (including other contracted service providers), in program management, property management, acquisition, rehabilitation, construction, real estate finance counseling and training or other activities relevant to the proposed program, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.

(4) Financial Feasibility. Applications for funding will be reviewed for financial feasibility based on the Department's underwriting standards for development activities and as outlined in the NOFA and application guidelines. The review will be based on the supporting financial data provided by Applicants and third party reports submitted with the application.

**§53.61.Threshold and Selection Criteria for Single Family Non-development Activities**

(a)Applications must meet the minimum threshold score in order to be considered eligible to receive a funding recommendation:

(1) Owner Occupied Housing Assistance, 66 points.

(2) Homebuyer Assistance, 56 points.

(3) Tenant Based Rental Assistance, 60 points.

(4) Contract for Deed, 57 points.

(b)The following selection criteria point breakdown will be utilized when scoring applications:

(1) Affordable Housing Needs Score. Points range from 1 to 7, as published by the Department. The Affordable Housing Needs Score determined for the service area proposed in the application will be multiplied by a factor of 3, for a maximum of 21 points.

(2) Income Targeting. Points will be awarded based on the percentage of total units targeted to specific income levels. Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI.

(A) For Owner Occupied Housing Assistance and Tenant Based Rental Assistance:

(i) 0% to 19.99% of units at 60% AMFI, 0 points;

(ii) 20% to 39.99% of units at 60% AMFI, 2 points;

(iii) 40% to 59.99% of units at 60% AMFI, 4 points;

(iv) 60% to 79.99% of units at 60% AMFI, 6 points;

(v) 80% to 99.99% of units at 60% AMFI, 8 points;

(vi) 100% of units at 60% AMFI, 10 points;

(vii) 0% to 19.99% of units at 30% AMFI, an additional 0 points;

- (viii) 20% to 39.99% of units at 30% AMFI, and additional 2 points;
- (ix) 40% to 59.99% of units at 30% AMFI, an additional 4 points;
- (x) 60% to 79.99% of units at 30% AMFI, an additional 6 points;
- (xi) 80% to 99.99% of units at 30% AMFI, an additional 8 points;
- (xii) 100% of units at 30% AMFI, and additional 10 points.

(B) For Homebuyer Assistance and Contract for Deed:

- (i) 0% to 19.99% of units at 80% AMFI, 5 points;
- (ii) 20% to 39.99% of units at 80% AMFI, 4 points;
- (iii) 40% to 59.99% of units at 80% AMFI, 3 points;
- (iv) 60% to 79.99% of units at 80% AMFI, 2 points;
- (v) 80% to 100% of units at 80% AMFI, 1 point;
- (vi) 0% to 9.99% of units at 60% AMFI, an additional 2 points;
- (vii) 10% to 19.99% of units at 60% AMFI, an additional 4 points;
- (viii) 20% to 29.99% of units at 60% AMFI, an additional 6 points;
- (ix) 30% to 39.99% of units at 60% AMFI, an additional 8 points;
- (x) 40% to 49.99% of units at 60% AMFI, an additional 10 points;
- (xi) 50% to 59.99% of units at 60% AMFI, an additional 11 points;
- (xii) 60% to 69.99% of units at 60% AMFI, an additional 12 points;
- (xiii) 70% to 79.99% of units at 60% AMFI, an additional 13 points;
- (xiv) 80% to 89.99% of units at 60% AMFI, an additional 14 points;
- (xv) 90% to 100% of units at 60% AMFI, an additional 15 points.

(3) Previous Award & Past Performance. Applicants will receive points for having received an award and performed in accordance with their contracts and Department rules. If unsatisfactory performance exists on any prior award regardless of set aside or Activity, a score of zero points will result.

(A) Applicant has never received a HOME award, or has received an award prior to 2002 and is 100% committed and expended from contract start date, 20 points;

(B) Applicant received HOME award in 2002-2003 and funds are 100% committed AND expended from contract start date, 18 points;

(C) Applicant received HOME award in 2004, 16 points:

(i) Owner Occupied Housing Assistance funds are 100% committed and 50% expended from contract start date;

(ii) Homebuyer Assistance and Tenant Based Rental Assistance funds are 75% committed and 50% expended from contract start date;

(D) Applicant received HOME award during 2005 and Environmental Clearance has been conducted from contract start date, 13 points.

(4) Match. Points will be awarded based on the dollar amount of eligible match as a percentage up to 25% of the requested project funds and the population size to be assisted.

(A) Percentage of Match per Project Request.

(i) 0% to 12.49% of project request, 0 points;

- (ii) 12.5% to 15.5% of project request, 6 points;
- (iii) 15.51 to 18.5% of project request, 7 points;
- (iv) 18.51% to 21.5% of project request, 8 points;
- (v) 21.51% to 24.99% of project request, 9 points;
- (vi) 25% or greater of project request, 10 points.

(B) Applicants will only receive additional points for population size if providing 12.5% or greater in match.

- (A) Population size of 20,001 and above, 0 points;
- (B) Population size of 10,001 to 20,000, 2 points;
- (C) Population size of 5,001 to 10,000, 4 points;
- (D) Population size of 3,001 to 5,000, 6 points;
- (E) Population size of 1,501 to 3,000, 8 points;
- (F) Population size of 1 to 1,500, 10 points.

(5) Specific to Activity.

(i) Owner Occupied Housing Assistance and Contract for Deed. Local Contractor Letters of Interest. Points will be awarded based on a review of the letters (up to five letters) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed application. To be considered for scoring, the letters must be on the contractor's letterhead, including: the contractor's full name; address, city, state, and zip code; and dated within three months of the application deadline. Maximum of 10 points.

- a. The contractor must be headquartered within the regional service area proposed in the application, 2 points per letter for a maximum of 10 points.
- b. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area, 1 point per letter for a maximum of 5 points.

(ii) Homebuyer Assistance. Description of Lender Products. Points will be awarded based on a review of the commitment letters (up to three letters) submitted from lenders interested in participating in the Applicant's proposed application. To be considered for scoring, the letters must be on the lender's letterhead, including: name of lender; address, city, state, and zip code; and state the willingness and ability to make affordable loan products available for first-time homebuyers. Letters must be dated within three months of application deadline. 2 points per letter for a maximum of 6 points.

(iii) Homebuyer Assistance and Contract for Deed. Level of Homebuyer Counseling. Points will be awarded based on a review of the documentation submitted describing the level of homebuyer counseling proposed for potential homebuyers. Maximum of 4 points.

- a. Copy of curriculum, 2 points;
- b. Copy of written agreement with service provider, 1 point;
- c. Post purchase counseling to be provided, 1 point.

(iv) Tenant Based Rental Assistance. Self Sufficiency Plan. Points will be awarded based on a review of the documentation submitted describing the Self Sufficiency Plan proposed for potential tenants. Maximum of 5 points.

- a. Description of the services to be provided, 2 points;



b. Training schedule, 2 points;

c. Copy of written agreement with service provider, 1 point.

(6) Citizen Forms. Points will be awarded based on the number of completed citizen forms as a percentage of the total units proposed:

(A) 0% to 9.99% of forms complete, 0 points;

(B) 10% to 29.99% of forms complete, 1 point;

(C) 30% to 49.99% of forms complete, 2 points;

(D) 50% to 69.99% of forms complete, 3 points;

(E) 70% to 89.99% of forms complete, 4 points;

(F) 90% to 100% of forms complete, 5 points.

(7) Financial Oversight. Submission of 2004 or 2005 “Independent Auditor’s Report”, 2 points.

(8) Serving Persons with Disabilities. To be eligible for these points, the Applicant must propose targeting 100% of the units to persons who meet the definition of Persons with Disabilities and have a documented history of working with the disability community, 2 points.

**§53.612. Program Administration.**

(a) Agreement. Upon approval by the Board, Applicants receiving HOME funds shall enter into, execute, and deliver to the Department all written agreements between the Department and Recipient, including land use restriction agreements and compliance agreements as required by the Department.

(b) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any HOME written agreement provided that:

(1) in the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; and

(2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award.

(3) Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.

(c) Deobligation.

(1) The Department reserves the right to deobligate funds in the following situations:

(A) Recipient has any unresolved compliance issues on existing or prior contracts with the Department;

(B) Recipient fails to set-up programs/projects or expend funds in a timely manner;

(C) Recipient defaults on any agreement by and between Recipient and the Department;

(D) Recipient misrepresents any facts to the Department during the HOME application process, award of contracts, or administration of any HOME contract;

(E) Recipient's inability to provide adequate financial support to administer the HOME contract or withdrawal of significant financial support;

(F) Recipient is not in compliance with 24 CFR Part 92, or these rules;

(G) Recipient declines funds; or

(H) Recipient fails to expend all funds awarded.

(2) The Department, with approval of the Board, may elect to reassign funds following the Deobligation Policy, adopted by the Board on January 17, 2002, in the order prioritized as follows:

(A) Successful appeals (as allowable under program rules and regulations);

(B) Disaster Relief (disaster declarations or documented extenuating circumstances such as imminent threat to health and safety);

(C) Special Needs;

(D) Colonias; or

(E) Other projects/uses as determined by the Executive Director and/or Board including the next year’s funding cycle for each respective program.

(d) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive 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 good cause, as determined by the Board.

(e) Additional Funds. In the event the Department receives additional funds from HUD, the Department, with Board approval, may elect to distribute funds to other Recipients.

(f) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

(g) Department may terminate a contract in whole or in part. If Applicant has not achieved substantial progress in performance of a contract within six (6) months of the effective date of this contract, the contract will terminate. The Department will track substantial progress during the initial six (6) month period and throughout the contract term. Substantial progress in contract performance must be satisfactorily completed during the term of the contract as follows:

<u>Type</u>	<u>Term Lapsed</u>	<u>% Committed</u>	<u>% Drawn</u>	<u>% Match</u>
<u>OCC</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>100%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>HBA, HBA/Rehab, ADDI</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>TBRA</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>75%</u>	<u>75%</u>
	<u>30 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**§53.623. Community Housing Development Organization (CHDO) Certification.**

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

(1) Applicant--A private nonprofit organization that has submitted a request for certification as a Community Housing Development Organization (CHDO) to the Department. An Applicant for the CHDO set aside must be a CHDO certified by the Department or as otherwise certified or designated as described in subsection (d) of this section.

(2) Articles of Incorporation--A document that sets forth the basic terms of a corporation's existence and is the official recognition of the corporation's existence. The documents must evidence that they have been filed with the Secretary of State.

(3) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the articles of incorporation. Bylaws and amendments to bylaws must be formally adopted in the manner prescribed by the organization's articles or current bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend bylaws.

(4) Community--For urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural areas, "community" is defined as one or several neighborhoods, a town, village, county, or multi-county area, but not the whole state.

(5) Low income--An annual income that does not exceed eighty percent (80%) of the median income for the area, with adjustments for family size, as defined by the U.S. Department of Housing and Urban Development (HUD).

(6) Memorandum of Understanding (MOU)--A written statement detailing the understanding between parties.

(7) Resolutions--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws.

(b) Application Procedures for Certification of CHDO. An Applicant requesting certification as a CHDO must submit an application for CHDO certification in a form prescribed by the Department. The CHDO application must be submitted with an application for HOME funding under the CHDO set-aside, and be recertified on an annual basis. The application must include documentation evidencing the requirements of this subsection.

(1) Applicant must have the following required legal status at the time of application to apply for certification as a CHDO:

(A) Organized as a private nonprofit organization under the Texas Nonprofit Corporation Act or other state not-for-profit/nonprofit statute as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(B) The Applicant must be registered with the Secretary of State to do business in the State of Texas.

(C) No part of the private nonprofit organization's net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(D) The Applicant must have the following tax status:

(i) A current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective while certified as a CHDO; or

(ii) Classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(iii) A private nonprofit organization's pending application for 501(c)(3) or (c)(4) status cannot be used to comply with the tax status requirement under this subparagraph.

(E) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's:

(i) Articles of Incorporation,

(ii) Charter;

(iii) Resolutions; or

(iv) Bylaws.

(F) The Applicant must have a clearly defined service area. The Applicant may include as its service area an entire community as defined in subsection (a)(4) of this section, but not the whole state. Private nonprofit organizations serving special populations must also define the geographic boundaries of its service areas. This subparagraph does not require a private nonprofit organization to represent only a single neighborhood.

(2) An Applicant must have the following capacity and experience:

(A) Conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems" as evidenced by:

(i) notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department;

(ii) certification from a Certified Public Accountant; or

(iii) HUD approved audit summary.

(B) Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

(i) resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds; or

(ii) contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.

(C) Has a history of serving the community within which housing to be assisted with HOME funds is to be located as evidenced by:

(i) statement that documents at least one year of experience in serving the community; or

(ii) for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community; and

(iii) The CHDO or its parent organization must be able to show one year of serving the community prior to the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new

housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president or other official of the organization.

(3) An Applicant must have the following organizational structure:

(A) The Applicant must maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in the Applicant's service area. Low-income neighborhoods are defined as neighborhoods where 51 percent or more of the residents are low-income. Residents of low-income neighborhoods do not have to be low income individuals themselves. If a low-income individual does not live in a low-income neighborhood as herein defined, the low-income individual must certify that he qualifies as a low-income individual. This certification is in addition to the affidavit required in clause (ii) of this subparagraph. For the purpose of this subparagraph, elected representatives of low-income neighborhood organizations include block groups, town watch organizations, civic associations, neighborhood church groups, Neighbor Works organizations and any organization composed primarily of residents of a low-income neighborhood as herein defined whose primary purpose is to serve the interest of the neighborhood residents. Compliance with this subparagraph shall be evidenced by:

(i) written provision or statement in the organizations By-laws, Charter or Articles of Incorporation;

(ii) affidavit in a form prescribed by the Department signed by the organization's Executive Director and notarized; and

(iii) current roster of all Board of Directors, including names and mailing addresses. The required one-third low-income residents or elected representatives must be marked on list as such.

(B) The Applicant must provide a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects. The formal process should include a system for community involvement in parts of the private nonprofit organization's service areas where housing will be developed, but which are not represented on its boards. Input from the low-income community is not met solely by having low-income representation on the board. The formal process must be in writing and approved or adopted by the private nonprofit organization, as evidenced by:

(i) organization's By-laws;

(ii) Resolution; or

(iii) written statement of operating procedures approved by the governing body. Statement must be original letterhead, signed by the Executive Director and evidence date of board approval.

(C) A local or state government and/or public agency cannot qualify as a CHDO, but may sponsor the creation of a CHDO. A private nonprofit organization may be chartered by a State or local government, but the following restrictions apply:

(i) The state or local government may not appoint more than one-third of the membership of the organization's governing body;

(ii) The board members appointed by the state or local government may not, in turn, appoint the remaining two-thirds of the board members;

(iii) No more than one-third of the governing board members may be public officials. Public officials include elected officials, appointed public officials, employees of the participating jurisdiction, or employees of the sponsoring state or local government, and individuals appointed by a public official. Elected officials include, but are not limited to, state legislators or any other statewide elected officials. Appointed public officials include, but are not limited to, members of any regulatory and/or advisory boards or commissions that are appointed by a State official;

(iv) Public officials who themselves are low-income residents or representatives do not count toward the one-third minimum requirement of community representatives in subparagraph (A) of this paragraph; and

(v) Compliance with clauses (i)-(iv) of this subparagraph shall be evidenced by:

(I) organization's By-laws;

(II) Charter; or

(III) Articles of Incorporation.

(D) If the Applicant is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the Applicant's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the Applicant's:

(i) By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

(E) An Applicant may be sponsored or created by a for-profit entity provided the for-profit entity's primary purpose does not include the development or management of housing, as evidenced in the for-profit organization's By-laws. If an Applicant is associated or has a relationship with a for-profit entity or entities, the Applicant must prove it is not controlled, nor receives directions from individuals, or entities seeking profit as evidenced by:

(i) organization's By-laws; or

(ii) Memorandum of Understanding (MOU).

(4) Religious or Faith-based Organizations may sponsor a CHDO if the CHDO meets all the requirements of this section. While the governing board of a CHDO sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the faith-based organization may retain control over appointments to the board. If a CHDO is sponsored by a religious organization, the following restrictions also apply:

(A) Housing developed must be made available exclusively for the residential use of program beneficiaries and must be made available to all persons regardless of religious affiliations or beliefs;

(B) A religious organization that participates in the HOME program may not use HOME funds to support any inherently religious activities: such as worship, religious instruction, or proselytizing;

(C) HOME funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Sanctuaries, chapels, or other rooms which a faith-based CHDO uses as its principal place of worship are always ineligible for HOME-funded improvements;

(D) Compliance with clauses (A)-(C) of this subparagraph may be evidenced by:

(i) The Organizations By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

(c) An application for Community Housing Development Organization (CHDO) Certification will only be accepted if submitted with an application to the Department for HOME funds. If all requirements under this section are met, the Applicant will be certified as a CHDO upon the award of HOME funds by the Department. A new application for CHDO certification must be submitted to the Department with each new application for HOME funds under the CHDO set aside.

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(d) If an Applicant submits an application for CHDO certification for a service area that is located in a local Participating Jurisdiction, the Applicant must submit evidence of the local taxing jurisdiction or local Participating Jurisdiction certification or designation of the Applicant as a CHDO.

(e) In the case of an Applicant applying for HOME funds (See 5% Disability requirement at §53.52(a)(2) of this Title) from the Department to be used in a Participating Jurisdiction, where neither the Participating Jurisdiction nor the local taxing entity certifies CHDOs outside of the local HOME application process, the Certification process described in this section applies.

**2006 HOME Investment Partnership Program (HOME) Rule  
Title 10, Part 1, Chapter 53 Texas Administrative Code**

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**§53.50.Purpose.**

This Chapter clarifies the use and administration of all funds provided to the Texas Department of Housing and Community Affairs (Department) by the United States Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 United States Code §§12701-12839) and HUD regulations at 24 Code of Federal Regulations (CFR) Part 92. The State’s HOME Program is designed to:

- (1) focus on the areas with the greatest housing need described in the State Consolidated Plan;
- (2) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, reconstruction, tenant-based rental assistance, and pre-development loans;
- (3) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and
- (4) provide low, very low, and extremely low income Texans with affordable, decent, safe and sanitary housing.



**§53.51. Definitions.**

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Activity--A form of assistance by which HOME funds are used to provide incentives to develop and support affordable housing and homeownership through acquisition, new construction, reconstruction, and rehabilitation of housing.
- (2) Administrative Deficiencies--The absence of information or a document from the application as required in this rule.
- (3) Applicant--An eligible entity which is preparing to submit or has submitted an application for HOME funds and is designated in the application to assume contractual liability and legal responsibility as the Recipient executing the written agreement with the Department.
- (4) Board--The governing board of the Texas Department of Housing and Community Affairs.
- (5) CFR--Code of Federal Regulations.
- (6) Colonia--A geographic area located in a county some part of which is within 150 miles of the international border of this state that:
  - (A) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under §17.921, Water Code; or
  - (B) Has the physical and economic characteristics of a Colonia, as determined by the Texas Water Development Board.
- (7) Community Housing Development Organization (CHDO)--A private nonprofit organization that satisfies the requirements of 24 CFR 92.2 and is certified as such by the Department.
- (8) Community Housing Development Organization Pre-Development Loan--A form of assistance in which funds are made available as loans to cover those costs outlined in 24 CFR 92.301.
- (9) Competitive Application Cycle--A defined period during which applications may be submitted according to a published Notice of Funding Availability (NOFA). Applications will be reviewed in accordance with the rules for application review published in the NOFA, and application guidelines.
- (10) Consolidated Plan--The State Consolidated Plan prepared in accordance with 24 CFR Part 91, which describes the needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs and is subject to approval annually by HUD.
- (11) Demonstration Fund--A reserve fund for use alone or in combination and coordination with other programs administered by the Department. This Fund will be available for out of cycle applications, innovative programs brought to the Department for consideration and emergency programs. Additionally, this fund may be used with other programs administered by the Department as outlined in the Consolidated Plan, as approved by the Board.
- (12) Department--The Texas Department of Housing and Community Affairs.
- (13) Development--Projects that have a construction component, either in the form of new construction or the rehabilitation of multi-unit or single family residential housing that meet the affordability requirements.
- (14) Expenditure--Approved expense evidenced by documentation submitted by the Recipient to the Department for purposes of drawing funds from HUD's Integrated Disbursement and Information System (IDIS) for work completed, inspected and certified as complete, and as otherwise required by the Department.
- (15) Family--Includes but is not limited to the following types of families as defined in 24 CFR 5.403:
  - (A) A family with or without children;

- (B) An elderly family;
  - (C) A near elderly family;
  - (D) A disabled family;
  - (E) A displaced family;
  - (F) The remaining member of a tenant family; or
  - (G) A single person who is not an elderly or displaced person or a person with disabilities or the remaining member of a tenant family.
- (16) Homebuyer Assistance--Down payment, closing costs, and gap financing assistance provided to eligible homebuyers. Minor rehabilitation may be combined with Homebuyer Assistance.
- (17) HOME--The HOME Investment Partnerships Program at 42 United States Code §§12701-12839 and the regulations promulgated thereafter at 24 CFR Part 92.
- (18) Household--One or more persons occupying a housing unit.
- (19) HUD--The United States Department of Housing and Urban Development, or its successor.
- (20) IDIS--Integrated Disbursement and Information System established by HUD.
- (21) Income Eligible Families:
- (A) Low-Income Families--Families whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (B) Very Low-Income Families--Families whose annual incomes do not exceed 50% of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (C) Extremely Low Income Families--Families whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
- (22) Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:
- (A) have separate and specific buildings exclusively for the age restricted units;
  - (B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;
  - (C) have separate and specific entrances, and other appropriate security measures for the age restricted units;
  - (D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;
  - (E) share the same Development site;
  - (F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and
  - (G) meet the requirements of the federal Fair Housing Act
- (23) Match--Eligible forms of non-federal contributions to a program or project in the forms specified in 24 CFR 92.220.
- (24) Neighborhood--As defined by HUD, a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government; except that if the unit of general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

(25) New construction--Any Development not meeting the definition of Rehabilitation or Reconstruction.

(26) NOFA--Notice of Funding Availability, published in the Texas Register.

(27) Nonprofit organization--A public or private organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(C) has a current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application for 501(c) (3) or (c) (4) status cannot be used to comply with the tax status requirement.

(28) Open Application Cycle--A defined period during which applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed. Applications will be reviewed in accordance with the rules for application review published in the NOFA, and/or application guidelines.

(29) Owner-Occupied Housing Assistance--A form of assistance for the purpose of rehabilitating or reconstructing existing owner-occupied housing.

(30) Participating Jurisdiction (PJ)--Any state or unit of general local government, including consortia as specified in 24 CFR 92.101, designated by HUD in accordance with 24 CFR 92.105.

(31) Predevelopment Costs--Reimbursable costs related to a specific eligible housing project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies and legal fees;

(C) Predevelopment costs do not include general operational or administrative costs.

(32) Program--Funds provided in the form of a contract to an eligible Applicant for the purpose of administering more than one Project or assisting more than one household.

(33) Program Income--Gross income received by the Department or program administrators directly generated from the use of HOME funds or matching contributions as further described in 24 CFR 92.2.

(34) Project--A site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking under 24 CFR 92.2.

(35) Recipient--A successful applicant that has been awarded funds by the Department to administer a HOME program, including a State Recipient, Subrecipient, for-profit entity, nonprofit entity, or CHDO.

(36) Reconstruction--The rebuilding of a structure on the same lot where housing is standing at the time of Development Application. HOME funds may be used to build a new foundation or repair an existing foundation. During reconstruction, the number of rooms per unit may change, but the number of units may not.

(37) Rehabilitation--Includes the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction.

(38) Rental Housing Development--A project for the acquisition, new construction, reconstruction or rehabilitation of multi-family or single family rental housing, or conversion of commercial property to rental housing.

(39) Rural Development--A Development located within an area which:

(A) is situated outside the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA);

(B) within the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA), if the statistical area has a population of 20,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for new construction or rehabilitation funding by the Texas-United States Department of Agriculture-Rural Housing Service (TX-USDA-RHS).

(40) Single Family Housing Development--A form of assistance to make funds available to HOME eligible Applicants including non-profit organizations, CHDOs, units of general local government, for-profit housing organizations, sole proprietors and public housing agencies for the purpose of constructing single family affordable housing units for homeownership.

(41) Special Needs--Those individuals or categories of individuals determined by the Department to have unmet housing needs consistent with 42 USC §12701 et seq. and as provided in the Consolidated Plan.

(42) State Recipient--A unit of general local government designated by the Department to receive HOME funds.

(43) Subrecipient--A public agency or nonprofit organization selected by the Department to administer all or a portion of the Department's HOME program. A public agency or nonprofit that receives HOME funds solely as a developer or owner of housing is not a Subrecipient. The Department's selection of a Subrecipient is not subject to the procurement procedures and requirements.

(44) Tenant-Based Rental Assistance (TBRA)--A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance also includes security deposits and utility deposits for rental of dwelling units.

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

### **§53.52.Allocation of Funds**

(a) The Department shall administer all federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12704 et seq.) in accordance with HUD's final HOME rule, 24 CFR Part 92 and Chapter 2306, Texas Government Code. Consistent with the federal HOME rule and the Department annual Consolidated Plan. The HOME program shall:

(1) adopt a goal to apply an aggregate minimum of 25 percent of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income, pursuant to §2306.111(a) of the Texas Government Code;

(2) expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas, pursuant to §2306.111(c) of the Texas Government Code; and

(3) Allocate funds to all urban/exurban areas and rural areas of each uniform state service region consistent with the Department's Regional Allocation Plan, unless funds are reserved for contract-for-deed conversions or for set-asides mandated by state or federal law, or each contract-for-deed allocation or set-aside allocation equals not more than 10 percent of the total allocation of funds for the program year, pursuant to §2306.111(d) of the Texas Government Code.

(b) The Department shall release an annual allocation plan based on the funding allocation outlined in the Department's Consolidated Plan, and consistent with the Chapter 2306 of the Texas Government Code, after a full accounting of available funds has been determined.

### **§53.53.Applicant Requirements.**

(a) Eligible Applicant. The following organizations or entities are eligible to apply for HOME eligible activities:

- (1) nonprofit organizations;
- (2) CHDOs;
- (3) units of general local government;
- (4) for-profit entities and sole proprietors; and
- (5) public housing agencies.

(b) Ineligible Applicant: The following violations will cause an Applicant, and any applications they have submitted, to be ineligible:

- (1) previously funded Recipient(s) whose HOME funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to the current funding cycle;
- (2) applicants who have not satisfied all eligibility requirements described in subsection (f) of this section and the NOFA, and application guidelines to which they are responding, and for which Administrative Deficiencies were unresolved (relating to Applicant Requirements);
- (3) Applicants that have failed to make payment on any loans or fee commitments made with the Department;
- (4) applicants that have been otherwise barred by HUD and/or the Department;
- (5) applicant or developer, or their staff, that violate the state's revolving door policy; or
- (6) applicants that may be ineligible in accordance with those requirements at §50.5 of this title, excluding those requirements at §§50.5(a)(5) - (8), (10) and (11) of this Title.

(c) Communication with Department Employees. Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established

under paragraphs (1) - (3) of this subsection. §50.5(b)(7) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.

(1) the communication must be restricted to technical or administrative matters directly affecting the Application;

(2) the communication must occur or be received on the premises of the Department during established business hours; and

(3) a record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication (§2306.1113).

(d) Noncompliance. Each application will be reviewed for its compliance history by the Department, consistent with Chapter 60 of this title. Applications found to be in Material Noncompliance, or otherwise violating the compliance rules of the Department, will be terminated.

(e) Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in 24 CFR Part 92 of the HUD HOME program rules, and any additional items included in the NOFA for rental housing developments.

(f) Limitations on the Size of Developments. Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units.

(g) Eligibility requirements. An Applicant must satisfy each of the following requirements in order to be eligible to apply for HOME funding and as more fully described in the NOFA and application guidelines, when applicable:

(1) provide evidence of its ability to carry out the Program in the areas of financing, acquiring, rehabilitating, developing or managing affordable housing developments;

(2) demonstrate fiscal, programmatic, and contractual compliance on previously awarded Department contracts or loan agreements;

(3) submit any past due audit to the department in a satisfactory format on or before the application deadline, in accordance with §1.3(b) of this Title;

(4) demonstrate reasonable HOME Program expenditure and project performance on contract(s), as determined through program monitoring; and

(5) demonstrate satisfactory performance otherwise required by the Department and set out in the application guidelines.

(h) If indicated by the Department, Recipients must comply with all requirements to utilize the Department's website to provide necessary data to the Department.

(i) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in §1.37 of this title.

(j) Public Notification. Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to lose its "received by date" under open application cycles, or be terminated under competitive application cycles. Applicants must provide notifications to:

- (1) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;
  - (2) all neighborhood organizations whose defined boundaries include the location of the Development;
  - (3) executive officer and Board President of the school district that covers the location of the Development;
  - (4) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and
  - (5) the State Representative and State Senator whose district covers the location of the Development.
- (6) The notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.
- (k) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the applicant's cash reserve obligation or made promises in connection therewith.

(l) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions.

#### **§53.54.Application Limitations.**

An eligible Applicant may apply for several eligible activities provided that the total amount requested does not exceed the funding limits established in this section. The Department reserves the right to reduce the amount requested in an application based on program or project feasibility, underwriting analysis, or availability of funds:

- (1) Award amount for Owner-Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance shall not exceed \$500,000 per Activity, per NOFA, except as may be otherwise allowed by the Board.
- (2) Award amount for Development activities shall not exceed \$3 million, except as may be recommended by staff and otherwise approved by the Board. The Department reserves the right to set maximum loan to value limitations and minimum match requirements on all Development activities.
- (3) Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50% of the CHDO's total annual operating expenses in that fiscal year, or \$50,000, whichever is greater. The Department reserves the right to limit an Applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.
- (4) Per unit subsidy for all HOME-assisted housing may not exceed the per-unit dollar limits established by HUD under §221(d)(3) of the National Housing Act which are applicable to the area in which the housing is located, and published by the Department.
- (5) Award amount for Disaster Relief shall not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board. Only one application per affected unit of general local government may be submitted for each designated disaster. Public housing authorities (PHAs) and Nonprofit organizations may only act as an Applicant, in lieu of the unit of local government, if they are so designated by the affected unit of general local government. Award amount for designated Applicants may not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board.
- (6) Award amount for CHDO Predevelopment Loans may not exceed \$50,000 per application. Applicants may submit only one application per NOFA to cover eligible costs, as defined under §53.54(f) of this title.

**§53.55.Program Activities.**

All eligible applicants that satisfy the requirements of §53.52 may apply for the following Program Activities:

(1) Owner-Occupied Housing Assistance: Assisted homeowners must be income eligible and must occupy the property as their principal residence. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is reconstructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(2) Homebuyer Assistance: HOME funds utilized for Homebuyer Assistance are subject to the Department's recapture provisions as approved by HUD in the Consolidated Plan and as outlined in the application guidelines. The eligible uses for Homebuyer Assistance are down-payment assistance, closing cost assistance, gap financing, and in some instances, rehabilitation. The total assistance provided per eligible homebuyer may not exceed the limits as determined or allowed by the Board or the HOME Final Rule.

(3) Rental Housing Development: Eligible Activities include acquisition, new construction, and rehabilitation. Refinancing or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible. Owners of rental units assisted with HOME funds must comply with income and rent restrictions pursuant to 24 CFR 92.252 and keep the units affordable for a period of time, depending upon the amount of HOME assistance provided. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(4) Tenant-Based Rental Assistance: Provides rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant Based Rental Assistance also includes security and utility deposits for rental of dwelling units. Recipients must comply with 24 CFR 92.209 and 92.216.

(5) Single Family Housing Development: Newly constructed housing must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a). If eligible, an Applicant that applies for Single Family Housing Development may also apply for Homebuyer Assistance.

(6) CHDO Pre-Development Loans: The Department may set-aside up to 10% of the annual CHDO 15% Set-Aside for pre-development loans in accordance with 24 CFR 92.300(c). Applicants for pre-development loans will be required to have a summary description of a proposed Development and be able to show the necessary development experience to apply, as outlined in the NOFA and application guidelines. Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Pre-development loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, the Board may elect to waive pre-development loan repayment, in whole or in part, if there are impediments to a development that the Department determines are reasonably beyond the control of the CHDO.

(7) Set-Asides: other activities deemed eligible under set-asides defined by the Department and outlined in the Consolidated Plan.

**§53.56.Prohibited Activities.**

In accordance with 24 CFR 92.214, HOME funds may not be used to:

- (1) Provide project reserve accounts, except as provided in §92.206(d)(5), or operating subsidies;
- (2) Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act;



- (3) Provide non-federal matching contributions required under any other Federal program;
- (4) Provide assistance authorized under section 9 of the 1937 Act (Public Housing Capital and Operating Funds);
- (5) Provide assistance to eligible low-income housing under 24 CFR part 248 (Prepayment of Low Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR 248.101;
- (6) Provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under 24 CFR §92.504. However, additional HOME funds may be committed to a project up to one year after project completion (see 24 CFR §92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount established under 24 CFR §92.250;
- (7) Pay for the acquisition of property owned by the participating jurisdiction, except for property acquired by the participating jurisdiction with HOME funds, or property acquired in anticipation of carrying out a HOME project;
- (8) Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds; or
- (9) Pay for any cost that is not eligible under 24 CFR §§92.206 through 92.209.

**§53.57.Distribution of Funds.**

In accordance with 24 CFR §92.201(b)(1), the Department makes every effort to distribute HOME funds throughout the state according to the Department's assessment of the geographic distribution of housing needs, as identified in the Consolidated Plan. Funds shall also be allocated in accordance with §2306.111(d) and (g), Texas Government Code. The Department receives HOME funds for areas of the state which have not received Participating Jurisdiction (PJ) status from HUD. Section 2306.111(c) of the Texas Government Code requires the Department to award at least 95% of HOME Program funds to entities in nonparticipating jurisdictions. All funds not set aside under this section shall be used for the benefit of persons with disabilities who live in areas other than nonparticipating areas.

- (1) CHDO Set-Aside. In accordance with 24 CFR §92.300, not less than 15% of the HOME allocation will be set aside by the Department for CHDO eligible activities. CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If an insufficient number of qualified applications are received by the deadline, the Department reserves the right to hold additional competitions in order to meet federal set-aside requirements.
- (2) Special Needs: In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), with a documented history of working with special needs populations and with relevant housing related experience. Applicants may submit applications for eligible activities, as outlined in the Consolidated Plan. If an insufficient number of qualified applications are received, the Department reserves the right to transfer funds remaining in accordance with paragraph (6) of this subsection regarding Redistribution.
- (3) Other Set-Asides. In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), for those eligible activities outlined under Set-Asides.
- (4) Administrative Funds. In accordance with 24 CFR §92.207 up to 10% of the Department's HOME allocation plus 10% of any program income received may be used for eligible and reasonable planning and administrative costs. Administrative and planning costs may be incurred by the Department, State Recipient, Subrecipient, nonprofit entity, or CHDO.

(5) CHDO Operating Expenses. In accordance with 24 CFR §92.208 up to 5% of the Department's HOME allocation may be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Funds, or through a separate application cycle not tied to a specific Activity.

(6) Redistribution. In an effort to commit HOME funds in a timely manner, the Department may reallocate funds set-aside in accordance with the Consolidated Plan, at its own discretion, to other regions or activities if:

(A) the Department fails to receive a sufficient number of applications from a particular region or Activity;

(B) no applications are submitted for a region; or

(C) applications for a region or Activity do not meet eligibility requirements or minimum threshold scores (when applicable), or are financially infeasible as applicable.

(7) Marginal Applications. When the remainder of the allocation within a region is insufficient to completely fund the next ranked application in the region or Activity, it is within the discretion of the Department to:

(A) fund the next ranked application for the partial amount, reducing the scope of the application proportionally;

(B) make necessary adjustments to fully fund the application; or

(C) transfer the remaining funds to other regions or activities.

(8) HOME Demonstration Fund. The Department, with Board approval, may reserve HOME funds to combine and coordinate with other programs administered by the Department as outlined in the Consolidated Plan, or for housing activities the Department is permitted to fund under applicable law.

### **§53.58.Application Process.**

(a) An Applicant must submit a completed application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA, and application guidelines. Applications containing false information and applications not received by the deadline will be disqualified. Disqualified Applicants are notified in writing. All applications must be received by the Department by 5:00 p.m. on the date identified in the NOFA, and application guidelines, regardless of method of delivery.

(b) Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner:

(1) The Department will accept applications on an ongoing basis, until such date when the Department makes notice to the public that the Open Application Cycle has been closed. All applications must be received during business hours (8:00 a.m. to 5:00 p.m.) on any business day. The Department may limit the eligibility of applications in the NOFA, and application guidelines.

(2) Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review.

(A) Phase One will begin as of the received date. Applications not being considered under the CHDO Set-Aside will be passed through to Phase Two upon receipt. Phase One will only entail the review of the CHDO Certification package. The Department will ensure review of these materials and issue notice of any deficiencies on the CHDO Certification package within 30 days of the received date. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Two and will continue

to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase One until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to Phase Two. Applications that have not proceeded out of Phase One within 50 days of the received date will be terminated and must reapply for consideration of funds.

(B) Phase Two will include a review of all application requirements. The Department will ensure review of materials required under the NOFA, and application guidelines and will issue notice of any deficiencies as to threshold and eligibility within 45 days of the date it enters Phase Two. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Three and will continue to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase Two until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies, and of threshold and eligibility requirements will the Application be forwarded to Phase Three. An Application that has not proceeded out of Phase Two within 65 days of the date it entered Phase Two will be terminated and must reapply for consideration of funds. Application submitted for non-development Activities will not go through a Phase Three evaluation.

(C) Phase Three will include a comprehensive review for material noncompliance and financial feasibility by the Department. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended loan terms, the loan or grant amount and any conditions to be placed on the development. The Department will ensure financial feasibility review and issue notice of any required deficiencies for that feasibility review within 45 days of the date it enters Phase Three. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into "Recommended Status" and will continue to be prioritized by their received date. Applications with deficiencies not satisfied within seven business days, will be retained in Phase Three until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon resolution of all deficiencies will the Application be forwarded to the Department's Executive Awards Review and Advisory Committee for recommendation to the Board. Any application that has not finished Phase Three within 65 days of the date it entered Phase Three will be terminated and must reapply for consideration of funds.

(D) Upon completion of the applicable final review Phase, applications will be presented to the Executive Awards Review and Advisory Committee (the Committee). If satisfactory, the Committee will then recommend the award of funds to the Board, as long as HOME funds are still available for this Activity under the applicable NOFA. If the Application is recommended at least 14 days prior to the next Board meeting, it will be placed on the next Board meeting's agenda. If the Application is recommended with less than 14 days before the next Board meeting, the recommendation will be placed on the subsequent month's Board meeting agenda. Applications which are not recommended by the committee will be either returned to Department Staff or terminated.

(E) Because applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an application has completed all phases of its review. In the case that all HOME funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for 90 days in its current phase. If new HOME funds become available, applications will continue onward with their review without losing their received date priority. If HOME funds do not become available within 90 days of the notification, the Applicant will be notified that their application is no longer under consideration. The applicant must reapply to be considered for future funding. If on the date an application is received by the Department, no funds are available under this NOFA, the applicant will be notified that no funds exist under the NOFA and the application will not be processed.

(F) The Department may decline to fund any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any applications which are received, and may decide it is

in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any application.

(c) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both threshold and/or scoring documentation. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. Administrative Deficiencies given to Applications submitted under an Open Application Cycle NOFA will be handled in the manner described under Part B of this Section. Applications submitted under a Competitive Application Cycle NOFA will be treated in the following manner. If Administrative Deficiencies are not cured to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. An Applicant may not change or supplement an application in any manner after the filing deadline, except in response to a direct request from the Department.

(d) Alternative Dispute Resolution Policy. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, and Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

### §53.59.Process for Awards.

(a) The Department will publish a NOFA in the Texas Register and on the Department's website. The NOFA may be published as either an Open or Competitive Application Cycle. The NOFA will establish and define the terms and conditions for the submission of applications, and may set a deadline for receiving applications under a Competitive Application Cycle. The NOFA will also indicate the approximate amount of available funds.

(b) Selection Procedures for non-development Activities such as, Owner Occupied Housing Assistance, Homebuyer Assistance, ~~and~~ Tenant-Based Rental Assistance, and Contract for Deed.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92 and in these rules. Applications that do not comply with such requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Applications ~~are ranked from highest scores to lowest in their respective regions or Activity according to HOME Program scores. All for~~ funds not subject to the Regional Allocation Formula may be awarded on a first-come, first-serve basis. Applicants may also receive a partial recommendation for funding.

(3) ~~Applications~~ Applications subject to the Regional Allocation Formula must meet or exceed a minimum score determined by Department's staff for the respective activities to be considered for funding.

~~(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a recommendation for partial funding. Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored. Only Applicants meeting or exceeding a minimum score will receive a funding recommendation. Funding recommendations will be pro rated, based on the total number of qualifying Applicants' project requests per Activity and geography type in the region. Should an Activity not have enough qualified Applicants, the funds will be redirected to the next Activity and geography type in the region that had a higher number of qualified Applicants. Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility.~~

~~(5) Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored.~~ Subsequently, ~~the recommendations for funding regarding their application~~ will be made available on the Department's website at least seven calendar days prior to the Board meeting at which the awards may be approved.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for each Activity.

(7) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

(c) Selection Procedures for Development activities, such as, Single Family Housing Development and Rental Housing Development.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92, and in these rules. Applications that do not comply with HOME requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Housing Developments activities will undergo a review in accordance with §53.58 of this title governing open and competitive application cycles, as appropriate, and as prescribed in the NOFA, and application guidelines.

(3) A site visit will be conducted as part of the HOME Program Development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a partial recommendation for funding.

(5) Each Development application will be notified of its score in writing no later than seven calendar days after all applications received have been scored. Subsequently, the recommendation regarding their application will be made available on the Department's web site at least seven calendar days prior to the Board meeting at which the awards may be approved.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for such Activity.

(7) Even after Board approval for the award of HOME Development Activity funds may be conditional upon a completed loan closing and any other conditions deemed necessary by the Department.

(8) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

**§53.60.General Selection Criteria.**

At a minimum, the following criteria are utilized in evaluating the applications for HOME funds. The applicable criteria are further delineated in the application guidelines and NOFA, which are part of the application package.

- (1) Needs Assessment--Whether the proposed project meets the demographic, economic, and special need characteristics of the population residing in the target area and the need that the HOME program is designed to address, using qualitative and quantitative information, market studies, if appropriate, and other source documentation as delineated in the application guidelines, which are part of the application.
- (2) Program Design--Whether the proposed project meets the needs identified in the needs assessment, whether the design is complete and whether the project fits within the community setting. Information required includes, but is not limited to: community involvement; support services and resources; scope of program; income and population targeting; marketing, fair housing and relocation plans, as applicable.
- (3) Capability of Applicant--Whether the Applicant has the capacity to administer and manage the proposed program/project, demonstrated through previous experience either by the Applicant, cooperating entity or key staff (including other contracted service providers), in program management, property management, acquisition, rehabilitation, construction, real estate finance counseling and training or other activities relevant to the proposed program, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.
- (4) Financial Feasibility. Applications for funding will be reviewed for financial feasibility based on the Department's underwriting standards for development activities and as outlined in the NOFA and application guidelines . The review will be based on the supporting financial data provided by Applicants and third party reports submitted with the application.

**§53.61.Threshold and Selection Criteria for Single Family Non-development Activities**

(a)Applications must meet the minimum threshold score in order to be considered eligible to receive a funding recommendation:

- (1) Owner Occupied Housing Assistance, 70 points.
- (2) Homebuyer Assistance, 60 points.
- (3) Tenant Based Rental Assistance, 60 points.
- (4) Contract for Deed, 57 points.

(b)The following selection criteria point breakdown will be utilized when scoring applications:

- (1) Affordable Housing Needs Score. Points range from 1 to 7, as published by the Department. The Affordable Housing Needs Score determined for the service area proposed in the application will be multiplied by a factor of 3, for a maximum of 21 points.
- (2) Income Targeting. Points will be awarded based on the percentage of total units targeted to specific income levels. Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI.

(A) For Owner Occupied Housing Assistance and Tenant Based Rental Assistance:

- (i) 0% to 19.99% of units at 60% AMFI, 0 points;
- (ii) 20% to 39.99% of units at 60% AMFI, 2 points;
- (iii) 40% to 59.99% of units at 60% AMFI, 4 points;
- (iv) 60% to 79.99% of units at 60% AMFI, 6 points;

- (v) 80% to 99.99% of units at 60% AMFI, 8 points;
- (vi) 100% of units at 60% AMFI, 10 points;
- (vii) 0% to 19.99% of units at 30% AMFI, an additional 0 points;
- (viii) 20% to 39.99% of units at 30% AMFI, and additional 2 points;
- (ix) 40% to 59.99% of units at 30% AMFI, an additional 4 points;
- (x) 60% to 79.99% of units at 30% AMFI, an additional 6 points;
- (xi) 80% to 99.99% of units at 30% AMFI, an additional 8 points;
- (xii) 100% of units at 30% AMFI, and additional 10 points.

(B) For Homebuyer Assistance and Contract for Deed:

- (i) 0% to 19.99% of units at 80% AMFI, 5 points;
- (ii) 20% to 39.99% of units at 80% AMFI, 4 points;
- (iii) 40% to 59.99% of units at 80% AMFI, 3 points;
- (iv) 60% to 79.99% of units at 80% AMFI, 2 points;
- (v) 80% to 100% of units at 80% AMFI, 1 point;
- (vi) 0% to 9.99% of units at 60% AMFI, an additional 2 points;
- (vii) 10% to 19.99% of units at 60% AMFI, an additional 4 points;
- (viii) 20% to 29.99% of units at 60% AMFI, an additional 6 points;
- (ix) 30% to 39.99% of units at 60% AMFI, an additional 8 points;
- (x) 40% to 49.99% of units at 60% AMFI, an additional 10 points;
- (xi) 50% to 59.99% of units at 60% AMFI, an additional 11 points;
- (xii) 60% to 69.99% of units at 60% AMFI, an additional 12 points;
- (xiii) 70% to 79.99% of units at 60% AMFI, an additional 13 points;
- (xiv) 80% to 89.99% of units at 60% AMFI, an additional 14 points;
- (xv) 90% to 100% of units at 60% AMFI, an additional 15 points.

(3) Previous Award & Past Performance. Applicants will receive points for having received an award and performed in accordance with their contracts and Department rules. If unsatisfactory performance exists on any prior award regardless of set aside or Activity, a score of zero points will result.

(A) Applicant has never received a HOME award, or has received an award prior to 2002 and is 100% committed and expended from contract start date, 20 points;

(B) Applicant received HOME award in 2002-2003 and funds are 100% committed AND expended from contract start date, 18 points;

(C) Applicant received HOME award in 2004, 16 points:

(i) Owner Occupied Housing Assistance funds are 100% committed and 50% expended from contract start date;

(ii) Homebuyer Assistance and Tenant Based Rental Assistance funds are 75% committed and 50% expended from contract start date;

(D) Applicant received HOME award during 2005 and Environmental Clearance has been conducted from contract start date, 13 points.

(4) Match. Points will be awarded based on the dollar amount of eligible match as a percentage up to 25% of the requested project funds and the population size to be assisted.

(A) Percentage of Match per Project Request.

(i) 0% to 12.49% of project request, 0 points;

(ii) 12.5% to 15.5% of project request, 6 points;

(iii) 15.51 to 18.5% of project request, 7 points;

(iv) 18.51% to 21.5% of project request, 8 points;

(v) 21.51% to 24.99% of project request, 9 points;

(vi) 25% or greater of project request, 10 points.

(B) Applicants will only receive additional points for population size if providing 12.5% or greater in match.

(A) Population size of 20,001 and above, 0 points;

(B) Population size of 10,001 to 20,000, 2 points;

(C) Population size of 5,001 to 10,000, 4 points;

(D) Population size of 3,001 to 5,000, 6 points;

(E) Population size of 1,501 to 3,000, 8 points;

(F) Population size of 1 to 1,500, 10 points.

(5) Specific to Activity.

(A) Owner Occupied Housing Assistance and Contract for Deed. Local Contractor Letters of Interest. Points will be awarded based on a review of the letters (up to five letters) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed application. To be considered for scoring, the letters must be on the contractor's letterhead, including: the contractor's full name; address, city, state, and zip code; and dated within three months of the application deadline. Maximum of 10 points.

a. The contractor must be headquartered within the regional service area proposed in the application, 2 points per letter for a maximum of 10 points.

b. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area, 1 point per letter for a maximum of 5 points.

(B) Homebuyer Assistance. Description of Lender Products. Points will be awarded based on a review of the commitment letters (up to three letters) submitted from lenders interested in participating in the Applicant's proposed application. To be considered for scoring, the letters must be on the lender's letterhead, including: name of lender; address, city, state, and zip code; and state the willingness and ability to make affordable loan products available for first-time homebuyers. Letters must be dated within three months of application deadline. 2 points per letter for a maximum of 6 points.

(C) Homebuyer Assistance and Contract for Deed. Level of Homebuyer Counseling. Points will be awarded based on a review of the documentation submitted describing the level of homebuyer counseling proposed for potential homebuyers. Maximum of 4 points.

a. Copy of curriculum, 2 points;

b. Copy of written agreement with service provider, 1 point;



c. Post purchase counseling to be provided, 1 point.

(D) Tenant Based Rental Assistance. Self Sufficiency Plan. Points will be awarded based on a review of the documentation submitted describing the Self Sufficiency Plan proposed for potential tenants. Maximum of 5 points.

a. Description of the services to be provided, 2 points;

b. Training schedule, 2 points;

c. Copy of written agreement with service provider, 1 point.

(6) Citizen Forms. Points will be awarded based on the number of completed citizen forms as a percentage of the total units proposed:

(A) 0% to 9.99% of forms complete, 0 points;

(B) 10% to 29.99% of forms complete, 1 point;

(C) 30% to 49.99% of forms complete, 2 points;

(D) 50% to 69.99% of forms complete, 3 points;

(E) 70% to 89.99% of forms complete, 4 points;

(F) 90% to 100% of forms complete, 5 points.

(7) Financial Oversight. Submission of 2004 or 2005 “Independent Auditor’s Report”, 2 points.

(8) Serving Persons with Disabilities. To be eligible for these points, the Applicant must propose targeting 100% of the units to persons who meet the definition of Persons with Disabilities and have a documented history of working with the disability community, 2 points.

### **§53.642. Program Administration.**

(a) Agreement. Upon approval by the Board, Applicants receiving HOME funds shall enter into, execute, and deliver to the Department all written agreements between the Department and Recipient, including land use restriction agreements and compliance agreements as required by the Department.

(b) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any HOME written agreement provided that:

(1) in the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; and

(2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award.

(3) Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.

(c) Deobligation.

(1) The Department reserves the right to deobligate funds in the following situations:

(A) Recipient has any unresolved compliance issues on existing or prior contracts with the Department;

(B) Recipient fails to set-up programs/projects or expend funds in a timely manner;

(C) Recipient defaults on any agreement by and between Recipient and the Department;

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(D) Recipient misrepresents any facts to the Department during the HOME application process, award of contracts, or administration of any HOME contract;

(E) Recipient's inability to provide adequate financial support to administer the HOME contract or withdrawal of significant financial support;

(F) Recipient is not in compliance with 24 CFR Part 92, or these rules;

(G) Recipient declines funds; or

(H) Recipient fails to expend all funds awarded.

(2) The Department, with approval of the Board, may elect to reassign funds following the Deobligation Policy, adopted by the Board on January 17, 2002, in the order prioritized as follows:

(A) Successful appeals (as allowable under program rules and regulations);

(B) Disaster Relief (disaster declarations or documented extenuating circumstances such as imminent threat to health and safety);

(C) Special Needs;

(D) Colonias; or

(E) Other projects/uses as determined by the Executive Director and/or Board including the next year's funding cycle for each respective program.

(d) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive 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 good cause, as determined by the Board.

(e) Additional Funds. In the event the Department receives additional funds from HUD, the Department, with Board approval, may elect to distribute funds to other Recipients.

(f) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

(g) Department may terminate a contract in whole or in part. If Applicant has not achieved substantial progress in performance of a contract within six (6) months of the effective date of this contract, the contract will terminate. The Department will track substantial progress during the initial six (6) month period and throughout the contract term. Substantial progress in contract performance must be satisfactorily completed during the term of the contract as follows:

<u>Type</u>	<u>Term Lapsed</u>	<u>% Committed</u>	<u>% Drawn</u>	<u>% Match</u>
<u>OCC</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>100%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>HBA, HBA/Rehab, ADDI</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

<u>TBRA</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>75%</u>	<u>75%</u>
	<u>30 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**§53.6263. Community Housing Development Organization (CHDO) Certification.**

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

(1) Applicant--A private nonprofit organization that has submitted a request for certification as a Community Housing Development Organization (CHDO) to the Department. An Applicant for the CHDO set aside must be a CHDO certified by the Department or as otherwise certified or designated as described in subsection (d) of this section.

(2) Articles of Incorporation--A document that sets forth the basic terms of a corporation's existence and is the official recognition of the corporation's existence. The documents must evidence that they have been filed with the Secretary of State.

(3) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the articles of incorporation. Bylaws and amendments to bylaws must be formally adopted in the manner prescribed by the organization's articles or current bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend bylaws.

(4) Community--For urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural areas, "community" is defined as one or several neighborhoods, a town, village, county, or multi-county area, but not the whole state.

(5) Low income--An annual income that does not exceed eighty percent (80%) of the median income for the area, with adjustments for family size, as defined by the U.S. Department of Housing and Urban Development (HUD).

(6) Memorandum of Understanding (MOU)--A written statement detailing the understanding between parties.

(7) Resolutions--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws.

(b) Application Procedures for Certification of CHDO. An Applicant requesting certification as a CHDO must submit an application for CHDO certification in a form prescribed by the Department. The CHDO application must be submitted with an application for HOME funding under the CHDO set-aside, and be recertified on an annual basis. The application must include documentation evidencing the requirements of this subsection.

(1) Applicant must have the following required legal status at the time of application to apply for certification as a CHDO:

(A) Organized as a private nonprofit organization under the Texas Nonprofit Corporation Act or other state not-for-profit/nonprofit statute as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(B) The Applicant must be registered with the Secretary of State to do business in the State of Texas.

(C) No part of the private nonprofit organization's net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(D) The Applicant must have the following tax status:

(i) A current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective while certified as a CHDO; or

(ii) Classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(iii) A private nonprofit organization's pending application for 501(c)(3) or (c)(4) status cannot be used to comply with the tax status requirement under this subparagraph.

(E) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's:

(i) Articles of Incorporation,

(ii) Charter;

(iii) Resolutions; or

(iv) Bylaws.

(F) The Applicant must have a clearly defined service area. The Applicant may include as its service area an entire community as defined in subsection (a)(4) of this section, but not the whole state. Private nonprofit organizations serving special populations must also define the geographic boundaries of its service areas. This subparagraph does not require a private nonprofit organization to represent only a single neighborhood.

(2) An Applicant must have the following capacity and experience:

(A) Conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems" as evidenced by:

(i) notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department;

(ii) certification from a Certified Public Accountant; or

(iii) HUD approved audit summary.

(B) Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

(i) resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds; or

(ii) contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.

(C) Has a history of serving the community within which housing to be assisted with HOME funds is to be located as evidenced by:

(i) statement that documents at least one year of experience in serving the community; or

(ii) for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community; and

(iii) The CHDO or its parent organization must be able to show one year of serving the community prior to the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president or other official of the organization.

(3) An Applicant must have the following organizational structure:

(A) The Applicant must maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in the Applicant's service area. Low-income neighborhoods are defined as neighborhoods where 51 percent or more of the residents are low-income. Residents of low-income neighborhoods do not have to be low income individuals themselves. If a low-income individual does not live in a low-income neighborhood as herein defined, the low-income individual must certify that he qualifies as a low-income individual. This certification is in addition to the affidavit required in clause (ii) of this subparagraph. For the purpose of this subparagraph, elected representatives of low-income neighborhood organizations include block groups, town watch organizations, civic associations, neighborhood church groups, Neighbor Works organizations and any organization composed primarily of residents of a low-income neighborhood as herein defined whose primary purpose is to serve the interest of the neighborhood residents. Compliance with this subparagraph shall be evidenced by:

(i) written provision or statement in the organizations By-laws, Charter or Articles of Incorporation;

(ii) affidavit in a form prescribed by the Department signed by the organization's Executive Director and notarized; and

(iii) current roster of all Board of Directors, including names and mailing addresses. The required one-third low-income residents or elected representatives must be marked on list as such.

(B) The Applicant must provide a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects. The formal process should include a system for community involvement in parts of the private nonprofit organization's service areas where housing will be developed, but which are not represented on its boards. Input from the low-income community is not met solely by having low-income representation on the board. The formal process must be in writing and approved or adopted by the private nonprofit organization, as evidenced by:

(i) organization's By-laws;

(ii) Resolution; or

(iii) written statement of operating procedures approved by the governing body. Statement must be original letterhead, signed by the Executive Director and evidence date of board approval.

(C) A local or state government and/or public agency cannot qualify as a CHDO, but may sponsor the creation of a CHDO. A private nonprofit organization may be chartered by a State or local government, but the following restrictions apply:

(i) The state or local government may not appoint more than one-third of the membership of the organization's governing body;

(ii) The board members appointed by the state or local government may not, in turn, appoint the remaining two-thirds of the board members;

(iii) No more than one-third of the governing board members may be public officials. Public officials include elected officials, appointed public officials, employees of the participating jurisdiction, or employees of the sponsoring state or local government, and individuals appointed by a public official. Elected officials include, but are not limited to, state legislators or any other statewide elected officials. Appointed public officials include, but are not limited to, members of any regulatory and/or advisory boards or commissions that are appointed by a State official;

(iv) Public officials who themselves are low-income residents or representatives do not count toward the one-third minimum requirement of community representatives in subparagraph (A) of this paragraph; and

(v) Compliance with clauses (i)-(iv) of this subparagraph shall be evidenced by:

(I) organization's By-laws;

(II) Charter; or

(III) Articles of Incorporation.

(D) If the Applicant is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the Applicant's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the Applicant's:

(i) By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

(E) An Applicant may be sponsored or created by a for-profit entity provided the for-profit entity's primary purpose does not include the development or management of housing, as evidenced in the for-profit organization's By-laws. If an Applicant is associated or has a relationship with a for-profit entity or entities, the Applicant must prove it is not controlled, nor receives directions from individuals, or entities seeking profit as evidenced by:

(i) organization's By-laws; or

(ii) Memorandum of Understanding (MOU).

(4) Religious or Faith-based Organizations may sponsor a CHDO if the CHDO meets all the requirements of this section. While the governing board of a CHDO sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the faith-based organization may retain control over appointments to the board. If a CHDO is sponsored by a religious organization, the following restrictions also apply:

(A) Housing developed must be made available exclusively for the residential use of program beneficiaries and must be made available to all persons regardless of religious affiliations or beliefs;

(B) A religious organization that participates in the HOME program may not use HOME funds to support any inherently religious activities: such as worship, religious instruction, or proselytizing;

(C) HOME funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Sanctuaries, chapels, or other rooms which a faith-based CHDO uses as its principal place of worship are always ineligible for HOME-funded improvements;

(D) Compliance with clauses (A)-(C) of this subparagraph may be evidenced by:

(i) The Organizations By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

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(c) An application for Community Housing Development Organization (CHDO) Certification will only be accepted if submitted with an application to the Department for HOME funds. If all requirements under this section are met, the Applicant will be certified as a CHDO upon the award of HOME funds by the Department. A new application for CHDO certification must be submitted to the Department with each new application for HOME funds under the CHDO set aside.

(d) If an Applicant submits an application for CHDO certification for a service area that is located in a local Participating Jurisdiction, the Applicant must submit evidence of the local taxing jurisdiction or local Participating Jurisdiction certification or designation of the Applicant as a CHDO.

(e) In the case of an Applicant applying for HOME funds (See 5% Disability requirement at §53.52(a)(2) of this Title) from the Department to be used in a Participating Jurisdiction, where neither the Participating Jurisdiction nor the local taxing entity certifies CHDOs outside of the local HOME application process, the Certification process described in this section applies.

# 2006 HOME Single Family Application Score Sheet for

- Owner Occupied Housing Assistance**
- Homebuyer Assistance**
- Tenant Based Rental Assistance**
- Contract for Deed Conversion**

**NOTE: If the Applicant did not pass eligibility requirements, the application should not be scored.**

Scorer's Name: _____	Score: _____
Application Number: _____	Minus Any Deficiency: _____
Applicant Name: _____	Final Score: _____
Region Number: _____	Maximum Score = 100/104 (CFD)
Dollars Requested: _____	Did Applicant meet threshold score of
Units Proposed: _____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Please display any calculations and scoring points to two decimal places.

Scoring Factors		Score
<b>AHN Score</b> Determine AHN score. Refer to <b>Tab 1, Section 2 of the Uniform Application*</b> for a listing of cities and counties served. Note: If applicant is targeting a city, then the AHN score for that city will be used. If proposing to serve multiple cities or counties, then an average will be taken.		MAX 21 points
<b>OCC, HBA, &amp; TBRA Applications must serve either:</b>		
<input type="checkbox"/> All Rural Areas		
<input type="checkbox"/> All Urban/Exurban Areas		
<b>List City(ies) Served</b>	<b>AHN Score (x3)</b>	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
<b>List County(ies) Served</b>	<b>AHN Score (x3)</b>	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
Enter scorer's determined AHN score in right column → → → → → → → → → → → →		

\*Tabs and references are subject to change.



**Income Targeting (for OCC and TBRA only):**

Points will be awarded based on the percentage of total units targeted to specific income levels according to the chart below. Please refer to **Tab 1, Section 4 of the Uniform Application\*** for the Applicant's income targeted units. Calculate the percentage of total units targeted at or below 60% AMFI and **circle** the associated points. If the Applicant is targeting households at 30% AMFI and below, calculate the percentage targeted and add the associated points for targeting households at or below 60% AMFI. No points will be awarded for targeting households between 61-80% AMFI. **Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI. Applicants serving multiple counties including both Rider 4 Eligible Counties and ineligible Rider 4 Counties will be scored on a prorata basis.**

Is the Applicant requesting to serve Rider 4 Eligible Counties  Yes  No  
 If yes, list counties: \_\_\_\_\_

Calculations:	Percentage of total units	60%	30% (or 50% for Rider 4 Eligible Counties)
Units at 61-80%: _____	100%	10 points	+10 points
Units at 51-60%: _____	80% - 99.99%	8 points	+8 points
Units at 31-50%: _____	60% - 79.99%	6 points	+6 points
Units at 0-30%: _____	40% - 59.99%	4 points	+4 points
Total Units: _____	20% - 39.99%	2 points	+2 points
	0% - 19.99%	0 points	0 points

**MAX 20 points**

Enter total points in right column →

**Income Targeting (for HBA and CFD only):**

Points will be awarded based on the percentage of total units targeted to specific income levels according to the chart below. Please refer to **Tab 1, Section 4 of the Uniform Application\*** for the Applicant's income targeted units. Calculate the percentage of total units targeted at applicable AMFI and **circle** the associated points.

Calculations:	Percentage of total units	80%	60%
Units at 80%: _____	90% - 100%	1 point	+15 points
	80% - 89.99%		+14 points
Units at 60%: _____	70% - 79.99%	2 points	+13 points
	60% - 69.99%		+12 points
Total Units: _____	50% - 59.99%	3 points	+11 points
	40% - 49.99%		+10 points
	30% -- 39.99%	4 points	+8 points
	20% - 29.99%		+6 points
	10% - 19.99%	5 points	+4 points
0% - 9.99%	+2 points		

**MAX 20 points**

Enter total points in right column →

\*Tabs and references are subject to change.

**Citizen Forms:**

Points will be awarded based on the number of completed citizen forms as a percentage of the total units proposed according to the chart below. Please refer to **Tab 1, Section 4 of the Uniform Application\*** for the total number of units proposed and **Tab 4\*** for the completed forms. Calculate the percentage of completed citizen forms and **circle** the associated points.

**A citizen form is considered complete when the following blanks are filled with the requested data: type of assistance requested, signature, and date. For OCC a picture of the house must be included to be deemed complete.**

Calculations:

Total Forms: \_\_\_\_\_

Total Units: \_\_\_\_\_

Percentage: \_\_\_\_\_

Number of complete forms/ total proposed units	Points awarded
90% - 100%	5 points
70% - 89.99%	4 points
50% - 69.99%	3 points
30% - 49.99%	2 points
10% - 29.99%	1 point
0% - 9.99%	0 points

**MAX 5 points**

Enter total points in right column → → → → → → → → → → → → → → → → → → →

**Financial Oversight:**

Points will be awarded based on the submission of documents under **Tab 8\***. The points should be awarded based solely on the submission of the document as described, not a qualitative review of the documentation.

Description of item	Points awarded
Is the 2004 or 2005 "Independent Auditor's Report" submitted under Tab 8*? <input type="checkbox"/> Yes <input type="checkbox"/> No	2 points

**MAX 2 points**

Enter total points in right column → → → → → → → → → → → → → → → → → → →

**Previous HOME Award/Past Performance:**

Points will be awarded based on the chart below. If unsatisfactory performance exists on ANY prior award (regardless of set aside or Activity), a score of zero points will result. **As of the application deadline, pending set-ups and/or pending draws will not be counted.**

HOME Award Status	Points awarded
Applicant has never received a HOME award, <b>OR</b> has received an award prior to 2002 and is 100% committed and expended from contract start date	20 points
Applicant received HOME award in 2002-2003 <b>AND</b> funds are 100% committed <b>AND</b> expended from contract start date	18 points
Applicant received HOME award in 2004: <ul style="list-style-type: none"> <li>OCC funds are 100% committed <b>AND</b> 50% expended from contract start date</li> <li>HBA &amp; TBRA funds are 75% committed <b>AND</b> 50% expended from contract start date</li> </ul>	16 points
Applicant received HOME award during 2005 <b>AND</b> Environmental Clearance has been conducted from contract start date	13 points

**MAX 20 points**

Enter total points in right column → → → → → → → → → → → → → → → → → → →

\*Tabs and references are subject to change.

**Match:**

Points will be awarded based on the dollar amount of eligible match as a percentage (up to 25%) of the requested project funds and the population size to be assisted. Please refer to the Applicant's program budget under **Tab 6\*** for match information and verification of firm commitments. Calculate the percentage of eligible match to project funds and **circle** the associated points. Points will only be considered and awarded for match amounts that are both **eligible and verified**. Please refer to the AHN tables to calculate population size.

Calculations and Explanations are required:

Proposed Match: \_\_\_\_\_

Dollars Requested: \_\_\_\_\_

Percentage: \_\_\_\_\_

Percentage of project funds requested	Points awarded
25.00%	10 points
21.51% - 24.99%	9 points
18.51% - 21.50%	8 points
15.51% - 18.50%	7 points
12.50% - 15.50%	6 points
0.00% - 12.49%	0 points

Applicant will only receive points for population size if supplying 12.50% or more in match.

Population Size	Points awarded
1 to 1,500	10 points
1,501 to 3,000	8 points
3,001 to 5,000	6 points
5,001 to 10,000	4 points
10,001 to 20,000	2 points
20,001 and above	0 points

**MAX 20 points**

Enter total points in right column → → → → → → → → → → → → → → → → → → →

Please list match as outlined in Program Budget (Tab 6\*):

Match Code	Donor of Match	Amount of Match	Use of Match	Documentation of Match
<input type="checkbox"/> CASH <input type="checkbox"/> LBRV <input type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other
<input type="checkbox"/> CASH <input type="checkbox"/> LBRV <input checked="" type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other
<input type="checkbox"/> CASH <input checked="" type="checkbox"/> LBRV <input type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other
<input type="checkbox"/> CASH <input type="checkbox"/> LBRV <input type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other
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\*Tabs and references are subject to change.

<p><b>Persons with Disabilities Funds</b></p> <p>To be eligible for these points, the Applicant must propose targeting 100% of the units to persons who meet the definition of Persons with Disabilities. Please refer to <b>Tab 1, Section 4, Part C of the Uniform Application*</b> to verify serving the persons with disability community as well as <b>Tab 7*</b> to verify the Applicant has a documented history of working with the disability community.</p>	<p><b>MAX 2 Points</b></p>
<p>Enter scorer's determined score in right column → → → → → → → → → → → →</p>	

<p><b>Local Contractors Letters of Interest (for OCC and CFD only):</b></p> <p>Points will be awarded based on a review of the letters (<b>up to five letters</b>) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed application. Please refer to <b>Tab 9*</b> for the letters. To be considered for scoring, the letters must be on the contractor's letterhead, including: the contractor's full name; address, city, state, and zip code; and dated within three months prior to the deadline. The contractor must be headquartered within the regional service area proposed in the application. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area. <b>Circle</b> the associated points for each item below and total.</p> <table border="1" data-bbox="172 810 1081 1094"> <thead> <tr> <th data-bbox="172 810 878 873">Type of letter</th> <th data-bbox="878 810 1081 873">Points awarded</th> </tr> </thead> <tbody> <tr> <td data-bbox="172 873 878 936">Letters of Interest <b>within</b> regional service area:</td> <td data-bbox="878 873 1081 936"></td> </tr> <tr> <td data-bbox="172 936 878 968">Enter number of valid letters _____ @ 2 points =</td> <td data-bbox="878 936 1081 968"></td> </tr> <tr> <td data-bbox="172 968 878 1031">Letters of Interest <b>not within</b> regional service area <i>with</i> notarized statement:</td> <td data-bbox="878 968 1081 1031"></td> </tr> <tr> <td data-bbox="172 1031 878 1094">Enter number of valid letters _____ @ 1 point =</td> <td data-bbox="878 1031 1081 1094"></td> </tr> </tbody> </table>	Type of letter	Points awarded	Letters of Interest <b>within</b> regional service area:		Enter number of valid letters _____ @ 2 points =		Letters of Interest <b>not within</b> regional service area <i>with</i> notarized statement:		Enter number of valid letters _____ @ 1 point =		<p><b>MAX 10 points</b></p>
Type of letter	Points awarded										
Letters of Interest <b>within</b> regional service area:											
Enter number of valid letters _____ @ 2 points =											
Letters of Interest <b>not within</b> regional service area <i>with</i> notarized statement:											
Enter number of valid letters _____ @ 1 point =											
<p>Enter total points in right column → → → → → → → → → → → → → → → →</p>											

<p><b>Description of Lender Products (for HBA only):</b></p> <p>Points will be awarded based on a review of the commitment letters (up to three letters) submitted from lenders interested in participating in the Applicant's proposed application. Please refer to <b>Tab 10*</b> for the commitment letters. To be considered for scoring, the letters must be on the lender's letterhead, including: name of lender; address, city, state, and zip code; and state the willingness and ability to make affordable loan products available for first time homebuyers. Letters must be dated within three months of application deadline. <b>Circle</b> the associated points for each item below and total.</p> <table border="1" data-bbox="172 1524 1057 1801"> <thead> <tr> <th data-bbox="172 1524 854 1587">Description of item</th> <th data-bbox="854 1524 1057 1587">Points awarded</th> </tr> </thead> <tbody> <tr> <td data-bbox="172 1587 854 1661">Lender letter submitted Name of lender: _____</td> <td data-bbox="854 1587 1057 1661">2 points</td> </tr> <tr> <td data-bbox="172 1661 854 1734">Lender letter submitted Name of lender: _____</td> <td data-bbox="854 1661 1057 1734">2 points</td> </tr> <tr> <td data-bbox="172 1734 854 1801">Lender letter submitted Name of lender: _____</td> <td data-bbox="854 1734 1057 1801">2 points</td> </tr> </tbody> </table>	Description of item	Points awarded	Lender letter submitted Name of lender: _____	2 points	Lender letter submitted Name of lender: _____	2 points	Lender letter submitted Name of lender: _____	2 points	<p><b>MAX 6 points</b></p>
Description of item	Points awarded								
Lender letter submitted Name of lender: _____	2 points								
Lender letter submitted Name of lender: _____	2 points								
Lender letter submitted Name of lender: _____	2 points								
<p>Enter total points in right column → → → → → → → → → → → → → → → →</p>									

\*Tabs and references are subject to change.

**Level of Homebuyer Counseling (for HBA and CFD only):**

Points will be awarded based on a review of the documentation submitted describing the level of homebuyer counseling proposed for potential homebuyers. Please refer to **Tab 9\*** for the description of the proposed homebuyer counseling. **Circle** the associated points for each item included in the description below and total.

Description of homebuyer counseling includes:	Points awarded
<ul style="list-style-type: none"> <li>• A copy of the curriculum.</li> </ul>	+ 2 points
<ul style="list-style-type: none"> <li>• A copy of the proposed written agreement with service provider, stating counseling will be performed by a certified provider with homebuyers attending a minimum of 8 hours of training. If Applicant is provider, the Applicant must state counseling will be performed by a certified provider with homebuyers attending a minimum of 8 hours of training.</li> </ul>	+ 1 point
<ul style="list-style-type: none"> <li>• Post purchase counseling will be provided.</li> </ul>	+ 1 point

**MAX 4 points**

Enter total points in right column → → → → → → → → → → → → → → → → → → →

**Self Sufficiency Plan (for TBRA only):**

Points will be awarded based on a review of the documentation submitted describing the Self Sufficiency Plan proposed for potential tenants. Please refer to **Tab 9\*** for the description of the plan. **Circle** the associated points for each item included in the description below and total. Every item should be addressed to receive maximum points.

Description of self sufficiency plan includes:	Points awarded
<ul style="list-style-type: none"> <li>• A description of the services and training to be provided.</li> </ul>	2 points
<ul style="list-style-type: none"> <li>• A training schedule</li> </ul>	2 points
<ul style="list-style-type: none"> <li>• A copy of the proposed written agreement with the service provider.</li> </ul> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> <li>• Applicant is service provider.</li> </ul>	1 point

**MAX 5 points**

Enter total points in right column → → → → → → → → → → → → → → → → → → →

**Total Points in right-hand column and enter “Final Score” on front page.**

\*Tabs and references are subject to change.

**PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION**

**PROGRAMS COMMITTEE DISCUSSION ITEM**

**December 14, 2005**

**Discussion**

Discussion of the Department's Proposed Policy regarding implementation of Section 504 of the Rehabilitation Act of 1973 with regard to multifamily properties.

**Background**

Section 504 provides for nondiscrimination in all programs, services and activities receiving federal financial assistance; and in programs, services and activities conducted by Executive agencies. These regulations are codified at 24 CFR Part 8.

Section 504 states:

“No otherwise qualified individual with a disability in the United States... shall, solely by reason of her or his disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program, service or activity receiving Federal financial assistance or under any program or activity conducted by any Executive agency or by the United States Postal Service.”

HUD's regulations at 24 CFR Part 8 apply to all applicants for, and recipients of, HUD financial assistance in the operation of programs or activities receiving such assistance.

**New Construction**

HUD regulations implementing Section 504 at 24 CFR §8.22(a) require that new construction of multifamily projects be designed and constructed to be readily accessible to and usable by persons with disabilities. Multifamily housing projects are defined at 24 CFR §8.3 as “projects containing five or more dwelling units”. Both the individual units and the common areas in the building must be accessible.

For **new construction** of multifamily rental projects, a minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments. An additional 2 percent of the dwelling units (but at a minimum, not less than one unit) must be accessible to individuals with sensory impairments (i.e. hearing or vision impairments), unless HUD prescribes a higher number pursuant to 24 CFR §8.22(c).

**Rehabilitation**

**Substantial alterations** – Section 504 requires that if alterations are undertaken for a housing project that has 15 or more units, and the rehabilitation costs will be 75 percent or more of the replacement cost of the completed facility, then such developments are considered to have undergone “substantial alterations” (24 CFR §8.23(a)). For substantial alterations of multifamily

rental housing, the accessibility requirements contained in 24 CFR §8.22 must be followed – a minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments.

**Other alterations** – When other alterations that do not meet the regulatory definition of substantial alterations are undertaken in multifamily rental housing projects of any size, these alterations must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with disabilities, until a minimum of 5 percent of the dwelling units (but not less than one unit) are accessible to people with mobility impairments, unless HUD prescribes a higher number pursuant to 24 CFR 8.23(b)(2). If alterations of single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, then the entire dwelling unit shall be made accessible. For this category of rehabilitation the additional 2 percent of the dwelling units requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible. **A recipient is not required to make a dwelling unit, common area, facility or element accessible, if doing so would impose undue financial and administrative burdens on the operation of the multifamily housing project. (24 CFR §8.23(b)) Therefore, recipients are required to provide access in covered alterations up to the point of being infeasible or an undue financial and administrative burden.**

### **Accessibility Standards**

Dwelling units designed and constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) will be deemed to comply with the Section 504 regulation. Accessible units must be, to the maximum extent feasible, distributed throughout the projects and sites, and must be available in a sufficient range of sizes and amenities so as not to limit choice.

### **State requirements**

Sections 2306.6722 and 2306.6730 both require HTC developments to comply with Section 504. The Texas Fair Housing Act (Title 40, Part 20, Chapter 819) does not require an owner to pay for modifications but allows the tenant to pay for modifications.

## **TDHCA Section 504 Proposed Policy**

Section 2306.6730 states “A project to which a low income housing tax credit is allocated under this subchapter shall comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), as amended, and specified under 24 C.F.R. Part 8, Subpart C.”

To implement this section of the Texas Government Code, the following policy is proposed.

All multifamily applications requesting funding for new construction and substantial alteration must comply with 24 CFR Part 8, Subpart C.

All multifamily applications requesting rehabilitation funding that is not Substantial Alteration as defined in 24 CFR §8.23 (a) must submit an Accessibility Plan which is developed in accordance with 24 CFR §8.24 and meets the requirements for a transition plan as described therein. This Accessibility Plan will be an exhibit to the application.

The Accessibility Plan at minimum shall:

- (1) Identify physical obstacles at the proposed property that limit the accessibility to individuals with physical disabilities.
- (2) Describe in detail the methods that will be used to make the property accessible.
- (3) Specify the schedule for taking the steps necessary to make the property accessible, and if the time period extends beyond the anticipated Placed in Service date, identify steps that will be taken during each year of the transition period.
- (4) Indicate the individual responsible for implementation of the plan.
- (5) Identify the persons or groups with whose assistance the plan was prepared.

24 CFR §8.23(b) provides that accessibility must be provided to the maximum extent feasible; this phrase does not require a developer to do things that would impose “undue financial and administrative burdens on the operation” of the project.

The Department shall receive the Developer’s Accessibility Plan and certification of financial infeasibility prior to funding. Developers are encouraged to employ architects and other professionals who are knowledgeable regarding accessibility issues.

If after submission of the Accessibility Plan, the developer believes that a particular alteration (or group of alterations) would entail such undue financial and administrative burdens, the developer must provide the Department with certified documents, describing such burdens and providing appropriate support documentation to substantiate that they would involve undue financial and administrative burdens.

The Multifamily Finance Production Division, with assistance from the Real Estate Analysis Division will review this request and may request additional documentation to support the developer’s certification. Multifamily Finance Production will determine if the Accessibility Plan is adequate and whether any certification of undue financial and administrative burdens will be accepted.



**BOARD MEETING  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
1100 Congress Avenue  
Capitol Extension Room E1.036 (Senate Finance hearing room)  
Austin, Texas 78701  
Wednesday, December 14, 2005 12:00 PM**

**A G E N D A**

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

Elizabeth Anderson  
Chair of Board

**PUBLIC COMMENT**

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

Report on Agency Move

The Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

**ACTION ITEMS**

Item 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting of November 10, 2005

Item 2 Presentation, Discussion and Possible Approval of Housing Tax Credit Items:

Elizabeth Anderson

a) Housing Tax Credit Amendments

- 00002 Coronado Apartments, League City, Galveston County
- 01004 Fulton Village, Houston, Harris County
- 02099 Sunrise Village, Houston, Harris County
- 02477 Potter's House at Primrose, Dallas, Dallas County
- 03001 Heritage Pointe, Austin, Travis County
- 03231 Montgomery Meadows, Huntsville, Walker County
- 04082 Fenner Square, Goliad, Goliad County
- 05026 Mesa Vista, Donna, Hidalgo County
- 05439 Meadow Village, Temple, Bell County

b) Housing Tax Credit Extensions for Construction Loan Closings and Commencement of Substantial Construction for:

Construction Loan Closing

- 04145 Village at Meadowbend II, Temple, Bell County
- 04146 Casa Saldana, Mercedes, Hidalgo County

Commencement Loan Closing and Commencement of Substantial Construction

- 04036 Villa Del Sol, Brownsville, Hidalgo County

Commencement of Substantial Construction

- 04005 Palacio del Sol, San Antonio, Bexar County
- 04037 Las Canteras, Pharr, Hidalgo County
- 04079 Baybrook Park Retirement Center, Webster, Harris County
- 04082 Fenner Square, Goliad, Goliad County
- 04200 Alvin Manor Estates, Alvin, Brazoria County

- 04203 Alvin Manor, Alvin, Brazoria County
- 04222 Primrose at Highland, Dallas, Dallas County
- 04268 Lansbourough Apartments, Houston, Harris County
- 04279 Golden Manor, Bay City, Matagorda County
- 04085 Ole Town, Jefferson, Marion County

c) Rural Rescue Awards of 2006 Forward Commitment of Housing Tax Credits and HOME Rental Development Funds for:

#06003, Floresville Square Apartments, Floresville, Texas  
Recommended Credit Amount of \$139,958 and  
HOME Rental Development Funds in the Amount of \$364,562

#06004, Fieldstone Apartments, El Campo, Texas  
Recommended Credit Amount of \$81,039

d) Intergenerational Multifamily Housing Policy

e) Discussion and Determination of 2005 Housing Tax Credit Appeals

#05243, The Villas of Hubbard Apartments

f) Award of any remaining 2005 Housing Tax Credits from Waiting List

g) Issuance of Determination Notices on Tax-Exempt Bond Transactions with Other Issuers:

#05427 Potranco Plaza Apartments, San Antonio, Texas  
San Antonio HFC is the Issuer  
Recommended Credit Amount of \$714,763

#05437 New Braunfels Gardens, San Antonio, Texas  
San Antonio HFC is the Issuer  
Recommended Credit Amount of \$955,418

#05438 Northline Estates, Houston, Texas  
Harris County HFC is the Issuer  
Recommended Credit Amount of \$884,955

#05441 Cobblestone Manor Senior, Fort Worth, Texas  
Tarrant County HFC is the Issuer  
Recommended Credit Amount of \$444,656

#05442 Mill City Parc Apartments, Dallas, Texas  
Housing Options, Inc. is the Issuer  
Recommended Credit Amount of \$447,617

Item 3 Presentation, Discussion and Possible Approval of Rules for Adoption to be Published in the *Texas Register*:

Elizabeth Anderson

Request for Adoption of Migrant Labor Housing Facility Rules  
(To be codified at 10 T.A.C. sec. 90.1 et. seq.)

Item 4 Presentation, Discussion and Possible Approval of Multifamily Private Activity Bond Program:

a) Appeal of Termination of the Rolling Creek Apartments HTC Application

b) Proposed Issuance of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits with TDHCA as the Issuer For:

05621 Rolling Creek Apartments, Houston, Texas in an Amount Not to

Exceed \$14,000,000 and Issuance of a Determination Notice  
(Recommended Credit Amount of \$634,058)

- c) 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 the Program Year:

2006-003 Beverly Place Apartments, Groves, Texas  
2006-004 Donna Village Apartment Village, Donna, Texas  
2006-005 Church Village Apartments, Dickinson, Texas  
2006-006 Webber Gardens, Fort Worth, Texas  
2006-007 Falfurrias Village, Falfurrias, Texas  
2006-008 Royal Palms Apartments, Houston, Texas

- d) Discussion and possible modification of administration and servicing fee Structure for the Harbors and Plumtree Apartments 501(c)(3) bond transaction
- e) Discussion and possible approval to apply for Traditional CarryForward in an Amount not to exceed \$100 million in 2005 Bond Allocation

Item 5 Presentation, Discussion and Possible Approval of Programmatic Items:

C. Kent Conine

- a) Issuance of Commitment for Predevelopment Loan Funds from the Housing Trust Fund for:
- #853200D, Operation Relief Community Development Corp, Dallas, Dallas County, Texas, \$100,000.00
- b) Discussion of Possible Rule Amendments and Program Guidelines For the 2006 Single Family HOME Funding Cycle for Publication in Texas Register for Public Comment
- c) Board Review and Approval of the 2006 State Low Income Housing Plan and Annual Report
- d) Board Review and Approval of the 2006 State of Texas Consolidated Plan One-Year Action Plan
- e) Department's Section 504 of the Rehabilitation Act of 1973 Policy

Item 6 Discussion of Proposed Disaster Relief Strategies

#### EXECUTIVE SESSION

Elizabeth Anderson

- a) The Board may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551
- b) The Board may go into executive session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.
- c) Consultation with Attorney Pursuant to §551.071, Texas Government Code:
1. With Respect to pending litigation styled *Hyperion, et al v. TDHCA*, Filed in State Court

2. With Respect to pending litigation styled TP SENIORS II, LTD. V. TDHCA Filed in State Court
3. With Respect to pending litigation styled *Gary Traylor, et al v. TDHCA*, Filed in Travis County District Court
4. With Respect to pending litigation styled *Ballard v. TDHCA and the State of Texas*, filed *pro se* in Federal Court
5. With Respect to any other pending litigation filed since the last board meeting
6. Legal developments related to the ongoing FBI investigations in Dallas

**OPEN SESSION**

Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

**REPORT ITEMS**

Executive Director's Report

1. TDHCA Outreach Activities, October 2005
2. Negotiations re: SB 712 which will fund the Texas Weatherization Program (TxWAP)
3. General Accountability Office visit re: the Department's administration of the Community Service Block Grant (CSBG) - At the direction of Congress, GAO is visiting 4 states and from those visits will prepare a report describing states' oversight of the grant, extent to which state offices look at other grants administered by subrecipients (primarily Head Start), contracting process, coordination with other federal programs such as DOE and LIHEAP, state offices' relationships with subrecipients, subrecipients' relationships with the state office, etc.
4. Section Eight Monitoring Assessment Program (SEMAP) - HUD rated the Department as High Performer (125 points out of 130 available points)

**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 Susan Woods, 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 Susan Woods, 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**

**BOARD ACTION REQUEST  
December 14, 2005**

**Action Item**

Board minutes of November 10, 2005

**Required Action**

Review minutes of the November 10, 2005 Board Meeting and make any necessary corrections.

**Background**

The Board is required to keep minutes of each of their meetings.

**Recommendation**

Staff recommends approval of minutes with any requested corrections.

**BOARD MEETING  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
507 Sabine, 4<sup>th</sup> Floor Board Room, Austin, Texas 78701  
Thursday, November 10, 2005; 9:00 AM**

**SUMMARY OF MINUTES**

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

The Board Meeting of the Texas Department of Housing and Community Affairs of November 10, 2005 was called to order by the Chair of the Board Elizabeth Anderson at 9:00 a.m. It was held at 507 Sabine Street, Austin, Texas. Roll call certified a quorum was present.

**Members present:**

Elizabeth Anderson – Chair  
C. Kent Conine – Vice Chair  
The Honorable Norberto Salinas – Member  
Shad Bogany – Member  
Patrick Gordon – Member

**Member absent:**

Vidal Gonzalez – Member

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

**PUBLIC COMMENT**

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

Representative Gary Elkins provided testimony against MF Bonds for Rolling Creek Apartments in Houston (Agenda Item 5).

Barbara Bozon, Central Texas Housing Consortium provided testimony in favor (with amendments) of HOME award in Belton (Agenda Item 6a).

Bernadine Spears, Odessa Housing Authority provided testimony in favor of forward commitments for Key West Senior Village Phase II. (Project does not appear on the Agenda).

**Report on Agency Move**

Ms. Patricia Randow provided presentation. No action taken.

The Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

**ACTION ITEMS**

**AGENDA ITEM 1**

**Presentation, Discussion and Possible Approval of Minutes of the Board Meeting of October 13, 2005**

Motion made by Mr. Conine for approval of minutes as presented; Mr. Bogany seconded the motion. Motion passed unanimously.

AGENDA ITEM 2

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

**a) Housing Tax Credit Amendments**

01024 *Rancho de Luna, Robstown, Nueces County*

Motion made by Mayor Salinas to approve, as amended to add assurance amenities installed and reported back to board, seconded by Mr. Conine. Passed unanimously.

**b) Housing Tax Credit Extensions for Construction Loan Closings and Commencement of Substantial Construction For:**

04082 *Fenner Square, Goliad, Goliad County*

Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

04088 *South Plains Apartments, Lubbock, Lubbock County*

Motion made by Mr. Conine to approve with conditions, seconded by Mr. Bogany. Passed unanimously.

**c) Waiver of a Requirement in §49.14(a) of the 2005 QAP For:**

05189 *Windvale Park in Corsicana*

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

**d) Housing Tax Credit Program 2006 Application Submission Procedures Manual**

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

**e) Housing Tax Credit Program 2006 Policy for Granting Forward Commitments to Rural Rescue Developments**

Motion made by Mayor Salinas to approve, seconded by Mr. Conine. Passed unanimously.

**f) Issuance of Determination Notices on Tax-Exempt Bond Transactions with Other Issuers:**

05434 *Bayview Estates, La Marque, Texas*

*Southeast TX HFC is Issuer*

*Recommended Credit Amount of \$450,615*

*Withdrawn from consideration.*

05436 *Costa Valencia, San Antonio, Texas*

*San Antonio HFC is Issuer*

*Recommended Credit Amount of \$838,633*

Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

AGENDA ITEM 3

**Presentation, Discussion and Possible Approval of Rules for Adoption to be Published in the Texas Register:**

**a) Housing Tax Credit Program Rules: Adopt Repeal of Title 10, Part 1, Chapter 50 – 2004 Housing Tax Credit Program Qualified Allocation Plan and Rules; and Adopt New Title 10, Part 1, Chapter 50 – 2006 Housing Tax Credit Program Qualified Allocation Plan and Rules**

Mike Dunn, Capital Consultants, provided testimony

Diana McIver, President, TAAHP, provided testimony

Stewart Shaw, Developer provided testimony

Steven Carriker, TACDC, provided testimony

Barry Kahn, Developer provided testimony

Sarah Anderson, S. Anderson Consulting, provided testimony

Motion made by Mr. Conine to repeal 2004 QAP Rules; seconded by Mr. Bogany. Passed unanimously.

Motion made by Mr. Conine to adopt 2006 QAP Rules; seconded by Mr. Bogany. Passed unanimously.

Motion made by Mr. Conine to amend language regarding HUBs to reflect that proposed by General Counsel Hamby and Brooke Boston; seconded by Mr. Bogany. Passed unanimously.

Motion made by Mr. Conine to amend paragraph G on page 6 of the QAP; seconded by Mr. Bogany. Passed unanimously.

Motion made by Mr. Conine to revise page 37 of the QAP to change minimum points to 125 and maximum points to 209; seconded by Mr. Bogany. Passed unanimously.

Motion made by Mr. Bogany to delete, on page 7, Item 60 of the QAP, the language: "...and populations identified as impacted by federal or state declared disasters"; seconded by Mr. Conine. Passed unanimously.

**b) Home Investment Partnerships Program (HOME) Rules: Adopt Repeal of Title 10, Part 1, Chapter 53 – 2004 HOME Program Rules; Adopt New Title 10, Part 1, Chapter 53 - 2005 HOME Program Rules**

Motion made by Mr. Conine to repeal 2004 HOME Rules; seconded by Mr. Bogany. Passed unanimously.

Motion made by Mr. Conine to adopt 2006 HOME Rules; seconded by Mr. Bogany. Passed unanimously.

**c) Housing Trust Fund (HTF) Program Rules: Adopt Repeal of Title 10, Part 1, Chapter 51 – 2004 Housing Trust Fund Program Rules; Adopt New Title 10, Part 1, Chapter 51 - 2005 Housing Trust Fund Program Rules**

Motion made by Mr. Conine to repeal 2004 HTF Rules; seconded by Mr. Bogany. Passed unanimously.

Motion made by Mr. Conine to adopt 2006 HTF Rules; seconded by Mr. Bogany. Passed unanimously.

**d) Real Estate Analysis (REA) Rules: Adopt Repeal of Title 10, Part 1, Chapter 1, Subchapter B, Sections 1.31 through 1.37 - Underwriting, Market Analyses, Appraisal, Environmental, Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines; Adopt New Title 10, Part 1, Chapter 1, Subchapter B, Sections 1.31 through 1.37 - Underwriting, Market Analyses, Appraisal, Environmental, Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines**

Motion made by Mr. Conine to repeal 2004 REA Rules; seconded by Mr. Bogany. Passed unanimously.

Motion made by Mr. Conine to adopt 2006 REA Rules; seconded by Mr. Bogany. Passed unanimously.

**e) Compliance Administration Rules: Adopt Repeal of Title 10, Part 1, Chapter 60.1 Compliance Monitoring Rules; Adopt New Title 10, Part 1, Chapter 60.1 Compliance Monitoring Rules**

Motion made by Mr. Conine to repeal 2004 Compliance Monitoring Rules; seconded by Mr. Bogany. Passed unanimously.

Motion made by Mr. Conine to adopt 2006 Compliance Monitoring Rules; seconded by Mr. Bogany. Passed unanimously.

**AGENDA ITEM 4**

**Presentation, Discussion and Possible Approval of Financial Items:**

**a) Selection of Outside Bond and Disclosure Counsel per RFP Submissions**

Motion made by Mr. Conine to approve staff recommendation, seconded by Mr. Bogany. Passed unanimously.

**b) Resolution Authorizing the use of TDHCA's Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes Program to Manage TDHCA's Remaining 2005 Volume Cap**

Motion made by Mr. Conine to approve resolution, seconded by Mr. Bogany. Passed unanimously.

**c) Authorization to Change Liquidity Facilities, if necessary, for TDHCA's Pending Single Family Mortgage Revenue and Refunding Bond Transaction**

Withdrawn from consideration.



AGENDA ITEM 5

**Presentation, Discussion and Possible Approval of Multifamily Private Activity Bond Program:**

**a) Proposed Issuance of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits with TDHCA as the Issuer For:**

*05621 Rolling Creek Apartments, Houston, Texas in an Amount Not to Exceed \$14,600,000 and Issuance of a Determination Notice (Requested Credit Amount of \$634,058).* Public comment from Charles Jackson against the project.

Withdrawn from consideration.

*05623 Coral Hills Apartments, Houston, Texas in an Amount Not to Exceed \$5,320,000 and Issuance of a Determination Notice (Requested Credit Amount of \$268,660)*

Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

**b) 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 and 2006**

*2005-052 The Park at Oak Grove, Fort Worth, Texas*

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

*2005-053 The Residences at Sunset Pointe, Fort Worth, Texas*

Withdrawn from consideration.

*2005-054 Bella Vista Apartments, Gainsville, Texas*

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

*2005-055 Havens at Mansfield, Mansfield, Texas*

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

*2005-056 Generations at Mansfield, Mansfield, Texas*

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

*2005-057 Village Park Apartments, Houston, Texas*

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

*2005-064 Spriggsdale Plaza, San Antonio, Texas*

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

*2005-065 Deerwood Lodge, Houston, Texas*

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

*2006-001 Villas at Henderson, Cleburne, Texas*

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

*2006-002 Fair Oaks Apartments, Fort Worth, Texas*

Motion made by Mr. Bogany to approve, seconded by Mr. Conine. Passed unanimously.

AGENDA ITEM 6

**Presentation, Discussion and Possible Approval of Programmatic Items:**

**a) Waiver of §53.56(4) of the Department's HOME Rules and Approval of Award of HOME Rental Development Funds in a Recommended Amount of \$797,678 for Central Texas Housing Consortium, #05263, Belton, Texas**

Motion made by Mr. Conine to approve waiver, seconded by Mr. Bogany. Passed unanimously.

Motion made by Mr. Conine to approve award, seconded by Mr. Bogany. Passed unanimously.

**b) Issuance of Commitment for Predevelopment Loan Funds from the Housing Trust Fund for Acres Homes, Houston, Texas, \$50,000.** Public comment by Brenda Lackey, Acres Homes Community Development Corporation for the project.

Motion made by Mayor Salinas to approve, seconded by Mr. Bogany. Passed unanimously.

- c) **Issuance of Commitments of 2005 Housing Trust Funds for Capacity Building Grants from the Following List of all Applications Submitted under the Capacity Building Notice of Funding Availability:**

Applic. Number	Organization	Reg.	Amount Requested	Amount Rec.
05809	Azteca Economic Development Corporation	1	\$ 33,750	\$ 33,750
05804	Central Dallas Community Development Corp	3	\$ 37,500	\$ 37,500
05808	Self help Housing of East Texas	5	\$ 35,000	\$ 35,000
05806	United cerebral Palsy of Greater Houston	6	\$ 35,000	\$ 35,000
05814	Blackshear Neighborhood Development Corp	7	\$ 35,000	\$ 35,000
05812	Chestnut Neighborhood Revitalization Corp	7	\$ 31,600	\$ 31,600
05813	Guadalupe Neighborhood Development Corp	7	\$ 35,000	\$ 35,000
05802	Neighborhood Housing Services of Austin, Inc.	7	\$ 35,000	\$ 35,000
05810	Accessible Housing Resources, Inc.	10	\$ 35,000	\$ 35,000
05801	The Latino Education Project	10	\$ 35,000	\$ 35,000
05800	Opportunity Center for the Homeless	13	\$ 35,000	\$ 35,000
05805	YWCA El Paso del Norte Region	13	\$ 35,000	\$ 35,000
05811	TSE Economic Development Corporation	3	\$ 35,000	\$ 0
05803	Fort Worth Area Habitat for Humanity	3	\$ 35,000	\$ 0
05807	St John Colony Neighborhood Assn	7	\$ 21,000	\$ 0

Motion made by Mr. Gordon to approve staff recommendation of commitments, seconded by Mr. Bogany. Passed unanimously.

- d) **Discussion and Approval of the 2006 Final Regional Allocation Formula**  
 Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.
- e) **Discussion and Approval of the 2006 Final Affordable Housing Needs Score**  
 Motion made by Mr. Conine to approve, seconded by Mr. Bogany. Passed unanimously.

AGENDA ITEM 7

**Presentation, Discussion, and possible Approval of disaster relief support**  
 Withdrawn from agenda.

**EXECUTIVE SESSION**

Executive session not held.

- a) **The Board may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.**
- b) **The Board may go into executive session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.**
- c) **Consultation with Attorney Pursuant to §551.071, Texas Government Code:**
1. With Respect to pending litigation styled *Hyperion, et al v. TDHCA*, Filed in State Court
  2. With Respect to pending litigation styled *TP SENIORS II, LTD. V. TDHCA* Filed in State Court
  3. With Respect to pending litigation styled *Rick R. Sims v. TDHCA et al*, Filed *pro se* in Federal Court
  4. With Respect to pending litigation styled *Ballard v. TDHCA and the State of Texas*, filed *pro se* in Federal Court
  5. With Respect to any other pending litigation filed since the last board meeting
  6. Legal developments related to the ongoing FBI investigations in Dallas

## REPORT ITEMS

### Executive Director's Report

1. TDHCA Outreach Activities, September 2005  
No Action Taken.
2. Status of Implementation of Legislation from 79<sup>th</sup> Session  
No Action Taken.
3. House Urban Affairs Committee Interim Charges  
No Action Taken.
4. Marketing of Loan Star Mortgage Program  
No Action Taken.
5. U. S. Government Accountability Office (GAO) visit to TDHCA  
No Action Taken.
6. Senate Finance Hearing in Beaumont on Thursday, November 17, 2005  
No Action Taken.
7. Meeting with Commissioner Williams and HUD Secretary Jackson, October 28, 2005  
No Action Taken.
8. *Affordable Housing Finance* article on hurricane relief  
No Action Taken.

## ADJOURN

Since there was no other business come before the Board, the meeting was adjourned at 1:25 p.m.

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Mr. Kevin Hamby  
Board Secretary

### NOTE:

For a full transcript of this meeting, please see the TDHCA website at:  
[www.TDHCA.state.tx.us](http://www.TDHCA.state.tx.us)

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Item**

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

**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. The requests presented below include material alterations. Pertinent facts about the developments requesting approval are summarized below. The recommendation of staff is included at the end of each write-up.

**Coronado Apartments (formerly Lakeside Village, formerly Village at Amherst) HTC No. 00002 (A forward commitment, formerly HTC No. 99019)**

Summary of Request: Applicant requests approval for changes from the application. The carryover allocation form executed by the Department on August 22, 2000, was submitted in a package of documentation that indicated significant changes from the application, including a change in the unit count from 164 units to 140 units, an approximate doubling of the land size and a change of the building types to all duplexes, an ineligible building type under that year’s QAP.

The changes that the applicant presented in the carryover package were a result of settling litigation about zoning with the City of League City. The litigation was initiated by the general partner, The Encinas Group, which left the ownership organization and was replaced first by an affiliate of the syndicator and then by a Community Housing Development Organization at the syndicator’s request. The following tables provide an overview of the changes that have been made in the development since the time of the award.

**Unit Mix and Targeting Changes**

As Proposed					As Built				
Target	Units	Bed-rooms	Bath-rooms	Sq.Ft./Unit	Target	Units	Bed-rooms	Bath-rooms	Sq.Ft./Unit
50%	24	2	2	925	50%	16	2	2.5	969
60%	54	2	2	925	60%	28	2	2.5	969
50%	13	3	2	1,100	50%	16	3	2.5	1,180
60%	32	3	2	1,100	60%	37	3	2.5	1,180
					60%	8	2	2	960
Total	123				Total	105			
Market	27	2	2	925	Market	19	2	2.5	969
Market	14	3	2	1,100	Market	10	3	2.5	1,180
					Market	6	2	2	960
Total	41				Total	35			
Grand Total	164				Grand Total	140			

### Changes in the Development Proposal

Item changed	Application	As Built
Land Size (Acres)	10.3	20.0216
Residential Buildings	30	70
Type of Buildings	Fourplexes and Sixplexes	Duplexes
Net Rentable Area	162,025	148,827
Common Area	8,101	3,145
Garages	None	140
Project Amenities:	Community laundry buildings & hook-ups in each unit	Laundry hook-ups in each unit (This threshold choice was changed to "and/or" in 2000 by the use of a backslash between "buildings and "hook-ups.")
	Swimming pool & spa	Swimming pool
	Public telephone	Computer facilities (not a choice available in 1999 but an equivalent feature in later years)
	Storage area in each unit	Garage of each unit provides a storage area.
	Private outdoor space for each unit	Duplex design provides outdoor space for each unit.
		Several acres of green space in the center of the site
		Walking trail
		40% masonry / 60% cement board siding
		Covered porches
		Telephone jack in each room
Energy Efficient Features	Gas heating system with 85% flue efficiency	Insulation of R-15 for walls and R-30 ceilings (An equivalent feature in 1999. Misstated in the QAP as R-19/R-30, the requirement has been consistently enforced as R-15/R-30.)
	Energy Star programmable thermostats, water heaters, refrigerators and dishwashers	Dual pane low-e windows (an equivalent feature in the 1999 application)
Supportive Services	University of North Texas (UNT)	Texas Interfaith (Any difference in score for the difference in services would not have affected the award if all else had remained the same.)

Governing Law: §2306.6712, Texas Government Code. The development has many alterations that are material alterations under the code.

Applicant: Village at Amherst, L.P.

General Partner: One Oaklake, IV LLC replaced The Encinas Group after litigation.

Developer: Oaklake Community Housing Development Corp., an affiliate of Texas Interfaith Housing replaced the The Encinas Group after litigation.

Principals/Interested Parties: PNC affiliates; Texas Interfaith

Syndicator: PNC Multifamily Capital

Construction Lender: PNC Multifamily Finance, Inc.

Permanent Lender: PNC Multifamily Finance, Inc.

Other Funding: NA

City/County: League City/Galveston

Set-Aside: General

Type of Area: Exurban

Type of Development: New Construction

Population Served: General Population

Units: 140 HTC units (as completed)

2000 Allocation: \$594,068

Allocation per HTC Unit: \$5,658

Prior Board Actions: Approved allocation 7/99  
Commencement of Construction extended from 3/15/01 to 5/15/01.

Underwriting Reevaluation: The requested modifications would not materially alter the development in a negative manner and would not adversely impact the allocated tax credits or the overall feasibility of the development.

**Staff Recommendation:** **Although the changes noted previously are dramatically different from the original development proposal, staff recommends approval of the applicant's request based on the fact that the Department had knowledge of fundamental changes in the development plan when the carryover allocation agreement was executed. Therefore, the Department effectively contracted with the development owner to issue Forms 8609 based on the new development plan. The agreement was made in August of 2000, before §2306.6712 of Texas Government Code established the current rules for amendments to the application.**

**Fulton Village Apartments, HTC No. 01004**  
**(A forward commitment, formerly HTC No. 00134)**

Summary of Request: Applicant requests approval for a change in the rental structure. The applicant has agreed with the Department’s Real Estate Analysis Division to a structure that will eliminate the discrepancies between the original proposal and HUD rent restrictions. The changes are shown in the table below. The table compares units that are alike in all respects row by row. In the application, there were no 40% units. As the table shows, 24 of the 27 60% units that were proposed in the application have been converted into 40% units in the current proposal.

<b>As Approved at Application</b>					<b>Current Proposal</b>			
<b>Income Target</b>	<b>No. of Units</b>	<b>Bed-rooms /Baths</b>	<b>Sq.Ft. per Unit</b>	<b>Total Sq.Ft.</b>	<b>No. of Units</b>	<b>Bed-rooms /Baths</b>	<b>Sq.Ft. per Unit</b>	<b>Total Sq.Ft.</b>
30%	6	1/1	760	4,560	6	1/1	760	4,560
40%					6	1/1	760	4,560
50%	3	1/1	760	2,280				
50%	3	1/1	860	2,580	6	1/1	860	5,160
60%	6	1/1	860	5,160				
30%	2	2/2	977	1,954	2	2/2	977	1,954
30%	9	2/2.5	965	8,685	11	2/2.5	965	10,615
40%					13	2./2.5	965	12,545
50%	13	2/2.5	965	12,545	12	2/2.5	965	11,580
50%					1	2/2	1,105	1,105
60%	13	2/2.5	965	12,545				
30%	2	2/2	1,105	2,210				
30%	5	3/2.5	1,191	5,955	5	3/2.5	1,191	5,955
40%					5	3/2.5	1,191	5,955
50%	5	3/2.5	1,191	5,955	5	3/2.5	1,191	5,955
60%	5	3/2.5	1,191	5,955				
30%	3	4/3	1,365	4,095	3	4/3	1,365	4,095
50%	3	4/3	1,365	4,095	3	4/3	1,365	4,095
60%	3	4/3	1,365	4,095	3	4/3	1,365	4,095
<b>Total</b>	<b>81</b>			<b>82,669</b>	<b>81</b>			<b>82,229</b>
Market	3	1/1	760	2,280				
Market	3	1/1	860	2,580	6	1/1	860	5,160
Market					1	2/2	1,105	1,105
Market	13	2/2.5	965	12,545	12	2/2.5	965	11,580
Market	5	3/2.5	1,191	5,955	5	3/2.5	1,191	5,955
Market	3	4/3	1,365	4,095	3	4/3	1,365	4,095
<b>Total</b>	<b>27</b>			<b>27,455</b>	<b>27</b>			<b>27,895</b>
<b>Grand Total</b>	<b>108</b>			<b>110,124</b>	<b>108</b>			<b>110,124</b>

Governing Law: §2306.6712, Texas Government Code. The code states that material alterations include any modification considered significant by the Board.

Applicant: Fulton Village Apartments L.P.

General Partner: Fulton Village Investments (Managing GP)

Developer: Robert R. Burchfield

Principals/Interested Parties: Dorothy Burchfield, William R. Paro, Robert R. Burchfield, Richard McCauley; Housing Authority of the City of Houston is lessor of a ground lease to the property and is providing financing through its affiliate, below.

Syndicator: JER Hudson Housing Capital, LLC

Construction Lender: Victory Street Public Facility Corporation (HOPE VI funds)

Permanent Lender: Victory Street Public Facility Corporation (HOPE VI funds)

Other Funding: NA

City/County: Houston/Harris

Set-Aside: General

Type of Area: Urban

Type of Development: New Construction

Population Served: General Population

Units: 81 HTC units and 27 market rate units

2001 Allocation: \$443,126

Allocation per HTC Unit: \$5,471

Prior Board Actions: Approved allocation 7/00

Underwriting Reevaluation: The owner's proposed rental rate structure would not materially alter the development in a negative manner and the development would still be considered financially feasible.

**Staff Recommendation: Staff recommends approving the request because the requested modification 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.**



**Sunrise Village Apartments, HTC No. 02099**

Summary of Request: Applicant requests approval for a change in the income targeting of the units. The change was requested in order to make use of all credits that were awarded, and was made in agreement with the Department. As the table below shows, the 60% units have been increased from eight to ten while the market rate units were decreased from three to one. The application would have scored two points lower with the unit mix that is now proposed, however would still have received an award.

As Approved at Application					As Currently Proposed			
Income	2BR/ 1Bath	2BR/ 2Bath	3BR/ 2Bath	Total	2BR/ 1Bath	2BR/ 2Bath	3BR/ 2Bath	Total
40%	15	17		32	15	17		32
50%	17	2	13	32	17	2	13	32
60%			8	8			10	10
Market		5	3	8		5	1	6
<b>Total</b>	<b>32</b>	<b>24</b>	<b>24</b>	<b>80</b>	<b>32</b>	<b>24</b>	<b>24</b>	<b>80</b>

Governing Law: §2306.6712, Texas Government Code. The code states that material alterations include any modification considered significant by the Board.

Applicant: Sunrise Village Apartments, L.P.

General Partner: Sunrise Village Joint Venture

Developer: Sunrise Village Development, LLC (SVDLLC) (also 55% owner of GP)

Principals/Interested Parties: Tom Scott, Paul Buchanon, Neighborhood Care Center of Houston (a nonprofit organization that controls SVDLLC)

Syndicator: Paramount Financial Group, Inc.

Construction Lender: Southwest Bank of Dallas

Permanent Lender: Southwest Bank of Dallas

Other Funding: NA

City/County: Houston/Harris

Set-Aside: Nonprofit

Type of Area: Urban

Type of Development: New Construction

Population Served: Elderly

Units: 280 HTC units

2002 Allocation: \$857,388

Allocation Per HTC Unit: \$3,062

Prior Board Actions: Approved allocation 4/02

Underwriting Evaluation: The change in unit mix will positively impact the financial feasibility of this development, not provide more credits than are necessary and would allow the owner to utilize the full credit amount originally awarded, resulting in no loss of tax credits to the Department.

**Staff Recommendation: Staff recommends approving the request because the requested modification 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.**

**Potter’s House at Primrose Apartments (formerly The Oaks III), HTC No. 02477**

Summary of Request: The Applicant requests approval for a change in the building count from seven to six and for the associated change in the site plan. The Applicant noted in the letter of request that the gross building area, net rentable area and common area increased in size from 5,444 to 8,286 square feet.

Governing Law: §2306.6712, Texas Government Code. The code states that material alterations include (1) a significant modification of the architectural design of the development and (2) a significant modification of the site plan.

Applicant: Escondido Housing, LP  
General Partner: Escondido Housing Development, LLC  
Developer: Southwest Housing Corporation  
Principals/Interested Parties: Brian Potashnik  
Syndicator: Related Capital  
Construction Lender: Charter Mac Municipal Mortgage  
Permanent Lender: Charter Mac Municipal Mortgage  
Other Funding: Dallas Housing Finance Corporation  
City/County: Dallas/Dallas  
Set-Aside: Tax-Exempt Bond Financing  
Type of Area: Urban  
Type of Development: New Construction  
Population Served: Elderly  
Units: 280 HTC units  
2002 Allocation: \$857,388  
Allocation Per HTC Unit: \$3,062  
Prior Board Actions: Approved allocation 4/02  
Underwriting Evaluation: The requested modifications would not materially alter the development in a negative manner and would not adversely impact the allocated tax credits or the overall feasibility of the development.

**Staff Recommendation: Staff recommends approving the request because the requested modification 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.**

**Heritage Pointe Apartments (formerly Eagles Pointe), HTC No. 03001**  
**(A forward commitment, formerly HTC No. 02015)**

Summary of Request: In September 2004, the Board approved the following changes from the original application: vinyl flooring for the ceramic tile that the application proposed for use in the entries, kitchens and bathrooms, which would result in a loss of two (2) points and the elimination of heat lamps in the bathrooms, which were part of an amenity package that was worth one (1) point consisting of heat lamps and vent fans in all bathrooms and ceiling fixtures with accessible wall switches in all rooms. The substitution was to have been the installation of greater than 75% masonry siding on all buildings, which was worth three (3) points in the application. The applicant now requests an amendment to the original amendment in September 2004. The following table illustrates the changes:

<b>Features Originally Proposed</b>	<b>Scoring Value</b>	<b>Features Proposed as Substitutes</b>	<b>Scoring Value</b>
Ceramic tile floors	2	Vinyl	0
Heat lamps and vent fans were omitted from a proposed scoring package consisting of heat light and vent fans in all bathrooms and ceiling fixtures with accessible wall switches in all rooms.	1	No direct substitute.	
Microwaves were omitted from a proposed scoring package consisting of microwave, disposal, dishwasher, range/oven, fan/hood, and refrigerator.	1	No direct substitute.	
Accessible walking path was not built. This was not a scoring item however it was checked in the application under specifications and amenities.	0	Applicant pointed out that there is a continuous accessible sidewalk around the part of the site that contains all of the buildings.	0
		75% Masonry siding. <b>NOTE:</b> As built, there is 60% masonry and 40% cement board. Cement <u>board</u> did not count as masonry in 2002.	0
		Common dining area. <b>NOTE:</b> A community meals room was a threshold item that the applicant did not choose.	0
		Exercise room	0

Although the development was granted an award as a forward commitment, the award may have been granted without regard to scoring. The subject application scored 144 points. The loss of the four points indicated in the table above would have given the application a score of 140. Of the applications that did not receive an award in the same region and set-aside of the subject, one would have then outscored the subject and one would have tied. A third application in a different set-aside (Killeen Stone Ranch in the Nonprofit Set-Aside) did not receive an award in 2002 and would have outscored the subject. If cement board were counted as masonry (which would have been eligible for 3 points), the loss of only one point would have kept the development in the same relative scoring position in the region except in relation to Stone Ranch. Losing only one point would have tied the subject with Stone Ranch.

Governing Law: §2306.6712, Texas Government Code. The code indicates that material alterations include modifications that would have adversely affected the selection of the application in the application round.

Applicant: Eagle's Point Housing Partners, Ltd.

General Partner: NDG-Eagle Point, LLC, managing GP  
Victory Family Ministry, Co-GP

Developer: NuRock Development Group, Inc.

Principals/Interested Parties: Robert Hoskins, owner of managing GP

Syndicator: SunAmerica

Construction Lender: Bank One

Permanent Lender: Fannie Mae/Capri Capital

Other Funding: NA

City/County: Austin/Travis

Set-Aside: General

Type of Area: Urban

Type of Development: New Construction

Population Served: Elderly

Units: 192 HTC and 48 market rate units

2003 Allocation: \$1,200,000

Allocation per HTC Unit: \$6,250

Prior Board Actions: Approved allocation 7/02  
Construction Loan Closing extended from 6/13/04 to 7/1/04

Underwriting Reevaluation: To be determined.

**Staff Recommendation:** **Given the fact that cement board did not count as masonry in the year of the application and the fact that the score of the application appears to have played a part in the Board's decision to grant a forward commitment, staff recommends that the applicant's request be denied and that the Board direct the applicant to generate a new request that includes other acceptable substitutes that would substantiate the points lost.**

**Montgomery Meadows Apartments, HTC No. 03231**

Summary of Request: The Board Summary and summary information in the Underwriting Report, that were presented with the final recommendation for an award, reflected two bedroom units with two bathrooms. A review of the original plans indicated that the 28 two bedroom units had only one bathroom and an adjoining dressing room. The Department's original underwriter acknowledged in internal correspondence, accounted for this difference in the original cost analysis which was the basis for the originally recommended credits. The Applicant requests the Board's acknowledgement of the correction.

In addition to the request above, the Applicant requests approval to build the development without covered patios. The application included "covered patios or covered balconies" in one of the scoring sections, however this section was worth a maximum of ten points and the applicant selected items worth twelve points. Therefore, even without the one point for covered patios, the applicant exceeded the maximum score that could have been obtained.

Governing Law: §2306.6712, Texas Government Code. The bathroom modification requested appears to be a significant modification of the architectural design of the development and is, therefore, a material alteration under the code.

Applicant: Montgomery Meadows, Ltd.  
General Partner: Lucky B Properties, Inc.  
Developer: Emanuel H. Glockzin, Jr.  
Principals/Interested Parties: Claire E. Brown, 51% owner of managing GP; Bryan B. Brown, 49% owner of managing GP  
Syndicator: WNC & Associates  
Construction Lender: First National Bank of Bryan  
Permanent Lender: First National Bank of Bryan  
Other Funding: NA  
City/County: Huntsville/Walker  
Set-Aside: General  
Type of Area: Rural  
Type of Development: New Construction  
Population Served: Elderly  
Units: 50 HTC units and 6 market rate units  
2003 Allocation: \$382,286  
Allocation per HTC Unit: \$7,646  
Prior Board Actions: Approved allocation 7/03  
Approved an amendment of the site plan on November 14, 2003

Underwriting Reevaluation: The development's two bedroom units had one bathroom plus an additional sink. This recognition that the two bedroom/one bathroom units were incorrectly represented in the Board summary and underwriting report as two bedroom/two bathroom units does not adversely impact the allocated tax credits or the overall feasibility of the development.

**Staff Recommendation: Staff recommends approving the requests. The requested modifications would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.**

**Fenner Square Apartments, HTC No. 04082**

Summary of Request: The Applicant requests approval for a change in the site plan and building plans. The buildings have been repositioned and the buildings containing the one bedroom units have been modified slightly. In addition, the office/clubhouse has increased in size from approximately 1,290 square feet to 1,367 square feet. The development will have the same number of units, unit mix and unit sizes as originally proposed.

Governing Law: §2306.6712, Texas Government Code. The code states that material alterations include a significant modification of the site plan.

Applicant: Fenner Square, Ltd.

General Partner: Merced-Fenner Square, LLC

Developer: Legacy Renewal, Inc. (LRI); Merced Housing Texas

Principals/Interested Parties: Gary Driggers (LRI); Merced Housing Texas

Syndicator: WNC Associates, Inc.

Construction Lender: Centennial Mortgage, Inc.

Permanent Lender: Centennial Mortgage, Inc.

Other Funding: Goliad Community Network (nonprofit)

City/County: Goliad/Goliad

Set-Aside: General

Type of Area: Rural

Type of Development: New Construction

Population Served: General Population

Units: 32 HTC units

2002 Allocation: \$195,062

Allocation Per HTC Unit: \$6,096

Prior Board Actions: Approved allocation 7/04  
Construction Loan Closing Extended from 6/1/05 to 7/15/05  
Construction Loan Closing Extended from 7/15/05 to 10/1/05  
Construction Loan Closing Extended from 10/1/05 to 12/1/05

Underwriting Evaluation: To be determined

**Staff Recommendation: Staff recommends approving the request because the requested modification 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.**

**Mesa Vista Apartments, HTC No. 05026**

**Summary of Request:** The Applicant requests approval to increase the size of the site from four (4) to six (6) acres. The increase would improve the development by lowering the density from 19 units per acre to 12.67 units per acre. Although the applicant would have lost the six points for the Pre-Application if this change were made during the application period, the development would still have scored high enough to receive an award.

Governing Law: §2306.6712, Texas Government Code. The code states that material alterations include a modification of the residential density of the Development of at least five percent. In addition, §49.17(c)(4)(G) of the 2005 QAP states that the Board must approve an increase or decrease in the site acreage of greater than 10% from the original site under control and proposed in the Application.

Applicant: MV Housing, Ltd.  
General Partner: MV Housing I, LLC  
Developer: MV Housing I, LLC; Realtex Development Corporation  
Principals/Interested Parties: Housing Authority of the City of Donna controls the general partner through Donna Housing Opportunities Corporation; Rick Deyoe of Realtex; Henry Flores of Flores Residential, LLC.

Syndicator: PNC Multifamily Capital  
Construction Lender: PNC Multifamily Capital  
Permanent Lender: PNC Multifamily Capital  
Other Funding: Housing Authority of the City of Donna  
City/County: Donna/Hidalgo  
Set-Aside: General  
Type of Area: Rural  
Type of Development: New Construction  
Population Served: General Population  
Units: 76 HTC units  
2002 Allocation: \$453,995  
Allocation Per HTC Unit: \$5,974  
Prior Board Actions: Approved allocation 7/05  
Underwriting Evaluation: The increase in acreage does not negatively impact the long term feasibility of the development and has no effect on the recommended credit allocation.

**Staff Recommendation:** **Staff recommends approving the request because the requested modification 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.**

**Meadow Village Apartments, HTC Development No. 05439**

Summary of Request: The Applicant requests approval for the elimination of a condition in the Determination Notice. The condition requires the applicant to obtain a change in the zoning from general retail to multifamily. The condition of the report was created because the destruction threshold under the existing zoning would not allow the development to be rebuilt if the Development as a whole were more than 60% destroyed. The zoning condition was agreed upon by the applicant prior to submitting the application for the Board's approval because the City of Temple was expected to approve the change. However, the City denied the change.

Governing Law: §2306.6712, Texas Government Code. The code states that material alterations include any modification considered significant by the Board.

Applicant: South 31st L.P.

General Partner: Edgewater South 31st, L.P.

Developer: EAH Meadow Village Development, L.P.

Principals/Interested Parties: W. Douglas Gurkin and Wooten Epes

Syndicator: Related Capital Company

Construction Lender: Charter Mac

Permanent Lender: Charter Mac

Other Funding: Bell County Housing Finance Corporation

City/County: Temple/Bell

Set-Aside: Tax-Exempt Bond Financing

Type of Area: Urban/Exurban

Type of Development: Acquisition/Rehabilitation

Population Served: Family

Units: 200 HTC units

2005 Allocation: \$381,304

Allocation Per HTC Unit: \$1,907

Prior Board Actions: Approved allocation on October 13, 2005

Underwriting Evaluation: To be determined

**Staff Recommendation:** **Staff recommends approving the request. Staff had been assured by the developer that the city would grant a change or variance to the existing zoning to allow the development to be rebuilt if destroyed. Because such a change or variance would insure the continued existence of the affordable units, staff conditioned the allocation on obtaining the change or variance. Contrary to expectations, the city refused to grant the change. Nevertheless, the development can and should move forward. The requested modification 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.**





# Oaklake Community Housing Development Corporation

November 14, 2005

Ben Sheppard  
TDHCA  
507 Sabine, Suite 400  
Austin, Texas 13941

RE: Cost Certification for Coronado Apartments, TDHCA # 00002

Dear Mr. Sheppard:

Per your request and as an addendum to our letter of October 4, 2004, we hereby submit the following development changes to the board for further approval:

<b>Coronado Development Changes</b>			
	<b>Item</b>	<b>1999 Application</b>	<b>2005 Actual</b>
1	Land Acreage:	10.3 acres	20.0216 acres
2	Zoning	None	Residential
3	Number of Buildings	30	70
4	Type of Buildings	Multifamily Apartments	Duplexes
5	Total Units	164	170
6	LIHTC Units	123	123
7	Market Units	41	35
8	Net Rentable Square Footage	162,025	148,827
9	Common Area Square Footage	8,101	3,145
10	Service Provider	University of N. Texas	Texas Inter-Faith
11	General Partner	Bill Encinas	One Oaklake IV, LLC
12	Amenity:	Community Laundry	Community Room
13	Amenity:	24 hour telephone	Attached garages
14	Amenity:	Jacuzzi	Residential kitchen
15	Energy saving device:	gas heating/80% flue eff.	12 SEER A/C
16	Energy saving device:	Energy Star fixtures	Dual pane, low-e windows

Thank you for your understanding regarding the above development changes and our role in the development. Please contact me if you have any questions at (713) 526-6634 x23. My direct fax line is (713) 526-8828.

Sincerely,

Ted Hamilton  
Authorized Representative  
Oaklake Community Housing Development Corp.



# Oaklake COMMUNITY HOUSING DEVELOPMENT CORPORATION

October 4, 2005

Ben Sheppard  
TDHCA  
507 Sabine, Suite 400  
Austin, Texas 13941

RE: Cost Certification for Coronado Apartments  
TDHCA # 00002

Dear Mr. Sheppard:

As authorized representative of One Oaklake IV, LLC, the replacement General Partner of Village at Amherst, L.P., I am writing this letter to secure the final acknowledgement and approval of several facts on the ground at the Coronado Apartments where approval in advance or at carryover is undetermined.

This particular project underwent numerous unexpected changes to the original development plan, some caused by League City where the development is located, others mandated by the Department and still others through conflicts between the original General Partner, Bill Encinas, the General Contractor, Roan Smith and the Limited Partner, Columbia Housing Partners/PNC Bank. Somehow in spite of all the problems and replacements an attractive affordable housing community was built.

Most of these events occurred prior to the involvement of the current GP or its affiliate, Texas Inter-Faith and I'm proud to say that our organizations were part of the solution, not the problem. Texas Inter-Faith and Oaklake Community Housing are affiliates by virtue of common board membership and staff. Oaklake's board is comprised of 3 members of the board of Texas Inter-Faith and 2 low income members of the community. JOT Couch, Jr. is Executive Director of both organizations, and his staff handles the administrative business of Oaklake Community Housing and its single member, single asset entities, which are all formed pursuant to the affordable housing mission of both organizations.

Many of the project documents have been lost amid the transfer of General Partnership interests from Bill Encinas and One Oaklake IV, LLC, due to a lack of cooperation on the part of Mr. Encinas (See Attachment A). I do not know if the following changes were properly requested and documented but I hereby request approval of the following changes:

- 1) Final approval of One Oaklake IV, LLC as General Partner. I've attached evidence (Attachment B) of the prior approval of Texas Inter-Faith, notice from Texas Inter-Faith to Edwina Carrington in December 2002 (Attachment C) that GP interests were further vested in affiliate One Oaklake IV, LLC, and another notice from PNC to Brooke Boston in August 2003 (Attachment D). The requisite forms are included as Attachments E and F. Texas Inter-Faith uses single member, single asset entities for acquisitions and new development according to lender requirements and industry practice. An LLC whose sole member is Oaklake Community Housing was formed because it qualified the property for 100% ad valorem tax exemption. Attachment G comprises the Certificate



## OAKLAKE COMMUNITY HOUSING DEVELOPMENT CORPORATION

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of Organization, Articles of Organization and Amended Regulations for the replacement General Partner.

- 2) Approval of duplexes. Units are duplexes not fourplexes as previously intended.
- 3) Approval of substitute energy saving devices. Four energy saving devices were committed to at application, but a different four devices were certified by the architect (see Cost Certification Exhibit 5A, attached – this is the original signed copy as requested by Raquel Morales).
- 4) Approval of substitute amenities. Some amenities (24 hour telephone, jacuzzi and community laundry room) were replaced with others (community room, residential kitchen (attached to community room) and attached garages. Also there are separate washer/dryer hookups located in service porches in the existing duplexes.
- 5) Approval of rent schedule. In response to your email of October 3<sup>rd</sup>, the Rent Schedule of Exhibit 11A shows the correct unit mix. The Cost Certification Documentation sent earlier accurately reflects the completed project without the history of the development changes involved, which I agree is not helpful at this stage.

Also, as requested by Raquel Morales' letter dated September 27, originals of Exhibits 5A and 16A are attached, along with Fair Housing Training (See Attachments H, I & J). The as-built survey used for permanent financing is enclosed and a final inspection request package is being compiled.

Thank you for your understanding regarding the above development changes and our role in the development. Please contact me if you have any questions at (713) 526-6634 x23. My direct fax line is (713) 526-8828.

Sincerely,

Ted Hamilton  
Authorized Representative  
Oaklake Community Housing Development Corp.

Cc: Raquel Morales, via fax (512) 475-4420  
Amy Petrovich, via fax (503) 808-1400  
Brian Beiler, via fax (503) 808-1400



# W. G. Burchfield & Bro.



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Since 1906

October 13, 2005

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OCT 17 2005

LIHTC

Ben Sheppard  
Raquel Morales  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

Re: Fulton Village Apartments – TDHCA #01004

Dear Ben and Raquel:

You have asked that we make a formal request to reflect the income tiers for Fulton Village in accordance with the schedules worked out between TDHCA (Mr. Gouris) and ourselves. The primary change was to create fixed AMI divisions of the units rather than ranges within the unit groups. The final agreement was:

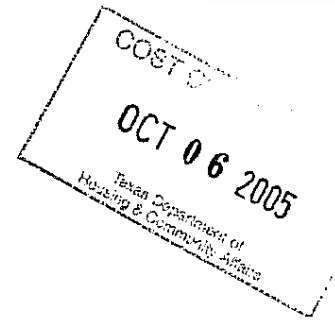
# Units	Fixed AMI Category
27	30% AMI
27	40% AMI
27	50% AMI
27	Market Rate

We would therefore make a formal request to TDHCA to accept these levels for income and rent calculations for Fulton Village.

We thank you again for your consideration.

Fulton Village Apartments LP

Dorothy Burchfield  
Managing Member – General Partner



**VIA OVERNIGHT MAIL**

October 4, 2005

Ms. Raquel Morales  
 Texas Department of Housing and Community Affairs  
 507 Sabine St., Fourth Floor  
 Austin, Texas 78711-3941

**Re: Additional Unit Restriction Proposal:  
 SUNRISE VILLAGE APARTMENTS -TDHCA # 02099**

Dear Raquel:

After thoroughly considering various alternatives with regard to the above, we have decided to pursue the option offered by the Department so that we can utilize the entire originally awarded credit amount. While we believe that there could be additional discussion and debate among our accountants, yourself, and ourselves concerning the categorization of certain costs within the eligible basis, which might benefit the ultimate credit amounts on the 8609's, it would be easier to accept your eligible costs and increase slightly the number of tax credit restricted units from seventy to seventy-two.

In that regard, therefore, please consider this letter our proposal that the Department authorize an additional two units to be restricted as tax credit units. Specifically, two of the three bedroom, two bath market rate units would be designated as LIHTC units with a 60% restrictions. The result would be six market rate and seventy-four tax credit units. The proposed change is summarized in the following table.

Income Level	As Currently Approved					As Proposed				
	40%	50%	60%	Market	Totals	40%	50%	60%	Market	Totals
2BR/ 1BA	15	17			32	15	17			32
2BR/ 2BA	17	2		5	24	17	2		5	24
3BR/ 3BA *		13	8	3	24		13	10	1	24
<b>Total</b>	<b>32</b>	<b>32</b>	<b>8</b>	<b>8</b>	<b>80</b>	<b>32</b>	<b>32</b>	<b>10</b>	<b>6</b>	<b>80</b>

\*Typographical error in letter. The units are 3BR/2BA.

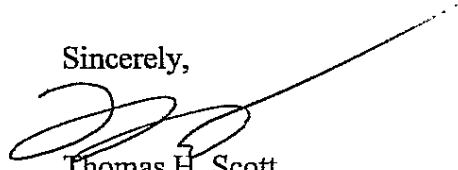
Our analysis has assumed the acceptance of the TDHCA adjusted basis of approximately \$8,350,458, which after applying an Applicable Fraction of 89.53% and Applicable Percentage of 8.06% results in final tax credits of \$602,579. By restricting an additional two units, the applicable fraction is raised to 92.17%, which is based on restricted area, since it is lower than using unit counts. When that percentage is applied in the formula, \$620,974 in credits are produced which enable utilization of the maximum awarded amount of \$616,304. We have enclosed updates of the key cost certification exhibits.

In order to assist the Department in considering this request, we would like you to consider the following:

- a. From a marketing and lease up perspective, Sunrise has been an unqualified success. It was fully leased and occupied within forty-five days from when it was placed in service. It has remained at 100% occupancy ever since.
- b. As a practical matter, the re-categorization of two additional LIHTC units will have no significant impact to the tenancy or property cash flow. The rents being collected on these units today do not exceed the LIHTC maximums. We, of course, recognize the requirement to qualify all tax credit residents in accordance with TDHCA and Section 42 requirements.
- c. Adding additional restricted units would be of benefit to the local community that has clearly demonstrated a strong demand for affordable units.
- d. With full occupancy and no significant change in property cash flow anticipated by restricting the two additional units, Sunrise will continue to be solidly underwritten and more than capable of serving all obligations, including debt service requirements.

Please feel free to contact either Bob DeLuca or myself with any questions.  
Thank you.

Sincerely,



Thomas H. Scott  
President

**Escondido Housing, LP**  
5910 N. Central Expwy, Ste 1145  
Dallas, Texas 75206  
(214) 891-1402

August 2, 2005

Ms. Edwina P. Carrington  
Texas Department of Housing & Community Affairs  
507 Sabine Street, Ste. 400  
Austin, Texas 78711

RE: Potter's House at Primrose, TDHCA#02477

Dear Ms. Carrington:

Please accept this letter as notification to the Texas Department of Housing and Community Affairs that the number of buildings for the above-referenced development has changed from the original application. The original application contemplated seven buildings, but the end result was six buildings due to a change in architects. The total number of units/unit mix has not changed. Gross, net rentable, and common area square footage increased slightly. The following summarizes the changes.

	<u>At Application</u>	<u>At Completion</u>
Buildings	7	6
Gross	256,094 sq.ft.	258,936 sq ft.
Net Rentable	249,200 sq.ft.	250,650 sq.ft.
Common Area	5,444 sq.ft.	8,286 sq.ft.

I apologize for the delay in notifying you of this change. Please contact Sara Reidy at 214.891.7824 if you have any questions or require additional information pertaining to this matter.

Sincerely,



Brian Potashnik  
President

700 E. Sandy Lake Road  
Suite 146  
Coppell, TX 75019

# NuRock

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OCT 24 2005

LINTC

October 20, 2005

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

Re: Heritage Pointe fka Eagles Pointe Apartments  
TDHCA #03001

Dear Ben:

Thank you for your response dated October 12, 2005 to our request for amendments to our application for this project. We request the Agency approve an amendment to our application to substitute greater than 75% masonry exterior finish for the lighting package and kitchen amenities package. We did not install vents and heat lamps in the baths nor microwaves in all the kitchens. Our exteriors are about 60% brick with the balance being hardiboard. Even though the 2002 QAP didn't consider hardiboard "masonry," subsequent QAPs and the current QAP consider this material masonry. If this amendment is granted, we will score at least 10 points for Exhibit 205 – Provision of Unit Amenities. I have attached a couple of photos showing the property's elevations from different angles.

The remaining unresolved item noted in the Compliance inspection was an accessible walking path. This is not a point item, only an item checked in the application. We have an accessible walking path if you consider the sidewalk around the perimeter of the project. I have attached a site plan with this path highlighted. Otherwise, we have provided a common dining area and exercise room in the clubhouse, neither of which were checked. We request this revision be approved by the Agency.

Sincerely,



Daniel Algeier



**MONTGOMERY MEADOWS, LTD.**

P. O. BOX 3189, BRYAN, TX 77805 (979) 846-8878

October 4, 2005

Texas Department of Housing and Community Affairs  
P. O. Box 13941  
Austin, TX 78711-3941

Attn: Mr. Ben Sheppard  
Re: Montgomery Meadows, Ltd. – TDHCA File No: 03231  
Final Inspection conducted on July 13, 2005 – Application Amendment

Mr. Sheppard:

We are writing to request an Amendment to the Application for Montgomery Meadows, Ltd., TDHCA #03231, on two items identified during the final inspection of the development below.

- **Item #1:** The application indicated that the Development would consist of 56 total units, of which 28 are one bedroom/one bath and 28 are two bedroom/*two* bath. The development representative reported a total of 28 two bedroom/*one* bathroom units.

Response to issue on noncompliance: Please see attached e-mail correspondence (Exhibit A) dated June 26, 2003 between Paula Blake and Brooke Boston. Ms. Boston e-mailed us addressing our concern regarding the two bedroom/*two* bathroom issue, and stated that the TDHCA Real Estate Analysis Division evaluated this, and it will create a reduction in credits of \$5,552 as an adjustment on the two bathroom (one bathroom plus dressing area) issue. We thought that the e-mail response and reduction of credits took care of the matter and were unaware that we had to do anything further.

**Request:** We would like to amend the application to have the two bedroom units consist of two bedroom/one bathroom. There is no selection for a dressing area; however the two bedroom units consist of a bathroom plus another dressing area with cabinets and a sink. The plans submitted with the application did not have two bathrooms – only one bathroom plus a dressing area (Exhibit B), and the total square footages of the two bedroom units and the total development area did not change from what was represented in the application. At the time the application was submitted, the individual who selected two bedroom/*two* bathroom units on the application was confused due to the dressing area with cabinet and sink. It was the original intent of the architect and developer that the two bedroom units only have one bathroom plus a dressing area as the plans specify.

All of the other forms – Development Cost Schedule, Utility Allowance, Statement of Annual Expenses, Sources and Uses of Funds Statement, and 30 Year Operating Proforma, and Rent Schedule, were calculated based upon the two bedroom units having one bathroom plus a dressing area, so the calculations on

these forms will not change. We have enclosed the forms again, as per your instruction.

- **Item #2:** The application identified covered patios or covered balconies as one of the amenities to be included in the development. At inspection, the amenity was not observed.

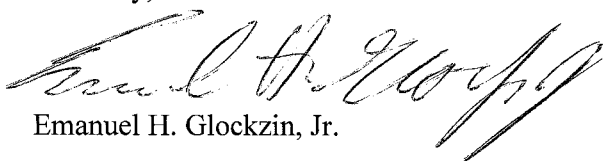
Response to issue of noncompliance: In the scoring section of the application (Exhibit C) the applicant only claimed 10 points on item (C) Unit Amenities and Quality.

On the actual PROVISIONS OF UNIT AMENITIES – TAB 4C form the box was checked for covered patios or covered balconies by mistake by the individual filling out the forms. The total points on the form TAB 4C (as checked) was 12, and we only used 10 for scoring purposes. All of the other Unit Amenities (totaling 11 points) are present at the development. The plans submitted with the application did not reflect that any of the units would have a covered patio or covered balcony, only a covered entry/covered porch which is 4'-8" X 8' in dimension.

We would like to request to amend the application to not include covered patios or covered balconies. We constructed one extra amenity, a total of 11 points, even though we only used 10 for scoring purposes. The development has the following unit amenities: Covered entries (1), Computer line/phone jack available in all bedrooms (1), Mini blinds or window coverings for all windows (1), Laundry connections (1), Twenty-five year architectural shingle roofing (1), Greater than 75% masonry on exterior (3), and Use of energy efficient construction materials with wall insulation at a minimum of R-20 (3).

Please review the enclosed information and requests for amendments to the Montgomery Meadows, Ltd. application, and should you have any questions, or need any additional information, please feel free to call me at the number listed above.

Sincerely,



Emanuel H. Glockzin, Jr.

Enclosures

**HTC Development No. 03231, Montgomery Meadows Apartments**

Summary: Applicant requests approval for change in site plan. Applicant has same number of units and buildings as proposed at Application. The area of the currently proposed site is 7.00 acres as opposed to 6.00 acres at Application. The new site resulted from removing 1.24 acres from the original site and adding a additional acreage to arrive at the 7.00 acres finally proposed. The 1.24 acres removed contained a part of the HTC development that has now been proposed as a separate HOME development.

Governing QAP:	2003 QAP, Section 49.18(c)(4)
General Partner:	Lucky B Properties, Inc.
Principals/Interested Parties:	Claire & Bryan Brown, Emanuel Glockzin
Syndicator:	Boston Capital Corporation
Lender:	First National Bank
City/County:	Huntsville/Walker
Set-Aside:	Rural/Elderly
Type of Development:	New Construction
Units:	50 HTC and 6 market rate units
Allocation:	\$382,286
Allocation per HTC Unit:	\$7,646
Other Funding:	NA
Prior Board Actions:	Approved allocation on July 30, 2003
Underwriting Reevaluation:	Underwriting finds the proposal acceptable with no change in the amount of the allocation.
Effect of Change on Scoring Rank:	Seven Pre-Application points would be deducted because of the site change. While there is one other eligible development in the Rural Set-Aside with a better score than this development's reduced score, that development is also owned by Mr. Glockzin.
Staff Recommendation:	Approve request.



November 1, 2005

Mr. Ben Sheppard  
Texas Department of Housing and Community Affairs  
Waller Creek Office Building  
507 Sabine Street  
Austin, Texas 78701

Dear Ben:

Fenner Square Project Number 04082 for LIHTC and 05155 for HTF is requesting an amendment for changes in our site plan. Our budget which includes these changes remains unchanged since our last HTF underwriting. These changes were made to provide greater overall accessibility to the amenities as well as the Community Building where all the mail boxes will be located. In addition the new site plan reduces the density of the development by eliminating the public street which we never intended to be funded by the project. I have attached the old and the new site plans for your review.

In addition we have made minor changes to our One Bedroom Buildings and our Community Building. The Community Building was changed to complement its new location by repositioning the exterior porches. In addition the size of the Community Building and its amenities has increased. Please see the attached architectural drawing of the old and new community building.

Finally the One Bedroom Building, Building Number 2 and 7 in the new site plan was changed slightly. We match up the units on both ends instead having only one unit in the middle being out of sequence with the other three. This maintains the uniqueness of our design, separating the look of the One Bedroom Buildings from the linear Two Bedroom Buildings while enhancing the size of the shared front porch for all the residents in the one bedroom units. In other words we reposition the end unit a few feet. Please see the attached architectural drawing of the old and new One Bedroom Buildings.

If you have any questions or need additional information please call.

Sincerely,



Gary M. Driggers

Enclosures (7)

8814 RUSTLING BREEZE • SAN ANTONIO, TEXAS • 78254  
PHONE (210)684-0679 • FAX (210)521-7121



October 28, 2005

Mr. Ben Sheppard  
LIHTC

Texas Department of Housing & Community Affairs  
507 Sabine  
Suite 400  
Austin, Texas 78711-3941

Fax- (512) 475-0764

Re: **MESA VISTA APARTMENTS**  
**TDHCA # 05026**  
**CHANGE IN ACREAGE**

Dear Mr. Sheppard:

The purpose of this letter is to notify you of a change in the amount of acreage purchased for the project in connection with the above referenced tax credit application, and obtain an acknowledgement of approval from TDHCA of the change.

In the tax credit application package, Realtex Development Corporation placed four (4) acres under contract from the Donna Economic Development Council ("EDC"), and subsequently assigned the Earnest Money Contract to the Partnership. A copy of the original Earnest Money Contract along with the assignment was included in the original tax credit application package.

After approval of an allocation of tax credits for the project and prior to the land closing, the EDC agreed to allow for the partnership to purchase an additional two (2) acres for a minimal increase in purchase price. The EDC agreed to sell to the partnership or the Donna Housing Authority ("DHA") an additional two (2) acres for \$30,000 increase in purchase price in order to allow the DHA to develop a much nicer community. A new Earnest Money Contract for the six(6) acres was entered into with the partnership, and then assigned to the DHA. The property was purchased in the name of the Donna Housing Authority instead of the partnership in order to statutorily preserve the ad valorem property tax exemption. A long term (75 year) Capital Ground Lease was then entered into between the partnership and the DHA and a Memorandum of Ground Lease was recorded.

The additional two (2) acres brings the total acreage for the project up to six(6) and lowers the density from 19 units per acre down to 12.67 units per acre. This will allow for more green space, and a better project.

All other aspects of the project at this time remain the same. I've attached a copy of the original site survey submitted in the application and a copy of the new survey for the six acres. Additionally, also attached hereto is a copy of the Earnest Money Contract, Assignment, Settlement Statement, Ground Lease, and Memorandum of Ground Lease.

Please advise of your approval to this increase in land purchased. The additional \$30,000 does not financially affect the project, and the addition of the two acres will make for a much nicer development.

Should you have any questions, feel free to contact me at (512) 306-9206.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick J. Deyoe', with a long horizontal flourish extending to the right.

Rick J. Deyoe  
President, Realtex Development Corporation  
Authorized Representative for MV Housing , Ltd. and,  
Developer of the project

Cc: Bob Gonzalez, DHA  
Cynthia Bast

enclosures



HTC No. 05439

**Doug Gurkin**  
1805 Lakehurst Road  
Spicewood, TX 78669  
(512) 264-1020 office  
(512) 264-3052 fax  
(512) 423-0521 mobile

November 4, 2005

**Mr. Ben Sheppard**  
TDHCA  
507 Sabine, Suite 700  
Austin, Texas 78701

**Wooten Epes**  
128 Normandy Road  
Little Rock, AR 72207  
(501) 766-4554 office  
(501) 664-7507 fax

RE: Amendment to Underwriting Report Condition for Meadow Village  
Apartments, HTC #05439

Dear Ben:

**Deborah Welchel**  
21518 Patton Avenue  
Lago Vista, TX 78645  
(512) 267-7432 office  
(512) 267-4377 fax  
(512) 826-3880 mobile

Please consider this formal notification of a request to amend the Multifamily Underwriting Analysis for Meadow Village Apartments, HTC #05439. A condition of the Underwriting Analysis was "Receipt, review and acceptance of a zoning change from (GR) General Retail to (MF) Multifamily." This was required because the GR zoning is considered a non-conforming use and although we are allowed permits for remodeling, if 60% of the structure was damaged that structure could not be rebuilt.

**George Schmidt**  
34 Lone Oak Trail  
Austin, TX 78745  
(512) 680-1600 office  
(512) 233-0860 fax

At the time the underwriting report was being prepared we had submitted a request on behalf of the current owner to change the zoning to MF-2. I appeared before the Planning and Zoning Commission and there was significant discussion about the property and its condition. The Commission requested that the re-zoning be tied to the Scope of Work detailing the rehabilitation. The Planning and Zoning Director recommended I amend the request to PD-MF2 and submit a letter and support documents that included a Scope of Work, a site plan, floor plans and elevations. I also included information about Edgewater Affordable Housing, L.P. and the Management Company, UAH Property Management, LP. I amended our zoning request verbally at the hearing and then followed up with the requested documentation. The Planning and Zoning Commission recommended our zoning request be approved but the vote was 4 in favor, 2 opposed and 1 abstention. I realized we had issues in Temple we were unaware of.

We then hired a local attorney who could tell us where the issues were. Along with our attorney I met with each Council member and the Mayor. I presented the amended information and answered any questions. It became clear that this rezoning request would be facing significant opposition.

I attended the City Council Meeting on October 20, 2005 and presented our case for the re-zoning request. I also asked Mike Clark with the Property Management Company to speak on our behalf as well as the Temple Police Department, the Temple Housing Authority and our attorney.

The Temple Police Department made the point that 663 police calls occurred between January and September 2005. These range from 911 calls to warrant service calls to more significant issues.

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One issue I continued to state was the mortgage on the property is a HUD 236 Mortgage with approximately 7 years remaining. That requires pre-payment approval from HUD. HUD specifically told our attorney that they would not approve a pre-payment request unless a subsequent use agreement for housing was put on the site.

Below are some of the comments made by the representative for the commercial developers in the area:

"The useful life of the property is coming to an end and we shouldn't spot zone for a HUD property. We would like the property to go away and history not to repeat itself."

"Spot zoning is illegal. A landmark case is Rogers vs Terrytown." We have several legal opinions that state this request does not constitute spot zoning.

"This is a bad location for people to live."

"This land has value. It is the last largest retail site to be developed with no deed restrictions. HEB who owns the tract across the street will not sell their site." However this site currently has a For Sale sign on it.

"I have people coming to me frequently asking about this location."

"Planning and Zoning needs to study this more carefully..." Planning and Zoning however stated at the City Council meeting that they had concerns that South 31<sup>st</sup> is already over crowded and traffic should be moved to South 5<sup>th</sup>.

"The concern as a citizen is what happens in 15 years, we have a HUD project in the middle of a retail corridor. We need to think long term. Study the impact of this zoning change. We don't have enough retail locations. We can't monitor the HUD project as a City because we don't have the resources." The issue for the commercial developers in the area was the LURA which restricted the use long term.

The vote to move this item to the second reading was 3 to 1 vote.



At the second City Council Meeting on November 3, 2005 about 25 persons from the property attended. Doug Gurkin spoke as well as our attorney.

The vote was 4 to 1 to deny the re-zoning. There is no opportunity for appeal.

Since the second City Council meeting we have discussed with an insurance company solutions for closing the transaction. They recommended insuring the tax credits for the initial compliance period against recapture and a demolition rider for catastrophic loss. The lender and syndicator have agreed with this solution. We are asking TDHCA to remove the re-zoning requirement and allow us to close this transaction under the GR zoning designation.

We believe this property needs significant renovation. It is 80% occupied and will continue to deteriorate if nothing is done. This site is an excellent one for multifamily with transportation shopping and services immediately adjacent. Directly across the street are single family residences. And two blocks down and across the street is Rain Tree Apartments, a multifamily property owned by the Temple Housing Authority. This property was funded with TDHCA re-zoning was not required.

We appreciate your prompt attention to this matter. If you need the amended zoning change request or the minutes of the first City Council Meeting please let me know.

Sincerely,



Deborah Welchel  
Director

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Items**

Requests for extensions of the deadlines to close the construction loan and for commencement of substantial construction are described below.

**Required Action**

Approve or deny the requests for extensions associated with 2004 Housing Tax Credit commitments.

**Background**

Pertinent facts about the developments requesting extensions are given below. The requests were each accompanied by a mandatory \$2,500 extension request fee.

**Village at Meadowbend II, HTC Development No. 04145**  
**(Construction Loan Closing)**

Summary of Request: Applicant requests a second extension of the deadline to submit documentation of closing the construction loan. The Applicant closed the loan in time to comply with the previously approved extension from June 1 until June 30, 2005. Unfortunately, they did not submit the required documentation evidencing that closing until October 28, 2005. The consultant responsible for the original extension request and the loan closing was no longer associated with the applicant after the loan closed.

Applicant:	Village at Meadowbend Apartments II, L.P.
General Partner:	Rufino Contreras Affordable Housing Corporation, Inc.
Developer:	Encinas Group of Texas, Inc.; National Farm Workers Service Center, Inc.
Principals/Interested Parties:	William Encinas; Paul Chavez (President of GP and co-developer)
Syndicator:	Related Capital Company
Construction Lender:	Bank of America
Permanent Lender:	Bank of America
Other Funding:	City of Temple
City/County:	Temple/Bell
Set-Aside:	General
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	General Population
Units:	79 HTC and 20 market rate units
2004 Allocation:	\$637,076
Allocation per HTC Unit:	\$8,064
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Construction Loan Closing
Note on Time of Request:	Request was submitted late.
Current Deadline:	June 30, 2005
New Deadline Requested:	October 28, 2005
<b>New Deadline Recommended:</b>	<b>October 28, 2005</b>
Prior Extensions:	Construction Loan Closing extended from 6/1/05 to 6/30/05.
<b>Staff Recommendation:</b>	<b>Approve the extension.</b>

**Casa Saldana (formerly Casa Korima), HTC Development No. 04146**  
**(Construction Loan Closing)**

Summary of Request: Applicant requests a second extension of the deadline to submit documentation of closing the construction loan. The Applicant closed the loan in time to comply with the previously approved extension from June 1 until June 30, 2005. Unfortunately, they did not submit the required documentation evidencing that closing until October 28, 2005. The consultant responsible for the original extension request and the loan closing was no longer associated with the applicant after the loan closed.

Applicant: Casa Korima Housing Development, L.P.  
General Partner: Rufino Contreras Affordable Housing Corporation, Inc.  
Developer: Encinas Group of Texas, Inc.; National Farm Workers Service Center, Inc.  
Principals/Interested Parties: William Encinas; Paul Chavez (President of GP and co-developer)  
Syndicator: Related Capital Company  
Construction Lender: Bank of America  
Permanent Lender: Bank of America  
Other Funding: City of Merced  
City/County: Merced/Hidalgo  
Set-Aside: General  
Type of Area: Rural  
Type of Development: New Construction  
Population Served: General Population  
Units: 156 HTC and 40 market rate units  
2004 Allocation: \$1,153,862  
Allocation per HTC Unit: \$7,397  
Extension Request Fee Paid: \$2,500  
Type of Extension Request: Construction Loan Closing  
Note on Time of Request: Request was submitted late.  
Current Deadline: June 30, 2005  
New Deadline Requested: October 28, 2005  
**New Deadline Recommended: October 28, 2005**  
Prior Extensions: Construction Loan Closing extended from 6/1/05 to 6/30/05.  
**Staff Recommendation: Approve the extension.**

**Villa Del Sol, HTC No. 04036**

**(Construction Loan Closing and Commencement of Substantial Construction)**

Summary of Request: The applicant is requesting a third extension of the deadline to close the construction loan and a first extension for commencement of substantial construction. The requests are due to the delay in receiving approval from U. S. Department of Housing and Urban Development (HUD) for the structure and terms of the ownership, financing, construction and operation of the property. The first two requests about the construction loan were also due to delays in obtaining approval from HUD. Applicant has executed a contract with the general contractor, executed letters of intent with the syndicator and permanent lender and has closed the predevelopment loan. Since the last extension, HUD has approved the Villa Del Sol property disposition application and the Brownsville Public Housing Authority Plan authorizing mixed finance developments with tax credits. Applicant is rehabilitating an occupied development for the elderly.

The applicant believes that even with the delay, the rehabilitation will be completed in time to meet the deadline to place in service of December 31, 2006. The fact that the development involves rehabilitation instead of new construction allows more flexibility in placing the buildings in service. Only one unit in each building must be ready for occupancy to place the building in service.

Applicant:	VDS Housing, Ltd.
General Partner:	Brownsville Housing Authority (BHA)
Developer:	Brownsville Housing Authority; Tekoa Partners, Ltd.
Principals/Interested Parties:	Remberto Arteaga of BHA, William Skeen of Tekoa
Syndicator:	MMA Financial
Construction Lender:	PNC Multifamily Capital
Permanent Lender:	PNC Multifamily Capital
Other Funding:	NA
City/County:	Brownsville/Cameron
Set-Aside:	General
Type of Area:	Urban/Exurban
Type of Development:	Acquisition/Rehabilitation
Population Served:	Elderly
Units:	189 HTC and 10 market rate units (and 1 employee unit)
2004 Allocation:	\$485,000
Allocation per HTC Unit:	\$2,566
Extension Request Fees Paid:	\$5,000 - \$2,500 for each request
Type of Extension Requests:	Construction Loan Closing and Commencement of Substantial Construction
Note on Time of Request:	Requests were submitted on time.
Current Deadlines:	November 15, 2005 for Construction Loan Closing December 1, 2005 for Commencement of Substantial Construction
New Deadlines Requested:	December 15, 2005 for Construction Loan Closing March 1, 2006 for Commencement of Substantial Construction
<b>New Deadlines Recommended:</b>	<b>December 15, 2005 for Construction Loan Closing</b> <b>March 1, 2006 for Commencement of Substantial Construction</b>
Prior Extensions:	Construction Loan Closing extended from 6/1/05 to 9/30/05. Construction Loan Closing extended from 9/30/05 to 11/15/05.
<b>Staff Recommendation:</b>	<b>Approve the extensions with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty</b>

**fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**

**Palacio Del Sol, HTC No. 04005 (Forward Commitment from 2003, fka 03207)**  
**(Commencement of Substantial Construction)**

Summary of Request: Applicant requests an extension of the deadline for commencement of substantial construction. The applicant financed the development with a U.S. Department of Housing and Urban Development (HUD) 221(d)(4) loan that required a determination from HUD about whether the HAP contracts could be continued in a development involving demolition and new construction. The need for this special determination caused delays that resulted in two extensions of the deadline to close the construction loan with the most recent being until October 1, 2005. The same delay caused the current request.

Applicant:	TX Palacio Housing, L.P.
General Partner:	Texas Palacio Development, LLC
Developer:	Southwest Housing Development
Principals/Interested Parties:	Mexican American Unity Council (owner of GP)
Syndicator:	MMA Financial
Construction Lender:	Davis-Penn Mortgage Company
Permanent Lender:	Davis-Penn Mortgage Company
Other Funding:	NA
City/County:	San Antonio/Bexar
Set-Aside:	At-Risk, Nonprofit
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	Elderly
Units:	186 HTC and 14 market rate units
2004 Allocation:	\$1,096,828
Allocation per HTC Unit:	\$5,897
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of Substantial Construction
Note on Time of Request:	Request was submitted on time.
Current Deadline:	December 1, 2005
New Deadline Requested:	March 31, 2006
<b>New Deadline Recommended:</b>	<b>March 31, 2006</b>
Prior Extensions:	Construction Loan Closing extended from 6/1/05 to 8/1/05. Construction Loan Closing extended from 8/1/05 to 10/1/05.

**Staff Recommendation:** **Approve the extensions with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**

**Las Canteras, HTC Development No. 04037**  
**(Commencement of Substantial Construction)**

Summary of Request: Applicant requests an extension of the deadline for commencement of substantial construction. Applicant has closed the construction loan and obtained building permits. However, the delays until October 31, 2005 in closing the construction loan which were based on delayed HUD approvals prevented meeting the commencement of substantial construction deadline for expending at least 10% of the construction contract amount. Construction began on October 24, 2005 and the applicant expects to be able to meet the commencement of substantial construction requirement by February 1, 2006.

Applicant:	Las Canteras Housing Partners, Ltd.
General Partner:	Pharr Housing Development Corporation (PHDC)
Developer:	PHDC; Tekoa Partners, Ltd.
Principals/Interested Parties:	PHDC, William Skeen of Tekoa
Syndicator:	MMA Financial
Construction Lender:	PNC Multifamily Capital
Permanent Lender:	PNC Multifamily Capital
Other Funding:	NA
City/County:	Pharr/Hidalgo
Set-Aside:	Nonprofit
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	General Population
Units:	100 HTC units
2004 Allocation:	\$567,803
Allocation per HTC Unit:	\$5,678
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of Substantial Construction
Note on Time of Request:	Request was submitted on time.
Current Deadline:	December 1, 2005
New Deadline Requested:	February 1, 2006
<b>New Deadline Recommended:</b>	<b>February 1, 2006</b>
Prior Extensions:	Construction Loan Closing extended from 6/1/05 to 9/30/05. Construction Loan Closing extended from 9/30/05 to 10/30/05 (The second extension was approved administratively in relation to Hurricanes Katrina and Rita).

**Staff Recommendation:** **Approve the extension with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**

**Baybrook Park Retirement Center, HTC Development No. 04079**  
**(Commencement of Substantial Construction)**

Summary of Request: Applicant is requesting an extension of the commencement of substantial construction deadline. The City of Webster was delayed in completing inspections for sewer connections because their staff were handling duties related to Hurricanes Katrina and Rita. Similarly, the local utility company was delayed in connecting power to the site for construction to begin. The applicant has requested that the extension request fee be waived because a natural disaster caused the delay.

Applicant: Baybrook Park Retirement Center, Ltd.  
General Partner: HCHA Baybrook Park, LLC (Managing GP); Investors Affordable Housing Group V, LLC (Co-GP)  
Developer: Hettig Development Group XI, LTD; HCHA Baybrook Park, LLC  
Principals/Interested Parties: John E. Hettig, W. Barry Kahn; Darlene Guidry; Harris County Housing Authority  
Syndicator: Hudson Housing, LLC  
Construction Lender: Amegy Mortgage Company, LLC  
Permanent Lender: Amegy Mortgage Company, LLC  
Other Funding: Harris County Housing Authority  
City/County: Webster/Harris  
Set-Aside: General  
Type of Area: Exurban  
Type of Development: New Construction  
Population Served: Elderly Population  
Units: 80 HTC units and 20 market rate units  
2004 Allocation: \$412,739  
Allocation per HTC Unit: \$5,159  
Extension Request Fee Paid: Requested waiver because delay was caused by hurricanes.  
Type of Extension Request: Construction Loan Closing  
Note on Time of Request: Request was submitted on 11/16/05. Deadline for submission was 11/14/05.  
Current Deadline: December 1, 2005  
New Deadline Requested: January 30, 2006  
**New Deadline Recommended: January 30, 2006**  
Prior Extensions: Construction Loan Closing extended from 6/1/05 to 7/1/05

**Staff Recommendation:** **Approve the extension with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**



**Fenner Square, HTC Development No. 04082**  
**(Commencement of Substantial Construction)**

Summary of Request: Applicant is requesting an extension of the commencement of substantial construction deadline. Delays in closing the construction loan from USDA-RD (RD) have caused the delay in commencing construction. RD was slow in processing the plan review. The Applicant received an award from the Housing Trust Fund in July.

Applicant:	Fenner Square, Ltd.
General Partner:	Merced-Fenner Square, LLC
Developer:	Legacy Renewal, Inc. (LRI); Merced Housing Texas
Principals/Interested Parties:	Gary Driggers (LRI); Merced Housing Texas
Syndicator:	WNC Associates, Inc.
Construction Lender:	Centennial Mortgage, Inc.
Permanent Lender:	Centennial Mortgage, Inc.
Other Funding:	Goliad Community Network (nonprofit)
City/County:	Goliad/Goliad
Set-Aside:	General
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General Population
Units:	32 HTC units
2004 Allocation:	\$195,062
Allocation per HTC Unit:	\$6,096
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of Substantial Construction
Note on Time of Request:	Request was submitted on time.
Current Deadline:	December 1, 2005
New Deadline Requested:	January 15, 2005
<b>New Deadline Recommended:</b>	<b>January 15, 2005</b>
Prior Extensions:	Construction Loan Closing extended from 6/1/05 to 7/15/05 Construction Loan Closing extended from 7/15/05 to 10/1/05 Construction Loan Closing extended from 10/1/05 to 12/1/05

**Staff Recommendation:** **Approve the extension with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**

**Alvin Manor Estates, HTC Development No. 04200**  
**(Commencement of Substantial Construction)**

Summary of Request: Applicant requests an extension of the deadline for commencement of substantial construction. Applicant anticipated purchasing rights to use a county detention facility for the development but was unexpectedly required by the City of Alvin to build a detention facility on-site. The requirement compelled the applicant to redesign the site plan, thereby causing a delay in the start of construction. The City's plan review process has also caused a delay. The City is small and must hire outside contractors to review plans, slowing the progress of the review. Applicant is confident that, even with the delay, it can meet the deadline to place in service of December 31, 2006.

Applicant: Alvin Manor Estates, Ltd.  
General Partner: Alvin Manor Estates Management, LLC; Alvin Manor Estates Construction, LLC  
Developer: Artisan/American Corporation  
Principals/Interested Parties: Elizabeth Young; Vernon Young  
Syndicator: PNC Multifamily Capital  
Construction Lender: PNC Bank  
Permanent Lender: PNC Bank  
Other Funding: NA  
City/County: Alvin/Brazoria  
Set-Aside: General  
Type of Area: Urban/Exurban  
Type of Development: New Construction  
Population Served: General Population  
Units: 28 HTC units and 8 market rate units  
2004 Allocation: \$251,662  
Allocation per HTC Unit: \$8,988  
Extension Request Fee Paid: \$2,500  
Type of Extension Request: Commencement of Substantial Construction  
Note on Time of Request: Request was submitted on time.  
Current Deadline: December 1, 2005  
New Deadline Requested: February 1, 2006  
**New Deadline Recommended: February 1, 2006**  
Prior Extensions: None

**Staff Recommendation:** **Approve the extension with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**

**Alvin Manor, HTC Development No. 04203**  
**(Commencement of Substantial Construction)**

Summary of Request: Applicant requests an extension of the deadline for commencement of substantial construction. Applicant anticipated purchasing rights to use a county detention facility for the development but was unexpectedly required by the City of Alvin to build a detention facility on-site. The requirement compelled the applicant to redesign the site plan, thereby causing a delay in the start of construction. The City's plan review process has also caused a delay. The City is small and must hire outside contractors to review plans, slowing the progress of the review. Applicant is confident that, even with the delay, it can meet the deadline to place in service of December 31, 2006.

Applicant:	Alvin Manor, Ltd.
General Partner:	Alvin Manor Management, LLC; Alvin Manor Construction, LLC
Developer:	Artisan/American Corporation
Principals/Interested Parties:	Elizabeth Young; Vernon Young
Syndicator:	PNC Multifamily Capital
Construction Lender:	PNC Bank
Permanent Lender:	PNC Bank
Other Funding:	NA
City/County:	Alvin/Brazoria
Set-Aside:	General
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	General Population
Units:	28 HTC units and 8 market rate units
2004 Allocation:	\$149,382
Allocation per HTC Unit:	\$5,335
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of Substantial Construction
Note on Time of Request:	Request was submitted on time.
Current Deadline:	December 1, 2005
New Deadline Requested:	February 1, 2006
<b>New Deadline Recommended:</b>	<b>February 1, 2006</b>
Prior Extensions:	None

**Staff Recommendation:** **Approve the extension with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**

**Primrose at Highland, HTC Development No. 04222**  
**(Commencement of Substantial Construction)**

**Summary of Request:** The Applicant requests an extension of the deadline for commencement of substantial construction. Three extensions to close the construction loan caused the present request. The first extension request was due to the Applicant needing approval for an amendment to the application for a change in unit mix. The amendment was approved at the June TDHCA Board meeting. The other extensions were due to delays in the construction lender's underwriting and final loan commitment and by delays posed by the law firm handling the closing, located in Houston, being impacted by Hurricanes Rita and Katrina. The construction loan closed on October 7, 2005. Applicant stated that construction began on October 17.

Applicant: TX Tenison Housing, L.P.  
General Partner: TX Tenison Development, LLC (co-GP); Housing Services Inc. (co-GP)  
Developer: Housing Services Inc.  
Principals/Interested Parties: Cheryl Potashnik (officer of co-GP); Marty Mascari (ED of co-GP)  
Syndicator: Paramount Financial Group  
Construction Lender: JP Morgan Chase  
Permanent Lender: GMAC Commercial Mortgage  
Other Funding: City of Dallas (HOME)  
City/County: Dallas/Dallas  
Set-Aside: Nonprofit  
Type of Area: Urban/Exurban  
Type of Development: New Construction  
Population Served: Elderly  
Units: 120 HTC and 30 market rate units  
2004 Allocation: \$935,153  
Allocation per HTC Unit: \$7,793  
Extension Request Fee Paid: \$2,500  
Type of Extension Request: Commencement of Substantial Construction  
Note on Time of Request: Request was submitted on time.  
Current Deadline: December 1, 2005  
New Deadline Requested: March 31, 2006  
**New Deadline Recommended: March 31, 2006**  
Prior Extensions: Construction Loan Closing extended from 6/1/05 to 8/1/05.  
Construction Loan Closing extended from 8/1/05 to 9/30/05.  
Construction Loan Closing extended from 9/30/05 to 10/14/05.  
(The third extension was approved administratively in relation to Hurricanes Katrina and Rita).

**Staff Recommendation:** **Approve the extension with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**

**Lansborough, HTC Development No. 04268**  
**(Commencement of Substantial Construction)**

Summary of Request: Applicant requests an extension of the deadline for commencement of substantial construction. Delays associated with the permitting process of the City of Houston forced the applicant to request an extension until November 1, 2005 to close the construction loan, and prevented the applicant from meeting the commencement of construction deadline. Applicant stated that permits for site work have been issued and site work has begun but the remainder of the necessary permits have not yet been issued.

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:	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
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of Substantial Construction
Note on Time of Request:	Request was submitted on time.
Current Deadline:	December 1, 2005
New Deadline Requested:	February 28, 2006
<b>New Deadline Recommended:</b>	<b>February 28, 2006</b>
Prior Extensions:	Construction Loan Closing extended from 6/1/05 to 9/1/05. Construction Loan Closing extended from 9/1/05 to 11/1/05

**Staff Recommendation:** **Approve the extension with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**

**Golden Manor, HTC Development No. 04279**  
**(Commencement of Substantial Construction)**

Summary of Request: Applicant is requesting an extension of the commencement of substantial construction deadline. Delays in closing the construction loan from USDA-RD (RD) have caused the delay in commencing construction. RD was slow in processing the plan review.

Applicant:	FDI-Golden Manor, LTD
General Partner:	Fieser Holdings, Inc.
Developers:	Fieser Development
Principals/Interested Parties:	James W. Fieser, Patricia A. Fieser
Syndicator:	WNC & Associates
Construction Lender:	TDHCA (HOME)
Permanent Lender:	USDA-RD
Other Funding:	NA
City/County:	Bay City/Matagorda
Set-Aside:	At-Risk
Type of Area:	Rural
Type of Development:	Acquisition/Rehabilitation
Population Served:	General Population
Units:	40 HTC units
2004 Allocation:	\$110,039
Allocation per HTC Unit:	\$2,751
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of Substantial Construction
Note on Time of Request:	Request was submitted on time.
Current Deadline:	December 1, 2005
New Deadline Requested:	January 1, 2006
<b>New Deadline Recommended:</b>	<b>January 1, 2006</b>
Prior Extensions:	Construction Loan Closing extended from 6/1/05 to 6/30/05.

**Staff Recommendation:** **Approve the extension with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**

**Ole Town, HTC Development No. 04285**  
**(Commencement of Substantial Construction)**

Summary of Request: Applicant is requesting an extension of the commencement of substantial construction deadline. Delays in closing the construction loan from USDA-RD (RD) have caused the delay in commencing construction. RD was slow in processing the plan review.

Applicant:	FDI-Ole Town, LTD
General Partner:	Fieser Holdings, Inc.
Developers:	Fieser Development
Principals/Interested Parties:	James W. Fieser, Patricia A. Fieser
Syndicator:	WNC & Associates
Construction Lender:	TDHCA (Preservation Funds)
Permanent Lender:	USDA-RD
Other Funding:	NA
City/County:	Jefferson/Marion
Set-Aside:	At-Risk
Type of Area:	Rural
Type of Development:	Acquisition/Rehabilitation
Population Served:	General Population
Units:	24 HTC units
2004 Allocation:	\$109,454
Allocation per HTC Unit:	\$4,561
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of Substantial Construction
Note on Time of Request:	Request was submitted on time.
Current Deadline:	December 1, 2005
New Deadline Requested:	January 1, 2006
<b>New Deadline Recommended:</b>	<b>January 1, 2006</b>
Prior Extensions:	Construction Loan Closing extended from 6/1/05 to 6/30/05.

**Staff Recommendation:** **Approve the extension with the following condition: a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of Forms 8609 if the tax credits are not returned, and 8609's issued, within 60 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with Section 42, Internal Revenue Code.**



# Rufino Contreras Affordable Housing Corporation, Inc.

2200 E MLK Jr Blvd, Austin, TX 78702 • Telephone (512) 474-5003 • Fax (512) 474-5010  
a subsidiary corporation of the National Farm Workers Service Center, Inc.

November 10, 2005

Ben Sheppard  
TDHCA  
507 Sabine Street  
Austin, TX 78702

Re: 2004 HTC Progress Report – Construction Loan Closing  
Village at Meadowbend II, TDHCA #04-145

Dear Mr. Sheppard,

I am writing to request an extension on the 2004 HTC Progress Report – Construction Loan Closing for Village at Meadowbend II, TDHCA #04-145. We would like to have the filing deadline extended to the date you receive our documents.

We would also like to request a fee waiver for this construction loan closing extension.

Thank you for your consideration.

Sincerely,

Rachel Beers  
Assistant Project Manager  
(512) 474-5003







# Rufino Contreras Affordable Housing Corporation, Inc.

2200 E MLK Jr Blvd, Austin, TX 78702 • Telephone (512) 474-5003 • Fax (512) 474-5010  
a subsidiary corporation of the National Farm Workers Service Center, Inc.

November 10, 2005

NOV 10 AM 11:24

Ben Sheppard  
TDHCA  
507 Sabine Street  
Austin, TX 78702

Re: 2004 HTC Progress Report – Construction Loan Closing  
Casa Saldana, TDHCA # 04-146

Dear Mr. Sheppard,

I am writing to request an extension on the 2004 HTC Progress Report – Construction Loan Closing for Casa Saldana, TDHCA #04-146. We would like to have the filing deadline extended to the date you receive our documents.

We would also like to request a fee waiver for this construction loan closing extension.

Thank you for your consideration.

Sincerely,

Rachel Beers  
Assistant Project Manager  
(512) 474-5003



**Tekoa**

November 3, 2005

**Via Hand Delivery**

Mr. Ben Sheppard  
Texas Department of Housing  
and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

RE: Extension Request for Villa Del Sol (#04036)

Dear Mr. Sheppard:

The deadline to complete and submit the Villa Del Sol LIHTC Progress Report – Construction Loan Closing is November 15, 2005. The property received an allocation of housing tax credits in 2004. Due to delays beyond our control, we respectfully request a second extension to December 15, 2005. We have enclosed is a check for \$2,500.

**Background and Status**

- Villa Del Sol is a 200-unit high-rise in Brownsville, Texas serving elderly disabled residents earning 30% or less of AMFI,
- We have executed a Letter of Intent with MMA for syndication of the tax credits and a Letter of Intent with PNC Multifamily Capital for construction and permanent lending,
- The predevelopment loan has been closed with PNC,
- The construction contract with Tellepsen Builders is executed,
- The HUD Denver office has approved the Villa Del Sol disposition application, and
- HUD has authorized the Brownsville Public Housing Authority Plan authorizing Mixed Finance Projects with tax credits

**Reason for Request**

Additional time is needed to coordinate U. S. Department of Housing and Urban Development (HUD) approval of various documents. Evidentiary documents were submitted to HUD-San Antonio office three weeks ago for review and approval. These documents include the Partnership Documents, Ground Lease, Regulatory and Operating, Agreement, HUD Declaration of Trust, Property Management Agreement, Management Plan, and other HUD forms. In the past, similar transactions were handled directly by HUD-Washington D.C, and their approval took two to three weeks. The HUD-San Antonio office is handling the VDS review and is less familiar with this type of transaction. The HUD San Antonio office has assured the Brownsville Housing Authority and us that approval of the documents is imminent. In order to be cautious, we are requesting a 30-day extension until December 15, 2005.

We appreciate your consideration and apologize for the delay.

Sincerely,

William J. Lee

Manager, Tekoa Partners Ltd./ Project Developer

**Tekoa**

November 3, 2005

Mr. Ben Sheppard  
Texas Department of Housing  
and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

RE: Commencement of Substantial Construction Extension Request- Villa Del Sol (#04036)

Dear Mr. Sheppard:

I respectfully request the Board's approval of an extension of the Commencement of Substantial Construction Test until March 1, 2006 for Villa Del Sol in Brownsville which received an allocation of 2004 housing tax credits. Enclosed is a check for \$2,500.

**Background and Status**

- Villa Del Sol is a 200-unit high-rise in Brownsville, Texas serving elderly disabled residents earning 30% or less of AMFI,
- We have executed a Letter of Intent with MMA for syndication of the tax credits and a Letter of Intent with PNC Multifamily Capital for construction and permanent lending,
- The predevelopment loan has been closed with PNC,
- The construction contract with Tellepsen Builders is executed,
- The HUD Denver office has approved the Villa Del Sol disposition application, and
- HUD has authorized the Brownsville Public Housing Authority Plan authorizing Mixed Finance Projects with tax credits.

**Reason for Request**

Additional time is needed to coordinate U. S. Department of Housing and Urban Development (HUD) approval of various documents. Evidentiary documents were submitted to HUD-San Antonio office three weeks ago for review and approval. These documents include the Partnership Documents, Ground Lease, Regulatory and Operating, Agreement, HUD Declaration of Trust, Property Management Agreement, Management Plan, and other HUD forms. In the past, similar transactions were handled directly by HUD-Washington D.C, and their approval took two to three weeks. The HUD-San Antonio office is handling the VDS review and is less familiar with this type of transaction. The HUD San Antonio office has assured the Brownsville Housing Authority and us that approval of the documents is imminent. Assuming that we are able to close the equity and financing by the end of November, we should meet the Commencement of Substantial Construction Requirement by the extension date, March 1, 2006. In an abundance of caution, we are requesting this 120-day extension.

We appreciate your consideration and apologize for the delay.

Sincerely,

William J. Lee  
Manager, Tekoa Partners Ltd./ Project Developer

# TX Palacio Housing L.P.

2300 W. Commerce, Suite 200  
San Antonio, TX 78207  
Phone (210) 978-0500 Fax (210) 978-0547

November 8, 2005

VIA FEDERAL EXPRESS

Ms. Brooke Boston  
Director, Multifamily Finance Production  
Texas Department of Housing and  
Community Affairs  
507 Sabine Street, Suite 400  
Austin, Texas 78701

RECEIVED  
NOV 10, 05  
LHTC

RE: Palacio del Sol (TDHCA #04005)- Request for Extension

Dear Ms. Boston:

This letter is written on behalf of TX Palacio Housing, L.P. ("Project Owner"). The Project Owner received a forward commitment for an allocation of 2004 Housing Tax Credits in the amount of \$10,968,280 (the "Commitment") from the TDHCA for Palacio del Sol (the "Project"). The Project is a 200-unit elderly development in San Antonio, Texas. We are requesting an extension deadline of March 31, 2006 to meet commencement of substantial construction. Enclosed please find a check in the amount of \$2,500.00 to cover the extension fee, and a 2005 Document and Payment Receipt for your use in acknowledging receipt of this request and payment.

In August 2005, the Project was granted an extension of the construction loan closing deadline, which was requested to allow time to pursue the approval of the 221(d)4 loan from HUD. The construction loan closing occurred on August 23<sup>rd</sup>. But, in light of the delayed HUD Commitment, which consequently resulted in a delay of the construction loan closing and start of construction, we believe that we might not meet the current deadline for commencement of substantial construction extension. Therefore, we respectfully request that TDHCA grant the commencement of substantial construction extension.


Thank you very much for your consideration of this request. If you have any questions, please do not hesitate to contact me.

Sincerely,

*TX Palacio Housing, L.P.  
a Texas Limited Partnership*

*By: TX Palacio Development, L.L.C.  
a Texas limited liability company,  
its general partner*

*By: Mexican American Unity Council, Inc.  
a Texas non-profit corporation,  
its sole member*

By:   
Fernando S Godínez  
President/CEO



November 3, 2005

Mr. Ben Sheppard  
Texas Department of Housing  
and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

RE: Commencement of Substantial Construction Extension Request- Las Canteras Apartments (#04037)

Dear Mr. Sheppard:

I respectfully request the Board's approval for an extension of Commencement of Substantial Construction-10 Percent Test Requirement until February 1, 2006 for Las Canteras Apartments in Pharr which received an allocation of 2004 housing tax credits. Enclosed is a check for \$2,500.

Las Canteras Apartments are 100 new townhomes to be rented by families and seniors living in Pharr. Although many key milestones – financing, building permit issued – have been met. The closing package was delivered to your offices by the October 31 deadline. The U.S. Department of Housing and Urban Development approvals were delayed thereby delaying the closing and the start of construction. Construction started on Monday, October 24 and therefore the project is not able to meet the 10 Percent Construction Cost requirement.

We wish to assure the TDCHA Board and staff that the development team is working diligently to finish this project as quickly as possible. We have secured both debt and equity through PNC Multifamily Capital and closed the both loans. The City of Pharr issued a building permit in mid-October, and site work began in earnest last week. We cannot, however, expend Ten Percent (10%) of construction costs – by the November 15th deadline, and respectfully request that an extension until February 1, 2006 to meet this test.

We appreciate your consideration and apologize for the delay.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Lee", written over a horizontal line.

William J. Lee  
Manager, Tekoa Partners Ltd./ Project Developer

Jo -

HTC No. 04079

# HETTIG/KAHN HOLDINGS, INC

October 27, 2005

Texas Department of Housing and Community Affairs  
Attention: Portfolio Management and Compliance Division  
507 Sabine Street  
Austin, Texas 78701

Re: Baybrook Park Retirement Center, Ltd., TDHCA #04079  
Commencement of Substantial Construction

Dear Ladies and Gentlemen:

Baybrook Park Retirement Center, Ltd. hereby requests a sixty-day extension to satisfy the TDHCA requirement for Commencement of Substantial Construction. As a result of additional staff requirements resulting from the hurricanes Katrina, and subsequently Rita, the City of Webster was delayed getting out inspections for underground sewer connections. Additionally, the local utility companies were delayed connecting construction power to the site.

The project is under way and should be over 8% completed by the end of November. The partnership hereby requests a sixty-day extension to submit the information for Commencement of Substantial Construction in order to achieve the 10% completion factor in December and have sufficient time for the inspecting architect to prepare its report in early January for submission to the Department.

We are enclosing herewith an extension fee of \$2,500. Nevertheless, due to the delays resulting from the hurricanes, we request that the Department waive the fee.

Thank you very much for your consideration of this matter.

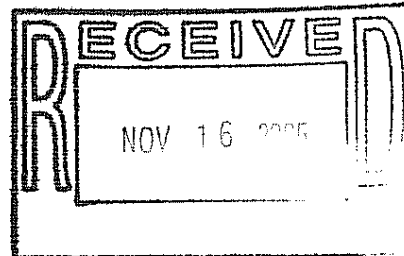
Very truly yours,



W. Barry Kahn

WBK/ad

Enclosure





RECEIVED

NOV 10 2005

LIHTC

November 10, 2005

Mr. Ben Sheppard  
Texas Department of Housing and Community Development  
507 Sabine  
Austin, Texas 78701

Dear Ben:

I am writing to request an extension for the deadline to submit documentation related to Commencement of Substantial Completion for Fenner Square Project #04082. We are requesting an extension to January 15.

The extension is necessary due to the inordinate amount of time that was required to secure a commitment of the guarantee from the USDA and close our construction loan. We expect to close our construction loan in a few days and be underway immediately thereafter.

Regards,

Gary M. Driggers

LOCKE LIDDELL & SAPP LLP

ATTORNEYS & COUNSELORS

100 CONGRESS AVENUE  
Suite 300  
Austin, Texas 78701-4042

AUSTIN • DALLAS • HOUSTON • NEW ORLEANS

(512) 305-4700  
Fax: (512) 305-4800  
www.lockeliddell.com

Direct Number: (512) 305-4707  
email: cbast@lockeliddell.com

November 9, 2005

Ms. Brooke Boston  
Texas Department of Housing and Community Affairs  
507 Sabine  
Austin, Texas 78701

VIA HAND DELIVERY

Re: Alvin Manor Estates, Ltd. (the "Partnership")  
Alvin Manor Estates project in Alvin, Texas (the "Project")  
TDHCA File No. 04200

RECEIVED  
NOV 10 2005  
LHHC

Dear Brooke:

Our firm represents the Partnership. The Partnership respectfully requests an extension for the commencement of substantial construction deadline until February 1, 2006. The extension is needed for two reasons:

- 1.) **Detention Facility Requirement:** While the Partnership understood that detention requirements could be met through purchasing such rights from the County, the City of Alvin (the "City") disallowed this and instead required an on-site detention facility to be added to the development. This requirement necessitated the reconfiguration of the site plan, adding significant time to the development process.
- 2.) **Building Permit Delays:** The Partnership has experienced significant difficulties in obtaining building permits from the City. While the Partnership continues to work diligently with the City and has done all within its power to obtain the permits, the City is continuing to review the plans and has yet to approve them. The City is a small municipality with no planning department, therefore they have had to hire outside consultants to review our plans and specifications. While we appreciate the City's efforts and the process is moving forward, it has nevertheless been substantially delayed. The Partnership is confident that the plans will be approved but is powerless to dictate the time frame for the conclusion of this process.

Despite the delays encountered, the Partnership is confident that if this extension is granted, the permits will be obtained in enough time to permit completion of the development in accord with applicable requirements of the Texas Department of Housing and Community Affairs and the construction schedule that was submitted in the tax credit application. Accordingly, we ask that you please grant this request and approve an extension until February 1, 2006. While we regret the need to ask for an extension, we greatly appreciate your understanding and consideration.



Ms. Brooke Boston  
November 9, 2005  
Page 2

We have enclosed a check in the amount of \$2,500.00, as payment of the required extension fee. If you need any additional information regarding this matter, please feel free to contact me.

Sincerely,



Cynthia L. Bast

cc: Artisan/American Corp.

# LOCKE LIDDELL & SAPP LLP

ATTORNEYS & COUNSELORS

100 CONGRESS AVENUE  
Suite 300  
Austin, Texas 78701-4042

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(512) 305-4700  
Fax: (512) 305-4800  
www.lockeliddell.com

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Direct Number: (512) 305-4707  
email: cbast@lockeliddell.com

NOV 10 2005

November 9, 2005

LLHTC

VIA HAND DELIVERY

Ms. Brooke Boston  
Texas Department of Housing and Community Affairs  
507 Sabine  
Austin, Texas 78701

Re: Alvin Manor, Ltd. (the "Partnership")  
Alvin Manor project in Alvin, Texas (the "Project")  
TDHCA File No. 04203

Dear Brooke:

Our firm represents the Partnership. The Partnership respectfully requests an extension for the commencement of substantial construction deadline until February 1, 2006. The extension is needed for two reasons:

- 1.) **Detention Facility Requirement:** While the Partnership understood that detention requirements could be met through purchasing such rights from the County, the City of Alvin (the "City") disallowed this and instead required an on-site detention facility to be added to the development. This requirement necessitated the reconfiguration of the site plan, adding significant time to the development process.
- 2.) **Building Permit Delays:** The Partnership has experienced significant difficulties in obtaining building permits from the City. While the Partnership continues to work diligently with the City and has done all within its power to obtain the permits, the City is continuing to review the plans and has yet to approve them. The City is a small municipality with no planning department, therefore they have had to hire outside consultants to review our plans and specifications. While we appreciate the City's efforts and the process is moving forward, it has nevertheless been substantially delayed. The Partnership is confident that the plans will be approved but is powerless to dictate the time frame for the conclusion of this process.

Despite the delays encountered, the Partnership is confident that if this extension is granted, the permits will be obtained in enough time to permit completion of the development in accord with applicable requirements of the Texas Department of Housing and Community Affairs and the construction schedule that was submitted in the tax credit application. Accordingly, we ask that you please grant this request and approve an extension until February 1, 2006. While we regret the need to ask for an extension, we greatly appreciate your understanding and consideration.

Ms. Brooke Boston  
November 9, 2005  
Page 2

We have enclosed a check in the amount of \$2,500.00, as payment of the required extension fee. If you need any additional information regarding this matter, please feel free to contact me.

Sincerely,



Cynthia L. Bast

cc: Artisan/American Corp.

# SPECTRUM HOUSING

- A Non-Profit Multi-Family Redeveloper -

"We Invest In People"

November 8, 2005

01/11/05  
NOV 0 1 2005  
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John D. Mathews  
Founder  
Executive Director

Loni Jordan  
Co-Founder  
Associate Director

Board of Directors

Frederick D. Schnurr  
President

Van Burkes  
Vice-President

Gary Vaden  
Secretary

Enterprise Foundation

Outreach Housing  
Supporters

Chase Bank of Texas

Cal Fed Workforce

Krogers

Aspen Square  
Management

CHDO Certified  
City of Dallas

2004 Low Income  
Housing Tax Credit

Certificate of  
Experience

**VIA FEDERAL EXPRESS**

Ms. Brooke Boston  
Director, Multifamily Finance Production  
Texas Department of Housing and  
Community Affairs  
507 Sabine Street, Suite 400  
Austin, Texas 78701

RE: Primrose at Highland (TDHCA #04222) - Request for Extension

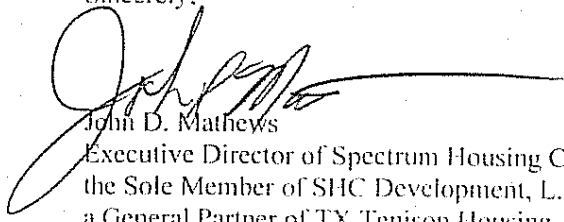
Dear Ms. Boston:

This letter is written on behalf of TX Tension Housing, L.P. ("Project Owner"). The Project Owner received a commitment for an annual allocation of 2004 Housing Tax Credits in the amount of \$935,153 (the "Commitment") from the TDHCA for Primrose at Highland (the "Project"). The Project is a 150-unit elderly development in Dallas, Texas. We are requesting an extension deadline of March 31, 2006 to meet commencement of substantial construction. Enclosed please find a check in the amount of \$2,500.00 to cover the extension fee, and a 2005 Document and Payment Receipt for your use in acknowledging receipt of this request and payment.

In May 2005, the Project was granted an extension of the construction loan closing, which was requested to allow time to pursue an amendment to the 2004 Housing Tax Credit Application. This was approved until August 1, 2005. An additional construction loan closing extension was granted in July 2005, which was requested at the behest of the lender because of delays in the underwriting and due diligence process. This was approved until September 30, 2005. The construction loan closing for the project occurred effective October 7, 2005 (the extraordinary circumstance of Hurricane Rita, which caused the partial evacuation of Houston, delayed our attorneys from completing their work, and the TDHCA granted a further extension). Because of the later than anticipated construction loan closing, actual construction did not begin until October 17, 2005. In light of these circumstances, and the possibility that unforeseen events may delay construction, we request that TDHCA grant the commencement of substantial construction extension.

Thank you very much for your consideration of this request. If you have any questions, please do not hesitate to contact me.

Sincerely,



John D. Mathews  
Executive Director of Spectrum Housing Corporation,  
the Sole Member of SHC Development, L.L.C.,  
a General Partner of TX Tension Housing, L.P.

TDHCA

OCT 25 2005

**Lansbourough Apartments, L.P.**  
**723 Main Street, Suite 924**  
**Houston, TX 77002**

HUMAN RESOURCE OFFICE

Phone: (713) 224-5526

Fax: (713) 224-6320

October 19, 2005

Ms. Edwina Carrington  
Executive Director  
TDHCA  
P.O.Box 13941  
Austin, TX 78711-3941

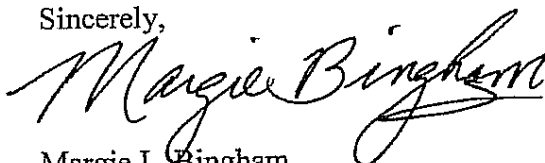
Re: Lansbourough Apartments  
TDHCA # 04268

I am writing to seek an extension of the November 1, 2005 deadline for commencement and continuation of substantial construction for Lansbourough Apartments.

The project has experienced delays in the permitting process which has, in turn, resulted in a 4 months delay in starting construction. Accordingly, the partnership requests an extension of this deadline until February 28, 2006.

Enclosed is the \$2,500 extension fee. Please call me if you have any questions about this request.

Sincerely,



Margie L. Bingham  
President, M.L. Bingham, Inc.

# FIESER DEVELOPMENT, INC.

16360 Park Ten Place, Suite 301  
Houston, TX 77084

281-599-8684  
281-599-8189 FAX

November 8, 2005

RECEIVED  
NOV 14 2005  
LIHTC

Mr. Ben Sheppard  
Multifamily Finance Production  
The Texas Department of Housing and Community Affairs  
507 Sabine, Suite 400  
Austin, TX 78701

RE: Extension Request - Commencement of Substantial Construction  
Golden Manor Apartments – TDHCA #04279

Mr. Sheppard,

This letter serves as my formal request for an extension on the evidence of Commencement of Substantial Construction Completion for Golden Manor Apartments, TDHCA #04279. According to the 2004 Housing Tax Credit Commitment Notice, Exhibit A, Item E., evidence that the Development Owner has commenced and will continue substantial construction activities for the Development must be provided to the Department not later than December 1, 2005.

Due to delays in receiving Final Plan Approval from USDA-Rural Development, we will not be able to provide the necessary documentation by the required date. We have been working with the State Architect at USDA-Rural Development in trying to meet all the necessary requirements for the plan approval and feel that we will have the issues resolved within the next week to 10 days. Once the State Architect approves the Plans and Specifications, she will issue the Notice to Proceed and Construction will begin immediately.

I would like to request an extension until January 1, 2006 to provide the required Commencement of Substantial Construction Completion documentation.

If you have questions or need additional information, please give me a call at 281-599-8684.

Sincerely,



James W. Fieser  
President of General Partner

Sent via Federal Express

# FIESER DEVELOPMENT, INC.

16360 Park Ten Place, Suite 301  
Houston, TX 77084

281-599-8684  
281-599-8189 FAX

November 7, 2005

Mr. Ben Sheppard  
Multifamily Finance Production  
The Texas Department of Housing and Community Affairs  
507 Sabine, Suite 400  
Austin, TX 78701

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NOV 14 2005  
LIHTC

RE: Extension Request - Commencement of Substantial Construction  
Ole Town Apartments - TDHCA #04285

Mr. Sheppard,

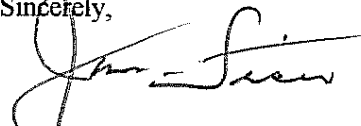
This letter serves as my formal request for an extension on the evidence of Commencement of Substantial Construction Completion for Ole Town Apartments, TDHCA #04285. According to the 2004 Housing Tax Credit Commitment Notice, Exhibit A, Item E., evidence that the Development Owner has commenced and will continue substantial construction activities for the Development must be provided to the Department not later than December 1, 2005.

Due to delays in receiving Final Plan Approval from USDA-Rural Development, we will not be able to provide the necessary documentation by the required date. We have been working with the State Architect at USDA-Rural Development in trying to meet all the necessary requirements for the plan approval and feel that we will have the issues resolved within the next week to 10 days. Once the State Architect approves the Plans and Specifications, she will issue the Notice to Proceed and Construction will begin immediately.

I would like to request an extension until January 1, 2006 to provide the required Commencement of Substantial Construction Completion documentation.

If you have questions or need additional information, please give me a call at 281-599-8684.

Sincerely,



James W. Fieser  
President of General Partner

Sent via Federal Express

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Items**

Request approval of award of 2006 Housing Tax Credits in accordance with the 2005 Housing Tax Credit Rural Rescue Policy and award of 2005 HOME Rental Development funding.

**Required Action**

Approve issuance of 2006 Housing Tax Credits and 2005 HOME Rental Development funds to Floresville Square Apartments in Floresville, Texas and issuance of 2006 Housing Tax Credits to Fieldstone Apartments in El Campo, Texas.

**Background**

In March 2005, the Board approved a Rural Rescue Policy that enables 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 housing tax credits from the 2006 credit ceiling.

The Department received two Rural Rescue applications and is recommending both for 2006 Housing Tax Credits in accordance with this policy. Both have been reviewed for threshold and as required by the policy, have been scored. The applications have been reviewed for financial feasibility and for their compliance record. There are no other pending rural rescue applications.

One of the applicants, HVM Floresville, Ltd., also submitted an application for HOME Rental Development funds under the 2005 HOME Open Cycle Notice of Funding Availability (NOFA) for Rental Development. The application has been reviewed for all threshold criteria and is eligible for funding.

Attached are the Development Profile, Applicant Previous Participation Evaluation and Multifamily Underwriting Analysis for the applications. Consistent with the Rural Rescue Policy, the credits, if awarded, will be attributed to the Rural Allocation in that region for 2006.

**Recommendation:**

Based on the above review, staff recommends the following:

	<b>Floresville Square Apts.</b>	<b>Fieldstone Apartments</b>
<b>Dev. No. / HTC Score</b>	06003 / 116	06004 / 118
<b>Applicant Name</b>	HVM Floresville, Ltd.	HVM El Campo, Ltd.
<b>City, Region</b>	Floresville, Region 9	El Campo, Region 6
<b>2006 Tax Credits Recommended</b>	\$139,958	\$81,039
<b>HOME Loan Recommended</b>	\$364,562	Not Applicable





MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**Floresville Square Apartments, TDHCA Number 06003**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 100 Betty Jean Drive Development #: 06003  
 City: Floresville Region: 9 Population Served: Family  
 County: Wilson Zip Code: 78114- Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Purpose/Activity: ACQ/R  
 HOME Set Asides:  CHDO  Preservation  General  
 Bond Issuer:  
 HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: HVM Floresville, Ltd.  
 Dennis Hoover - Phone: (512) 756-6809  
 Developer: Dennis Hoover  
 Housing General Contractor: Hoover Construction Inc.  
 Architect: W.S. Allen and Associates  
 Market Analyst: N/A  
 Syndicator: Raymond James Tax Credit Foundation  
 Supportive Services: N/A  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>65%</u>	<u>80%</u>	Total Restricted Units:	70
4	0	24	42	0	0	Market Rate Units:	0
<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>		Owner/Employee Units:	0
0	30	36	4	0		Total Development Units:	70
Type of Building:	Duplex				Total Development Cost:	\$3,230,041	
Number of Residential Buildings:	25						

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
9% Housing Tax Credits-Credit Ceiling	\$148,464	\$139,958	0	0	0.00%
4% Housing Tax Credits with Bonds:	\$0	\$0	0	0	0.00%
Housing Trust Fund Loan Amount:	\$0	\$0	0	0	0.00%
HOME Fund Loan Amount:	\$364,562	\$364,562	30	30	1.00%
Bond Allocation Amount:	\$0	\$0	0	0	0.00%



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

Floresville Square Apartments, TDHCA Number 06003

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Zaffirini, District 21

Points: 0

US Representative: Cuellar, District 28,

TX Representative: Kuempel, District 44

Points: 0

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC

Resolution of Support from Local Government

Individuals/Businesses: In Support 0

In Opposition 0

Neighborhood Input:

General Summary of Comment:

CONDITIONS OF COMMITMENT

- 1. Receipt, review, and acceptance of evidence of USDA-RD approval of the same rates and terms transfer of the existing USDA loans.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re evaluated and an adjustment to the credit allocation amount may be warranted.



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**Floresville Square Apartments, TDHCA Number 06003**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Competitive Cycle:  Score: 116       Meeting a Required Set-Aside      Credit Amount:      \$139,958

Recommendation: This is a Rural Rescue Award.

HOME Loan:      Loan Amount:      \$364,562

Recommendation: Recommend approval of a HOME award not to exceed \$364,562.

Housing Trust Fund Loan:       Meeting a Required Set-Aside      Loan Amount:      \$0

Recommendation: N/A

4% Housing Tax Credits with Bond Issuance:      Credit Amount:      \$0

Recommendation: N/A

Private Activity Bond Issuance with TDHCA:      Bond Amount:      \$0

Recommendation: N/A

# Applicant Evaluation

Project ID # **06003**

Name: **Floresville Apartments**

City:

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

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: 83

Projects zero to nine: 82  
 grouped ten to nineteen: 0  
 by score twenty to twenty-nine: 1

Projects in Material Noncompliance

Yes  No

# in noncompliance: 0

# monitored with a score less than thirty: 83

# not yet monitored or pending review: 7

Projects not reported Yes   
 in application No

# 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 9/20/2005

### 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 9/16/2005

### Single Family Finance Production

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

Reviewer Paige McGilloway  
 Date 9/12/2005

### 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 \_\_\_\_\_  
 Date \_\_\_\_\_

### 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 Melissa M. Whitehead  
 Date 9/20/2005

**Executive Director:** Edwina Carrington

**Executed:** day, September 22, 2005

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

DATE: November 22, 2005      PROGRAM: 9% HTC Rural  
Rescue      FILE NUMBER: 06003  
HOME

**DEVELOPMENT NAME**  
Floresville Square Apartments

APPLICANT							
Name:	HVM Floresville, Ltd.			Type:	For-profit		
Address:	P.O. Box 190		City:	Burnet	State:	TX	
Zip:	78611	Contact:	Dennis Hoover	Phone:	(512) 756-6809	Fax:	(512) 756-9885

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS					
Name:	HVM Housing, LLC	(%):	0.00	Title:	Managing General Partner
Name:	Dixie Farmer	(%):	N/A	Title:	President & 51% owner of MGP
Name:	Dennis Hoover	(%):	N/A	Title:	Developer & VP & 24.5% owner of MGP
Name:	Danna Hoover	(%):	N/A	Title:	VP & 24.5% owner of MGP

PROPERTY LOCATION					
Location:	100 Betty Jean Drive	<input type="checkbox"/>	QCT	<input type="checkbox"/>	DDA
City:	Floresville	County:	Wilson	Zip:	78114

REQUEST			
Amount	Interest Rate	Amortization	Term
1) \$148,464	N/A	N/A	N/A
2) \$364,562	1%	30 yrs	30 yrs
Other Requested Terms:	1) Annual ten-year allocation of housing tax credits 2) HOME loan		
Proposed Use of Funds:	Acquisition/rehabilitation	Property Type:	Multifamily
Special Purpose (s):	General Population, At-Risk, Rural, USDA-RD		

- RECOMMENDATION**
- RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$139,958 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
  - RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED \$364,562, STRUCTURED AS A 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT 1% INTEREST, SUBJECT TO CONDITIONS.

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

**CONDITIONS**

1. Receipt, review, and acceptance of evidence of USDA-RD approval of the same rates and terms transfers of the existing USDA loans;
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports. The development was submitted but not underwritten in the 2005 9% HTC cycle as application #05249. Phase II (Floresville Housing, Ltd.) was awarded an allocation of 9% HTCs in 1987 as development #06158, but the HTC compliance period has expired.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

<b>Total Units:</b>	<u>70</u>	<b># Rental Buildings</b>	<u>25</u>	<b># Non-Res. Buildings</b>	<u>2</u>	<b># of Floors</b>	<u>1</u>	<b>Age:</b>	<u>22 yrs</u>	<b>Vacant:</b>	<u>1%</u>	<b>at</b>	<u>2/ 16/ 2005</u>
<b>Net Rentable SF:</b>	<u>51,508</u>	<b>Av Un SF:</b>	<u>736</u>	<b>Common Area SF:</b>	<u>1,515</u>	<b>Gross Bldg SF:</b>	<u>53,023</u>						

**STRUCTURAL MATERIALS**

The structures are wood-framed on post-tensioned concrete slabs on grade. According to the application the exteriors will be comprised as follows: 65% brick veneer/20% wood siding/15% cement fiber siding, and wood trim. The interior wall surfaces are drywall and the pitched roofs are finished with composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range and oven, refrigerator, fiberglass tub/shower, laminated counter tops, individual water heaters, and central heating and air conditioning.

**ONSITE AMENITIES**

Two approximately 770-square foot community buildings each include a management office, laundry and storage facilities, a restroom, and mailboxes. The community buildings are located near the northern and southern entrances to the property. In addition, two equipped playgrounds are planned for the site.

**Uncovered Parking:** 112 spaces    **Carports:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Floresville Square Apartments is a 6.7-unit per acre acquisition and rehabilitation development of 70 units of affordable housing located in southeast Floresville. The proposal involves the following two adjacent USDA-RD properties:

1. Floresville Square I Apartments (aka Floresville Square, Ltd.) consists of 30 units and was built in 1983. It is comprised of 15 evenly distributed one-story duplex residential buildings as follows:

- Five buildings with two one-bedroom/one-bath units, and
- Ten buildings with two two-bedroom/one-bath units.

This property is in default and USDA-RD has started foreclosure proceedings, but these proceedings are being held in abeyance to give the Applicant an opportunity to acquire and rehabilitate the property.

2. Floresville Square II Apartments (aka Floresville Housing, Ltd.) consists of 40 units and was built in 1987. It is comprised of ten evenly distributed one-story residential buildings as follows:

- Four buildings with five one-bedroom/one-bath units;
- Four buildings with four two-bedroom/one-bath units; and
- Two buildings with two three-bedroom/one-bath units.

Dennis Hoover is the general partner of the owner of this property but has no interest in and is not related to

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

the ownership of Floresville Square, Ltd..

Each property has a community building with laundry facilities and separate management staffs and facilities.

**Existing Subsidies:** Floresville Square II currently operates under a USDA-RD project-based Rental Assistance (RA) Agreement for six units; Floresville Square I has no RA assigned. The Applicant has submitted an application for 60 units of RA, but USDA-RD staff has advised the Underwriter that allocation of additional RA to the subject property is unlikely due to budget constraints. The proposed rents as reflected in the income and expense summary represent significant increases (18-23%, 19-26%, and 29% for the one-, two-, and three-bedroom units, respectively) from the current USDA-RD-approved rents, and the Applicant has not yet received USDA approval for the proposed rents and utility allowances. Receipt, review, and acceptance of documentation from USDA-RD verifying the increase in rental rates and utility allowances, prior to substantiation of the HTC 10% test, is a condition of this report.

**Development Plan:** The rent rolls dated January and August 2005 for phases I and II reflect 99% occupancy. The appraisals submitted indicate that the phase I and II improvements are in average and good condition, respectively. The rehabilitation scope of work includes: drainage and accessibility improvements, remove of asphalt drives and replace with 5" concrete paving, repair masonry veneer, replace all roofs, increase attic insulation, replace of all existing siding with cement fiber siding, repair/replace exterior and interior doors and windows as required, construct two new playgrounds, repair/replace light and plumbing fixtures, replace all miniblinds, and perform HVAC improvements.

Following the rehabilitation the property will be managed from the larger phase II community building and the phase I community building will continue to provide laundry and storage facilities.

The Applicant does not anticipate that any current residents will be relocated during the rehabilitation. will be phased to minimize displacement of current residents.

**Architectural Review:** The buildings and units are of good design, sufficient size, and are comparable to other apartment developments of a similar age. They provide acceptable access and storage.

**SITE ISSUES**

**SITE DESCRIPTION**

**Size:** 10.54 acres      459,168 square feet      **Flood Zone Designation:** Zone C  
**Zoning:** R-2, commercial, conforming use

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** Floresville is located in south central Texas, approximately 30 miles southeast of downtown San Antonio in Wilson County. The site is a roughly rectangularly-shaped parcel (with two access road projections) located in the far southeast area of the city, approximately two miles from the central business district. The site is situated on the northeast side of Betty Jean Drive and the southeast side of Virginia Ann Drive.

**Site Access:** Access to the property is from the northwest or southeast from Virginia Ann Drive, from which the two phases each have a driveway. Access to State Highway 181 is 500 feet northeast, which provides connections to all other major roads serving the Floresville area.

**Public Transportation:** Public transportation is not available in Floresville.

**Shopping & Services:** The site is within two miles of all of the facilities and services available in Floresville.

**Site Inspection Findings:**

- The Applicant submitted a report from a housing quality standards inspection performed by USDA-RD staff on the phase I property on February 9/10, 2005 which indicated that all units were found to be habitable, with no unacceptable items.
- TDHCA staff performed a site inspection on the phase II property on September 2, 2005 and found the location to be acceptable for the proposed development. The inspector noted the property "is in very

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

good condition”.

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

A Phase I Environmental Site Assessment report was not included, as USDA-RD-financed projects are not required to submit this report.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units will be reserved for low-income tenants. Four of the units (6% of the total) will be reserved for households earning 30% or less of AMGI, 24 units (34%) will be reserved for households earning 50% or less of AMGI, and the remaining 42 units (60%) will be reserved for households earning 60% or less of AMGI.

**MAXIMUM ELIGIBLE INCOMES**

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$21,660	\$24,720	\$27,840	\$30,900	\$33,360	\$35,820

**MARKET HIGHLIGHTS**

A market study report was not included, as USDA-RD-financed developments are not required to submit this report, but two “as-is” appraisals dated February 21 and 22, 2005 prepared by Rafael C. Luebbert & Associates (“Appraiser”) were provided.

**Definition of Primary Market Area (PMA):** “For our analysis the neighborhood is considered to be the city of Floresville...” (p. 36).

**Population:** The estimated 2004 population of Floresville was 6,425.

**Market Rent Comparables:** The Appraiser surveyed five comparable apartment properties totaling 694 units in the market area.

**RENT ANALYSIS (net tenant-paid rents)**

Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (30%)	\$343	\$207	+\$136	\$360	-\$17
1-Bedroom (50%)	\$343	\$401	-\$58	\$360	-\$17
1-Bedroom (60%)	\$343	\$437	-\$94	\$360	-\$17
2-Bedroom (30%)	\$417	\$243	+\$174	\$450	-\$33
2-Bedroom (50%)	\$417	\$476	-\$59	\$450	-\$33
2-Bedroom (60%)	\$417	\$592	-\$175	\$450	-\$33
3-Bedroom (30%)	\$502	\$273	+\$229	\$540	-\$38
3-Bedroom (50%)	\$502	\$541	-\$39	\$540	-\$38
3-Bedroom (60%)	\$502	\$675	-\$173	\$540	-\$38

(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)

**Occupancy:** The properties are currently 99% occupied and are expected to remain at high occupancy rates after the rehabilitation is completed. A capture rate is not a meaningful tool in this instance since there are no unstabilized units at the subject.

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



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

**OPERATING PROFORMA ANALYSIS**

**Income:** As discussed above, the Applicant's current rent projections are 18%-29% above the current USDA-RD-approved Basic Rents and will require approval by USDA-RD prior to implementation. These rents are achievable according to the Appraiser. The Applicant used proposed tenant-paid utility allowances which are \$22-\$53 greater than the current RD-approved allowances in calculating these net rents. The Applicant's rent mix complies with the HOME program requirement that at least 20% of the HOME-assisted units be reserved for households earning at or below 50% of AMFI, and with the Internal Revenue Code requirement that at least 40% of the units be restricted to households earning 50% or less of AMI for the development to qualify for the 9% credit and to avoid reduction of eligible basis by the amount of the below market rate HOME loan. The Applicant's projected net rents for the four 30% AMI units exceed the HTC program maximum rents by \$136-\$229, which is permissible if there is project-based rental assistance and the tenant pays no more than the rent limit rent, and also satisfies the USDA-RD requirement that all similar units have the same net rent.

The Applicant's estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. However, based on the properties' historically low vacancy rates and the likelihood that occupancy may improve further due to improvements in management and physical condition, the Underwriter has used a reduced vacancy and loss factor of 5%. As a result the Applicant's effective gross income estimate is \$8,317 (2.6%) lower than the Underwriter's estimate.

**Expenses:** The Applicant's total expense estimate of \$3,324 per unit is 3.1% higher than the Underwriter's database- and historically-derived estimate of \$3,224 per unit for comparably-sized developments in this area. The Underwriter considered historical operating expenses from both properties from 2003 and 2004, with particular emphasis placed on the phase II property which is managed by the Developer. The Applicant's budget shows two line item estimates that deviate significantly when compared to the database averages, utilities (\$2.3K lower), and property tax (\$6.7K higher). The Underwriter discussed these differences with the Applicant but was unable to reconcile them.

**Conclusion:** Although the Applicant's income and total operating expense estimates are consistent with the Underwriter's expectations, 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 Underwriter's higher income and lower operating expense estimates, the Underwriter's higher NOI estimate yields an estimated debt coverage ratio (DCR) of 1.49, which exceeds the program maximum standard of 1.30. Although this would typically suggest that the property could support additional debt, due to the high expense-to-income ratio the property is forecast to decline in financial feasibility over the affordability period, resulting in a breakeven DCR of 1.01 by year 30. Additionally, the property will be overseen by USDA-RD staff, with any cash flow in excess of USDA-RD guidelines used for replacement reserve funding or returned to USDA-RD. Therefore, to ensure the full repayment of the TDHCA HOME loan no additional debt is recommended.

**ACQUISITION VALUATION INFORMATION  
APPRAISED VALUE (Phase I)**

Land only: 4.636 acres	\$192,000	Date of valuation:	2/	16/	2005
Existing buildings: "as is"	\$383,000	Date of valuation:	2/	16/	2005
Value of favorable USDA financing	\$435,000	Date of valuation:	2/	16/	2005
Total development: "as is"	\$1,010,000	Date of valuation:	2/	16/	2005
Appraiser: Rafael C. Luebbert & Associates	City: San Antonio	Phone: (210) 408-6041			

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

APPRAISED VALUE (Phase II)					
Land only: 5.79 acres	\$225,000		Date of valuation:	2/ 16/	2005
Existing buildings: "as is"	\$457,000		Date of valuation:	5/ 12/	2005
Value of favorable USDA financing	\$549,000		Date of valuation:	5/ 12/	2005
Total development: "as is"	\$1,456,000		Date of valuation:	5/ 12/	2005
Appraiser: Rafael C. Luebbert & Associates	City: San Antonio		Phone: (210)	408-6041	

**APPRAISAL ANALYSIS/CONCLUSIONS**

The Appraiser used five comparable land sales in and around Floresville since August 2000 to derive the underlying land valuations of \$0.95 and \$0.89 per square foot for phases I and II, respectively. Due to the quality of the comparable sales and adjustments thereto the appraisal provides a reasonable estimation of land value.

The Appraiser relied most heavily on the income capitalization approach in estimating the "as-is" value of the improvements.

ASSESSED VALUE			
Land: 10.62 acres	\$327,330	Assessment for the Year of:	2004
Buildings & Furnishings:	\$699,450	Valuation by:	Wilson County Appraisal District
Total Assessed Value:	\$1,026,780	Tax Rate:	2.558425

EVIDENCE of SITE or PROPERTY CONTROL (PHASE I)					
Type of Site Control:	Option to purchase real property (4.636 acres)				
Contract Expiration Date:	8/ 1/	2006	Anticipated Closing Date:	7/ 1/	2006
Acquisition Cost:	\$633,500	Other Terms/Conditions:			
Seller: Floresville Square, Ltd.					Related to Development Team Member: No

EVIDENCE of SITE or PROPERTY CONTROL (PHASE II)					
Type of Site Control:	Option to purchase real property (5.792 acres)				
Contract Expiration Date:	8/ 1/	2006	Anticipated Closing Date:	7/ 1/	2006
Acquisition Cost:	\$1,057,500	Other Terms/Conditions:			
Seller: Floresville Housing, Ltd.					Related to Development Team Member: Yes

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The Applicant's acquisition prices for the two properties are based on the following:

- **Floresville Square, Ltd.:**
  - \$452,087 estimated USDA-RD loan assumption balance (July 2006)
  - + \$302,696 estimated USDA-RD loan delinquency items, property taxes, and interest (to July 2006)
  - + \$76,500 replacement reserve funding required by USDA-RD
  - + \$35,036 exit taxes to previous owners
  - = \$866,318
- **Floresville Housing, Ltd.:**
  - \$1,017,500 estimated USDA-RD loan assumption balance (July 2006)
  - + \$40,000 exit taxes to limited partner (Raymond James Tax Credit Fund)
  - = \$1,057,500

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

As the combined acquisition price of \$1,923,818 is substantiated by the appraised value of \$2,466,000, the Underwriter has used the Applicant's acquisition cost less the \$76,500 in reserve funding which is not an eligible acquisition cost and may be double counted since it will be used to fund rehabilitation and/or reserves identified in the development budget.

**Sitework Cost:** The Applicant's claimed sitework costs of \$2,830 per unit are within current Department guidelines but are higher than typical for rehabilitation proposals. This is mainly attributable to the extensive amount of paving renovation planned.

**Direct Construction Cost:** Per Section 49.9(f)(6)(E) of the 2005 QAP, "For Developments receiving financing from TX-USDA-RHS, a copy of the checklist prepared by TX-USDA-RHS may be submitted in lieu of the Property Condition Assessment [PCA]". The Applicant provided a copy of the checklist, however, as this checklist contains no cost estimation data it provides no substantiation for the Applicant's proposed direct rehabilitation costs. Nonetheless, the Underwriter has used the Applicant's sitework and direct construction cost estimate of \$538,470 or \$7,692/unit, which complies with the TDHCA minimum rehabilitation cost guideline of \$6K/unit.

**Fees:** The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines. Although the 2005 TDHCA Underwriting Rules and Guidelines state that "In the case of an identity of interest transaction requesting acquisition Tax Credits, no developer fee attributable to acquisition of the Development will be included in Eligible Basis", the Applicant has included in eligible basis a \$10,000 "administrative fee" related to work associated with the identity of interest transfer of the phase II property. As the Applicant's total claimed acquisition basis developer fees are less than 15% of the eligible acquisition costs, however, the Underwriter has also included this fee in eligible basis.

**Reserves:** The Applicant included \$18.7K in operating reserves in the cost schedule, and included \$124,862 in phase I and II replacement reserves as a source of funds; the Underwriter has included \$76,500 as a reserve cost which is the fully-funded phase I replacement reserve amount required by USDA-RD for approval of a same rates and terms transfer.

**Conclusion:** Although the Applicant's total development cost estimate is within 5% of the Underwriter's estimate, due to the Underwriter's use of the Applicant's direct construction cost estimate and the Underwriter's adjustments to the replacement reserve funding the Underwriter's total cost breakdown is used to calculate eligible basis and estimate the HTC allocation. As a result, an eligible basis of \$2,445,563 is used to estimate a credit allocation of \$139,958 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 Underwriter's costs to determine the recommended credit amount.

FINANCING STRUCTURE					
<b>INTERIM CONSTRUCTION FINANCING</b>					
Source:	The Hoover Companies			Contact:	John Hoover
Principal Amount:	\$1,168,370	Interest Rate:	8%, fixed		
Additional Information:	Lender related to General Partner				
Amortization:	N/A yrs	Term:	1 yr	Commitment:	<input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional
<b>PERMANENT FINANCING</b>					
Source:	USDA-RD (existing loan on phase I)			Contact:	Gayle Ledyard
Principal Amount:	\$645,940*	Interest Rate:	13.25% note rate, subsidized to 1%		
Additional Information:	*Current balance remaining on original \$765,000 loan				
Amortization:	50 yrs	Term:	50 yrs	Commitment:	<input type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional
Annual Payment:	\$19,449	Lien Priority:	1st	Date:	9/ 14/ 1982

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

**PERMANENT FINANCING**

Source: USDA-RD (existing loan on phase II) Contact: Gayle Ledyard  
 Principal Amount: \$1,019,550 Interest Rate: 9.5% note rate, subsidized to 1%  
 Additional Information: \*Current balance remaining on original \$1,060,000 loan  
 Amortization: 50 yrs Term: 50 yrs Commitment:  LOI  Firm  Conditional  
 Annual Payment: \$26,948 Lien Priority: 1st Date: 11/ 8/ 1985

**TAX CREDIT SYNDICATION**

Source: Raymond James Tax Credit Funds, Inc. Contact: Gary Ferguson  
 Net Proceeds: \$1,261,818 Net Syndication Rate (per \$1.00 of 10-yr HTC) 85¢  
 Commitment:  LOI  Firm  Conditional Date: 8/ 17/ 2005  
 Additional Information: \_\_\_\_\_

**APPLICANT EQUITY**

Amount: (None) Source: N/A

**FINANCING STRUCTURE ANALYSIS**

**Existing USDA-RD Financing:** The Applicant intends to assume the USDA-RD loans on both properties at the existing rates and terms, although these transfers have not been approved by USDA-RD as of the date of this report. Receipt, review, and acceptance of evidence of USDA-RD approval of the same rates and terms transfers of the loans is a condition of this report.

**Interim Financing:** The interim financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The interim lender is related to the General Partner.

**HTC Syndication:** The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

**Existing Replacement Reserves:** The Applicant used \$124,862 in replacement reserve funds as a source of funds, which represents the existing phase II reserves (phase I has no significant reserves) plus the \$76,500 in required funding of the phase I reserves minus \$1,000/unit in post-rehabilitation reserves on deposit. The Underwriter has used the most recent available phase II replacement reserve balance of \$120,220 as a source of funds.

**Deferred Developer's Fees:** The Applicant's proposed financing structure does not include any deferral of developer fees.

**Financing Conclusions:** Based on the Underwriter's estimate of eligible basis, the HTC allocation should not exceed \$139,159 annually for ten years, resulting in syndication proceeds of approximately \$1,189,521. The requested HOME loan of \$364,562 is serviceable at the terms requested. The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units. Although the Applicant did not anticipate the deferral of any developer fee, due to the reduced syndication proceeds the Applicant is projected to need to defer \$86,151 in developer fee, which represents approximately 32% of the eligible fee and which should be repayable from cash flow within five years.

**Return on Equity:** This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, general contractor, property manager, and construction lender are all related entities. These are common relationships for HTC-funded developments.

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

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

**Financial Highlights:**

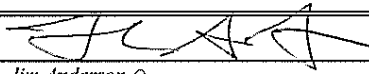
- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principals of the General Partner, Dixie Farmer, Dennis Hoover, and Danna Hoover, submitted unaudited financial statements as of October 2005 and are anticipated to be guarantors 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 estimated operating proforma is more than 5% outside of the Underwriter's verifiable range.
- The development is anticipated to achieve an excessive profit level (i.e., a DCR above 1.30) throughout the first 20 years of the affordability period if the proposed rents can be achieved in this market.
- The recommended deferral of developer fee may not be permitted by USDA-RD due to return on equity restrictions, and if not approved a substitute source of funds would be required.
- The seller of one of the properties has an identity of interest with the Applicant.
- The property's project-based rent subsidy is subject to Federal funding and may not be renewed as anticipated.
- The significant financing structure changes being proposed have not been reviewed and accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**



*Jim Anderson*

**Date:** November 22, 2005

**Director of Real Estate Analysis:**



*Tom Gouris*

**Date:** November 22, 2005

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

PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE THAT MAY BE

**CONFIDENTIAL**

**Financial Highlights:**

- Dixie Farmer, the president and 51% owner of the General Partner, submitted an unaudited joint personal financial statement with Joel Farmer as of October 14, 2005 reporting total assets of \$989K and consisting of \$7.5K in cash, 19.9K in money market accounts, \$524K in trust interests, \$316.5K in real property, \$81.9K in furniture and fixtures, and \$39.2K in vehicles. Liabilities total \$126.1K, resulting in a net worth of \$862.9K. Ms. Farmer's credit report shows a low National Risk Score of 15, and no outstanding issues.
- Dennis Hoover, the Developer and vice president and 24.5% owner of the General Partner, submitted an unaudited joint personal financial statement with Carol Hoover as of October 14, 2005 reporting total assets of \$1.45M and consisting of \$10.3K in cash, \$493K in securities, \$165.4K in retirement accounts, \$245K in real property, and \$535K in business and trust interests. Liabilities total \$247K, resulting in a net worth of \$1.2M. His credit report shows a low National Risk Score of 7, and no outstanding issues.
- Danna Hoover, vice president and 24.5% owner of the General Partner, submitted an unaudited joint personal financial statement with Nena Hoover as of October 13, 2002 reporting total assets of \$1.54M and consisting of \$83K in cash, \$4K in receivables, \$495K in real property, \$70K in retirement accounts, and \$732K in business and trust interests. Liabilities total \$187K, resulting in a net worth of \$1.36M. His credit report shows a low National Risk Score of 27, and no outstanding issues.

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Floresville Square Apartments, 9% HTC Rural Rescue/HOME #06003**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnl-Pd Util	Wir, Swr, Tran
TC 30%	1	1	1	642	\$289	\$343	\$343	\$0.53	\$82.00	\$37.28
LH/TC 50%	1	1	1	642	483	343	343	0.53	82.00	37.28
TC 50%	9	1	1	642	483	343	3,087	0.53	82.00	37.28
TC 60%	13	1	1	642	579	343	4,459	0.53	82.00	37.28
HH/TC 60%	6	1	1	642	574	343	2,058	0.53	82.00	37.28
TC 30%	2	2	1	790	347	417	834	0.53	104.00	39.58
LH/TC 50%	2	2	1	790	580	417	834	0.53	104.00	39.58
TC 50%	11	2	1	790	580	417	4,587	0.53	104.00	39.58
TC 60%	15	2	1	790	696	417	6,255	0.53	104.00	39.58
HH/TC 60%	6	2	1	790	696	417	2,502	0.53	104.00	39.58
TC 30%	1	3	1	952	401	502	502	0.53	128.00	41.88
LH/TC 50%	1	3	1	952	669	502	502	0.53	128.00	41.88
TC 60%	2	3	1	952	803	502	1,004	0.53	128.00	41.88
<b>TOTAL:</b>	<b>70</b>		<b>AVERAGE:</b>	<b>736</b>	<b>\$595</b>	<b>\$390</b>	<b>\$27,310</b>	<b>\$0.53</b>	<b>\$95.94</b>	<b>\$38.73</b>

<b>INCOME</b>				<b>TOTAL NET RENTABLE SQ FT: 51,508</b>		<b>TDHCA</b>	<b>APPLICANT</b>	<b>Comptroller's Region 9</b>		
<b>POTENTIAL GROSS RENT</b>						<b>\$327,720</b>	<b>\$327,720</b>	<b>IREM Region</b>		
Secondary Income		Per Unit Per Month:	\$5.83			4,896	4,896	<b>Per Unit Per Month</b>		
Other Support Income:						0	0			
<b>POTENTIAL GROSS INCOME</b>						<b>\$332,616</b>	<b>\$332,616</b>			
Vacancy & Collection Loss		% of Potential Gross Income:	-5.00%			(16,631)	(24,948)	<b>-7.50% of Potential Gross Rent</b>		
Employee or Other Non-Rental Units or Concessions						0	0			
<b>EFFECTIVE GROSS INCOME</b>						<b>\$315,985</b>	<b>\$307,668</b>			
<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		3.71%	\$167	0.23		\$11,708	\$10,500	\$0.20	\$150	3.41%
Management		8.49%	383	0.52		26,812	26,880	0.52	384	8.74%
Payroll & Payroll Tax		17.32%	782	1.06		54,740	56,037	1.09	801	18.21%
Repairs & Maintenance		10.06%	454	0.62		31,804	35,745	0.69	511	11.62%
Utilities		2.04%	92	0.13		6,458	4,155	0.08	59	1.35%
Water, Sewer, & Trash		6.53%	365	0.52		26,966	26,900	0.52	384	8.74%
Property Insurance		5.66%	256	0.35		17,885	19,910	0.39	284	6.47%
Property Tax	2.558425	7.84%	354	0.48		24,770	31,500	0.61	450	10.24%
Reserve for Replacements		6.89%	311	0.42		21,771	18,250	0.35	261	5.93%
Other: compl fees		0.89%	40	0.05		2,800	2,800	0.05	40	0.91%
<b>TOTAL EXPENSES</b>		<b>71.43%</b>	<b>\$3,224</b>	<b>\$4.38</b>		<b>\$225,712</b>	<b>\$232,677</b>	<b>\$4.52</b>	<b>\$3,324</b>	<b>75.63%</b>
<b>NET OPERATING INC</b>		<b>28.57%</b>	<b>\$1,280</b>	<b>\$1.75</b>		<b>\$90,273</b>	<b>\$74,991</b>	<b>\$1.46</b>	<b>\$1,071</b>	<b>24.37%</b>
<b>DEBT SERVICE</b>								<b>0.00%</b>	<b>\$0</b>	<b>0</b>
First Lien Mortgage (USDA-RD)		14.68%	\$663	\$0.90		\$46,397	\$46,785	\$0.91	\$668	15.21%
TDHCA HOME Loan		4.45%	\$201	\$0.27		14,071	14,071	\$0.27	\$201	4.57%
Additional Financing		0.00%	\$0	\$0.00		0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>		<b>9.43%</b>	<b>\$426</b>	<b>\$0.58</b>		<b>\$29,805</b>	<b>\$14,135</b>	<b>\$0.27</b>	<b>\$202</b>	<b>4.59%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						<b>1.49</b>	<b>1.23</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						<b>1.49</b>				

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT		<b>\$1,847,318</b>	<b>\$1,923,818</b>	<b>\$37.35</b>	<b>\$27,483</b>	<b>59.22%</b>
Acquisition Cost (site or bldg)		57.19%	\$26,390	\$35.86		0	0	0.00	0	0.00%
Off-Sites		0.00%	0	0.00		198,125	198,125	3.85	2,830	6.10%
Sitework		6.13%	2,830	3.85		538,470	538,470	10.45	7,692	16.57%
Direct Construction		16.67%	7,692	10.45		60,500	60,500	1.17	864	1.86%
Contingency	8.21%	1.87%	864	1.17		44,196	44,196	0.86	631	1.36%
General Req'ts	6.00%	1.37%	631	0.86		14,732	14,732	0.29	210	0.45%
Contractor's G & A	2.00%	0.46%	210	0.29		44,196	44,196	0.86	631	1.36%
Contractor's Profit	6.00%	1.37%	631	0.86		63,300	63,300	1.23	904	1.95%
Indirect Construction		1.96%	904	1.23		14,807	14,807	0.29	212	0.46%
Ineligible Costs		0.46%	212	0.29		10,000	10,000	0.19	143	0.31%
Developer's G & A	0.46%	0.31%	143	0.19		258,737	258,737	5.02	3,696	7.96%
Developer's Profit	11.89%	8.01%	3,696	5.02		59,161	59,161	1.15	845	1.82%
Interim Financing		1.83%	845	1.15		76,500	18,700	0.36	267	0.58%
Reserves		2.37%	1,093	1.49		<b>\$3,230,041</b>	<b>\$3,248,742</b>	<b>\$63.07</b>	<b>\$46,411</b>	<b>100.00%</b>
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$46,143</b>	<b>\$62.71</b>						
<b>Recap-Hard Construction Costs</b>		<b>27.87%</b>	<b>\$12,860</b>	<b>\$17.48</b>		<b>\$900,218</b>	<b>\$900,219</b>	<b>\$17.48</b>	<b>\$12,860</b>	<b>27.71%</b>

<b>SOURCES OF FUNDS</b>						<b>RECOMMENDED</b>				
First Lien Mortgage (USDA-RD)	46.36%	\$21,393	\$29.07			\$1,497,500	\$1,497,500	\$1,469,587	Developer Fee Available	
TDHCA HOME Loan	11.29%	\$5,208	\$7.08			364,562	364,562	364,562	\$268,737	
HTC Syndication Proceeds (R. Jam)	39.07%	\$18,026	\$24.50			1,261,817	1,261,817	1,189,521	% of Dev. Fee Deferred	
Phase II Repl. Reserve Funds	3.87%	\$1,784	\$2.42			124,862	124,862	120,220	32%	
Deferred Developer Fee	0.00%	\$0	\$0.00			0	0	86,151		
Additional (Excess) Funds Req'd	-0.58%	(\$207)	(\$0.26)			(19,700)	1	0	15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>						<b>\$3,230,041</b>	<b>\$3,248,742</b>	<b>\$3,230,041</b>	<b>\$486,350</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS** (continued)  
**Floresville Square Apartments, 9% HTC Rural Rescue/HOME #06003**

**PAYMENT COMPUTATION**

Primary	\$1,625,000	Amort	600
Int Rate	1.00%	DCR	1.95

Secondary	\$364,562	Amort	360
Int Rate	1.00%	Subtotal DCR	1.49

Additional		Amort	
Int Rate		Aggregate DCR	1.49

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$46,397
Secondary Debt Service	14,071
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$29,805</b>

Primary	\$1,625,000	Amort	600
Int Rate	1.00%	DCR	1.95

Secondary	\$364,562	Amort	360
Int Rate	1.00%	Subtotal DCR	1.49

Additional	\$0	Amort	240
Int Rate	8.00%	Aggregate DCR	1.49

**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	\$327,720	\$337,552	\$347,678	\$358,108	\$368,652	\$427,600	\$495,706	\$574,659	\$772,294
Secondary Income	4,896	5,043	5,194	5,350	5,510	6,388	7,406	8,585	11,538
Other Support Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	332,616	342,594	352,872	363,458	374,362	433,988	503,112	583,244	783,831
Vacancy & Collection Loss	(16,831)	(17,130)	(17,644)	(18,173)	(18,718)	(21,699)	(25,156)	(29,162)	(39,102)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$315,985	\$325,465	\$335,229	\$345,286	\$355,644	\$412,289	\$477,956	\$554,082	\$744,640
EXPENSES at 4.00%									
General & Administrative	\$11,708	\$12,176	\$12,663	\$13,170	\$13,697	\$16,664	\$20,274	\$24,667	\$36,513
Management	26,812	27,616	28,444	29,298	30,177	34,983	40,555	47,014	63,183
Payroll & Payroll Tax	54,740	56,930	59,207	61,575	64,038	77,912	94,792	115,329	170,715
Repairs & Maintenance	31,804	33,076	34,399	35,775	37,206	45,267	55,074	67,006	99,185
Utilities	6,458	6,716	6,984	7,264	7,554	9,191	11,182	13,605	20,139
Water, Sewer & Trash	26,966	28,044	29,166	30,333	31,546	38,380	46,696	56,812	84,096
Insurance	17,885	18,600	19,344	20,118	20,923	25,456	30,971	37,681	55,777
Property Tax	24,770	25,761	26,791	27,863	28,977	35,256	42,894	52,167	77,249
Reserve for Replacements	21,771	22,642	23,548	24,489	25,469	30,987	37,700	45,668	67,696
Other	2,800	2,912	3,028	3,150	3,276	3,985	4,849	5,899	8,732
TOTAL EXPENSES	\$225,712	\$234,473	\$243,575	\$253,034	\$262,862	\$316,081	\$384,987	\$466,068	\$683,485
NET OPERATING INCOME	\$90,273	\$90,992	\$91,653	\$92,252	\$92,782	\$94,208	\$92,969	\$88,014	\$61,155
DEBT SERVICE									
First Lien Financing	\$46,397	\$46,397	\$46,397	\$46,397	\$46,397	\$46,397	\$46,397	\$46,397	\$46,397
Second Lien	14,071	14,071	14,071	14,071	14,071	14,071	14,071	14,071	14,071
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$29,805	\$30,524	\$31,185	\$31,784	\$32,314	\$33,740	\$32,501	\$27,546	\$687
DEBT COVERAGE RATIO	1.49	1.50	1.52	1.53	1.53	1.56	1.54	1.46	1.01



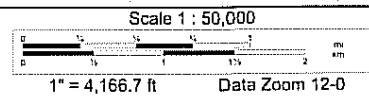
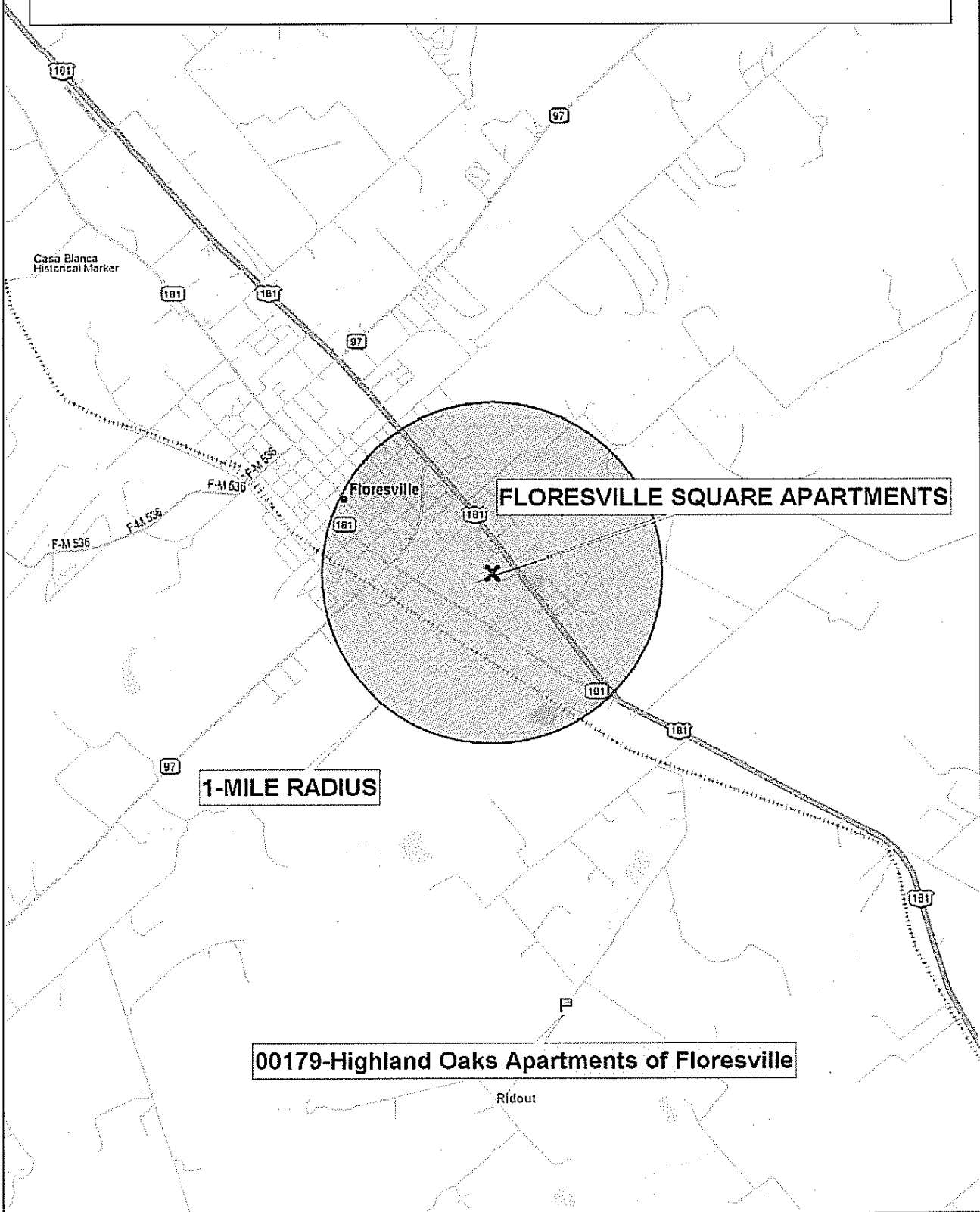
LIHTC Allocation Calculation - Floresville Square Apartments, 9% HTC Rural Rescue/HOME #06003

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>						
Purchase of land	\$417,000	\$693,171				
Purchase of buildings	\$1,506,818	\$1,506,818	\$1,395,119	\$1,154,147		
<b>(2) Rehabilitation/New Construction Cost</b>						
On-site work	\$198,125	\$198,125			\$198,125	\$198,125
Off-site improvements						
<b>(3) Construction Hard Costs</b>						
New structures/rehabilitation hard costs	\$538,470	\$538,470			\$538,470	\$538,470
<b>(4) Contractor Fees &amp; General Requirements</b>						
Contractor overhead	\$14,732	\$14,732			\$14,732	\$14,732
Contractor profit	\$44,196	\$44,196			\$44,196	\$44,196
General requirements	\$44,196	\$44,196			\$44,196	\$44,196
<b>(5) Contingencies</b>						
	\$60,500	\$60,500			\$60,500	\$60,500
<b>(6) Eligible Indirect Fees</b>						
	\$63,300	\$63,300			\$63,300	\$63,300
<b>(7) Eligible Financing Fees</b>						
	\$59,161	\$59,161			\$59,161	\$59,161
<b>(8) All Ineligible Costs</b>						
	\$14,807	\$14,807				
<b>(9) Developer Fees</b>						
						\$153,402
Developer overhead	\$10,000	\$10,000	\$10,000			
Developer fee	\$258,737	\$258,737	\$105,335	\$115,335	\$153,402	
<b>(10) Development Reserves</b>						
	\$18,700	\$76,500				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$3,248,742</b>	<b>\$3,582,713</b>	<b>\$1,510,454</b>	<b>\$1,269,482</b>	<b>\$1,176,081</b>	<b>\$1,176,081</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>\$1,510,454</b>	<b>\$1,269,482</b>	<b>\$1,176,081</b>	<b>\$1,176,081</b>
High Cost Area Adjustment					100%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$1,510,454</b>	<b>\$1,269,482</b>	<b>\$1,176,081</b>	<b>\$1,176,081</b>
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$1,510,454</b>	<b>\$1,269,482</b>	<b>\$1,176,081</b>	<b>\$1,176,081</b>
Applicable Percentage			3.53%	3.53%	8.09%	8.09%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$53,319</b>	<b>\$44,813</b>	<b>\$95,145</b>	<b>\$95,145</b>

Syndication Proceeds	0.8499	\$453,166	\$380,870	\$808,651	\$808,651
Total Credits (Eligible Basis Method)				\$148,464	\$139,958
Syndication Proceeds				\$1,261,818	\$1,189,521
Requested Credits				\$148,464	
Syndication Proceeds				\$1,261,818	
Gap of Syndication Proceeds Needed				\$1,414,593	
Credit Amount				\$166,439	

# FLORESVILLE SQUARE APARTMENTS





MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**Fieldstone Apartments, TDHCA Number 06004**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 1610 South Mechanic Development #: 06004  
 City: El Campo Region: 6 Population Served: Family  
 County: Wharton Zip Code: 77437 Allocation: Rural  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Purpose/Activity: ACQ/R  
 HOME Set Asides:  CHDO  Preservation  General  
 Bond Issuer:

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: HVM El Campo, Ltd  
 Dennis Hoover - Phone: (512) 756-6809  
 Developer: Dennis Hoover  
 Housing General Contractor: Hoover Construction Inc.  
 Architect: W.S. Allen and Associates  
 Market Analyst: Ipser & Associates, Inc  
 Syndicator: Raymond James Tax Credit Funds, Inc.  
 Supportive Services: Texas Workforce Commission  
 Consultant: N/A

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>65%</u>	<u>80%</u>	Total Restricted Units:	59
6	0	0	53	0	0	Market Rate Units:	0
<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>		Owner/Employee Units:	1
0	0	59	0	0		Total Development Units:	60
Type of Building:	Fourplex					Total Development Cost:	\$2,358,508
Number of Residential Buildings:	8						

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
9% Housing Tax Credits-Credit Ceiling	\$81,529	\$81,039	0	0	0.00%
4% Housing Tax Credits with Bonds:	\$0	\$0	0	0	0.00%
Housing Trust Fund Loan Amount:	\$0	\$0	0	0	0.00%
HOME Fund Loan Amount:	\$0	\$0	0	0	0.00%
Bond Allocation Amount:	\$0	\$0	0	0	0.00%



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

Fieldstone Apartments, TDHCA Number 06004

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Armbrister, District 18

Points: 0

US Representative: Paul, District 14,

TX Representative: Hegar, District 28

Points: 0

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC

Resolution of Support from Local Government

Individuals/Businesses: In Support 0

In Opposition 0

Neighborhood Input:

General Summary of Comment:

CONDITIONS OF COMMITMENT

- 1. Receipt, review, and acceptance of documentation from USDA-RD verifying the proposed increase in rental rates, prior to substantiation of the HTC 10% test.
2. Receipt, review, and acceptance of evidence of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans.
3. Receipt, review, and acceptance of documentation reflecting acceptance by USDA-RD staff of the proposed financing structure involving a conventional permanent loan from a related party, or an alternate financing structure.
4. 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.



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**Fieldstone Apartments, TDHCA Number 06004**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Competitive Cycle:  Score: **118**     Meeting a Required Set-Aside    Credit Amount:    \$81,039

Recommendation: This is a Rural Rescue Award.

HOME Loan:    Loan Amount:    \$0

Recommendation: N/A

Housing Trust Fund Loan:     Meeting a Required Set-Aside    Loan Amount:    \$0

Recommendation: N/A

4% Housing Tax Credits with Bond Issuance:    Credit Amount:    \$0

Recommendation: N/A

Private Activity Bond Issuance with TDHCA:    Bond Amount:    \$0

Recommendation: N/A

# Applicant Evaluation

Project ID # **06004**

Name: **El Campo Apartments**

City:

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

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: 83

Projects zero to nine: 82  
 grouped ten to nineteen: 0  
 by score twenty to twenty-nine: 1

Projects in Material Noncompliance

Yes  No

# in noncompliance: 0

# monitored with a score less than thirty: 83

# not yet monitored or pending review: 7

Projects not reported Yes   
 in application No

# 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 9/20/2005

### 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 9/16/2005

### Single Family Finance Production

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

Reviewer Paige McGilloway  
 Date 9/12/2005

### 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 \_\_\_\_\_  
 Date \_\_\_\_\_

### 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 Melissa M. Whitehead  
 Date 9/20/2005

**Executive Director:** Edwina Carrington

**Executed:** day, September 22, 2005

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

**DATE:** November 22, 2005      **PROGRAM:** 9% HTC Rural Rescue      **FILE NUMBER:** 06004

**DEVELOPMENT NAME**

Fieldstone Apartments

**APPLICANT**

**Name:** HVM El Campo, Ltd.      **Type:** For-profit  
**Address:** P.O. Box 190      **City:** Burnet      **State:** TX  
**Zip:** 78611      **Contact:** Dennis Hoover      **Phone:** (512) 756-6809      **Fax:** (512) 756-9885

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b> <u>HVM Housing, LLC</u>	<b>(%):</b> <u>0.01</u>	<b>Title:</b> <u>Managing General Partner</u>
<b>Name:</b> <u>Dixie Farmer</u>	<b>(%):</b> <u>0.00</u>	<b>Title:</b> <u>President &amp; 51% owner of MGP</u>
<b>Name:</b> <u>Dennis Hoover</u>	<b>(%):</b> <u>N/A</u>	<b>Title:</b> <u>Developer &amp; VP &amp; 24.5% owner of MGP</u>
<b>Name:</b> <u>Danna Hoover</u>	<b>(%):</b> <u>N/A</u>	<b>Title:</b> <u>VP &amp; 24.5% owner of MGP</u>

**PROPERTY LOCATION**

**Location:** 1610 South Mechanic Street       **QCT**       **DDA**  
**City:** El Campo      **County:** Wharton      **Zip:** 77437

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$81,529	N/A	N/A	N/A
<b>Other Requested Terms:</b> <u>Annual ten-year allocation of housing tax credits (as revised on 10/13/2005)</u>			
<b>Proposed Use of Funds:</b> <u>Acquisition/rehabilitation</u>		<b>Property Type:</b> <u>Multifamily</u>	
<b>Special Purpose (s):</b> <u>General Population, At-Risk, Rural, USDA-RD</u>			

**RECOMMENDATION**

**RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$81,039 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.**

**CONDITIONS**

1. Receipt, review, and acceptance of documentation from USDA-RD verifying the proposed increase in rental rates, prior to substantiation of the HTC 10% test;
2. Receipt, review, and acceptance of evidence of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans;
3. Receipt, review, and acceptance of documentation reflecting acceptance by USDA-RD staff of the proposed financing structure involving a conventional permanent loan from a related party, or an alternate financing structure;
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

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

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

Total Units: 60 # Rental Buildings: 8 # Non-Res. Buildings: 1 # of Floors: 2 Age: 26 yrs Vacant: 50% at 9/ 1/ 2005  
 Net Rentable SF: 45,000 Av Un SF: 750 Common Area SF: 750 Gross Bldg SF: 45,750

**STRUCTURAL MATERIALS**

The structures are wood-frame on post-tensioned concrete slabs. According to the application the exteriors are comprised as follows: 50% brick veneer and 50% cement fiber siding. The interior wall surfaces are drywall and the pitched roofs are finished with composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting and vinyl. Each unit will include: range and oven, hood and fan, refrigerator, fiberglass tub/shower, ceiling fans, laminated counter tops, individual water heaters, and central heating and air conditioning.

**ONSITE AMENITIES**

The 750-square foot community building includes the management office, a restroom, and laundry and storage facilities, and is located at the rear of the property. In addition, two equipped playgrounds are planned for the site.

Uncovered Parking: 108 spaces Carports: 0 spaces Garages: 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Fieldstone Apartments is a 16.8-unit per acre acquisition and rehabilitation development of 60 units of affordable housing located in southeast El Campo. The development was built in 1976 and is comprised of eight evenly distributed, two-story, medium-size, garden style, walk-up residential buildings as follows:

- Seven buildings with eight two-bedroom/one-bath units; and
- One building with four two-bedroom/one-bath units.

**Existing Subsidies:** The property currently operates under a USDA-RD project-based Rental Assistance (RA) Agreement for 20 units. The proposed rents as reflected in the income and expense summary represent a 3% increase from the current USDA-RD-approved rents, and the Applicant has not yet received USDA approval for the proposed rents. Receipt, review, and acceptance of documentation from USDA-RD verifying the increase in rental rates, prior to substantiation of the HTC 10% test, is a condition of this report.

**Development Plan:** According to the appraisal report dated March 11, 2005, "Several months ago [November 2004] the subject property suffered severe flood damage to all downstairs units. Water rose into the downstairs units damaging furniture, flooring, sheetrock, cabinetry, and personal belongings of the tenants. These units are no longer inhabitable. All tenants were relocated to upper level units or to other projects. The downstairs units have since had all carpeting stripped and have been gutted down to the stud framework removing all sheetrock and insulation. Action was taken by property management to avoid mold and mildew growth...All upper units are considered to be in average condition while all lower level units are in poor condition. Therefore, we are considering the subject to be in fair condition as of the date of this appraisal" (p. 12). A rent roll dated September 2005 indicates 50% vacancy.

The architect's scope of work includes: drainage and accessibility improvements, repair of curbs and flatwork, repair of masonry veneer, replacement of all roofs and fascias, replacement of all existing siding with cement fiber siding, repair/replace exterior and interior doors and windows as required, construct new gazebo and playground, replace wall insulation on ground floor units, replace missing or damaged sheetrock



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

in all units, replace all floor covering, replace all kitchen cabinets and countertops in ground floor units.

Subsequent to submission of the original application in August 2005 asbestos-containing building materials were discovered in the property, and the Applicant increased the construction budget and credit request to reflect the asbestos abatement costs.

The Applicant does not anticipate that any displacement or relocation of tenants will be required during the rehabilitation and has not included any relocation costs in the development cost schedule.

**Architectural Review:** The buildings and units are of good design, sufficient size, and are comparable to other apartment developments of a similar age. They provide acceptable access and storage.

**SITE ISSUES**

**SITE DESCRIPTION**

<b>Size:</b>	3.573 acres	155,640 square feet	<b>Flood Zone Designation:</b>	Zone A2 (100-year floodplain)
<b>Zoning:</b>	R-#, Multiple Family Residential District			

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** El Campo is located in southeast Texas, approximately 65 miles southwest of Houston in Wharton County. The site is a rectangularly-shaped parcel located in the southeast area of the city, approximately one mile from the central business district. The site is situated on the west side of South Mechanic Street.

**Site Access:** Access to the property is from the north or south from S. Mechanic Street (State Highway 71), from which the development has a single entry. Access to U.S. Highway 59 is one-half mile south, which provides connections to all other major roads serving the El Campo area as well as surrounding communities.

**Public Transportation:** Public transportation is not available in El Campo.

**Shopping & Services:** The site is within one mile of a major grocery/pharmacy and three miles of all the facilities and services available in El Campo.

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

- **Floodplain:** As discussed above the entire site lies within the 100-year floodplain. The Applicant provided the following information regarding the flooding event:

“In December of 2004, Texas’ South Central Region received an immense amount of rain in a very short period of time. To be more specific, the town of El Campo received an estimated 16 inches of rainfall in less than 24 hours. As you know, this region has very little slope to its land, and the rivers and creek beds were already overflowing from the rain, on top of the fact that the Colorado River had reached capacity, giving the rising waters no place to go. The water pooled in the lower sections of town, and because [the subject property is] located in the southernmost part of town, the property received quite a bit of floodwater. It was estimated to be 2-3 feet deep in some sections of the property, with a minimum of 18 inches on the rest. The buildings sat inundated with water for approximately three days until the water could recede.

“According to long-time residents of the property, the town had flooded to a much smaller degree sometime in the late 70’s. We are not sure how high the water was during that flood, or to what extent the damage was because the property records from that time were not transferred to us, but we do know that it has flooded in the past.

“We have allotted money in the construction budget to provide positive drainage away from the buildings and to re-cut the existing drainage swales on the property to expedite the water run-off. While this will improve the entire site’s ability to keep from flooding during moderate rains, we realize there is no amount of work that we could do to remedy flooding from 16 inches of rain in one day” (10/24/05 letter). The Applicant also indicated that efforts were being made to work with the city to improve offsite drainage ditches.

- **Environmental Hazard:** Asbestos-containing building materials have been identified in the structures,

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

and are discussed in the following section.

**Site Inspection Findings:** TDHCA staff performed a site inspection on September 14, 2005 and found the location to be “questionable” for the proposed development due to the flooding history and the possibility of repeat damage.

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

**Lead-Based Paint:** A Phase I Environmental Site Assessment report was not included, as USDA-RD-financed projects are not required to submit this report. However, the Applicant submitted a risk assessment and lead-based paint (LBP) sampling report dated February 28, 2005 prepared by EcoSystems Environmental, Inc. which contained the following findings and recommendations:

**Findings:** “LBP was not identified in any of the assay points analyzed during this project.” (p. 3)

**Recommendations:** “In the event renovation or demolition activities are slated for portions of the site outside of the target areas previously sampled, a LBP survey should be performed for those portions of the site - *prior* to the initiation of renovation or demolition activities.” (p. 5)

**Asbestos-Containing Materials (ACM):** On October 24, 2005 the Applicant submitted an asbestos survey dated September 20, 2005 performed by EcoSystems Environmental, Inc. which contained the following findings and recommendations:

**Findings:** “Regulated amounts of asbestos were detected in the floor tile mastic, sink undercoat, and ceiling texture of the Phase I buildings” (cover letter).

**Recommendations:**

- “Identified ACM, including nonfriable ACM, that will be disturbed by renovation or demolition activities should be removed as soon as feasibly possible by appropriately licensed personnel and in accordance with applicable laws and regulations.
- Identified ACM which will not be disturbed by renovation or demolition activities but which is damaged, should be repaired or encapsulated (by appropriately license personnel and accordance with applicable laws and regulations) to prevent future damage.
- ACM to remain in place should be enclosed in airtight impermeable barrier or encapsulated to prevent damage.
- An Asbestos Operation and Maintenance Program should be implemented to manage existing ACM in place.
- In the event renovation or demolition activities are slated for portions of the site outside of the target areas, an asbestos survey should be performed for those portions of the site - *prior* to the initiation of renovation or demolition activities.” (p. 7)

The Applicant has included \$92,855 in asbestos abatement costs in the construction cost schedule to address the issues identified by this report.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units will be reserved for low-income tenants. Six of the units (10% of the total) will be reserved for households earning 30% or less of AMGI and the remaining 54 units will be 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>	\$19,740	\$22,560	\$25,380	\$28,200	\$30,480	\$32,700

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

**MARKET HIGHLIGHTS**

A market study report was not included, as USDA-RD-financed projects are not required to submit this report, but an "as-is" appraisal dated March 11, 2005 prepared by Acorn Appraisal Associates ("Appraiser") was provided.

**Population:** The estimated 2004 population of El Campo was 11,249.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
2-Bedroom (30%)	\$387	\$209	+\$178	\$390	-\$3
2-Bedroom (60%)	\$387	\$526	-\$139	\$390	-\$3

(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 estimated neighborhood apartment vacancy is 5-10%, which is likely to remain stable." (p. 10) The subject's 50% vacancy rate is due to the inhabitability of the flood-damaged ground floor units. The subject's occupancy rate is expected to return to levels consistent with the areas once the units are rehabilitated.

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

**OPERATING PROFORMA ANALYSIS**

**Income:** As discussed above, the Applicant's current rent projections are approximately 3% above the current Basic Rents and will require approval by USDA-RD prior to implementation. The Applicant's rent projection of \$387 is a \$13 increase from the current Basic Rent, and also exceeds the maximum 30% HTC rent limit by \$178. Since the units will receive project-based rental assistance for the 30% units the total rent collected can exceed the 30% limit as long as the tenant pays no more than the 30% limit. The proposed rent is \$3 below the Appraiser's estimated market rent, and therefore the Underwriter has used the Applicant's projected rents in this analysis. One unit will be used as an employee-occupied unit. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. As a result, the Applicant's effective gross income estimate is comparable to the Underwriter's estimate.

**Expenses:** The Applicant's total expense estimate of \$3,184 per unit is 3.7% higher than the Underwriter's database- and historically-derived estimate of \$3,071 per unit for comparably-sized developments in this area. The Applicant's property tax estimate is approximately \$3K lower than the Underwriter's estimate for the rehabilitated property, and the Applicant did not include TDHCA compliance fees of \$40/unit. The Applicant and the Underwriter both used replacement reserves of \$306/unit/year based on information provided by USDA-RD staff, which is based on the as-improved value estimate for the property.

**Conclusion:** Although the Applicant's income and operating expense estimates are consistent with the Underwriter's expectations, the Applicant's net operating income (NOI) estimate is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI should be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

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

ACQUISITION VALUATION INFORMATION					
APPRAISED VALUE					
Land Only: 3.57 acres	\$30,000		Date of Valuation:	2/ 28/	2005
Existing Buildings: "as is"* *total value less land value	\$400,000		Date of Valuation:	2/ 28/	2005
Existing Favorable Financing	\$300,461		Date of Valuation:	2/ 28/	2005
Appraiser: Acorn Appraisal Associates	City: Houston		Phone:	(713)	681-8878

**APPRAISAL ANALYSIS/CONCLUSIONS**

The Appraiser used five comparable land sales in El Campo since April 2003 to derive the underlying land valuation of \$30,000/acre. Due to the quality of the comparable sales and adjustments thereto the appraisal provides a reasonable estimation of land value.

The Appraiser relied most heavily on the income capitalization approach in estimating the "as is" value of the improvements. Secondary weight was given to the cost approach "...due to the age of the property as well as significant economic obsolescence due in part to the restricted rents". "Per prior agreement with the client, the sales comparison approach was not used in this analysis. Market transactions were analyzed but the sales comparison approach was not fully developed as it would not produce meaningful results." (p. 33)

ASSESSED VALUE			
Land:	\$29,560	Assessment for the Year of:	2004
Buildings:	\$301,440	Valuation by:	Wharton County Appraisal District
Total Assessed Value:	\$331,000	Tax Rate:	3.06

EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Option to purchase real property (3.573 acres)		
Contract Expiration Date:	5/ 26/ 2005	Anticipated Closing Date:	12/ 31/ 2005
Acquisition Cost:	\$654,289 (\$558,089 RD loan balance + 96,200 equity payout for seller's exit taxes)	Other Terms/Conditions:	
Sellers: Mulvaney & Hurst, a Texas partnership	Related to Development Team Member:		No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The purchase price of \$684,914 (\$11,415/unit) is substantiated by the appraisal value of \$730,461 (including favorable financing), and is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant claimed eligible basis based upon a building value percentage of 96% applied to the contract price, or \$654,914. The appraisal concluded the "as-is" market value of the land to be \$30,000 or 7% of the total appraised value (excluding the value of the favorable financing). When this percentage is applied to the arm's-length sales price a prorata land value of \$47,785 is calculated. This value is greater than the assessed value for the land. Thus, the Underwriter has used the most conservative building value approach of using prorata appraised value for the land subtracted from the sales price to conclude a value for the existing buildings of \$637,129, or 93% of the total value of the subject property.

**Sitework Cost:** Since this is a proposed rehabilitation the Applicant's associated sitework costs of \$925 per unit are minimal. These costs would not appear to reflect a significant amount of flood mitigation work.

**Direct Construction Cost:** Per Section 49.9(f)(6)(E) of the 2005 QAP, "For Developments receiving financing from TX-USDA-RHS, a copy of the [housing quality standards] checklist prepared by TX-USDA-RHS may be submitted in lieu of the Property Condition Assessment [PCA]". The Applicant provided a copy of a report from a USDA-RD inspection performed in February 2005 which reflected that 19 of 60

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

units inspected were habitable, ten units were conditionally habitable, and 30 units were not habitable. However, the inspection report provided no substantiation for the Applicant's proposed direct rehabilitation costs. Nonetheless, the Underwriter has used the Applicant's direct construction cost estimate of \$1,051,465 or \$17,524/unit, which easily complies with the TDHCA minimum rehabilitation cost guideline of \$6K/unit.

**Contingency Allowance:** The Applicant has included no construction contingency allowance in the revised cost schedule as the asbestos abatement has absorbed these funds and the Applicant has indicated that no further debt would be supportable.

**Fees:** The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all set at the maximum TDHCA guidelines.

**Reserves:** The Applicant included no reserve funding; the Underwriter included \$1,410 which is two month's of replacement reserve requirement before the transfer as determined by USDA-RD staff.

**Conclusion:** Although the Applicant's total development cost estimate is within 5% of the Underwriter's estimate, due to the Underwriter's use of the Applicant's direct construction cost estimate and the Underwriter's adjustment to the replacement reserve funding the Underwriter's total cost breakdown is used to calculate eligible basis and estimate the HTC allocation. As a result, an eligible basis of \$1,563,026 is used to estimate a credit allocation of \$81,039 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 Underwriter's costs to determine the recommended credit amount.

**FINANCING STRUCTURE**

**INTERIM CONSTRUCTION FINANCING**

Source: The Hoover Companies, Inc. Contact: John Hoover  
Principal Amount: \$1,687,561 Interest Rate: 8%, fixed  
Additional Information: Lender related to General Partner  
Amortization: N/A yrs Term: 1 yrs Commitment:  LOI  Firm  Conditional

**PERMANENT FINANCING**

Source: The Hoover Companies, Inc. Contact: John Hoover  
Principal Amount: \$153,114 Interest Rate: 7%, fixed  
Additional Information: Lender related to General Partner  
Amortization: 14 yrs Term: 14 yrs Commitment:  LOI  Firm  Conditional  
Annual Payment: \$17,187 Lien Priority: 1st Date: 10/ 12/ 2005

**PERMANENT FINANCING**

Source: USDA-RD (existing) Contact: Dee Aupperle  
Principal Amount: \$596,292\* Interest Rate: Various note rates, subsidized to 1%  
Additional Information: \*Current combined balance of 3 loans, re-amortized on 11/1/2005  
Amortization: 40 yrs Term: 40 yrs Commitment:  LOI  Firm  Conditional  
Annual Payment: \$21,968 Lien Priority: 1st Date: 11/ 1/ 2005

**PERMANENT FINANCING**

Source: USDA-RD Contact: Dee Aupperle  
Principal Amount: \$920,000 Interest Rate: 5.375% note rate, subsidized to 1%  
Additional Information: Rehabilitation loan  
Amortization: 50 yrs Term: 50 yrs Commitment:  LOI  Firm  Conditional  
Annual Payment: \$23,389 Lien Priority: 2nd Date: 10/ 20/ 2005

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

**TAX CREDIT SYNDICATION**

Source: Raymond James Tax Credit Funds, Inc. Contact: Gary Robinson  
 Net Proceeds: \$638,201 Net Syndication Rate (per \$1.00 of 10-yr HTC) 85¢  
 Commitment:  LOI  Firm  Conditional Date: 8/ 1/ 2005  
 Additional Information: \_\_\_\_\_

**APPLICANT EQUITY**

Amount: \$11 Source: Developer cash equity

**FINANCING STRUCTURE ANALYSIS**

**Existing USDA-RD Financing:** The Applicant intends to assume the three existing USDA-RD loans, which were reamortized on November 1, 2005 under the current owner to 40-year terms and amortization schedules to enable the Applicant to execute a same rates and terms transfer. This transfer has not been approved by USDA-RD as of the date of this report, and receipt, review, and acceptance of evidence of USDA-RD approval of the same rates and terms transfer of the loans is a condition of this report.

**USDA-RD Rehabilitation Loan:** The Applicant has received a commitment from USDA-RD for a rehabilitation loan of \$920,000. The loan would have a note interest rate of 5.375% but would be subsidized down to an effective interest rate of 1% with an interest credit agreement.

**Conventional Interim to Permanent Financing:** The conventional interim and permanent financing commitments are consistent with the terms reflected in the sources and uses of funds listed in the application. The lender is related to the General Partner, and it is possible that the interest such a loan would exceed the USDA-RD return-to-owner restrictions and therefore would not be permitted. The Underwriter has queried USDA-RD staff regarding this issue, however, as of the date of this report no resolution has been received. USDA-RD disallowal of this source of funds would require the Applicant to either substitute another funding source or reduce the scope of rehabilitation work, resulting in a reduction in eligible basis. Therefore, receipt, review, and acceptance of documentation reflecting acceptance by USDA-RD staff of the proposed conventional permanent loan or an alternate financing structure is a condition of this report.

**HTC Syndication:** The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

**Developer Equity:** The Applicant anticipates a nominal equity contribution of \$11.

**Existing Replacement Reserves:** Due to the recent re-amortization of the USDA loans the replacement reserves were reduced to zero, and USDA-RD staff estimates that approximately \$1,410 will have been deposited by the time the transfer is closed.

**Deferred Developer's Fees:** The Applicant's proposed financing structure does not include any deferral of developer fees.

**Other Financing:** The Applicant's sources and uses of funds shows \$5,000 in operating funds being used to pay property taxes. The Underwriter has included this amount in deferred developer fee in the recommended financing structure.

**Financing Conclusions:** Based on the Underwriter's estimate of eligible basis, the HTC allocation should not exceed \$81,039 annually for ten years, resulting in syndication proceeds of approximately \$688,763. Based on the underwriting analysis, the Applicant's permanent loan can be reduced slightly to \$152,043, and no deferral of developer fee is anticipated

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, general contractor, property manager, and construction lender are all related entities. These are common relationships for HTC-funded developments.

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

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

**Financial Highlights:**

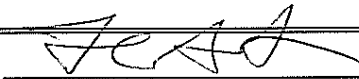
- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principals of the General Partner, Dixie Farmer, Dennis Hoover, and Danna Hoover, submitted unaudited financial statements as of October 2005 and are anticipated to be guarantors 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**

- Significant environmental/locational risks exist regarding asbestos-containing materials and the property's location within the 100-year floodplain.
- The property's project-based rent subsidy is subject to Federal funding and may not be renewed as anticipated.

Underwriter:



Date: November 22, 2005

Director of Real Estate Analysis:

*Jim Anderson*  
  
*Tom Gouris*

Date: November 22, 2005

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

PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE THAT MAY BE

**CONFIDENTIAL**

**Financial Highlights:**

- Dixie Farmer, the president and 51% owner of the General Partner, submitted an unaudited joint personal financial statement with Joel Farmer as of October 14, 2005 reporting total assets of \$989K and consisting of \$7.5K in cash, 19.9K in money market accounts, \$524K in trust interests, \$316.5K in real property, \$81.9K in furniture and fixtures, and \$39.2K in vehicles. Liabilities total \$126.1K, resulting in a net worth of \$862.9K. Ms. Farmer's credit report shows a low National Risk Score of 15, and no outstanding issues.
- Dennis Hoover, the Developer and vice president and 24.5% owner of the General Partner, submitted an unaudited joint personal financial statement with Carol Hoover as of October 14, 2005 reporting total assets of \$1.45M and consisting of \$10.3K in cash, \$493K in securities, \$165.4K in retirement accounts, \$245K in real property, and \$535K in business and trust interests. Liabilities total \$247K, resulting in a net worth of \$1.2M. His credit report shows a low National Risk Score of 7, and no outstanding issues.
- Danna Hoover, vice president and 24.5% owner of the General Partner, submitted an unaudited joint personal financial statement with Nena Hoover as of October 13, 2002 reporting total assets of \$1.54M and consisting of \$83K in cash, \$4K in receivables, \$495K in real property, \$70K in retirement accounts, and \$732K in business and trust interests. Liabilities total \$187K, resulting in a net worth of \$1.36M. His credit report shows a low National Risk Score of 27, and no outstanding issues.



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Fieldstone Apartments, El Campo, 9% Rural Rescue #06004**

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, Frstl
TC 30%	6	2	1	750	\$317	\$387	\$2,322	\$0.52	\$108.00	\$45.00
TC 60%	53	2	1	750	634	\$387	20,511	0.52	108.00	45.00
EO	1	2	1	750	0	\$0	0	0.00	108.00	45.00
<b>TOTAL:</b>										
60 <b>AVERAGE:</b> 750      \$592      \$381      \$22,833      \$0.51      \$108.00      \$45.00										

**INCOME**      Total Net Rentable Sq Ft: **45,000**

**POTENTIAL GROSS RENT**

Secondary Income      Per Unit Per Month:      \$12.50

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss      % of Potential Gross Income:      -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

TDHCA	APPLICANT
\$273,996	\$273,996
9,000	9,000
0	0
\$282,996	\$282,996
(21,225)	(21,228)
0	0
\$261,771	\$261,768

Comptroller's Region      6

IREM Region

\$12.50      Per Unit Per Month

-7.50%      of Potential Gross Rent

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	3.11%	\$136	0.18
Management	9.00%	393	0.52
Payroll & Payroll Tax	16.52%	721	0.96
Repairs & Maintenance	12.21%	533	0.71
Utilities	2.14%	93	0.12
Water, Sewer, & Trash	5.49%	240	0.32
Property Insurance	5.45%	238	0.32
Property Tax      3.0595	7.01%	306	0.41
Reserve for Replacements	7.02%	306	0.41
Other: flood ins, compliance fees	2.44%	107	0.14
<b>TOTAL EXPENSES</b>	<b>70.40%</b>	<b>\$3,071</b>	<b>\$4.10</b>
<b>NET OPERATING INC</b>	<b>29.60%</b>	<b>\$1,292</b>	<b>\$1.72</b>

TDHCA	APPLICANT
\$8,147	\$6,710
23,559	23,760
43,233	46,837
31,958	38,000
5,589	5,140
14,378	17,568
14,279	15,334
18,357	15,323
18,379	18,397
6,400	4,000
\$184,279	\$191,069
\$77,492	\$70,699

PER SQ FT	PER UNIT	% OF EGI
\$0.15	\$112	2.56%
0.53	396	9.08%
1.04	781	17.89%
0.84	633	14.52%
0.11	86	1.96%
0.39	293	6.71%
0.34	256	5.86%
0.34	255	5.85%
0.41	307	7.03%
0.09	67	1.53%
\$4.25	\$3,184	72.99%
\$1.57	\$1,178	27.01%

**DEBT SERVICE**

	%	\$	\$
Existing USDA-RD Loans	8.39%	\$366	\$0.49
USDA-RD Rehabilitation Loan	8.93%	\$390	\$0.52
Conventional Loan (Hoover Compan	6.57%	\$286	\$0.38
<b>NET CASH FLOW</b>	<b>5.71%</b>	<b>\$249</b>	<b>\$0.33</b>

\$21,968	\$46,112
23,389	0
17,187	17,187
\$14,948	\$7,400

\$1.02	\$769	17.62%
\$0.00	\$0	0.00%
\$0.38	\$286	6.57%
\$0.16	\$123	2.83%

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

1.24	1.12
1.24	

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		29.04%	\$11,415	\$15.22
Off-Sites		0.00%	0	0.00
Sitework		2.35%	925	1.23
Direct Construction		44.58%	17,524	23.37
Contingency	0.00%	0.00%	0	0.00
General Req'ts	6.00%	2.82%	1,107	1.48
Contractor's G & A	2.00%	0.94%	369	0.49
Contractor's Profit	6.00%	2.82%	1,107	1.48
Indirect Construction		1.84%	723	0.96
Ineligible Costs		0.58%	226	0.30
Developer's G & A	2.00%	1.69%	665	0.89
Developer's Profit	13.00%	11.00%	4,325	5.77
Interim Financing		2.28%	897	1.20
Reserves		0.06%	24	0.03
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$39,308</b>	<b>\$52.41</b>
<b>Recap-Hard Construction Costs</b>		<b>53.51%</b>	<b>\$21,032</b>	<b>\$28.04</b>

TDHCA	APPLICANT
\$684,914	\$684,914
0	0
55,500	55,500
1,051,465	1,051,465
0	0
66,418	66,418
22,139	22,139
66,418	66,418
43,380	43,380
13,589	13,589
39,926	0
259,517	302,110
53,833	53,833
1,410	0
\$2,358,508	\$2,359,766

PER SQ FT	PER UNIT	% of TOTAL
\$15.22	\$11,415	29.02%
0.00	0	0.00%
1.23	925	2.35%
23.37	17,524	44.56%
0.00	0	0.00%
1.48	1,107	2.81%
0.49	369	0.94%
1.48	1,107	2.81%
0.96	723	1.84%
0.30	226	0.58%
0.00	0	0.00%
6.71	5,035	12.80%
1.20	897	2.28%
0.00	0	0.00%
\$52.44	\$39,329	100.00%
\$28.04	\$21,032	53.48%

**SOURCES OF FUNDS**

	%	\$	\$
Existing USDA-RD Loans	24.96%	\$9,812	\$13.08
USDA-RD Rehabilitation Loan	39.01%	\$15,333	\$20.44
Conventional Loan (Hoover Compan	6.49%	\$2,552	\$3.40
HTC Syndication Proceeds	29.30%	\$11,549	\$15.40
Deferred Developer Fees	0.00%	\$0	\$0.00
Replacement Reserve Funds	0.00%	\$0	\$0.00
Additional (Excess) Funds Req'd	0.16%	\$62	\$0.08
<b>TOTAL SOURCES</b>			

\$588,714	\$588,714
920,000	920,000
153,114	153,114
692,927	692,927
11	11
0	5,000
3,742	0
\$2,358,508	\$2,359,766

RECOMMENDED	
\$596,292	Developer Fee Available
920,000	\$299,442
152,043	
688,763	% of Dev. Fee Deferred
0	0%
1,410	
(0)	15-Yr Cumulative Cash Flow
\$2,358,508	\$316,018

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Fieldstone Apartments, El Campo, 9% Rural Rescue #06004*

**PAYMENT COMPUTATION**

<b>Primary</b>	\$588,714	Amort	480
Int Rate	1.00%	DCR	3.53

<b>Secondary</b>	\$920,000	Amort	600
Int Rate	1.00%	Subtotal DCR	1.71

<b>Additional</b>	\$153,114	Amort	168
Int Rate	7.00%	Aggregate DCR	1.24

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$21,968	(Per RD)
Secondary Debt Service	23,389	
Additional Debt Service	17,067	
<b>NET CASH FLOW</b>	<b>\$15,068</b>	

<b>Primary</b>	\$596,292	Amort	480
Int Rate	1.00%	DCR	3.53

<b>Secondary</b>	\$920,000	Amort	600
Int Rate	1.00%	Subtotal DCR	1.71

<b>Additional</b>	\$152,043	Amort	168
Int Rate	7.00%	Aggregate DCR	1.24

**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	\$273,996	\$282,216	\$290,682	\$299,403	\$308,385	\$357,503	\$414,444	\$480,454	\$645,690
Secondary Income	9,000	9,270	9,548	9,835	10,130	11,743	13,613	15,782	21,209
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	282,996	291,486	300,230	309,237	318,514	369,246	428,057	496,235	666,899
Vacancy & Collection Loss	(21,225)	(21,861)	(22,517)	(23,103)	(23,869)	(27,893)	(32,104)	(37,216)	(60,017)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$261,771</b>	<b>\$269,624</b>	<b>\$277,713</b>	<b>\$286,045</b>	<b>\$294,626</b>	<b>\$341,552</b>	<b>\$395,953</b>	<b>\$459,018</b>	<b>\$616,881</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$8,147	\$8,473	\$8,812	\$9,164	\$9,531	\$11,596	\$14,108	\$17,165	\$25,408
Management	23,559	24,266	24,994	25,744	26,516	30,740	35,636	41,312	55,519
Payroll & Payroll Tax	43,233	44,962	46,761	48,631	50,576	61,534	74,865	91,085	134,828
Repairs & Maintenance	31,958	33,236	34,566	35,948	37,386	45,486	55,341	67,330	99,665
Utilities	5,589	5,813	6,045	6,287	6,538	7,955	9,678	11,775	17,430
Water, Sewer & Trash	14,378	14,953	15,551	16,173	16,820	20,464	24,898	30,292	44,840
Insurance	14,279	14,850	15,444	16,062	16,704	20,323	24,727	30,084	44,531
Property Tax	18,357	19,091	19,855	20,649	21,475	26,128	31,788	38,675	57,248
Reserve for Replacements	18,379	19,114	19,879	20,674	21,501	26,159	31,826	38,722	57,318
Other	6,400	6,856	7,322	7,799	8,287	9,109	11,083	13,484	19,959
<b>TOTAL EXPENSES</b>	<b>\$184,279</b>	<b>\$191,415</b>	<b>\$198,829</b>	<b>\$206,532</b>	<b>\$214,536</b>	<b>\$259,494</b>	<b>\$313,950</b>	<b>\$379,924</b>	<b>\$550,748</b>
<b>NET OPERATING INCOME</b>	<b>\$77,492</b>	<b>\$78,210</b>	<b>\$78,885</b>	<b>\$79,513</b>	<b>\$80,090</b>	<b>\$82,058</b>	<b>\$82,002</b>	<b>\$79,094</b>	<b>\$60,133</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$21,968	\$21,968	\$21,968	\$21,968	\$21,968	\$21,968	\$21,968	\$21,968	\$21,968
Second Lien	23,389	23,389	23,389	23,389	23,389	23,389	23,389	23,389	23,389
Other Financing	17,067	17,067	17,067	17,067	17,067	17,067	0	0	0
<b>NET CASH FLOW</b>	<b>\$15,068</b>	<b>\$15,766</b>	<b>\$16,481</b>	<b>\$17,089</b>	<b>\$17,666</b>	<b>\$19,634</b>	<b>\$36,645</b>	<b>\$33,736</b>	<b>\$14,776</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.24</b>	<b>1.25</b>	<b>1.26</b>	<b>1.27</b>	<b>1.28</b>	<b>1.31</b>	<b>1.81</b>	<b>1.74</b>	<b>1.33</b>

LIHTC Allocation Calculation - Fieldstone Apartments, El Campo, 9% Rural Rescue #06004

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>						
Purchase of land	\$30,000	\$47,785				
Purchase of buildings	\$654,914	\$637,129	\$654,914	\$637,129		
<b>(2) Rehabilitation/New Construction Cost</b>						
On-site work	\$55,500	\$55,500			\$55,500	\$55,500
Off-site improvements						
<b>(3) Construction Hard Costs</b>						
New structures/rehabilitation hard costs	\$1,051,465	\$1,051,465			\$1,051,465	\$1,051,465
<b>(4) Contractor Fees &amp; General Requirements</b>						
Contractor overhead	\$22,139	\$22,139			\$22,139	\$22,139
Contractor profit	\$66,418	\$66,418			\$66,418	\$66,418
General requirements	\$66,418	\$66,418			\$66,418	\$66,418
<b>(5) Contingencies</b>						
(6) Eligible Indirect Fees	\$43,380	\$43,380			\$43,380	\$43,380
(7) Eligible Financing Fees	\$53,833	\$53,833			\$53,833	\$53,833
(8) All Ineligible Costs	\$13,589	\$13,589				
<b>(9) Developer Fees</b>				\$95,569		\$203,873
Developer overhead		\$39,926				
Developer fee	\$302,110	\$259,517	\$98,237		\$203,873	
<b>(10) Development Reserves</b>						
		\$1,410				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$2,359,766</b>	<b>\$2,358,508</b>	<b>\$753,151</b>	<b>\$732,699</b>	<b>\$1,563,026</b>	<b>\$1,563,026</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>\$753,151</b>	<b>\$732,699</b>	<b>\$1,563,026</b>	<b>\$1,563,026</b>
High Cost Area Adjustment					100%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$753,151</b>	<b>\$732,699</b>	<b>\$1,563,026</b>	<b>\$1,563,026</b>
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$753,151</b>	<b>\$732,699</b>	<b>\$1,563,026</b>	<b>\$1,563,026</b>
Applicable Percentage			3.53%	3.53%	3.53%	3.53%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$26,586</b>	<b>\$25,864</b>	<b>\$55,175</b>	<b>\$55,175</b>

Syndication Proceeds	0.8499	\$225,960	\$219,824	\$468,939	\$468,939
Total Credits (Eligible Basis Method)				\$81,761	\$81,039
Syndication Proceeds				\$694,899	\$688,763
Requested Credits				\$81,529	
Syndication Proceeds				\$692,927	
Gap of Syndication Proceeds Needed				\$843,474	
Credit Amount				\$99,242	

# FIELDSTONE APARTMENTS

70102-El Campo Retirement

El Campo

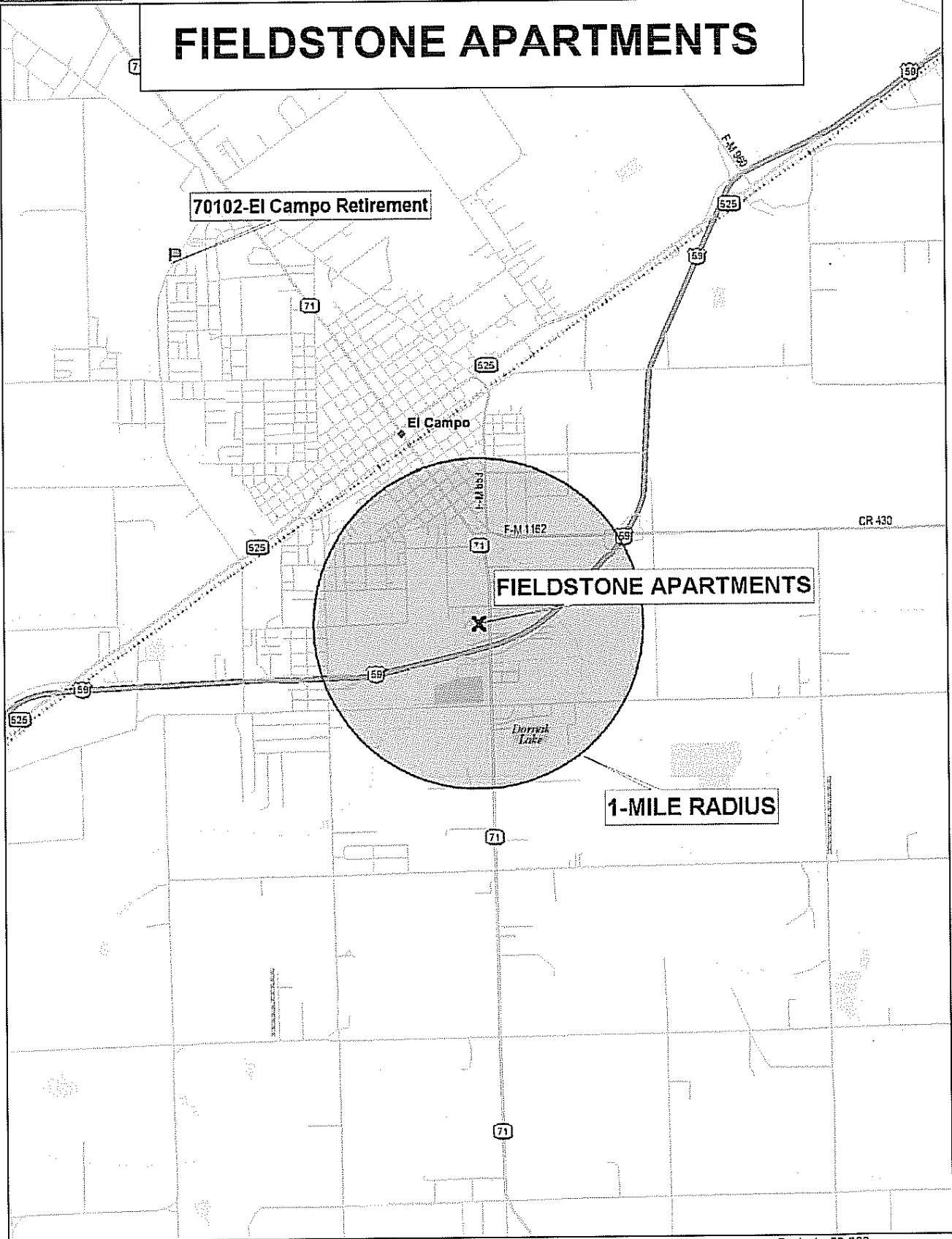
FIELDSTONE APARTMENTS

1-MILE RADIUS

CR 430

F-111E2

Derrick Lake



**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Items**

Approval of an Intergenerational Housing Policy for Multifamily Housing.

**Required Action**

Discuss and Approve an Intergenerational Housing Policy for Multifamily Housing.

**Background**

Intergenerational Housing is a concept that essentially means one development or property being designed to foster, and provide, housing for both elderly and family populations. In November 2005 the Board approved a 2006 Qualified Allocation Plan to govern Housing Tax Credit developments that included a new reference to an Intergenerational Housing Policy. Staff is now bringing forward that policy to ensure that the Department clearly interprets for applicants the requirements and expectations for Intergenerational Housing.

The research for this policy consisted of approximately thirty national reports and articles referencing by intergenerational housing developments and organizations that promote and advocate for intergenerational housing efforts. It included reports submitted to the U. S. Senate and House of Representatives on the values and best practices of intergenerational housing.

**Staff Recommendation**

Staff recommends that the Board adopt the attached proposed Intergenerational Housing Policy.

# **INTERGENERATIONAL HOUSING POLICY FOR MULTIFAMILY HOUSING**

## **December 2006**

### **I. Introduction**

Intergenerational Housing fosters interaction of social programs that engage and support all age groups to improve the lives of children, youth and senior adults. It provides a forum for multiple generations to collaborate for a common ground and explore the values of each generation.

### **II. Background**

Over the past fifteen years, Intergeneration Housing has emerged and grown in popularity. Statistics show that eighty percent of older adults volunteer. Community service activities play an active role in the quality of their lives. These activities have shown to improve mental and physical health, enhance their socialization, improve their self worth, increase personal independence and improve attitudes about other generations. Children show enhanced social skills, lower levels of aggression, decreased drug use, increased stability and improved academic performance. Developers design these developments not only to provide the goals above but also for marketing reasons. There are areas that cannot support two hundred to two hundred and fifty units of only family units or only elderly units. It improves the feasibility of the operations of the development and allows smaller more rural communities the opportunity to have decent, quality housing. Provides needed services to the community and creates opportunities to share resources. Intergeneration Housing gives all a sense of community and family and lowers turnover rates.

### **III. Definition**

Intergenerational Housing includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:

- 1) have separate and specific buildings exclusively for the age-restricted units;
- 2) have separate and specific leasing offices and leasing personnel exclusively for the age-restricted units;
- 3) have separate and specific entrances and other appropriate security measures for the age-restricted units;
- 4) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;
- 5) share the same Development site;
- 6) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and
- 7) meet the requirements of the federal Fair Housing Act.

#### **IV. Requirements**

The Development should include the following:

- 1) Written intergenerational program plan and goals (included in LURA);
- 2) Staff that is experienced in working with intergenerational activities, that can effectively facilitate the interactions between the age groups;
- 3) Additional security provided for age-restricted units and buildings (card key access to main building);
- 4) Utilization of community resources (partnerships with nonprofit and human services organizations);
- 5) Quarterly reporting results to TDHCA (types of activities, successes, opportunities).

#### **V. Intergenerational Coordinator**

A staff person specifically responsible for ensuring the intergenerational interactions and activities by:

- 1) Creating the program plan;
- 2) Explaining the goals, objectives, values and benefits to the prospective participants;
- 3) Planning and facilitating activities, tailored to the needs and interests of the participants;
- 4) Encouraging participation from both tenants and family members;
- 5) Evaluating programs and assessing the activities and participation; and
- 6) Reporting participation, success and improvement.

#### **VI. Social / Interactive Programs**

- 1) Adult and child day-care activities;
- 2) After school activities (reading, creative/art projects, life stories, homework, tutoring, gardening);
- 3) Senior Games (bingo, cards, shuffleboard, exercise classes, wheel of fortune);
- 4) Field trips (library, museums, parades, picnics, zoo);
- 5) Holidays (decorating, baking, Christmas light tours, popcorn tensile, Thanksgiving dinner, trick or treating, 4<sup>th</sup> of July barbeque);
- 6) Celebrations (birthday announcements, report cards, graduations, weddings, special events);
- 7) Young adults/youth helping older adults with housekeeping, grocery shopping;
- 8) HeadStart programs, youth recreation activities and camps;
- 9) Any other services or programs approved by TDHCA.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**December 14, 2005**

**Action Item**

Approve or reject an appeal of the rescission of 2005 Housing Tax Credits (HTC).

**Requested Action**

Continuation of requested action from the September 16, 2005 Board meeting to issue a determination on an appeal.

**Background and Recommendations**

**The Villas of Hubbard Apartments, #05243**

The Applicant was sent a notice of the rescission of their commitment of 2005 Housing Tax Credits on August 30, 2005 because the Commitment Notice issued to the applicant required evidence that the applicant was unable to provide.

The Commitment Notice submitted to the applicant required the following to be submitted to the Department by August 15, 2005, "...evidence of a commitment of two (2) vouchers from the Hill County Section 8 Office, or an amount necessary to substantiate points awarded for this item pursuant to the 2005 Qualified Allocation Plan (QAP)...". The Department reviewed all of the materials submitted with the signed commitment notice and has confirmed with Gary T. Moore, Executive Director of the Waco Housing Authority, that the applicant was unable to secure the required development-based vouchers. Mr. Moore also confirmed that the Applicant was only able to secure tenant-based vouchers from the Waco Housing Authority.

The Department determined these vouchers were not eligible for points, and that with the loss of the points for this item, this application is noncompetitive in the region. Therefore, the Department rescinded the tax credits for this application.

In the September 16, 2005 Board meeting, the applicant appealed this determination. The Board issued a determination that the credits should not be rescinded if the staff found the vouchers would be in place for five years. The Board allowed the applicant to submit evidence to staff after the Board meeting that these vouchers are committed for a 5 year period. The Board also stipulated that the evidence did not need to include approval from HUD, but did need to garner the approval of the Department's counsel. This determination was made with the caveat that the Department must first determine that the evidence is acceptable proof of the 5 year commitment from the Housing Authority. At the time of Board book posting, acceptable documentation had been submitted in draft form with the assurance it would be legally posted and approved by the Waco Housing Board. Due to the Department's move and earlier posting requirements, the Waco Housing Board was unable to meet prior to posting.



The applicant has indicated that a meeting of the Waco Housing Board will take place and the draft documentation will be submitted to staff prior to the TDHCA Board meeting. Because of the unknowns currently in the process staff and applicant posted the continuation of the appeal in the event that the Waco Housing Board rejects the documentation or staff finds the documentation insufficient. For this reason, there is no appeal documentation provided behind the Board Action Request.

Applicant:	Villas of Hubbard, LP
Site Location:	N.W. Corner of Magnolia Avenue and S. 4th Street
City/County:	Hubbard/ Hill
Regional Allocation Category:	Rural
Set-Aside:	None
Population Served:	Elderly
Region:	8
Type of Development:	New Construction
Units:	36
Credits Awarded:	\$193,215

**Staff Recommendation:** The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Item**

Possible Board Approval of Staff Recommendation for Commitments for the Allocation of 2005 Housing Tax Credits from the 2005 Application Round and Process to be Utilized for Any Remaining Returned Credits from the 2005 Credit Ceiling.

**Required Action**

Approve a possible commitment for the allocation of 2005 Housing Tax Credits from the 2005 Application Round and approve staff's proposed Process to be Utilized for Any Remaining Returned Credits from the 2005 Credit Ceiling.

**Background and Recommendations**

The Department has currently allocated \$42,470,692 of the 2005 Housing Tax Credit Ceiling of \$42,575,583, leaving a balance of only \$104,891. In July, 2005 the Board approved a Waiting List for use in allocating any returned credits. While it is possible for credits to have been returned at any time after the July 2005 awards, there are currently no unallocated returned credits. However, there is a possibility that some credits could be returned via the Carryover process prior to December 31, 2005.

Pursuant to Internal Revenue Service regulations, the Department can consider any credits returned in the last three months of the calendar year to be returned in the following year. This means that all credits returned after October 1, 2005 are not required to be re-allocated in this calendar year to applicants from the 2005 Waiting List and the Department may choose not to issue those returned credits. In that case, the 2005 credit balance will be rolled into the 2006 Credit Ceiling. Further, this regulation ensures that the State of Texas is not at risk of losing its National Pool eligibility for future credits.

The Villas of Hubbard (#05243 for \$193,215 in Rural Region 8) is also on this December 14, 2005 Board agenda as a continuation of a validly filed appeal. At this point staff is waiting for approval of timely submitted documentation by the Waco Housing Board. If that appeal is denied due to modifications of the submitted documents or failure to ratify the documents as submitted by the Waco Housing Board, then the \$193,215 in credits could be returned. Those credits, combined with the balance of credits noted above (\$104,891) the available credits would total \$298,106. The current Waiting List, as of December 1, 2005 is attached which shows the status of the next applications in Rural Region 8. If those credits are returned, staff requests authorization by the Board to take the following actions in the order reflected:

1. Contact the Gardens of Gatesville (#05040) which is the next highest scoring application in Rural Region 8. The credit request amount for this application is \$278,454.. If the applicant indicates that they can still proceed and meet the Carryover Allocation requirements by December 26, 2005, they will be issued a Commitment Notice and must submit their carryover allocation documentation by December 26, 2005.

2. If the Gardens of Gatesville is unable to utilize the credit allocation, staff would then contact West Retirement (#05227), the next highest scoring application in Rural Region 8 requesting \$166,349. If the applicant indicates that they can still proceed and meet the Carryover Allocation requirements by December 26, 2005, they will be issued a Commitment Notice and must submit their carryover allocation documentation by December 26, 2005.
3. For both items 1 and 2, each of these developments must still be found to be Acceptable, or Acceptable with Conditions, by Real Estate Analysis. Credit amounts and conditions are subject to change based on underwriting. Allocations from the Waiting List remain subject to review by the Portfolio Management and Compliance Division to ensure no issues of Material Non-Compliance exist. Staff will also review to ensure that no awards from the Waiting List would cause a violation of any sections of the QAP (for example, the \$2 million credit cap, the one mile rule, etc.)
4. If neither of these applications can reasonably reach Carryover by December 31, 2005, staff recommends that the Department not reallocate those credits to the Waiting List, but pursuant to the IRS regulation noted above, roll the total credit balance into the 2006 Credit Ceiling.

As noted above, it is possible that credits may be returned via the Carryover process. However, staff suggests that due to tight timeframe, that the Department not reallocate any other returned credits to the Waiting List, but instead would roll these credits into the 2006 Credit Ceiling as permitted under §42 without jeopardizing the opportunity for future National Pool.

### **Excerpt from the July 2005 Board Book for the Waiting List – Approved by the Board**

“Staff recommends that the Board consider the Waiting List to be composed of all applications that have not been approved by the Board for a Commitment of 2005 allocation of credits, and have not been terminated by the Department or withdrawn by the Applicant. This includes all of the 144 Applications considered active. Staff further recommends that the report entitled “2005 9% Housing Tax Credit Recommendations – July 27, 2005 Board Meeting, Sorted by Region, Allocation, Recommendation Status and Final Score” as approved or amended and approved by the Board today be accepted as the Waiting List “ranked by score in descending order of priority” for regional allocation purposes.

Developments will be “pulled” from the Waiting List as follows below:

- <sup>3</sup> If credits are returned from the Nonprofit Set-Aside, and the return of credits causes the Department to achieve less than the required 10% Set-Aside, the next highest scoring nonprofit development will be recommended for a Commitment to the Board, regardless of the region in which it is located. If credits are returned from the Nonprofit Set-Aside, and the return of credits does not cause the Department to go below the required 10% Set-Aside, then the next highest scoring development in the region of the returned credits will be recommended for a Commitment to the Board.
- <sup>3</sup> If credits are returned from the USDA Set-Aside (which is applied regionally), and the return of credits causes the Department to achieve less than the required 5% Set-Aside within that region, the next highest scoring USDA development from that region’s Waiting List will be recommended for a Commitment to the Board. If credits are returned from the USDA Set-Aside, and the return of credits does not cause the Department to go below the required 5% Set-Aside within that region, then the next highest scoring development in the region of the returned credits will be recommended for a Commitment to the Board, regardless of set-aside.
- <sup>3</sup> If credits are returned from the At-Risk Set-Aside (which is applied regionally), and the return of credits causes the Department to achieve less than the required 15% Set-Aside within that region, the next highest scoring At-Risk development from that region’s Waiting List will be recommended for a Commitment to the Board. If credits are returned from the At-Risk Set-Aside, and the return of credits does not cause the Department to go below the required 15% Set-Aside within that region, then the next highest scoring development in the region of the returned credits will be recommended for a Commitment to the Board, regardless of set-aside.
- <sup>3</sup> For all other developments, if credits are returned from a development not associated with any set-aside, the next highest scoring development from that region’s Waiting List, regardless of inclusion in a set-aside or not, will be recommended for a Commitment to the Board.

Developments not yet underwritten must still be found to be Acceptable, or Acceptable with Conditions, by Real Estate Analysis. Credit amounts and conditions are subject to change based on underwriting and underwriting appeals. Allocations from the Waiting List remain subject to review by the Portfolio Management and Compliance Division to ensure no issues of Material Non-Compliance exist. In the event that the credit amount returned is insufficient to fund the full credit recommendation, the Applicant will be offered an opportunity to adjust the size of their development, and if they decline staff will contact the application that is next on the Waiting List. Staff will also review to ensure that no awards from the Waiting List would cause a violation of any sections of the QAP (for example, the \$2 million credit cap, the one mile rule, etc.)

**2005 9% Housing Tax Credit Recommendations - Waiting List as of December 1, 2005**  
**Sorted by Region, Allocation, Recommendation Status and Final Score**

**State Ceiling to be Allocated: \$42,575,583**

File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup> USDA NP AR	Layering <sup>4</sup> HOME HTF	Activity <sup>5</sup>	LI	Total Units	Total Units	Pop <sup>6</sup>	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment								
<b>Region: 1</b>																									
<table border="1" style="width:100%"> <tr> <td><b>Allocation Information for Region 1:</b></td> <td><b>Total Credits Available for Region: \$2,087,213</b></td> <td><b>Rural Allocation: \$580,822</b></td> <td><b>Urban/Exurban Allocation: \$1,506,391</b></td> </tr> <tr> <td></td> <td></td> <td><b>5% Required for USDA: \$104,360</b></td> <td><b>15% Required for At-Risk: \$313,081</b></td> </tr> </table>																		<b>Allocation Information for Region 1:</b>	<b>Total Credits Available for Region: \$2,087,213</b>	<b>Rural Allocation: \$580,822</b>	<b>Urban/Exurban Allocation: \$1,506,391</b>			<b>5% Required for USDA: \$104,360</b>	<b>15% Required for At-Risk: \$313,081</b>
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		<b>5% Required for USDA: \$104,360</b>	<b>15% Required for At-Risk: \$313,081</b>																						
<b>Applications Submitted in Region 1: Urban/Exurban</b>																									
05124	1 A	TownParc at Amarillo	Woodward Ave. & Kirkland Dr.	Amarillo	U/E	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		NC		144	144	F	\$931,177	Christopher C. Finlay	160	N/A	Competitive in Region								
05097	1 A	Cathy's Pointe	2701 North Grand St.	Amarillo	U/E	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		NC		120	120	F	\$757,752	Donald Pace	147	N/A	Significant Regional Shortfall								
<b>Subtotal:</b>										<b>264</b>	<b>264</b>		<b>\$1,688,929</b>												
05103	1 W	Elm Grove Senior Village	West of Upland Ave., South of 26th St., North of 34th St.	Lubbock	U/E	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		NC		96	100	E	* \$740,000	Tammie Goldston	154	N/A	Not Financially Feasible								
<b>Subtotal:</b>										<b>96</b>	<b>100</b>		<b>\$0</b>												
<b>Total:</b>										<b>360</b>	<b>364</b>		<b>\$1,688,929</b>												
<b>Applications Submitted in Region 1: Rural</b>																									
05020	1 A	Central Place	402 West 4th St.	Hereford	R	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		NC		32	32	F	\$280,145	Richard L. Brown	169	N/A	Competitive in Region								
05101	1 A	Creek Crossing Senior Village	West of Soncy Rd., North of US Highway 60	Canyon	R	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		NC		73	76	E	\$393,547	Tammie Goldston	166	N/A	Significant Regional Shortfall								
<b>Subtotal:</b>										<b>105</b>	<b>108</b>		<b>\$673,692</b>												
05194	1 W	Canyon View Apartments	SE corner of 10th St. at Whittenburg St.	Borger	R	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		NC		47	48	F	* \$382,500	Justin Zimmerman	164	N/A	Not Competitive in Region								
05186	1 W	Deer Creek Apartments	MLK Street at West Ellis St.	Levelland	R	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		NC		63	63	F	* \$496,000	Justin Zimmerman	158	N/A	Not Competitive in Region								
<b>Subtotal:</b>										<b>110</b>	<b>111</b>		<b>\$0</b>												
<b>Total:</b>										<b>215</b>	<b>219</b>		<b>\$673,692</b>												
<b>7 Applications in Region</b>										<b>575</b>	<b>583</b>		<b>\$2,362,621</b>												

Please refer to report footer for appropriate disclaimers.

File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup>	Layering <sup>4</sup>	Activity <sup>5</sup>	LI	Total	Recommended	Final	1 Mile	Conflict	Comment	
						USDA	NP	AR	HOME	HTF	Units	Units	Pop <sup>6</sup>	Credit	Owner Contact	Score

**Region: 2**

<b>Allocation Information for Region 2:</b>	<b>Total Credits Available for Region: \$1,180,463</b>	<b>Rural Allocation: \$535,297</b>	<b>Urban/Exurban Allocation: \$645,166</b>
		<b>5% Required for USDA: \$59,023</b>	<b>15% Required for At-Risk: \$177,069</b>

**Applications Submitted in Region 2: Urban/Exurban**

05141	2 A	The Arbors at Rose Park	2702 South 7th St.	Abilene	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NC	77	80	E	\$647,474	Diana McIver	184	N/A	Competitive in Region
												<b>Subtotal:</b>		<b>77</b>	<b>80</b>	<b>\$647,474</b>			
05039	2 W	The Gardens of Tye	478 Scott St.	Tye	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	E	* \$277,794	George D. Hopper	174	N/A	Not Competitive in Region
												<b>Subtotal:</b>		<b>36</b>	<b>36</b>	<b>\$0</b>			
												<b>Total:</b>		<b>113</b>	<b>116</b>	<b>\$647,474</b>			

**Applications Submitted in Region 2: Rural**

05000	2 A	Snyder Housing Venture, Ltd.	100 East 37th ST.	Snyder	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC/R	39	39	F	\$30,463	James Brawner	200	N/A	Rural Rescue Award
05185	2 A	Market Place Apartments	Near the Intersection of McClain & Looney St.	Brownwood	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	59	59	E	\$518,989	Justin Zimmerman	167	N/A	Significant Regional Shortfall
												<b>Subtotal:</b>		<b>98</b>	<b>98</b>	<b>\$549,452</b>			
05036	2 W	Gardens of Burkburnett LP	107 W. Williams Dr.	Burkburnett	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	E	* \$278,608	George D. Hopper	165	N/A	Not Competitive in Region
												<b>Subtotal:</b>		<b>36</b>	<b>36</b>	<b>\$0</b>			
												<b>Total:</b>		<b>134</b>	<b>134</b>	<b>\$549,452</b>			
												<b>Region Total:</b>		<b>247</b>	<b>250</b>	<b>\$1,196,926</b>			

**5 Applications in Region**

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File # Reg. A<sup>1</sup> Development Name Address City Alloc.<sup>2</sup> Set-Asides<sup>3</sup> Layering<sup>4</sup> Activity<sup>5</sup> LI Total Recommended Final 1 Mile  
 USDA NP AR HOME HTF Units Units Pop<sup>6</sup> Credit Owner Contact Score Conflict Comment

**Region: 3**

<b>Allocation Information for Region 3:</b>	<b>Total Credits Available for Region: \$7,788,775</b>	<b>Rural Allocation: \$664,197</b>	<b>Urban/Exurban Allocation: \$7,124,578</b>
		<b>5% Required for USDA: \$389,439</b>	<b>15% Required for At-Risk: \$1,168,316</b>

**Applications Submitted in Region 3: Urban/Exurban**

05005	3 A	Cambridge Courts	8124 Calmont Ave.	Fort Worth	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/ R	330	330	F	\$818,995	Barbara Holston	196	N/A	Competitive in Region	
05004	3 A	Samuel's Place	Southeast Corner of Samuel's Ave. and Poindexter St.	Fort Worth	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	F	\$254,842	Barbara Holston	193	N/A	Competitive in Region	
05088	3 A	Oak Timbers-Fort Worth South	300 East Terrell Ave.	Fort Worth	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	160	168	E	\$1,200,000	A.V. Mitchell	191	N/A	Competitive in Region	
05116	3 A	Wahoo Frazier Townhomes	East side of Blocks 4700-4900 Hatcher St.	Dallas	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	95	118	F	\$925,960	Lester Nevels	187	N/A	Competitive in Region	
05082	3 A	Sphinx at Luxar	3110 Cockrell Hill Rd.	Dallas	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	96	100	F	\$858,445	Jay O. Oji	186	N/A	Competitive in Region	
05029	3 A	Cimarron Springs Apartments	Southeast corner of Kilpatrick and Donaho	Cleburne	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	149	156	F	\$1,185,000	Ron Hance	180	N/A	Competitive in Region	
05095	3 A	Sphinx At Reese Court	1201 Ewing Ave.	Dallas	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	80	80	F	\$597,776	Jay O. Oji	180	N/A	Competitive in Region	
05168	3 A	Lakeview Park	Highway 91, South of 1916 State Highway 91	Denison	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	76	76	F	\$461,253	Steve Rumsey	178	N/A	Competitive in Region	
<b>Subtotal:</b>												<b>1,022</b>	<b>1,064</b>		<b>\$6,302,271</b>					

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File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup>			Layering <sup>4</sup>		Activity <sup>5</sup>	LI Units	Total Units	Pop <sup>6</sup>	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment	
						USDA	NP	AR	HOME	HTF										
05128	3 W	Rhias Oaks Apartments	700 Gross Rd.	Mesquite	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	200	208	F	*\$1,170,000	Ron Pegram	176	N/A	Not Competitive in Region	
05077	3 W	Sphinx at Alsbury Villas	755 NE Alsbury Blvd.	Burleson	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	163	170	F	*\$1,112,442	Jay O. Oji	175	N/A	Not Competitive in Region	
05054	3 W	Residences at Eastland	5500 Eastland St.	Fort Worth	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	151	158	F	*\$1,200,000	Robert H. Voelker	173	N/A	Not Competitive in Region	
05129	3 W	First Street Townhomes	1300-1500 South 1st St.	Sherman	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	F	* \$316,906	Steve Rumsey	172	N/A	Not Competitive in Region	
05015	3 W	Country Lane Seniors-Greenville Community	North side of Industrial Dr., East of U.S. Highway 69	Greenville	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	144	150	E	*\$1,103,075	Kenneth H. Mitchell	170	N/A	Not Competitive in Region	
05070	3 W	Center Ridge	700 West Center St.	Duncanville	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	224	224	F	* \$766,539	Lee Felgar	165	N/A	Not Competitive in Region	
05250	3 W	Churchill at Cedars	1800 Block of Beaumont	Dallas	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	150	150	F	*\$1,200,000	Brad Forslund	165	N/A	Not Competitive in Region	
05161	3 W	LoneStar Park	Southwest Corner of FM 1417 and Flanary Rd.	Sherman	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	120	120	F	* \$739,956	Steve Rumsey	156	N/A	Not Competitive in Region	
05173	3 W	Arbor Bend Villas	6150 Oakmont Trail	Fort Worth	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	145	152	F	* \$800,000	Len Vilicic	156	N/A	Not Competitive in Region	
05057	3 W	CityParc at Runyon Springs	Lancaster Rd. at E. Camp Wisdom Rd.	Dallas	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	144	144	F	* \$992,971	Christopher C. Finlay	147	N/A	Not Competitive in Region	
<b>Subtotal:</b>												<b>1,477</b>	<b>1,512</b>		<b>\$0</b>					
<b>Total:</b>												<b>2,499</b>	<b>2,576</b>		<b>\$6,302,271</b>					

**Applications Submitted in Region 3: Rural**

05146	3 A	Spring Garden V	200 North Spring Branch Trail	Springtown	R	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NC	40	40	F	\$297,367	A. G. Swan	168	N/A	Competitive in Region	
05189	3 A	Windvale Park	44th St. off West Park Row	Corsicana	R	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NC	76	76	F	\$564,003	Emanuel H. Glockzin, Jr.	165	N/A	Significant Regional Shortfall	
<b>Subtotal:</b>												<b>116</b>	<b>116</b>		<b>\$861,370</b>					
05035	3 W	The Gardens of Acton	Main Street, Acton	Granbury	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	E	* \$263,118	George D. Hopper	164	N/A	Not Competitive in Region	
05038	3 W	Gardens of Mabank LP	801 South 2nd St.	Mabank	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	E	* \$280,540	George D. Hopper	164	N/A	Not Competitive in Region	
05090	3 W	Oak Timbers-Granbury	300 Davis Rd.	Granbury	R	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	76	76	E	* \$494,886	A.V. Mitchell	161	N/A	Not Competitive in Region	
05031	3 W	Saddlewood Springs Apartments	1300 N. Misty Meadows Dr.	Granbury	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	76	76	F	* \$499,763	Ron Hance	142	N/A	Not Competitive in Region	
<b>Subtotal:</b>												<b>224</b>	<b>224</b>		<b>\$0</b>					
<b>Total:</b>												<b>340</b>	<b>340</b>		<b>\$861,370</b>					

Please refer to report footer for appropriate disclaimers.



File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup>	Layering <sup>4</sup>	Activity <sup>5</sup>	LI	Total	Pop <sup>6</sup>	Recommended	Owner Contact	Final	1 Mile	Score	Conflict	Comment
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24 Applications in Region

Region Total: 2,839 2,916 \$7,163,641

Region: 4

Allocation Information for Region 4:	Total Credits Available for Region: \$2,101,387	Rural Allocation: \$968,281	Urban/Exurban Allocation: \$1,133,106
		5% Required for USDA: \$105,069	15% Required for At-Risk: \$315,208

**Applications Submitted in Region 4: Urban/Exurban**

05051	4 A	Longview Senior Apartment Community	1600 Block of East Whaley	Longview	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	100	100	E	\$870,000	Brad Forslund	185	N/A	Competitive in Region	
												<b>Subtotal:</b>	<b>100</b>	<b>100</b>	<b>\$870,000</b>					
05242	4 W	Renaissance Plaza	South of Victory Dr. between E. Midway Dr. and W. Midway Dr.	Texarkana	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	120	120	E	* \$822,571	Richard Herrington	184	N/A	Not Competitive in Region	
05037	4 W	Gardens of White Oak LP	207 W. Center Street	White Oak	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	E	* \$277,794	George D. Hopper	172	N/A	Not Competitive in Region	
05033	4 W	Waterford Parkplace	1400 North Eastman Rd.	Longview	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	150	156	F	*\$1,045,330	Douglas R. Dowler	170	N/A	Not Competitive in Region	
												<b>Subtotal:</b>	<b>306</b>	<b>312</b>	<b>\$0</b>					
												<b>Total:</b>	<b>406</b>	<b>412</b>	<b>\$870,000</b>					

**Applications Submitted in Region 4: Rural**

05027	4 A	Timber Village Apartments	2707 Norwood St. at Loop 390	Marshall	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	76	76	F	\$620,359	John O. Boyd	183	N/A	Competitive in Region	
05184	4 A	Hampton Chase Apartments	SH-155 Approx. 1-mile North of Loop 256	Palestine	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	75	75	F	\$551,310	Justin Zimmerman	166	N/A	Significant Regional Shortfall	
05235	4 A	Country Square Apartments	1001 Lakeview	Lone Star	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACQ/R	24	24	F	\$84,110	James W. Fieser	87	N/A	USDA Set-Aside	
												<b>Subtotal:</b>	<b>175</b>	<b>175</b>	<b>\$1,255,779</b>					
												<b>Total:</b>	<b>175</b>	<b>175</b>	<b>\$1,255,779</b>					

7 Applications in Region

Region Total: 581 587 \$2,125,779

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File # Reg. A<sup>1</sup> Development Name Address City Alloc.<sup>2</sup> Set-Asides<sup>3</sup> Layering<sup>4</sup> Activity<sup>5</sup> LI Total Recommended Final 1 Mile  
 USDA NP AR HOME HTF Units Units Pop<sup>6</sup> Credit Owner Contact Score Conflict Comment

**Region: 5**

<b>Allocation Information for Region 5:</b>	<b>Total Credits Available for Region: \$1,264,768</b>	<b>Rural Allocation: \$757,009</b>	<b>Urban/Exurban Allocation: \$507,759</b>
		<b>5% Required for USDA: \$63,238</b>	<b>15% Required for At-Risk: \$189,715</b>

**Applications Submitted in Region 5: Urban/Exurban**

05199	5 A	Southwood Crossing Apartments	North side of 173 between 9th Ave and Hwy 347	Port Arthur	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	120	120	F	\$631,266	Ike Akbari	182	N/A	Competitive in Region
												<b>Subtotal:</b>	<b>120</b>	<b>120</b>	<b>\$631,266</b>				
05181	5 W	Stone Hearst II	1650 East Lucas Dr.	Beaumont	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	65	68	F	* \$544,000	R. J. Collins	168	N/A	Not Competitive in Region
												<b>Subtotal:</b>	<b>65</b>	<b>68</b>	<b>\$0</b>				
												<b>Total:</b>	<b>185</b>	<b>188</b>	<b>\$631,266</b>				

**Applications Submitted in Region 5: Rural**

05163	5 A	Timber Pointe Apartment Homes	I-69 Highway at Loop 287	Lufkin	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	74	76	E	\$560,454	Marc Caldwell	169	N/A	Competitive in Region
05251	5 A	Joaquin Apartments	Route 1, Box 141, Highway 84	Joaquin	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	31	32	F	\$65,824	Murray A. Calhoun	121	N/A	USDA Set-Aside
												<b>Subtotal:</b>	<b>105</b>	<b>108</b>	<b>\$626,278</b>				
05032	5 W	Pineywoods Orange Development	Scattered Sites in East town Section of Orange	Orange	R	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	35	36	F	* \$436,690	Douglas R. Dowler	168	N/A	Not Competitive in Region
05122	5 W	Twelve Oaks Apartments	2405 Highway 12	Vidor	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	70	70	F	* \$433,832	Ike Akbari	168	N/A	Not Competitive in Region
05193	5 W	Park Place Apartments	SE Corner of Park Street and Tower Road	Nacogdoche	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	59	60	E	* \$523,000	Justin Zimmerman	154	N/A	Not Competitive in Region
												<b>Subtotal:</b>	<b>164</b>	<b>166</b>	<b>\$0</b>				
												<b>Total:</b>	<b>269</b>	<b>274</b>	<b>\$626,278</b>				
<b>7 Applications in Region</b>												<b>Region Total:</b>	<b>454</b>	<b>462</b>	<b>\$1,257,544</b>				

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File # Reg. A<sup>1</sup> Development Name Address City Alloc.<sup>2</sup> Set-Asides<sup>3</sup> USDA NP AR Layering<sup>4</sup> HOME HTF Activity<sup>5</sup> LI Total Units Units Pop<sup>6</sup> Recommended Credit Owner Contact Final 1 Mile Score Conflict Comment

**Region: 6**

<b>Allocation Information for Region 6:</b>	<b>Total Credits Available for Region: \$8,230,065</b>	<b>Rural Allocation: \$623,279</b>	<b>Urban/Exurban Allocation: \$7,606,786</b>
		<b>5% Required for USDA: \$411,503</b>	<b>15% Required for At-Risk: \$1,234,510</b>

**Applications Submitted in Region 6: Urban/Exurban**

05165	6 A	Lincoln Park Apartments	790 West Little York	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	200	250	F	\$1,200,000	Horace Allison	187	N/A	Competitive in Region	
05204	6 A	Ambassador North Apartments	8210 Bauman Rd.	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	100	100	F	\$724,870	Amay Inamdar	186	N/A	Competitive in Region	
05021	6 A	Waterside Court	South side of Approx. 500 Block of West Rd.	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	112	118	F	\$1,054,000	W. Barry Kahn	183	N/A	Competitive in Region	
05222	6 A	Kingwood Senior Village	200 North Pines	Houston	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NC	192	193	E	\$1,067,817	Stephen Fairfield	183	N/A	Competitive in Region	
05022	6 A	The Enclave	South side of 1200 and 2300 Blocks of West Tidwell	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	40	40	F	\$524,209	Isaac Matthews	178	N/A	Competitive in Region	
05198	6 A	Olive Grove Manor	101 Normandy	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	160	160	E	\$946,000	H. Elizabeth Young	178	N/A	Competitive in Region	
05209	6 A	Providence Place Apartments	20100 Saums Rd.	Katy	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	166	174	E	\$984,852	Chris Richardson	178	N/A	Competitive in Region	
05044	6 A	Copperwood Apartments	4407 South Panther Creek Dr.	The Woodlands	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	300	300	E	\$1,058,943	Paul Paterno	163	N/A	At-Risk Set-Aside	
<b>Subtotal:</b>												<b>1,270</b>	<b>1,335</b>		<b>\$7,560,691</b>					

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File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup>			Layering <sup>4</sup>		Activity <sup>5</sup>	LI Units	Total Units	Pop <sup>6</sup>	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment	
						USDA	NP	AR	HOME	HTF										
05196	6 W	Greens Crossing Senior Village	O Gears Rd.	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	128	128	E	*\$1,000,000	Colby W. Denison	174	N/A	Not Competitive in Region	
05217	6 W	Town Park Phase II	NE Corner Beltway 8 and Town Park	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	120	120	E	* \$980,000	Eleanore Gilbert	174	N/A	Not Competitive in Region	
05244	6 W	Blue Ridge Senior Homes	10100 Block of Scott and Airport Blvd.	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	120	120	E	*\$1,040,340	Cherno M. Njie	174	05212	Not Competitive in Region	
05162	6 W	Lodge at Silverdale Apartment Homes	FM 1314 and Silverdale Dr.	Conroe	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	111	116	E	* \$878,261	Michael Lankford	173	N/A	Not Competitive in Region	
05212	6 W	Reed Road Senior Residential	Approx. 2800 Block of Reed Rd.	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	172	180	E	*\$1,200,000	Stuart Shaw	173	05244	Not Competitive in Region	
05104	6 W	Landing at Moses Lake	Southwest Corner of Loop 197 and 34th St. North	Texas City	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	96	100	F	* \$608,000	Mike Lollis	171	N/A	Not Competitive in Region	
05134	6 W	Birdsong Place Villas	Birdsong Dr. East of Garth	Baytown	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	96	96	E	* \$740,099	Les Kilday	170	N/A	Not Competitive in Region	
05114	6 W	Copperwood Seniors Apartments	NEC of Smithstone Drive and Somerall Drive	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	72	72	E	* \$518,137	Michael Robinson	154	N/A	Not Competitive in Region	
05169	6 W	Estrella Del Mar	Southwest Corner of Fondern and Beltway 8	Houston	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	172	172	E	*\$1,020,000	Manish Verma	128	N/A	Not Competitive in Region	
<b>Subtotal:</b>												<b>1,087</b>	<b>1,104</b>		<b>\$0</b>					
<b>Total:</b>												<b>2,357</b>	<b>2,439</b>		<b>\$7,560,691</b>					
<b>Applications Submitted in Region 6:</b>		<b>Rural</b>																		
05084	6 A	University Place Apartments	310 University	Wharton	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACQ/R	82	82	E	\$186,356	James W. Fieser	167	N/A	Competitive in Region	
05179	6 A	The Villages at Huntsville	FM 247 & Midway Rd.	Huntsville	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	73	76	F	\$589,000	R. J. Collins	165	N/A	Significant Regional Shortfall	
06004	6 A	Fieldstone Apartments	1610 South Mechanic	El Campo	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	59	60	F	\$0	Dennis Hoover	90	N/A	Rural Rescue Award	
05234	6 A	Park Place Apartments	20 S. Mechanic	Bellville	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACQ/R	40	40	F	\$106,874	James W. Fieser	82	N/A	USDA Set-Aside	
05239	6 A	Bayshore Manor Apartments	138 Sandpiper Circle	Palacios	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACQ/R	56	56	F	\$159,890	James W. Fieser	77	N/A	USDA/ At-Risk Set-Aside	
<b>Subtotal:</b>												<b>310</b>	<b>314</b>		<b>\$1,042,120</b>					
05053	6 W	Essex Gardens Apartments	800 Columbus Rd.	Sealy	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	76	76	F	* \$489,443	Brian Cogburn	161	N/A	Not Competitive in Region	
<b>Subtotal:</b>												<b>76</b>	<b>76</b>		<b>\$0</b>					
<b>Total:</b>												<b>386</b>	<b>390</b>		<b>\$1,042,120</b>					
<b>Region Total:</b>												<b>2,743</b>	<b>2,829</b>		<b>\$8,602,811</b>					

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 USDA NP AR HOME HTF Units Units Pop<sup>6</sup> Credit Owner Contact Score Conflict Comment

**Region: 7**

<b>Allocation Information for Region 7:</b>	<b>Total Credits Available for Region: \$2,977,716</b>	<b>Rural Allocation: \$223,278</b>	<b>Urban/Exurban Allocation: \$2,754,438</b>
		<b>5% Required for USDA: \$148,886</b>	<b>15% Required for At-Risk: \$446,657</b>

**Applications Submitted in Region 7: Urban/Exurban**

05142	7 A	Wesleyan Retirement Homes	1105 South Church St.	Georgetown	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ACQ/R	50	51	E	\$368,190	Chris Spence	192	N/A	Competitive in Region	
05195	7 A	San Gabriel Senior Village	1900, 1906 & 1910 Leander St.	Georgetown	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	100	100	E	\$712,154	Colby W. Denison	181	N/A	Competitive in Region	
05207	7 A	Parker Lane Seniors Apartments	4000 Block of Parker Lane & 1900 block of Woodward	Austin	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	68	70	E	\$669,940	Jim Shaw	176	N/A	Competitive in Region	
05080	7 A	Cambridge Villas	800 Dessau Road	Pflugerville	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	200	208	E	\$1,160,295	Scott McGuire	175	N/A	Competitive in Region	
<b>Subtotal:</b>												<b>418</b>	<b>429</b>		<b>\$2,910,579</b>					
05130	7 W	Southpark Apartments	9401 S. First Street	Austin	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	192	192	F	* \$955,000	Manish Verma	171	N/A	Not Competitive in Region	
05211	7 W	Northwest Residential	Intersection of River Bend Rd. and Westwood Lane	Georgetown	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	171	180	F	*\$1,088,835	Stuart Shaw	154	N/A	Not Competitive in Region	
05192	7 W	Pioneer at Walnut Creek	Sprinkle Cutoff, 100 yds North of Samsung Blvd. Intersection	Austin	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	200	200	F	*\$1,038,677	Ty Cunningham	152	N/A	Not Competitive in Region	
05260	7 W	Saddlecreek Apartments at Buda	777 W. Goforth Road	Buda	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	144	144	F	* \$862,795	Mark Musemeche	149	N/A	Not Competitive in Region	
<b>Subtotal:</b>												<b>707</b>	<b>716</b>		<b>\$0</b>					
<b>Total:</b>												<b>1,125</b>	<b>1,145</b>		<b>\$2,910,579</b>					

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File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup>			Layering <sup>4</sup>		Activity <sup>5</sup>	LI	Total	Pop <sup>6</sup>	Recommended	Owner Contact	Final	1 Mile	Comment	
						USDA	NP	AR	HOME	HTF		Units	Units		Credit		Score	Conflict		
<b>Applications Submitted in Region 7: Rural</b>																				
05034	7 A	The Gardens of Taylor, LP	317 Sloan St.	Taylor	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	E	\$275,212	George D. Hopper	165	N/A	Significant Regional Shortfall	
05228	7 A	City Oaks Apartments	301 N. Winters Furr	Johnson City	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	24	24	F	\$135,403	Stephen M. Wasserman	135	N/A	USDA Set-Aside	
<b>Subtotal:</b>												<b>60</b>	<b>60</b>		<b>\$410,615</b>					
05245	7 W	Hillside Senior Apartments	FM 112	Taylor	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	E	* \$262,036	Cari Garcia	163	N/A	Not Competitive in Region	
05252	7 W	Saddlecreek Apartments at Kyle II	2139 IH35	Kyle	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	72	72	F	* \$457,402	Mark Musemeche	156	N/A	Not Competitive in Region	
<b>Subtotal:</b>												<b>108</b>	<b>108</b>		<b>\$0</b>					
<b>Total:</b>												<b>168</b>	<b>168</b>		<b>\$410,615</b>					
<b>Region Total:</b>												<b>1,293</b>	<b>1,313</b>		<b>\$3,321,194</b>					

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File # Reg. A<sup>1</sup> Development Name Address City Alloc.<sup>2</sup> Set-Asides<sup>3</sup> USDA NP AR Layering<sup>4</sup> HOME HTF Activity<sup>5</sup> LI Total Units Units Pop<sup>6</sup> Recommended Credit Owner Contact Final 1 Mile Score Conflict Comment

**Region: 8**

<b>Allocation Information for Region 8:</b>	<b>Total Credits Available for Region: \$2,528,363</b>	<b>Rural Allocation: \$555,603</b>	<b>Urban/Exurban Allocation: \$1,972,760</b>
		<b>5% Required for USDA: \$126,418</b>	<b>15% Required for At-Risk: \$379,255</b>

**Applications Submitted in Region 8: Urban/Exurban**

05016	8 A	Country Lane Seniors-Temple Community	North side of Southeast H.K. Dodgen Loop, West of MLK, Jr. Dr.	Temple	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	98	102	E	\$889,327	Kenneth H. Mitchell	186	N/A	Competitive in Region	
05164	8 A	Ridge Pointe Apartments	1600 Block Bacon Ranch Rd.	Killeen	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	164	172	F	\$1,013,602	Michael Lankford	172	N/A	Competitive in Region	
<b>Subtotal:</b>												<b>262</b>	<b>274</b>		<b>\$1,902,929</b>					
<b>Total:</b>												<b>262</b>	<b>274</b>		<b>\$1,902,929</b>					

**Applications Submitted in Region 8: Rural**

05238	8 A	Hamilton Manor Apartments	702 S. College St.	Hamilton	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	ACQ/R	18	18	F	\$58,236	Bonita Williams	171	N/A	USDA/ At-Risk Set-Aside	
05243	8 A	Villas of Hubbard	N.W. Corner of Magnolia Avenue and S. 4th Street	Hubbard	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	E	\$193,215	Deborah A. Griffin	158	N/A	Competitive in Region	
05236	8 A	Clifton Manor Apartments I and II	610 S. Avenue F, 115 S. Avenue P	Clifton	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	ACQ/R	40	40	F	\$120,124	Bonita Williams	156	N/A	USDA/ At-Risk Set-Aside	
05225	8 A	Normangee Apartments	OSR & 3rd St	Normangee	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	20	20	F	\$113,408	Stephen M. Wasserman	135	N/A	At-Risk Set-Aside	
<b>Subtotal:</b>												<b>114</b>	<b>114</b>		<b>\$484,983</b>					
05040	8 W	Gardens of Gatesville LP	Adjacent to 328 State School Rd.	Gatesville	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	E	* \$278,454	George D. Hopper	164	N/A	Not Competitive in Region	
05227	8 W	West Retirement	701 W. Tokio Rd	West	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	24	24	E	* \$166,349	Stephen M. Wasserman	138	N/A	Not Competitive in Region/ Set-Aside	
05230	8 W	Coolidge Apartments	1306 Bell Street	Coolidge	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	16	16	F	* \$97,372	Stephen M. Wasserman	136	N/A	Not Competitive in Region/ Set-Aside	
05229	8 W	Centerville Plaza	130 Town Street	Centerville	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	24	24	F	* \$158,059	Stephen M. Wasserman	135	N/A	Not Competitive in Region/ Set-Aside	
<b>Subtotal:</b>												<b>100</b>	<b>100</b>		<b>\$0</b>					
<b>Total:</b>												<b>214</b>	<b>214</b>		<b>\$484,983</b>					
<b>10 Applications in Region</b>												<b>476</b>	<b>488</b>		<b>\$2,387,912</b>					

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File # Reg. A<sup>1</sup> Development Name Address City Alloc.<sup>2</sup> Set-Asides<sup>3</sup> USDA NP AR Layering<sup>4</sup> HOME HTF Activity<sup>5</sup> LI Total Units Units Pop<sup>6</sup> Recommended Credit Owner Contact Final 1 Mile Score Conflict Comment

**Region: 9**

<b>Allocation Information for Region 9:</b>	<b>Total Credits Available for Region: \$3,419,338</b>	<b>Rural Allocation: \$354,869</b>	<b>Urban/Exurban Allocation: \$3,064,469</b>
		<b>5% Required for USDA: \$170,967</b>	<b>15% Required for At-Risk: \$512,901</b>

**Applications Submitted in Region 9: Urban/Exurban**

05159	9 A	San Juan Square	Corner of South Zarzamora St. and Ceralvo St.	San Antonio	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	137	143	F	\$999,398	Henry A. Alvarez III	198	N/A	Competitive in Region III	
05160	9 A	The Alhambra	7100 Block of New Laredo Highway	San Antonio	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	134	140	E	\$946,988	Henry A. Alvarez III	191	N/A	Significant Regional Shortfall	
05118	9 A	Vista Verde I & II Apartments	810 & 910 North Frio	San Antonio	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	190	190	F	\$1,126,771	Ronald C. Anderson	173	N/A	At-Risk Set-Aside	
<b>Subtotal:</b>												<b>461</b>	<b>473</b>		<b>\$3,073,157</b>					
05158	9 W	The Villas at Costa Almadena	6000 Block of New Braunfels Ave.	San Antonio	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	144	150	F	* \$985,401	Susan R. Sheeran	183	05177	Not Competitive in Region	
05135	9 W	Villas at German Spring	600-700 Block of E. Torrey St.	New Braunfels	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	NC	96	96	E	* \$741,420	Les Kilday	174	N/A	Not Competitive in Region	
05205	9 W	Villa Bonita Apartments	10345 South Zarzamora	San Antonio	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	120	120	E	*\$1,046,167	Amay Inamdar	171	N/A	Not Competitive in Region	
05119	9 W	Las Palmas Garden Apartments	1014 South San Eduardo St.	San Antonio	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	100	100	F	* \$644,359	David Marquez	167	N/A	Not Competitive in Region/ Set-Aside	
05043	9 W	San Jose Apartments	2914 Roosevelt Ave.	San Antonio	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	220	220	F	*\$1,200,000	Paul Paterno	155	N/A	Not Competitive in Region/ Set-Aside	
05177	9 W	New Braunfels Gardens	6000 Block of South New Braunfels Ave.	San Antonio	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	191	200	E	*\$1,200,000	Len Vilicic	151	05158	Not Competitive in Region	
<b>Subtotal:</b>												<b>871</b>	<b>886</b>		<b>\$0</b>					
<b>Total:</b>												<b>1,332</b>	<b>1,359</b>		<b>\$3,073,157</b>					

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File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup>			Layering <sup>4</sup>		Activity <sup>5</sup>	LI	Total	Pop <sup>6</sup>	Recommended	Owner Contact	Final	1 Mile	Comment			
						USDA	NP	AR	HOME	HTF		Units	Units		Credit		Score	Conflict				
<b>Applications Submitted in Region 9: Rural</b>																						
05178	9 A	Tuscany Court Townhomes	2208 14th Street	Hondo	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	72	76	F	\$58,521	Ronni Hodges	154	N/A	Not Competitive in Region			
05226	9 A	Lytle Apartments	14720 Main Street	Lytle	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	24	24	F	\$128,008	Stephen M. Wasserman	135	N/A	USDA Set-Aside			
05231	9 A	Kerrville Housing	515 Roy Street	Kerrville	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	48	48	E	\$272,868	Stephen M. Wasserman	133	N/A	USDA Set-Aside			
06003	9 A	Floresville Square Apartments	100 Betty Jean Drive	Floresville	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACQ/R	70	70	F	\$0	Dennis Hoover		N/A	Rural Rescue Award			
<b>Subtotal:</b>												<b>214</b>	<b>218</b>		<b>\$459,397</b>							
05155	9 W	Canyon's Landing	Northeast and Northwest Corner of Church Dr. and Ave. C	Poteet	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NC	32	32	F	* \$312,436	Gary M. Driggers	178	N/A	Not Competitive in Region			
05232	9 W	Cibolo Apartments	100 Mohawk #150	Cibolo	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	48	48	E	* \$340,530	Stephen M. Wasserman	132	N/A	Not Competitive in Region/ Set-Aside			
05249	9 W	Floresville Square Apartments	100 Betty Jean Drive		R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACQ/R	70	70	F	* \$126,505	Dennis Hoover	120	N/A	Not Competitive in Region/ Set-Aside			
<b>Subtotal:</b>												<b>150</b>	<b>150</b>		<b>\$0</b>							
<b>Total:</b>												<b>364</b>	<b>368</b>		<b>\$459,397</b>							
<b>16 Applications in Region</b>												<b>Region Total:</b>		<b>1,696</b>	<b>1,727</b>		<b>\$3,532,554</b>					

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File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup>	Layering <sup>4</sup>	Activity <sup>5</sup>	LI	Total	Recommended	Final	1 Mile	Score	Conflict	Comment
						USDA	NP	AR	HOME	HTF	Pop <sup>6</sup>	Credit	Owner	Contact		

**Region: 10**

<b>Allocation Information for Region 10:</b>	<b>Total Credits Available for Region: \$2,104,418</b>	<b>Rural Allocation: \$659,833</b>	<b>Urban/Exurban Allocation: \$1,444,584</b>
	<b>5% Required for USDA: \$105,221</b>	<b>15% Required for At-Risk: \$315,663</b>	

**Applications Submitted in Region 10: Urban/Exurban**

05127	10 A	Navigation Pointe	909 S. Navigation Blvd.	Corpus Christi	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	124	124	F	\$800,000	Manish Verma	164	N/A	Competitive in Region	
05166	10 A	Hampton Port Apartments	6130 Wooldridge Rd.	Corpus Christi	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	110	110	F	\$438,949	Richard J. Franco	163	N/A	At-Risk Set-Aside	
<b>Subtotal:</b>												<b>234</b>	<b>234</b>		<b>\$1,238,949</b>					
05224	10 W	Brookwood Retirement Apartments	300 Block of East Larkspur Street	Victoria	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NC	114	114	E	* \$688,922	David H. Saling	159	N/A	Not Competitive in Region	
<b>Subtotal:</b>												<b>114</b>	<b>114</b>		<b>\$0</b>					
<b>Total:</b>												<b>348</b>	<b>348</b>		<b>\$1,238,949</b>					

**Applications Submitted in Region 10: Rural**

05024	10 A	Figueroa Apartments	998 Ruben Chavez St.	Robstown	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	44	44	F	\$298,898	Rick J. Deyoe	191	N/A	Competitive in Region	
05041	10 A	San Diego Creek Apartments	1499 Easterling Dr.	Alice	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	72	72	F	\$570,000	Doak Brown	183	N/A	Significant Regional Shortfall	
<b>Subtotal:</b>												<b>116</b>	<b>116</b>		<b>\$868,898</b>					
<b>Total:</b>												<b>116</b>	<b>116</b>		<b>\$868,898</b>					
<b>Region Total:</b>												<b>464</b>	<b>464</b>		<b>\$2,107,847</b>					

**5 Applications in Region**

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File # Reg. A<sup>1</sup> Development Name Address City Alloc.<sup>2</sup> Set-Asides<sup>3</sup> USDA NP AR Layering<sup>4</sup> HOME HTF Activity<sup>5</sup> LI Total Units Units Pop<sup>6</sup> Recommended Credit Owner Contact Final 1 Mile Score Conflict Comment

**Region: 11**

**Allocation Information for Region 11:** Total Credits Available for Region: **\$5,459,629** Rural Allocation: **\$1,519,345** Urban/Exurban Allocation: **\$3,940,284**  
 5% Required for USDA: **\$272,981** 15% Required for At-Risk: **\$818,944**

**Applications Submitted in Region 11: Urban/Exurban**

05025	11 A	Poinsetta Apartments	Between North 9th St. and North 10th St. at Duranta Ave.	Alamo	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	100	100	F	\$571,979	Rick J. Deyoe	194	N/A	Competitive in Region	
05028	11 A	Sevilla Apartments	600 North Airport Dr.	Weslaco	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	80	80	F	\$359,068	Rick J. Deyoe	181	N/A	Competitive in Region	
05113	11 A	St. Gerard Apartments	100 Cornejo Dr.	San Benito	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	65	65	F	\$284,900	Elia C. Lopez	178	N/A	Competitive in Region	
05092	11 A	Vida Que Canta Apartments	500 ft. North of South Mile Rd. on Inspiration Rd.	Mission	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	160	160	F	\$950,919	Ketinna Williams	169	N/A	Competitive in Region	
05125	11 A	La Villita Apartments Phase II	2828 Rockwell Dr.	Brownsville	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	80	80	F	\$555,478	Mark Musemeche	169	N/A	Competitive in Region	
05094	11 A	San Juan Village	400 North Iowa	San Juan	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	86	86	F	\$187,117	Lee Felgar	144	N/A	At-Risk Set-Aside	
05073	11 A	Villa San Benito	870 South McCullough	San Benito	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	60	60	F	\$141,925	Lee Felgar	138	N/A	At-Risk Set-Aside	
05074	11 A	Alamo Village	504 North 9th St.	Alamo	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	56	56	F	\$127,257	Lee Felgar	132	N/A	At-Risk Set-Aside	
05108	11 A	Kingswood Village	521 South 27th Ave.	Edinburg	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	80	80	F	\$349,985	Doug Gurkin	132	N/A	At-Risk Set-Aside	
												<b>Subtotal:</b>	<b>767</b>	<b>767</b>		<b>\$3,528,628</b>				
05241	11 W	San Juan Apartments	400 Block of East Nolana Loop	San Juan	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	127	128	F	* \$800,000	Robert Joy	163	N/A	Not Competitive in Region	
05091	11 W	Los Milagros Apartments	3600 Block of East Mile 8 North Rd.	Weslaco	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	128	128	F	*\$1,135,993	Rowan Smith	158	N/A	Not Competitive in Region	
												<b>Subtotal:</b>	<b>255</b>	<b>256</b>		<b>\$0</b>				
												<b>Total:</b>	<b>1,022</b>	<b>1,023</b>		<b>\$3,528,628</b>				

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File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup>			Layering <sup>4</sup>		Activity <sup>5</sup>	LI Units	Total Units	Pop <sup>6</sup>	Recommended Credit	Owner Contact	Final Score	1 Mile Conflict	Comment			
<b>Applications Submitted in Region 11:</b>						<b>Rural</b>																
05026	11 A	Mesa Vista Apartments	Salinas St. at Stites St.	Donna	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	76	76	F	\$453,995	Rick J. Deyoe	184	N/A	Competitive in Region			
05099	11 A	Madison Pointe	US 81 and Las Palmas Dr.	Cotulla	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	76	76	F	\$619,762	Donald Pace	170	N/A	Competitive in Region			
05069	11 A	Santa Rosa Village	FM 506 at Colorado	Santa Rosa	R	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	53	53	F	\$132,202	Lee Felgar	133	N/A	At-Risk Set-Aside			
05137	11 A	Los Ebanos Apartments	1103 Lincoln St.	Zapata	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	28	28	E	\$65,042	Dennis Hoover	131	N/A	USDA Set-Aside			
<b>Subtotal:</b>												<b>233</b>	<b>233</b>		<b>\$1,271,001</b>							
05191	11 W	Casa Edcouch	28 Acres, West and Adams Tracts	Edcouch	R	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	75	76	F	* \$613,113	Monica Poss	169	N/A	Not Competitive in Region			
05009	11 W	Stardust Apartments	Hwy. 83 & Brazos St.	Uvalde	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	F	* \$200,000	Murray A. Calhoun	134	N/A	Not Competitive in Region			
<b>Subtotal:</b>												<b>111</b>	<b>112</b>		<b>\$0</b>							
<b>Total:</b>												<b>344</b>	<b>345</b>		<b>\$1,271,001</b>							
<b>17 Applications in Region</b>												<b>Region Total:</b>		<b>1,366</b>	<b>1,368</b>		<b>\$4,799,629</b>					

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File # Reg. A<sup>1</sup> Development Name Address City Alloc.<sup>2</sup> Set-Asides<sup>3</sup> Layering<sup>4</sup> Activity<sup>5</sup> LI Total Recommended Final 1 Mile  
 USDA NP AR HOME HTF Units Units Pop<sup>6</sup> Credit Owner Contact Score Conflict Comment

**Region: 12**

Allocation Information for Region 12:	Total Credits Available for Region: \$1,248,776	Rural Allocation: \$356,703	Urban/Exurban Allocation: \$892,073
		5% Required for USDA: \$62,439	15% Required for At-Risk: \$187,316

**Applications Submitted in Region 12: Urban/Exurban**

05109	12 A	Country Village Apartments	2401 North Lillie St.	San Angelo	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	160	160	F	\$666,473	Doug Gurkin	132	N/A	At-Risk Set-Aside	
<b>Subtotal:</b>												<b>160</b>	<b>160</b>		<b>\$666,473</b>					
05102	12 W	Villa del Arroyo Apartments	1200 Block of Elm St.	Midland	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	50	52	F	* \$402,119	David Diaz	183	N/A	Not Competitive in Region	
05149	12 W	Courtland Square Apartments	3500 Block of West 8th St.	Odessa	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	128	128	F	* \$945,020	Bert Magill	176	N/A	Not Competitive in Region	
05117	12 W	Key West Village - Phase II	1600 Clements St.	Odessa	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	E	* \$179,585	Bernadine Spears	171	N/A	Not Competitive in Region	
<b>Subtotal:</b>												<b>214</b>	<b>216</b>		<b>\$0</b>					
<b>Total:</b>												<b>374</b>	<b>376</b>		<b>\$666,473</b>					

**Applications Submitted in Region 12: Rural**

05003	12 A	Oasis Apartments	1501 N. Marshall Road	Fort Stockton	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	56	56	F	\$55,422	James Brawner	200	N/A	Rural Rescue Award		
05237	12 A	Bel Aire Manor Apartments	300 W. Otte	Brady	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	ACQ/R	16	16	E	\$60,567	Bonita Williams	155	N/A	USDA Set-Aside		
05187	12 A	Valley Creek Apartments	FM 1053 and Twentieth Street	Fort Stockton	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	47	47	F	\$380,433	Justin Zimmerman	120	N/A	Significant Regional Shortfall		
<b>Subtotal:</b>												<b>119</b>	<b>119</b>		<b>\$496,422</b>						
<b>Total:</b>												<b>119</b>	<b>119</b>		<b>\$496,422</b>						
<b>7 Applications in Region</b>												<b>Region Total:</b>	<b>493</b>	<b>495</b>		<b>\$1,162,895</b>					

Please refer to report footer for appropriate disclaimers.

File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup>	Layering <sup>4</sup>	Activity <sup>5</sup>	LI	Total	Recommended	Final	1 Mile	Comment			
						USDA	NP	AR	HOME	HTF	Pop <sup>6</sup>	Credit	Owner	Contact	Score	Conflict	

**Region: 13**

<b>Allocation Information for Region 13:</b>	<b>Total Credits Available for Region: \$2,184,673</b>	<b>Rural Allocation: \$280,238</b>	<b>Urban/Exurban Allocation: \$1,904,435</b>
		<b>5% Required for USDA: \$109,234</b>	<b>15% Required for At-Risk: \$327,701</b>

**Applications Submitted in Region 13: Urban/Exurban**

05152	13 A	Linda Vista Apartments	4866 Hercules Ave.	El Paso	U/E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	36	36	F	\$296,225	Bill Schlesinger	150	N/A	Competitive in Region
05151	13 A	Deer Palms	Southwest Corner of Deer Ave. and Railroad Dr.	El Paso	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	152	152	F	\$844,082	Bobby Bowling	148	N/A	Competitive in Region
05060	13 A	North Mountain Village	9435 Diana Dr.	El Paso	U/E	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	200	200	F	\$1,102,540	Ike J. Monty	140	N/A	Significant Regional Shortfall
<b>Subtotal:</b>												<b>388</b>	<b>388</b>	<b>\$2,242,847</b>					
<b>Total:</b>												<b>388</b>	<b>388</b>	<b>\$2,242,847</b>					

**Applications Submitted in Region 13: Rural**

05001	13 A	Mountainview Apartments	801 North Orange Rd.	Alpine	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	56	56	F	\$66,861	James Brawner	200	N/A	Rural Rescue Award	
05002	13 A	Villa Apartments	Golf Course Southeast Rd.	Marfa	R	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ACQ/R	24	24	F	\$32,432	James Brawner	200	N/A	Rural Rescue Award	
05247	13 A	Hacienda Santa Barbara Apartments	525 Three Missions Drive	Socorro	R	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	NC	40	40	F	\$107,199	Eddie L. Gallegos	125	N/A	USDA Set-Aside	
<b>Subtotal:</b>												<b>120</b>	<b>120</b>	<b>\$206,492</b>						
05153	13 W	Mission Palms	3 Miles South of Thompson Rd. off Socorro Rd.	San Elizario	R	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	NC	76	76	F	* \$587,915	Bobby Bowling	167	N/A	Not Competitive in Region	
<b>Subtotal:</b>												<b>76</b>	<b>76</b>	<b>\$0</b>						
<b>Total:</b>												<b>196</b>	<b>196</b>	<b>\$206,492</b>						
<b>7 Applications in Region</b>												<b>Region Total:</b>	<b>584</b>	<b>584</b>	<b>\$2,449,339</b>					

Please refer to report footer for appropriate disclaimers.

File #	Reg. A <sup>1</sup>	Development Name	Address	City	Alloc. <sup>2</sup>	Set-Asides <sup>3</sup>			Layering <sup>4</sup>		Activity <sup>5</sup>	LI	Total	Pop <sup>6</sup>	Recommended	Owner	Contact	Final	1 Mile	Score	Conflict	Comment			
						USDA	NP	AR	HOME	HTF		Units	Units		Credit										
<b>147</b>		<b>Total Applications</b>																							
												<b>Total:</b>	<b>13,811</b>	<b>4,066</b>	<b>\$42,470,692</b>										

1. Award: A = Awarded Tax Credits, W = On the Waiting List (A and W are based on all prior Board actions)
2. Allocation: R = Rural Regional Allocation, U/E = Urban/ Exurban Regional Allocation
3. Set-Aside Abbreviations: USDA= TX-USDA-RHS, NP=Nonprofit, AR=At-Risk
4. "Layering" is additional TDHCA Programs Applied for by the Applicant.
5. Activity Coding is NC/R=Multifamily New Construction and Rehabilitation, NC/ACQ= New Construction and Acquisition, R=Rehabilitation, ACQ/R= Acquisition Rehabilitation, NC=New Construction, NC/ACQ/R= New Construction/ Aquisitio/n Rehabilitation and ACQ= Acquisition
6. Target Population: E = Elderly, F = Family, ET = Elderly Transitional

\* = For applications awarded tax credits, the credit amount is the underwritten credit amount. For applications on the waiting list, the credit amount shown is the requested credit amount.

Please refer to report footer for appropriate disclaimers.

**Housing Tax Credit Program  
Board Action Request  
December 14, 2005**

**Action Item**

Request review and board determination of four (4) four percent (4%) tax credit applications with other issuers for tax exempt bond transaction.

**Recommendation**

Staff is recommending that the board review and approve the issuance of four (4) four percent (4%) Tax Credit Determination Notices with **other issuers** for the 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>
05427	Potranco Plaza	San Antonio	San Antonio HFC	248	248	\$22,768,673	\$14,095,000	\$714,763	\$714,763
05437	New Braunfels Gardens	San Antonio	San Antonio HFC	252	252	\$22,523,165	\$12,270,000	\$955,418	\$955,418
05441	Cobblestone Manor Senior	Ft. Worth	Tarrant County HFC	220	180	\$17,877,000	\$13,250,000	\$458,905	\$444,656
05442	Mill City Parc Apartments	Dallas	Housing Options, Inc.	116	116	\$11,279,366	\$1,200,000	\$508,080	\$463,328



**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Item**

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Potranco Plaza Apartments.

**Summary of the Transaction**

The application was received on June 6, 2005. The Issuer for this transaction is San Antonio HFC. The development is to be located at Midhurst Avenue in San Antonio. Demographics for the census tract include AMFI of \$51,500; the total population is 2780; the percent of population that is minority is 64.21%; the percent of population that is below the poverty line is 9.54%; the number of owner occupied units is 30; the number of renter units is 1556 and the number of vacant units is 129. The percent of population that is minority for the entire City of San Antonio is 68% (Census information from FFIEC Geocoding for 2005). The development will consist of 248 total units targeting the general population, with all affordable. The site is currently zoned for such a development. The Department has received five letters of support from local businesses and one letter in opposition from the Superintendent of the Northside ISD. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

**Recommendation**

Staff recommends the Board approve the issuance of Housing Tax Credits for Potranco Plaza Apartments. The award of tax credits will be conditioned upon repayment of Housing Trust Fund predevelopment loans at the time of bond closing.



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**Potranco Plaza Apartments, TDHCA Number 05427**

BASIC DEVELOPMENT INFORMATION

Site Address: 8520 Midhurst Avenue Development #: 05427  
 City: San Antonio Region: 9 Population Served: Family  
 County: Bexar Zip Code: 78245 Allocation:  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Purpose/Activity: NC  
 HOME Set Asides:  CHDO  Preservation  General  
 Bond Issuer: San Antonio HFC  
 HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner: SA Northside Housing, L.P.  
 David Marquez - Phone: (210) 228-0560  
 Developer: SA Northside Housing, LP  
 Housing General Contractor: Brownstone Development, LP  
 Architect: Brownstone Architects & Planners, Inc.  
 Market Analyst: Apartment Market Data  
 Syndicator: The Richman Group  
 Supportive Services: National Church Residences  
 Consultant: Not Utilized

UNIT/BUILDING INFORMATION

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>65%</u>	<u>80%</u>	Total Restricted Units:	248
0	0	0	248	0	0	Market Rate Units:	0
<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>		Owner/Employee Units:	0
0	48	112	88	0		Total Development Units:	248
Type of Building:	5 units or more per bldg					Total Development Cost:	\$22,768,673
Number of Residential Buildings:	18						

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
9% Housing Tax Credits-Credit Ceiling		\$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	\$714,763	\$714,763	0	0	0.00%
Housing Trust Fund Loan Amount:	\$0	\$0	0	0	0.00%
HOME Fund Loan Amount:	\$0	\$0	0	0	0.00%
Bond Allocation Amount:	\$0	\$0	0	0	0.00%



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

Potranco Plaza Apartments, TDHCA Number 05427

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Van De Putte, District 26

NC Points: 0

US Representative: Gonzalez, District 20, NC

TX Representative: Menendez, District 124

NC Points: 0

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Phil Hardberger, Mayor, City of San Antonio - NC

Resolution of Support from Local Government [ ]

Andrew W. Cameron, Housing and Community Development Director; The proposed development is consistent with the Consolidated Plan of the City of San Antonio.

John M. Folks, NISD Superintendent - O

Individuals/Businesses: In Support 5

In Opposition 0

Neighborhood Input:

General Summary of Comment:

The local schools are already experiencing tremendous growth and severe financial limits. The loss of tax money and lack of capacity cause major concerns.

CONDITIONS OF COMMITMENT

- 1. Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project 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 a commitment from the non-related party general contractor to defer fees as necessary or documentation of additional sources of low interest loan or grant funds of at least \$702,153 to fill a potential gap in permanent financing.
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 may be warranted.



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**Potranco Plaza Apartments, TDHCA Number 05427**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Competitive Cycle:  Score:  Meeting a Required Set-Aside Credit Amount: \$0

Recommendation:

HOME Loan: Loan Amount: \$0

Recommendation:

Housing Trust Fund Loan:  Meeting a Required Set-Aside Loan Amount: \$0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: \$714,763

Recommendation: Recommend approval of a housing tax credit allocation not to exceed \$714,763 annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: \$0

Recommendation:

# Applicant Evaluation

Project ID # **05427**

Name: **Potrancı Plaza Apartments**

City: **San Antonio**

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

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:   0  

Projects in Material Noncompliance

# in noncompliance:   0  

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

Yes                       No

# monitored with a score less than thirty:   0  

Projects not reported Yes   
 in application No

# not yet monitored or pending review:   1  

# 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   11/28/2005  

### 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   11/29/2005  

### Single Family Finance Production

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

Reviewer   Paige McGilloway    
 Date   11/21/2005  

### 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 \_\_\_\_\_  
 Date \_\_\_\_\_

### 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   11/28/2005  

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

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

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

**DATE:** November 28, 2005      **PROGRAM:** 4% HTC      **FILE NUMBER:** 05427

**DEVELOPMENT NAME**

Potranco Plaza Apartments

**APPLICANT**

**Name:** SA Northside Housing, L.P.      **Type:** For-profit  
**Address:** 222 E. Houston Street, Suite 620      **City:** San Antonio      **State:** TX  
**Zip:** 78205      **Contact:** David Marquez      **Phone:** (210) 228-0560      **Fax:** (210) 228-0566

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

**Name:** SA Northside Housing Development      **(%):** 0.01      **Title:** Managing General Partner  
**Name:** LULAC Village Park Apartment      **(%):** N/A      **Title:** 100% Owner of MGP and Non- Profit

**PROPERTY LOCATION**

**Location:** 8520 Midhurst Avenue       **QCT**       **DDA**  
**City:** San Antonio      **County:** Bexar      **Zip:** 78245

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$714,763	N/A	N/A	N/A
<b>Other Requested Terms:</b> Annual ten-year allocation of housing tax credits			
<b>Proposed Use of Funds:</b> New construction		<b>Property Type:</b> Multifamily	
<b>Special Purpose (s):</b> General Population			

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$714,763 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a commitment from the non-related party general contractor to defer fees as necessary or documentation of additional sources of low interest loan or grant funds of at least \$702,153 to fill a potential gap in permanent financing;
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports. The Applicant has also requested but not yet received an allocation pre-development funds through the TDHCA Housing Trust Fund however these funds would be required to be repaid at bond closing. In addition these funds are not included in the Applicant's permanent financing structure. Therefore, the requested pre-development funds are not considered as part of this transaction.

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

DEVELOPMENT SPECIFICATIONS											
IMPROVEMENTS											
<b>Total Units:</b>	<u>248</u>	<b># Rental Buildings</b>	<u>18</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>Net Rentable SF:</b>	<u>240,240</u>		<b>Av Un SF:</b>	<u>969</u>		<b>Common Area SF:</b>	<u>5,484</u>		<b>Gross Bldg SF:</b>	<u>245,724</u>	
STRUCTURAL MATERIALS											
<p>The structures will be wood frame on post-tensioned concrete. According to the plans provided in the application the exteriors will be comprised as follows: 20% stone veneer, 10% cement fiber siding, and 70% stucco. The interior wall surfaces will be drywall and the pitched roofs will be finished with asphalt composite shingles.</p>											
APPLIANCES AND INTERIOR FEATURES											
<p>The interior flooring will be a combination of carpeting &amp; ceramic tile. Each unit will include: range &amp; oven, hood &amp; fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer and dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning, high-speed internet access, and 9-foot ceilings.</p>											
ONSITE AMENITIES											
<p>A 5,484-square foot community building will include an activity room, management offices, fitness, maintenance, a kitchen, restrooms, a computer center, and a central mailroom. The community building and swimming pool are located at the entrance to the property.</p>											
<b>Uncovered Parking:</b>	<u>359</u>	spaces	<b>Carports:</b>	<u>65</u>	spaces	<b>Garages:</b>	<u>40</u>	spaces			
PROPOSAL and DEVELOPMENT PLAN DESCRIPTION											
<p><b>Description:</b> Potranco Plaza Apartments is a 16.29-unit per acre new construction development of 248 units of affordable housing located in west San Antonio. The development is comprised of 18 evenly distributed large garden style, walk-up residential buildings as follows:</p> <ul style="list-style-type: none"> <li>• Two Building Type I with 20 one-bedroom/one-bath units;</li> <li>• Five Building Type II with 20 two-bedroom/two-bath units;</li> <li>• One Building Type III with 8 one-bedroom/one-bath units and 12 two-bedroom/two-bath units;</li> <li>• Eight Building Type IV with 8 three-bedroom/two-bath units;</li> <li>• Two Building Type V with 12 three-bedroom/two-bath units;</li> </ul> <p><b>Architectural Review:</b> 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 nice fenestration.</p>											

SITE ISSUES				
SITE DESCRIPTION				
<b>Size:</b>	<u>15.22</u> acres	<u>662,983</u> square feet	<b>Flood Zone Designation:</b>	<u>Zone X</u>
<b>Zoning:</b>	<u>C-2</u>			
SITE and NEIGHBORHOOD CHARACTERISTICS				
<p><b>Location:</b> The site is an irregularly-shaped parcel located in the western area of San Antonio, approximately nine miles from the central business district. The site is situated on the north side of Midhurst Lane Street.</p> <p><b>Adjacent Land Uses:</b></p> <ul style="list-style-type: none"> <li>• <b>North:</b> Potranco Road immediately adjacent and vacant land beyond;</li> <li>• <b>South:</b> vacant land immediately adjacent;</li> <li>• <b>East:</b> a drainage easement immediately adjacent and vacant land beyond; and</li> <li>• <b>West:</b> Ingram Road immediately adjacent and a residential development beyond.</li> </ul>				

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

**Site Access:** Access to the property is from the east or west along Midhurst Lane or the north or south from Ingram Road. The development is to have three entries, one from the north or south from Ingram Road and two from the east or west from Midhurst Lane. Access to Loop 410 is less than one mile east, which provides connections to all other major roads serving the San Antonio area.

**Public Transportation:** Public transportation to the area is provided by VIA. The location of the nearest stop is located at Richland Hills Drive and Potranco Road, less than 0.5 miles from the site. (p. 30)

**Shopping & Services:** The site is within several miles of major grocery stores, shopping centers, library, 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.

**Site Inspection Findings:** TDHCA staff performed a site inspection on June 23, 2005 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 March 23, 2005 was prepared by Frost GeoSciences and contained the following findings and recommendations: “This assessment has revealed no evidence of recognized environmental conditions in connection with the project site. There is no reason to suspect that the project site or adjoining properties are of sufficient environmental concern to warrant additional investigations at this time.” (p. 30)

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. 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. Two hundred and forty-eight of the units (100% of the total) will be reserved for low-income tenants. All of the units will be 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>	\$21,660	\$24,720	\$27,840	\$30,900	\$33,360	\$35,820

**MARKET HIGHLIGHTS**

A market feasibility study dated August 9, 2005 was prepared by MarketData Research Services, LLC (“Market Analyst”) and highlighted the following findings:

**Definition of Primary Market Area (PMA):** “For this analysis we utilized a primary market area comprising a 3.0 mile radius encompassing 28.27 square miles in west San Antonio” (p. 27)

**Population:** The estimated 2004 population of the PMA was 82,672 and is expected to increase by 7% to approximately 88,422 by 2009. Within the primary market area there were estimated to be 28,948 households in 2004.

**Total Primary Market Demand for Rental Units:** The Market Analyst calculated a total demand of 2,199 qualified households in the PMA, based on the current estimate of 28,948 households, the projected annual growth rate of 2.2%, renter households estimated at 48.7% of the population, income-qualified households estimated at 20.6%, and an annual renter turnover rate of 73.6 %. (p. 44). The Market Analyst used an income band of \$19,269 to \$33,360.



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

**ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY**

Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	63	2.9%	51	2.3%
Resident Turnover	2,136	97.1%	2,183	97.7%
<b>TOTAL ANNUAL DEMAND</b>	<b>2,199</b>	<b>100%</b>	<b>2,234</b>	<b>100%</b>

Ref: p. 46

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 22.6% based upon 2,199 units of demand and 498 unstabilized affordable housing in the PMA (including the subject) (p. 47). The Underwriter calculated an inclusive capture rate of 22.3% based upon a revised demand of 2,234.

**Market Rent Comparables:** The Market Analyst surveyed five comparable apartment projects totaling 1,138 units in the market area. (p. 91)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (60%-700 sq. ft.)	\$517	\$519	-\$2	\$600	-\$83
1-Bedroom (60%-740 sq. ft.)	\$524	\$519	+\$5	\$625	-\$101
2-Bedroom (60%-906 sq. ft.)	\$623	\$624	-\$1	\$710	-\$87
2-Bedroom (60%-1,015 sq. ft.)	\$631	\$624	+\$7	\$770	-\$139
3-Bedroom (60%-1,095 sq. ft.)	\$723	\$712	+\$11	\$840	-\$117

(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 94.0% as a result of growing demand. Affordable projects also report occupancy of 95.8%. Demand for new rental apartment units is forecast to continue to increase.” (p. 85)

**Absorption Projections:** “Absorption over the previous fifteen years is estimated to be 171 units per year. We expect this to increase as the number of new household continues to grow, and as additional rental units become available.” (p. 85)

**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 rent projections are \$18.1K higher than the maximum rents allowed under HTC guidelines, reflecting the lower utility expenses used by the Applicant. The Applicant’s estimate of secondary income included rental income of \$40.7K for garages and carports. The Applicant’s total per unit secondary income of \$26.42 exceeds the underwriting guideline of \$15 per unit per month. No additional third party documentation of the ability to achieve the rental income for garages and carports was provided by the Applicant or in the market study. Moreover, the Applicant included the cost of the garages and carports as eligible costs and therefore would likely not be able to charge an additional fee for the garages and carports since doing so would make them commercial space excluded from eligible basis. The Applicant also utilized a lower vacancy and collection loss rate of 7.0% that also contributed to a \$58.1K higher gross income than the Underwriter’s estimate.

**Expenses:** The Applicant’s total expense estimate of \$3,281 per unit is 6% lower than the Underwriter’s database-derived estimate of \$3,480 per unit for comparably-sized developments. The Applicant’s budget shows one line item, general and administrative expense (\$32K lower), that deviate significantly when compared to the database averages. The Applicant also projected a 50% property tax exemption based on the CHDO General Partner and an assessed value of \$26K per unit. The Underwriter utilized a slightly higher

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base assessed value of \$30K per unit but considered the 50% property tax exemption as likely as the applicant appears to comply with the statute regarding property tax exemptions.

**Conclusion:** The Applicant's estimated income and 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 primarily to the difference in income and general and administrative expenses, the Underwriter's estimated debt coverage ratio (DCR) of 0.98 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project may be limited to \$841,714 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 \$12,350,000.

ACQUISITION VALUATION INFORMATION			
ASSESSED VALUE			
Land: (26.31) acres	\$666,000	Assessment for the Year of:	2005
Prorated: 1 ac.	\$25,314	Valuation by:	Bexar County Appraisal District
Prorated Value: 15.22 ac.	\$385,279	Tax Rate:	3.052074
EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Unimproved commercial property contract (15.22 acres)		
Contract Expiration Date:	1/     5/     2006	Anticipated Closing Date:	11/     4/     2005
Acquisition Cost:	\$1,299,990	Other Terms/Conditions:	Earnest Money: \$5,000
Seller:	Park 410 Westplex JV	Related to Development Team Member:	No

CONSTRUCTION COST ESTIMATE EVALUATION	
<b>Acquisition Value:</b>	The site cost of \$1,299,990 (\$1.96/SF, \$85413/acre, or \$5,242/unit) is assumed to be reasonable since the acquisition is an arm's-length transaction.
<b>Sitework Cost:</b>	The Applicant's claimed sitework costs of \$7,495 per unit are within the Department's allowable guideline (\$7,500 per unit) for multifamily developments without requiring additional justifying documentation.
<b>Direct Construction Cost:</b>	The Applicant's costs are more than 5% higher than the Underwriter's Marshall & Swift <i>Residential Cost Handbook</i> -derived estimate after all of the Applicant's additional justifications were considered. This would suggest that the Applicant's direct construction costs are overstated.
<b>Fees:</b>	The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.
<b>Conclusion:</b>	While direct costs are outside of the typical tolerance range, 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 is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of \$20,248,231 is used to confirm the requested credit allocation of \$714,763. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount.

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

FINANCING STRUCTURE			
INTERIM TO PERMANENT BOND FINANCING			
Source:	MMA Financial	Contact:	Marie Keutmann
Tax-Exempt Amount:	\$14,095,000	Interest Rate:	6.1%
Additional Information:			
Amortization:	40 yrs	Term:	40 yrs
Commitment:	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input checked="" type="checkbox"/> Conditional
Annual Payment:	\$942,449	Lien Priority:	1st
Date:	10/ 17/ 2005		

PERMANENT FINANCING			
Source:	Bexar County/City of San Antonio	Contact:	
Principal Amount:	\$500,000	Interest Rate:	1.0%
Additional Information: No documentation of this loan was provided			
Amortization:	40 yrs	Term:	40
Commitment:	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input type="checkbox"/> Conditional
Annual Payment:	\$15,171	Lien Priority:	2nd
Date:	/ /		

TAX CREDIT SYNDICATION			
Source:	The Richman Group	Contact:	Terry Gentry
Net Proceeds:	\$6,960,785	Net Syndication Rate (per \$1.00 of 10-yr HTC)	99¢
Commitment:	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input checked="" type="checkbox"/> Conditional
Date:	10/ 17/ 2005		
Additional Information:			

APPLICANT EQUITY	
Amount:	\$1,463,492
Source:	Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Interim to Permanent Bond Financing:** The tax-exempt bonds are to be issued by San Antonio HFC and purchased by MMA Financial. The permanent financing commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. In particular, the loan amount shown in the permanent financing commitment is \$14,095,000 and the Applicant's sources and uses of funds schedule calls for a loan amount of \$13,850,000.

**Other Financing:** Subsequent to the initial submission the applicant indicated through a updated letter from the syndicator that the syndicator has an expectation that Bexar County would provide a \$500,000 loan to the development at an interest rate of 1% amortized over 40 years. No other documentation of this loan has been provided. Receipt review and acceptance of documentation of this amount from this source or another acceptable low interest rate source is a condition of this report.

**HTC Syndication:** The tax credit syndication commitment initially reflected a syndication rate of \$0.91 per \$1.00 of syndicated credit however the syndication proceeds generated from the anticipated credit amount were significantly higher than that rate would allow. The Applicant subsequently provided a revised syndication commitment for \$0.99 per \$1.00 of syndicated credit.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,463,492 amount to 55% of the total fees.

**Financing Conclusions:** Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed the requested amount of \$714,763 annually for ten years, resulting in syndication proceeds of approximately \$7,075,446. Due to the difference in estimated net operating income and expenses, the Underwriter's debt coverage ratio (DCR) of 0.98 is less than the TDHCA minimum standard of 1.10. Therefore, the Underwriter anticipates that permanent debt may be reduced to \$12,350,000 by a mandatory

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

redemption of bonds. To compensate for the reduction in the loan the Applicant's deferred developer fee will be increased to \$2,843,227, which amounts to approximately 108% of the total fee but which should be repayable out of available cash flow within fifteen years at zero percent interest. Since this amount is more than the available developer fee, it will require a commitment from the non-related party general contractor to defer fees. Combined with the undocumented Bexar County loan the Applicant needs to provide support for \$702,153 in low interest or grant funds that have not yet been documented. Receipt, review, and acceptance of a commitment from the non-related party general contractor to defer fees as necessary and /or documentation of additional sources of low interest loan or grant funds to combine in an amount of at least \$702,153 to fill a potential gap in permanent financing; is a condition of this report. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee will not be available to fund any development cost overruns.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant and Developer firms are both 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 owner of the General Partner, L.U.L.A.C. Village Park Apartment, submitted an unaudited financial statement as of June 30, 2005 reporting total assets of \$1.5M and consisting of \$278K in current assets, \$415K in restricted deposits and funded reserves, and \$801K in fixed assets. Liabilities totaled \$782K, resulting in a net worth of \$711K.

**Background & Experience:**

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- 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 estimated income, operating expenses, and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- Significant inconsistencies in the application could affect the financial feasibility of the development.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

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

**Date:** November 28, 2005

**Director of Real Estate Analysis:**

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

**Date:** November 28, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Potranco Plaza, San Antonio, 4% HTC #05427**

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%)	24	1	1	700	\$579	\$519	\$12,467	\$0.74	\$59.55	\$35.50
TC (60%)	24	1	1	740	579	\$519	12,467	0.70	59.55	35.50
TC (60%)	40	2	2	906	696	\$624	24,957	0.69	72.08	42.12
TC (60%)	72	2	2	1,015	696	\$624	44,922	0.61	72.08	42.12
TC (60%)	88	3	2	1,095	803	\$712	62,637	0.65	91.22	53.28
<b>TOTAL:</b>	<b>248</b>		<b>AVERAGE:</b>	<b>969</b>	<b>\$711</b>	<b>\$635</b>	<b>\$157,449</b>	<b>\$0.66</b>	<b>\$76.45</b>	<b>\$44.80</b>

**INCOME**

Total Net Rentable Sq Ft: 240,240

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: (describe)

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.21%	\$376	0.39
Management	4.22%	305	0.31
Payroll & Payroll Tax	10.83%	781	0.81
Repairs & Maintenance	6.52%	470	0.49
Utilities	2.45%	177	0.18
Water, Sewer, & Trash	4.31%	311	0.32
Property Insurance	3.36%	242	0.25
Property Tax 3.052074	6.35%	458	0.47
Reserve for Replacements	2.77%	200	0.21
Other: compl fees, security, supp. s	2.22%	160	0.17
<b>TOTAL EXPENSES</b>	<b>48.25%</b>	<b>\$3,480</b>	<b>\$3.59</b>
<b>NET OPERATING INC</b>	<b>51.75%</b>	<b>\$3,733</b>	<b>\$3.85</b>

**DEBT SERVICE**

The Richman Group	51.77%	\$3,734	\$3.85
City of San Antonio	0.85%	\$61	\$0.06
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>-0.86%</b>	<b>(\$62)</b>	<b>(\$0.06)</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		5.82%	\$5,242	\$5.41
Off-Sites		0.00%	0	0.00
Sitework		8.32%	7,495	7.74
Direct Construction		47.68%	42,964	44.35
Contingency	5.00%	2.80%	2,523	2.60
General Req'ts	6.00%	3.36%	3,028	3.13
Contractor's G & A	2.00%	1.12%	1,009	1.04
Contractor's Profit	6.00%	3.36%	3,028	3.13
Indirect Construction		4.78%	4,308	4.45
Ineligible Costs		5.46%	4,921	5.08
Developer's G & A	2.00%	1.51%	1,362	1.41
Developer's Profit	13.00%	9.82%	8,852	9.14
Interim Financing		4.14%	3,735	3.86
Reserves		1.83%	1,653	1.71
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$90,119</b>	<b>\$93.03</b>

**Recap-Hard Construction Costs**

<b>66.63%</b>	<b>\$60,047</b>	<b>\$61.99</b>
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**SOURCES OF FUNDS**

The Richman Group	61.97%	\$55,847	\$57.65
City of San Antonio	2.24%	\$2,016	\$2.08
HTC Syndication Proceeds	31.12%	\$28,045	\$28.95
Deferred Developer Fees	6.55%	\$5,901	\$6.09
Additional (Excess) Funds Req'd	-1.88%	(\$1,690)	(\$1.74)
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT
\$1,889,391	\$1,907,520
44,640	78,624
0	
\$1,934,031	\$1,986,144
(145,052)	(139,032)
0	
\$1,788,979	\$1,847,112
\$93,216	\$61,640
75,526	73,883
193,735	188,749
116,676	121,634
43,864	37,200
77,121	85,000
60,060	58,280
113,537	101,680
49,600	49,600
39,760	36,040
\$863,094	\$813,706
\$925,885	\$1,033,406
\$926,067	\$926,067
15,171	
0	
(\$15,353)	\$107,339
0.98	1.12
1.10	

PER SQ FT	PER UNIT	% OF EGI
\$26.42		
-7.00%		
\$0.26	\$249	3.34%
0.31	298	4.00%
0.79	761	10.22%
0.51	490	6.59%
0.15	150	2.01%
0.35	343	4.60%
0.24	235	3.16%
0.42	410	5.50%
0.21	200	2.69%
0.15	145	1.95%
\$3.39	\$3,281	44.05%
\$4.30	\$4,167	55.95%
\$3.85	\$3,734	50.14%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.45	\$433	5.81%

PER SQ FT	PER UNIT	% of TOTAL
\$5.41	\$5,242	5.71%
0.00	0	0.00%
7.74	7,495	8.16%
46.87	45,407	49.46%
2.73	2,645	2.88%
3.28	3,174	3.46%
1.09	1,058	1.15%
3.28	3,174	3.46%
4.45	4,308	4.69%
5.08	4,921	5.36%
0.00	0	0.00%
10.99	10,649	11.60%
3.86	3,735	4.07%
0.00	0	0.00%
\$94.77	\$91,809	100.00%
\$64.99	\$62,954	68.57%

**RECOMMENDED**

\$12,350,000	Developer Fee Available
500,000	\$2,641,074
7,075,446	% of Dev. Fee Deferred
2,843,227	108%
0	15-Yr Cumulative Cash Flow
\$22,768,673	\$3,378,415

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**  
**Potranco Plaza, San Antonio, 4% HTC #05427**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$49.49	\$11,889,333
<b>Adjustments</b>				
Exterior Wall Finish	1.60%		\$0.79	\$190,229
9-Ft. Ceilings	3.00%		1.48	356,680
Roofing			0.00	0
Subfloor			(2.24)	(538,138)
Floor Cover			2.22	533,333
Porches/Balconies	\$19.79	60,060	4.95	1,188,287
Plumbing	\$680	600	1.70	408,000
Built-In Appliances	\$1,675	248	1.73	415,400
Stairs/Fireplaces	\$1,900	72	0.57	136,800
Enclosed Corridors	\$39.57		0.00	0
Heating/Cooling			1.73	415,615
Garages	\$25.84	8,000	0.86	206,720
Comm &/or Aux Bldgs	\$59.29	5,484	1.35	325,130
Carports	\$9.20	9,720	0.37	89,424
<b>SUBTOTAL</b>			<b>65.01</b>	<b>15,616,813</b>
Current Cost Multiplier	1.01		0.65	156,168
Local Multiplier	0.83		(11.05)	(2,654,858)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$54.60</b>	<b>\$13,118,123</b>
Plans, specs, survy, bld prm	3.90%		(\$2.13)	(\$511,607)
Interim Construction Interes	3.38%		(1.84)	(442,737)
Contractor's OH & Profit	11.50%		(6.28)	(1,508,584)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$44.35</b>	<b>\$10,655,196</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$13,850,000	Amort	480
Int Rate	6.10%	DCR	1.00

<b>Secondary</b>	\$500,000	Amort	480
Int Rate	1.00%	Subtotal DCR	0.98

<b>Additional</b>	\$6,955,183	Amort	
Int Rate		Aggregate DCR	0.98

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$825,771
Secondary Debt Service	15,171
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$84,943</b>

<b>Primary</b>	\$12,350,000	Amort	480
Int Rate	6.10%	DCR	1.12

<b>Secondary</b>	\$500,000	Amort	480
Int Rate	1.00%	Subtotal DCR	1.10

<b>Additional</b>	\$6,955,183	Amort	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	\$1,889,391	\$1,946,073	\$2,004,455	\$2,064,589	\$2,126,527	\$2,465,227	\$2,857,874	\$3,313,059	\$4,452,475
Secondary Income	44,640	45,979	47,359	48,779	50,243	58,245	67,522	78,277	105,197
Other Support Income: (descri	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,934,031	1,992,052	2,051,814	2,113,368	2,176,769	2,523,472	2,925,396	3,391,336	4,557,672
Vacancy & Collection Loss	(145,052)	(149,404)	(153,886)	(158,503)	(163,258)	(189,260)	(219,405)	(254,350)	(341,825)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,788,979	\$1,842,648	\$1,897,928	\$1,954,866	\$2,013,512	\$2,334,212	\$2,705,991	\$3,136,986	\$4,215,846
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$93,216	\$96,945	\$100,823	\$104,856	\$109,050	\$132,676	\$161,420	\$196,392	\$290,709
Management	75,526	77,791	80,125	82,529	85,005	98,544	114,239	132,435	177,981
Payroll & Payroll Tax	193,735	201,484	209,543	217,925	226,642	275,745	335,486	408,170	604,191
Repairs & Maintenance	116,676	121,343	126,196	131,244	136,494	166,066	202,044	245,818	363,871
Utilities	43,864	45,619	47,443	49,341	51,315	62,432	75,958	92,415	136,797
Water, Sewer & Trash	77,121	80,205	83,414	86,750	90,220	109,767	133,548	162,482	240,512
Insurance	60,060	62,462	64,961	67,559	70,262	85,484	104,004	126,537	187,306
Property Tax	113,537	118,079	122,802	127,714	132,822	161,599	196,610	239,206	354,083
Reserve for Replacements	49,600	51,584	53,647	55,793	58,025	70,596	85,891	104,500	154,685
Other	39,760	41,350	43,004	44,725	46,514	56,591	68,851	83,768	123,998
<b>TOTAL EXPENSES</b>	<b>\$863,094</b>	<b>\$896,862</b>	<b>\$931,959</b>	<b>\$968,436</b>	<b>\$1,006,348</b>	<b>\$1,219,499</b>	<b>\$1,478,053</b>	<b>\$1,791,722</b>	<b>\$2,634,132</b>
<b>NET OPERATING INCOME</b>	<b>\$925,885</b>	<b>\$945,786</b>	<b>\$965,969</b>	<b>\$986,430</b>	<b>\$1,007,163</b>	<b>\$1,114,713</b>	<b>\$1,227,939</b>	<b>\$1,345,263</b>	<b>\$1,581,714</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$825,771	\$825,771	\$825,771	\$825,771	\$825,771	\$825,771	\$825,771	\$825,771	\$825,771
Second Lien	15,171	15,171	15,171	15,171	15,171	15,171	15,171	15,171	15,171
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$84,943</b>	<b>\$104,844</b>	<b>\$125,026</b>	<b>\$145,487</b>	<b>\$166,221</b>	<b>\$273,770</b>	<b>\$386,996</b>	<b>\$504,321</b>	<b>\$740,772</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>1.46</b>	<b>1.60</b>	<b>1.88</b>

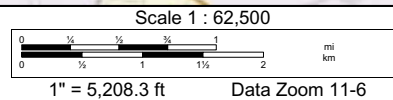
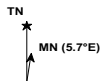
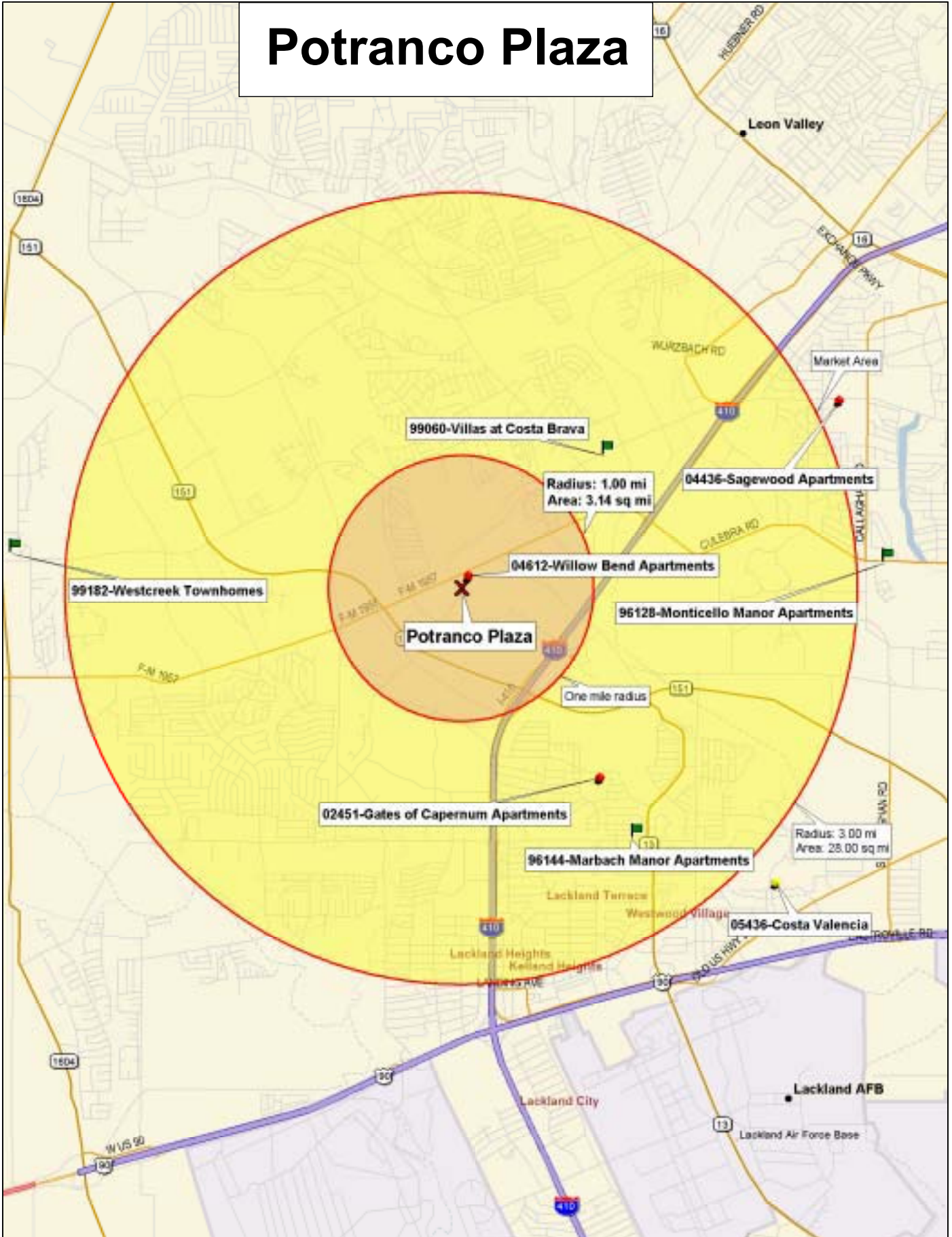
**LIHTC Allocation Calculation - Potranco Plaza, San Antonio, 4% HTC #05427**

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	\$1,299,990	\$1,299,990		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,858,759	\$1,858,759	\$1,858,759	\$1,858,759
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$11,261,011	\$10,655,196	\$11,261,011	\$10,655,196
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$262,395	\$250,279	\$262,395	\$250,279
Contractor profit	\$787,186	\$750,837	\$787,186	\$750,837
General requirements	\$787,186	\$750,837	\$787,186	\$750,837
<b>(5) Contingencies</b>				
	\$655,989	\$625,698	\$655,989	\$625,698
<b>(6) Eligible Indirect Fees</b>				
	\$1,068,400	\$1,068,400	\$1,068,400	\$1,068,400
<b>(7) Eligible Financing Fees</b>				
	\$926,232	\$926,232	\$926,232	\$926,232
<b>(8) All Ineligible Costs</b>				
	\$1,220,451	\$1,220,451		
<b>(9) Developer Fees</b>				
			\$2,641,074	
Developer overhead		\$337,725		\$337,725
Developer fee	\$2,641,074	\$2,195,211		\$2,195,211
<b>(10) Development Reserves</b>				
		\$409,862		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$22,768,673</b>	<b>\$22,349,476</b>	<b>\$20,248,231</b>	<b>\$19,419,174</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>\$20,248,231</b>	<b>\$19,419,174</b>
High Cost Area Adjustment		100%	100%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$20,248,231</b>	<b>\$19,419,174</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$20,248,231</b>	<b>\$19,419,174</b>
Applicable Percentage		3.53%	3.53%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$714,763</b>	<b>\$685,497</b>

Syndication Proceeds	0.9899	\$7,075,442	\$6,785,740
<b>Total Credits (Eligible Basis Method)</b>		<b>\$714,763</b>	<b>\$685,497</b>
Syndication Proceeds		\$7,075,442	\$6,785,740
<b>Requested Credits</b>		<b>\$714,763</b>	
Syndication Proceeds		\$7,075,446	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$9,918,673</b>	
<b>Credit Amount</b>		<b>\$1,001,986</b>	

# Potrancı Plaza





MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

December 14, 2005

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for New Braunfels Gardens.

Summary of the Transaction

The application was received on July 18, 2005. The Issuer for this transaction is San Antonio HFC. The development is to be located at the 6000 block of South New Braunfels Avenue in San Antonio. Demographics for the census tract include AMFI of \$51,500; the total population is 7226; the percent of population that is minority is 76.03%; the percent of population that is below the poverty line is 27.25%; the number of owner occupied units is 1091; the number of renter units is 1484 and the number of vacant units is 208. The percent of population that is minority for the entire City of San Antonio is 68% (Census information from FFIEC Geocoding for 2005). The development will consist of 252 total units targeting the general population, with all units to be affordable. The site is currently properly zoned for such a development. The Department has received one letter in support form and no letters of opposition. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

Recommendation

Staff recommends the Board approve the issuance of Housing Tax Credits for New Braunfels Gardens. Note that by approving this recommendation the Board is simultaneously granting a waiver of the requirement that the appraisal be submitted at least 60 days prior to the Board meeting, as the appraisal was not submitted by that deadline.



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary  
**New Braunfels Gardens, TDHCA Number 05437**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 6000 Block of S. New Braunfels Avenue Development #: 05437  
 City: San Antonio Region: 9 Population Served: Family  
 County: Bexar Zip Code: 78223 Allocation:  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Purpose/Activity: NC  
 HOME Set Asides:  CHDO  Preservation  General  
 Bond Issuer: San Antonio HFC  
 HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition,  
 NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: New Braunfels 2 Housing, L.P.  
 Brian Potashnik - Phone: (214) 891-1402  
 Developer: Southwest Housing Development Company, Inc.  
 Housing General Contractor: Affordable Housing Construction  
 Architect: Beeler Guest Owens Architects, LP  
 Market Analyst: Apartment Market Data  
 Syndicator: MMA Financial, LLC  
 Supportive Services: To Be Determined  
 Consultant: Not Utilized

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>65%</u>	<u>80%</u>	Total Restricted Units:	252
0	0	5	247	0	0	Market Rate Units:	0
<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>		Owner/Employee Units:	0
0	84	168	0	0		Total Development Units:	252
Type of Building:	5 units or more per bldng					Total Development Cost:	\$22,523,165
Number of Residential Buildings:	48						

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
9% Housing Tax Credits-Credit Ceiling		\$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	\$955,418	\$955,418	0	0	0.00%
Housing Trust Fund Loan Amount:	\$0	\$0	0	0	0.00%
HOME Fund Loan Amount:	\$0	\$0	0	0	0.00%
Bond Allocation Amount:	\$0	\$0	0	0	0.00%



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary
New Braunfels Gardens, TDHCA Number 05437

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Madla, District 19 [NC] Points: [0] US Representative: Cuellar, District 28, NC
TX Representative: Puente, District 119 [NC] Points: [0] US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Phil Hardberger, Mayor, City of San Antonio - NC Resolution of Support from Local Government [ ]

Andrew W. Cameron, Housing and Community Development Director; Consistent with the City of San Antonio's Consolidated Plan.

Roland Gutierrez, Councilman, City of San Antonio - S

Individuals/Businesses: In Support [0] In Opposition [0]

Neighborhood Input:

General Summary of Comment:

CONDITIONS OF COMMITMENT

- 1. Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project 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. Board waiver of its QAP rule under Section 49.12(a)(2) regarding the submission of all documentation (including the appraisal report) at least 60 days prior to the scheduled Board meeting at which the decision to issue a determination notice would be made.
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 allocation amount may be warranted.



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**New Braunfels Gardens, TDHCA Number 05437**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Competitive Cycle:  Score:  Meeting a Required Set-Aside Credit Amount: \$0

Recommendation:

HOME Loan: Loan Amount: \$0

Recommendation:

Housing Trust Fund Loan:  Meeting a Required Set-Aside Loan Amount: \$0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: \$955,418

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed \$955,418 annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: \$0

Recommendation:

# Applicant Evaluation

Project ID # **05437**

Name: **New Braunfels Gardens**

City: **San Antonio**

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

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: 40

Projects in Material Noncompliance

# in noncompliance: 0

Projects zero to nine: 34

Yes  No

Projects not reported Yes

grouped ten to nineteen: 3

# monitored with a score less than thirty: 40

in application No

by score twenty to twenty-nine: 3

# not yet monitored or pending review: 26

# 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 11/28/2005

### Multifamily Finance Production

### Single Family Finance Production

### 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)

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   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Reviewer S. Roth

Reviewer Paige McGilloway

Reviewer \_\_\_\_\_

Date 11/29/2005

Date 11/21/2005

Date \_\_\_\_\_

### Community Affairs

### Office of Colonia Initiatives

### Financial Administration

No relationship   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 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)

No delinquencies found   
 Delinquencies found

Reviewer \_\_\_\_\_

Reviewer \_\_\_\_\_

Reviewer Melissa M. Whitehead

Date \_\_\_\_\_

Date \_\_\_\_\_

Date 11/29/2005

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

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

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

**DATE:** November 28, 2005      **PROGRAM:** 4% HTC      **FILE NUMBER:** 05437

**DEVELOPMENT NAME**

New Braunfels Gardens Apartments

**APPLICANT**

**Name:** New Braunfels 2 Housing, L.P.      **Type:** For-profit w/non-profit general partner  
**Address:** 5910 N. Central Expressway, Suite 1145      **City:** Dallas      **State:** TX  
**Zip:** 75206      **Contact:** Len Vilicic      **Phone:** (214) 891-1402      **Fax:** (214) 891-4032

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

**Name:** New Braunfels 2 Development, L.L.C.      **(%):** .005      **Title:** Managing General Partner  
**Name:** New Braunfels 2 SLP, L.L.C.      **(%):** N/A      **Title:** Special Limited Partner  
**Name:** San Antonio Housing Facility Corporation (SAHFC)      **(%):** N/A      **Title:** 100% owner of MGP  
**Name:** Housing Authority of the City of San Antonio      **(%):** N/A      **Title:** Parent entity of SAHFC  
**Name:** Southwest Housing Development Company, Inc.      **(%):** N/A      **Title:** Developer  
**Name:** Brian Potashnik      **(%):** N/A      **Title:** 100% owner of Developer, land seller, & property manager

**PROPERTY LOCATION**

**Location:** 6639 S. New Braunfels Avenue       **QCT**       **DDA**  
**City:** San Antonio      **County:** Bexar      **Zip:** 78223

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$955,418	N/A	N/A	N/A

**Other Requested Terms:** Annual ten-year allocation of housing tax credits (as revised on 11/17/2005)  
**Proposed Use of Funds:** New construction      **Property Type:** Multifamily  
**Special Purpose (s):** Elderly

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$955,418 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

- Board waiver of its QAP rule under Section 49.12(a)(2) regarding the submission of all documentation (including the appraisal report) at least 60 days prior to the scheduled Board meeting at which the decision to issue a determination notice would be made.
- Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

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

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports. The development was submitted as a 160-unit application (#05177) in the 2005 9% HTC cycle but was not underwritten.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 252    **# Rental Buildings:** 48    **# Non-Res. Buildings:** 3    **# of Floors:** 2    **Age:** 0 yrs    **Vacant:** N/A at / /  
**Net Rentable SF:** 228,816    **Av Un SF:** 908    **Common Area SF:** 5,984    **Gross Bldg SF:** 238,800

**STRUCTURAL MATERIALS**

The structures will be wood-framed on post-tensioned concrete slabs on grade. According to the application the exteriors will be comprised of 74% stucco, 21% masonry veneer, and 5% cement fiber siding. The interior wall surfaces will be drywall and the pitched roofs will be finished with composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer and dryer connections, ceiling fans, laminated counter tops, individual water heaters, central heating and air conditioning, and 9-foot ceilings in the units located in the two-story buildings. All buildings will have fire sprinkler systems in compliance with local building codes.

**ONSITE AMENITIES**

A 5,484-square foot community building will include an activity room, management offices, fitness and maintenance facilities, a kitchen, restrooms, a computer/business center, and a media room., and a central mailroom. The community building, swimming pool, and a mail kiosk are located at the entrance to the property. A separate 476-square foot laundry building is to be located near the middle of the property. In addition, perimeter fencing with limited access gates is planned for the site.

**Uncovered Parking:** 252 spaces    **Carports:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** New Braunfels Gardens Apartments is a 9.86-unit per acre new construction development of 252 units of affordable elderly housing located in southeast San Antonio. The development is comprised of 48 evenly distributed, garden style, residential buildings as follows:

- Three two-story, elevator-served Building Type B with eight one-bedroom/one-bath units and 16 two-bedroom/two-bath units;
- 30 one-story Building Type D with four two-bedroom/two-bath units, and
- 15 one-story Building Type E with four one-bedroom/one-bath units.

**Development Plan:** The land will be acquired by the nonprofit subsidiary of the San Antonio Housing Authority and leased to the Applicant. The anticipated leasing fee will be a one-time payment in the amount of the land cost.

**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:** 27.557 acres    1,200,383 square feet    **Flood Zone Designation:** Zone X  
**Zoning:** High Density Residential, conforming use

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is an irregularly-shaped parcel located in the southeast area of the city, approximately five miles from the central business district. The site is situated on the southwest side of S. New Braunfels

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

Avenue.

**Adjacent Land Uses:**

- **North:** S. New Braunfels Avenue immediately adjacent and a Department of Public Safety drivers licensing facility and vacant land beyond;
- **South:** Pecan Valley Drive (a service road for the State Hospital) immediately adjacent and vacant land beyond;
- **East:** S. New Braunfels Avenue immediately adjacent and multi- and single-family residential beyond; and
- **West:** Pecan Valley Drive immediately adjacent followed by offices, residential buildings, and grounds of a State Hospital (MHMR facility) beyond.

**Site Access:** Access to the property is from the south or the northwest along S. New Braunfels Avenue, from which the development is to have two entries. Access to Interstate Highway 37 is one-half mile northeast, which provides connections to all other major roads serving the San Antonio area.

**Public Transportation:** Public transportation to the area is provided by the city bus system, with the nearest stop located adjacent to the site.

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

**Site Inspection Findings:** TDHCA staff performed a site inspection on July 27, 2005 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 January 12, 2005 was prepared by Alpha Testing, Inc. and contained the following findings: “This assessment has revealed no evidence of recognized environmental conditions in connection with the site.” (p. 19)

**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 post lottery private activity bond project the Applicant has chosen to include 100% of the units with rents restricted to be affordable to households at or below 60% of AMGI. All of the units will be reserved for low-income elderly tenants. The Applicant has further chosen to restrict five of the units (2% of the total) for households earning 50% or less of AMGI and the remaining 247 will be reserved for households earning 60% or less of AMGI. Although not require to meet bond program rules, the additional 50% units were so restricted in order to expand the market of prospective tenants by increasing the income qualification band of (and therefore the total calculated demand for) the property.

<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>	\$21,660	\$24,720	\$27,840	\$30,900	\$33,360	\$35,820

**MARKET HIGHLIGHTS**

A market feasibility study dated September 8, 2005 was prepared by Apartment MarketData Research Services, LLC (“Market Analyst”) and highlighted the following findings:

**Definition of Primary Market Area (PMA):** “For this analysis we utilized a primary market area comprising a three-mile radius in southeast San Antonio” (p. 28). This area encompasses approximately 28.3 square miles.

**Population:** The estimated 2004 total population of the PMA was 99,333 and is expected to increase by 3.6% to approximately 102,878 by 2009. The estimated 2004 total elderly (age 55+) population of the PMA was 20,563 and is expected to increase by 13.3% to approximately 23,290 by 2009. Within the primary market area there were estimated to be 13,266 elderly households in 2004.



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

**Total Primary Market Demand for Rental Units:** The Market Analyst calculated a total demand of 341 qualified households in the PMA, based on the current estimate of 13,266 elderly households, the projected annual household growth rate of 2.7%, renter households estimated at 21.5% of the population, income-qualified households estimated at 18.32%, and an annual renter turnover rate of 73.6 % (p. 47). As discussed above, the Market Analyst used an income band of \$14,460 to \$24,720 which includes incomes below the 50% adjusted area median income.

The Market Analyst’s turnover rate of 73.6% is based on current IREM data for San Antonio which considers all ages of tenants. While it is recognized by the Underwriter through anecdotal information that seniors are much less likely to turnover, there is no substantive analytical data to rely upon that would more definitively apply to the elderly cohort. The Market Analyst’s PMA is presumed to have been selected to comply with the TDHCA maximum population guideline of 100,000 persons, although as an elderly development a larger PMA of up to 250,000 persons could have been defended. Although the Market Analyst did not address demand from outside the PMA, the development’s location in a metropolitan area makes significant secondary demand very likely (although difficult to quantify). These additional considerations mitigate the concerns regarding the use of the IREM turnover rate. Moreover the Underwriter’s re-calculation of demand concludes a slightly higher demand for the subject property.

<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	7	2%	14	2%
Resident Turnover	334	98%	395	98%
Other Sources:	0	0%	0	0%
<b>TOTAL ANNUAL DEMAND</b>	<b>341</b>	<b>100%</b>	<b>409</b>	<b>100%</b>

Ref: p. 47

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 73.9% based upon 341 units of demand and 252 unstabilized affordable housing in the PMA (the subject) (p. 48). The Underwriter calculated an inclusive capture rate of 61.7% based upon a higher demand estimate of 409 households. While this suggests that a majority of the available demand would have to move to the subject to be successful the Department’s rules allow developments targeted to ward seniors to use up to 100% of the demand to satisfy the unstabilized supply in the PMA.

**Local Housing Authority Waiting List Information:** No information provided.

**Market Rent Comparables:** The Market Analyst surveyed five comparable apartment properties totaling 708 units in the market area. “New Braunfels Gardens, in comparison to its proposed competition, is well positioned in regards to unit types, sizes, and rental rates. The ‘base rent’ (street asking rate) for each unit type is less than a comparable unit offered at market rate projects” (p. 85). None of the comparable properties used were elderly properties; the Market Analyst stated that “For the purposes of this report, family projects were used as we found no senior rental units within the PMA.” (p. 108)

<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 (50%)</b>	\$422	\$423	-\$1	\$595	-\$173
<b>1-Bedroom (60%)</b>	\$519	\$519	\$0	\$595	-\$76
<b>2-Bedroom (60%)</b>	\$622	\$624	-\$2	\$730	-\$108

(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 occupancy rate for income-restricted one-bedrooms is 75.3%, for income-restricted two-bedrooms the occupancy rate is 86.4%, the occupancy rate for income-restricted three-bedrooms units is 93.4%, income-restricted four-bedrooms average 93.8%, and the overall average occupancy for income-

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restricted units is 85%...Excluding projects under renovation, the overall reported occupancy is 99.8%"

- "The occupancy rate for the market rate one-bedrooms is 97.0%, for market rate two-bedrooms it is 93%, the occupancy rate for the market rate three-bedroom units is 98.5%, and the overall average occupancy for market rate units is 95.9%." (p. 93)

**Absorption Projections:** "We estimate that a senior project would achieve a lease rate of approximately 3% to 7% of its units per month as they come on line from construction [resulting in a 12-month lease-up period]." (p. 85)

**Known Planned Development:** The Market Analyst indicated that no comparable developments are known to be planned, under construction, or in lease-up. (p. 59)

**Effect on Existing Housing Stock:** "The housing development, upon completion and considering vacancy and absorption rates, is not likely to result in an unreasonable vacancy rate for comparable units within the development's competitive market area (i.e., standard, well-maintained units within the housing development's competitive market area that are reserved for occupancy by lower-income eligible tenants, as applicable." (p. 19).

**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 rent projections are the maximum rents allowed under HTC program guidelines, and are achievable according to the Market Analyst. The Underwriter's potential gross income estimate exceeds the Applicant's by \$4,384 due to minor rounding differences in computing the tenant-paid utility allowances. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. As a result of the utility allowance differences the Applicant's effective gross income estimate is \$4,055 (0.2%) less than the Underwriter's estimate.

**Expenses:** The Applicant's total expense estimate of \$2,902 per unit is 3.1% lower than the Underwriter's database-derived estimate of \$2,995 per unit for comparably-sized developments in this area. The Applicant's budget reflects a 100% property tax exemption based on the control of the General Partner by a subsidiary of the San Antonio Housing Authority, and provided a predetermination letter from the Bexar Appraisal District reflecting that an exemption will be granted if the property is constructed, owned, and operated as represented in the application. Therefore, the Underwriter has also assumed a 100% property tax exemption.

**Conclusion:** The Applicant's estimated income is consistent with the Underwriter's expectations, total operating expenses are within 5% of the database-derived estimate, and the Applicant's net operating income (NOI) estimate is within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI should be used to evaluate debt service capacity. In the Applicant's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30. Due primarily to the difference in estimated operating expenses, the Underwriter's estimated debt coverage ratio (DCR) of 1.09 is slightly less than the program minimum standard of 1.10. As the Applicant's income and expense estimates are acceptable and the Underwriter's proforma indicates a DCR of 1.12 by the second year of operation (with steady improvement throughout the remainder of the 30-year period), the Applicant's DCR estimate is acceptable.

**ACQUISITION VALUATION INFORMATION**

**APPRAISED VALUE**

<b>Land Only:</b> 27.55 acres	\$1,000,000	<b>Date of Valuation:</b>	11/	7/	2005
<b>Appraiser:</b> Butler Burgher, Inc.	<b>City:</b> Dallas	<b>Phone:</b>	(214)	739-0700	

**APPRAISAL ANALYSIS/CONCLUSIONS**

The Applicant initially submitted an appraisal report which did not comply with TDHCA appraisal guidelines and which was not addressed to TDHCA and which concluded an appraised land value of

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\$1,900,000 or more than twice the Applicant's recent (March 2005) arm's-length acquisition cost of \$752,000. This conclusion was based on a concluded value of \$3,800/unit multiplied by 500 units, which the Appraiser understood to be the potential size of the development. In response to the Underwriter's request for a revised appraisal the Applicant on November 22, 2005 submitted a second appraisal report which concludes a land value of \$1,000,000, based on \$4,000/unit times the subject's 252 units. The Appraiser used five comparable land sales in San Antonio since October 2004 to derive the land valuation. Due to the quality of the comparable sales and adjustments thereto the revised appraisal provides a reasonable conclusion of land value.

**ASSESSED VALUE**

<b>Land:</b>	\$0*	<b>Assessment for the Year of:</b>	2005
<b>Building:</b>	N/A	<b>Valuation by:</b>	Bexar County Appraisal District
<b>Total Assessed Value:</b>	\$0*	<b>Tax Rate:</b>	2.999074

\*Assessment reflects previous tax-exempt ownership by the State of Texas

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b>	Commercial contract – unimproved property (27.557 acres)						
<b>Contract Expiration Date:</b>	3/	31/	2005	<b>Anticipated Closing Date:</b>	12/	18/	2005
<b>Acquisition Cost:</b>	\$920,000			<b>Other Terms/Conditions:</b>	\$100 earnest money		
<b>Seller:</b>	Southwest Housing Acquisitions Corporation			<b>Related to Development Team Member:</b>	Yes		

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The seller, Southwest Housing Acquisitions Corporation, is related to the Developer and Special Limited Partner and acquired the site in March 2005 by sealed bid at a cost of \$752,000 (\$27,289/acre or \$2,984/unit). The appraised value is \$4,000/unit. The Applicant provided documentation of \$22,789 in rezoning legal fees, \$39,400 in acquisition loan interest, and \$72,500 in buyer's broker fees, which would total \$889,389. However, the broker fees amount to 10% of the purchase price and are in addition to the customary seller broker fees, and should therefore be included in developer fees rather than as a separate additional fee. As the claimed developer fees are already at the maximum allowed by TDHCA guidelines, however, the Underwriter has not included these broker fees in the Underwriter's land acquisition cost and has also reduced the total development cost by the same amount. This exclusion of an ineligible cost will have no effect on the eligible basis method of determining the credit allocation amount.

**Sitework Cost:** The Applicant's claimed sitework costs of \$7,500 per unit are the maximum allowable within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.

**Direct Construction Cost:** The Applicant's costs are \$686K (6.1%) higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate; however, the Marshall & Swift cost data does not yet reflect hurricane-driven materials cost increases and is therefore likely to be understated.

**Fees:** The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**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 is used to calculate eligible basis and estimate the HTC allocation. As a result, an eligible basis of \$20,819,733 is used to determine a credit allocation of \$955,418 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

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**Source:** Newman Capital **Contact:** Jerry Wright

**Interim Loan Amount:** \$12,270,000 **Interest Rate:** 5.25%

**Permanent Loan Amount:** \$12,270,000 **Interest Rate:** 6.4%

**Additional Information:** 30-month interim period

**Amortization:** 40 yrs **Term:** 32.5 yrs **Commitment:**  LOI  Firm  Conditional

**Annual Payment:** \$851,559 **Lien Priority:** 1<sup>st</sup> **Date:** 10/ 6/ 2005

**TAX CREDIT SYNDICATION**

**Source:** MMA Financial, LLC **Contact:** Steve Napolitano

**Net Proceeds:** \$8,614,000 **Net Syndication Rate (per \$1.00 of 10-yr HTC)** 90¢

**Commitment:**  LOI  Firm  Conditional **Date:** 9/ 16/ 2005

**Additional Information:** \_\_\_\_\_

**APPLICANT EQUITY**

**Amount:** \$1,429,120 **Source:** Deferred developer fee

**FINANCING STRUCTURE ANALYSIS**

**Interim to Permanent Bond Financing:** The tax-exempt bonds are to be issued by the San Antonio Housing Finance Corporation and purchased by GMACC. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

**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 syndication rate proposed in the commitment is in the low end of current credit prices. The final credit price would have to increase by over \$0.15, an unlikely level, for the anticipated deferred developer fee to be eliminated and a gap based adjustment to the credit amount to be required.

**GIC Income:** The Applicant included \$323,883 in anticipated income from investment of the bond proceeds in a guaranteed investment contract (GIC) during the construction phase. As is typical, the Underwriter has included this amount in deferred developer fee in the recommended financing structure since if it is not achieved as projected it will be funded by deferring developer fee.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,429,120 amount to 53% of the total fees.

**Financing Conclusions:** Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed \$955,418 annually for ten years, resulting in syndication proceeds of approximately \$8,597,591. This allocation is also the amount requested by the applicant. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to \$1,655,574, which represents approximately 61% of the eligible fee and which should 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 should be available to fund those development cost overruns. If the Applicant is able to secure a higher tax credit price than the \$0.90 indicated in the application, the increased syndication proceeds could be used to reduce the developer fee deferral.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

- The bond issuer and the sole member of the General Partner are both subsidiaries of the San Antonio Housing Authority.
- The Applicant, Developer, land seller, general contractor, property manager, and supportive services firm are all related entities. These are common relationships for HTC-funded developments.

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

**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 nonprofit sole member of the General Partner, the San Antonio Housing Facility Corporation, submitted an unaudited financial statement as of June 30, 2005 reporting total assets of \$22.9M and consisting of \$6.2M in cash, \$2M in receivables, \$1M in investments, \$11.3M in real property and construction in progress, and \$2.2M in other assets. Liabilities totaled \$15.5M, resulting in net assets of \$7.3M.
- The Developer and designated guarantor, Southwest Housing Development Company, Inc., submitted an unaudited financial statement as of December 31, 2004 reporting total assets of \$30.2M and consisting of \$2.7M in cash, \$23.8M in receivables, and \$3.6M in development in progress. Liabilities totaled \$17.6M, resulting in a net worth of \$12.6M.
- The principal of the General Partner, Brian Potashnik, submitted an unaudited financial statement as of June 30, 2005 and is anticipated to be guarantor of the development.

**Background & Experience:** Multifamily Finance Production 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 direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The development would need to capture a majority of the projected market area demand (i.e., capture rate exceeds 50%).
- The seller of the property has an identity of interest with the Applicant.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.

**Underwriter:**

\_\_\_\_\_  
*Jim Anderson*

**Date:** November 28, 2005

**Director of Real Estate Analysis:**

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

**Date:** November 28, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

**New Braunfels Gardens Apartments, San Antonio, 4% HTC #05437**

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 50%	5	1	1	750	\$483	\$423	\$2,117	\$0.56	\$59.55	\$35.50
TC 60%	79	1	1	750	579	\$519	41,037	0.69	59.55	35.50
TC 60%	168	2	2	987	696	\$624	104,819	0.63	72.08	42.12
<b>TOTAL:</b>	<b>252</b>		<b>AVERAGE:</b>	<b>908</b>	<b>\$655</b>	<b>\$587</b>	<b>\$147,972</b>	<b>\$0.65</b>	<b>\$67.90</b>	<b>\$39.91</b>

**INCOME**

Total Net Rentable Sq Ft: **228,816**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

% OF EGI PER UNIT PER SQ FT

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.62%	\$376	0.41
Management	4.00%	267	0.29
Payroll & Payroll Tax	13.58%	908	1.00
Repairs & Maintenance	6.81%	455	0.50
Utilities	2.56%	171	0.19
Water, Sewer, & Trash	4.50%	301	0.33
Property Insurance	3.40%	227	0.25
Property Tax 2.999074	0.00%	0	0.00
Reserve for Replacements	2.99%	200	0.22
Other: compl fees, security	1.35%	90	0.10
<b>TOTAL EXPENSES</b>	<b>44.80%</b>	<b>\$2,995</b>	<b>\$3.30</b>
<b>NET OPERATING INC</b>	<b>55.20%</b>	<b>\$3,689</b>	<b>\$4.06</b>

**DEBT SERVICE**

First Lien Mortgage (Newman)	50.55%	\$3,379	\$3.72
GIC Income	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>4.64%</b>	<b>\$310</b>	<b>\$0.34</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description Factor % of TOTAL PER UNIT PER SQ FT

Acquisition Cost (site or bldg)		3.73%	\$3,231	\$3.56
Off-Sites		0.00%	0	0.00
Sitework		8.65%	7,500	8.26
Direct Construction		51.35%	44,518	49.03
Contingency	5.00%	3.00%	2,601	2.86
General Req'ts	6.00%	3.60%	3,121	3.44
Contractor's G & A	2.00%	1.20%	1,040	1.15
Contractor's Profit	6.00%	3.60%	3,121	3.44
Indirect Construction		4.59%	3,982	4.39
Ineligible Costs		3.59%	3,110	3.42
Developer's G & A	2.00%	1.58%	1,372	1.51
Developer's Profit	13.00%	10.29%	8,919	9.82
Interim Financing		3.14%	2,721	3.00
Reserves		1.68%	1,454	1.60
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$86,690</b>	<b>\$95.47</b>

**Recap-Hard Construction Costs**

71.41% \$61,901 \$68.17

**SOURCES OF FUNDS**

First Lien Mortgage (Newman)	56.17%	\$48,690	\$53.62
GIC Income	1.48%	\$1,285	\$1.42
HTC Syndication Proceeds (MMA)	39.36%	\$34,122	\$37.58
Deferred Developer Fees	6.43%	\$5,578	\$6.14
Additional (Excess) Funds Req'd	-3.44%	(\$2,986)	(\$3.29)
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT
\$1,775,668	\$1,771,284
45,360	45,360
0	0
\$1,821,028	\$1,816,644
(136,577)	(136,248)
0	0
\$1,684,451	\$1,680,396
\$94,720	\$88,764
67,378	67,216
228,816	223,531
114,677	108,144
43,042	35,280
75,782	87,600
57,204	47,701
0	0
50,400	50,400
22,680	22,680
\$754,698	\$731,316
\$929,753	\$949,080
\$851,559	\$851,559
0	0
0	0
\$78,194	\$97,521
1.09	1.11
	1.11

PER SQ FT	PER UNIT	% OF EGI
\$0.39	\$352	5.28%
0.29	267	4.00%
0.98	887	13.30%
0.47	429	6.44%
0.15	140	2.10%
0.38	348	5.21%
0.21	189	2.84%
0.00	0	0.00%
0.22	200	3.00%
0.10	90	1.35%
\$3.20	\$2,902	43.52%
\$4.15	\$3,766	56.48%
\$3.72	\$3,379	50.68%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.43	\$387	5.80%

PER SQ FT	PER UNIT	% of TOTAL
\$4.02	\$3,651	4.07%
0.00	0	0.00%
8.26	7,500	8.36%
52.02	47,238	52.68%
3.01	2,737	3.05%
3.62	3,284	3.66%
1.21	1,095	1.22%
3.62	3,284	3.66%
4.39	3,982	4.44%
3.42	3,110	3.47%
0.00	0	0.00%
11.87	10,776	12.02%
3.00	2,721	3.03%
0.33	298	0.33%
\$98.76	\$89,676	100.00%
\$71.74	\$65,138	72.64%

**RECOMMENDED**

\$12,270,000	\$12,270,000	\$12,270,000	Developer Fee Available
323,883	323,883	0	\$2,715,617
8,598,758	8,598,758	8,597,591	% of Dev. Fee Deferred
1,405,724	1,405,724	1,655,574	61%
(752,486)	0	(0)	15-Yr Cumulative Cash Flow
\$21,845,879	\$22,598,365	\$22,523,165	\$3,814,331

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**New Braunfels Gardens Apartments, San Antonio, 4% HTC #05437**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$50.45	\$11,544,816
<b>Adjustments</b>				
Exterior Wall Finish	1.68%		\$0.85	\$193,953
Elderly/9-Ft. Ceilings	3.91%		1.97	451,237
Roofing			0.00	0
Subfloor			(1.81)	(414,920)
Floor Cover			2.22	507,972
Porches/Balconies	\$35.65	46,035	7.17	1,641,150
Plumbing	\$680	504	1.50	342,720
Built-In Appliances	\$1,675	252	1.84	422,100
Stairs	\$1,650	6	0.04	9,900
Interior Corridors	\$40.53	8,640	1.53	350,219
Heating/Cooling			1.73	395,852
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$59.29	6,403	1.66	379,601
Fire Sprinkler System	\$2.70	228,816	2.70	617,803
<b>SUBTOTAL</b>			<b>71.86</b>	<b>16,442,402</b>
Current Cost Multiplier	1.01		0.72	164,424
Local Multiplier	0.83		(12.22)	(2,795,208)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$60.36</b>	<b>\$13,811,618</b>
Plans, specs, survy, bld prm	3.90%		(\$2.35)	(\$538,653)
Interim Construction Interes	3.38%		(2.04)	(466,142)
Contractor's OH & Profit	11.50%		(6.94)	(1,588,336)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$49.03</b>	<b>\$11,218,487</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$12,270,000	Amort	480
Int Rate	6.40%	DCR	1.09
<b>Secondary</b>	\$323,883	Amort	
Int Rate	0.00%	Subtotal DCR	1.09
<b>Additional</b>	\$8,598,758	Amort	
Int Rate		Aggregate DCR	1.09

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S N**

Primary Debt Service	\$851,559
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$97,521</b>

<b>Primary</b>	\$12,270,000	Amort	480
Int Rate	6.40%	DCR	1.11
<b>Secondary</b>	\$323,883	Amort	0
Int Rate	0.00%	Subtotal DCR	1.11
<b>Additional</b>	\$8,598,758	Amort	0
Int Rate	0.00%	Aggregate DCR	1.11

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NO1)**

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	\$1,771,284	\$1,824,423	\$1,879,155	\$1,935,530	\$1,993,596	\$2,311,124	\$2,679,226	\$3,105,957	\$4,174,147
Secondary Income	45,360	46,721	48,122	49,566	51,053	59,185	68,611	79,539	106,894
Contractor's Profit	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,816,644	1,871,143	1,927,278	1,985,096	2,044,649	2,370,308	2,747,837	3,185,496	4,281,041
Vacancy & Collection Loss	(136,248)	(140,336)	(144,546)	(148,882)	(153,349)	(177,773)	(206,088)	(238,912)	(321,078)
Developer's G & A	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,680,396</b>	<b>\$1,730,808</b>	<b>\$1,782,732</b>	<b>\$1,836,214</b>	<b>\$1,891,300</b>	<b>\$2,192,535</b>	<b>\$2,541,749</b>	<b>\$2,946,584</b>	<b>\$3,959,963</b>
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$88,764	\$92,315	\$96,007	\$99,847	\$103,841	\$126,339	\$153,711	\$187,012	\$276,824
Management	67,216	69,232	71,309	73,449	75,652	87,702	101,670	117,864	158,399
Payroll & Payroll Tax	223,531	232,472	241,771	251,442	261,500	318,154	387,083	470,946	697,115
Repairs & Maintenance	108,144	112,470	116,969	121,647	126,513	153,923	187,270	227,843	337,263
Utilities	35,280	36,691	38,159	39,685	41,273	50,214	61,094	74,330	110,026
Water, Sewer & Trash	87,600	91,104	94,748	98,538	102,480	124,682	151,695	184,560	273,194
Insurance	47,701	49,609	51,593	53,657	55,804	67,894	82,603	100,499	148,763
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	50,400	52,416	54,513	56,693	58,961	71,735	87,276	106,185	157,180
Other	22,680	23,587	24,531	25,512	26,532	32,281	39,274	47,783	70,731
<b>TOTAL EXPENSES</b>	<b>\$731,316</b>	<b>\$759,897</b>	<b>\$789,600</b>	<b>\$820,471</b>	<b>\$852,555</b>	<b>\$1,032,923</b>	<b>\$1,251,677</b>	<b>\$1,517,022</b>	<b>\$2,229,496</b>
<b>NET OPERATING INCOME</b>	<b>\$949,080</b>	<b>\$970,911</b>	<b>\$993,132</b>	<b>\$1,015,743</b>	<b>\$1,038,745</b>	<b>\$1,159,612</b>	<b>\$1,290,073</b>	<b>\$1,429,562</b>	<b>\$1,730,467</b>
DEBT SERVICE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
First Lien Financing	\$851,559	\$851,559	\$851,559	\$851,559	\$851,559	\$851,559	\$851,559	\$851,559	\$851,559
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>\$97,521</b>	<b>\$119,352</b>	<b>\$141,573</b>	<b>\$164,184</b>	<b>\$187,186</b>	<b>\$308,053</b>	<b>\$438,514</b>	<b>\$578,003</b>	<b>\$878,908</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.11</b>	<b>1.14</b>	<b>1.17</b>	<b>1.19</b>	<b>1.22</b>	<b>1.36</b>	<b>1.51</b>	<b>1.68</b>	<b>2.03</b>

LIHTC Allocation Calculation - New Braunfels Gardens Apartments, San Antonio, 4% HTC #054

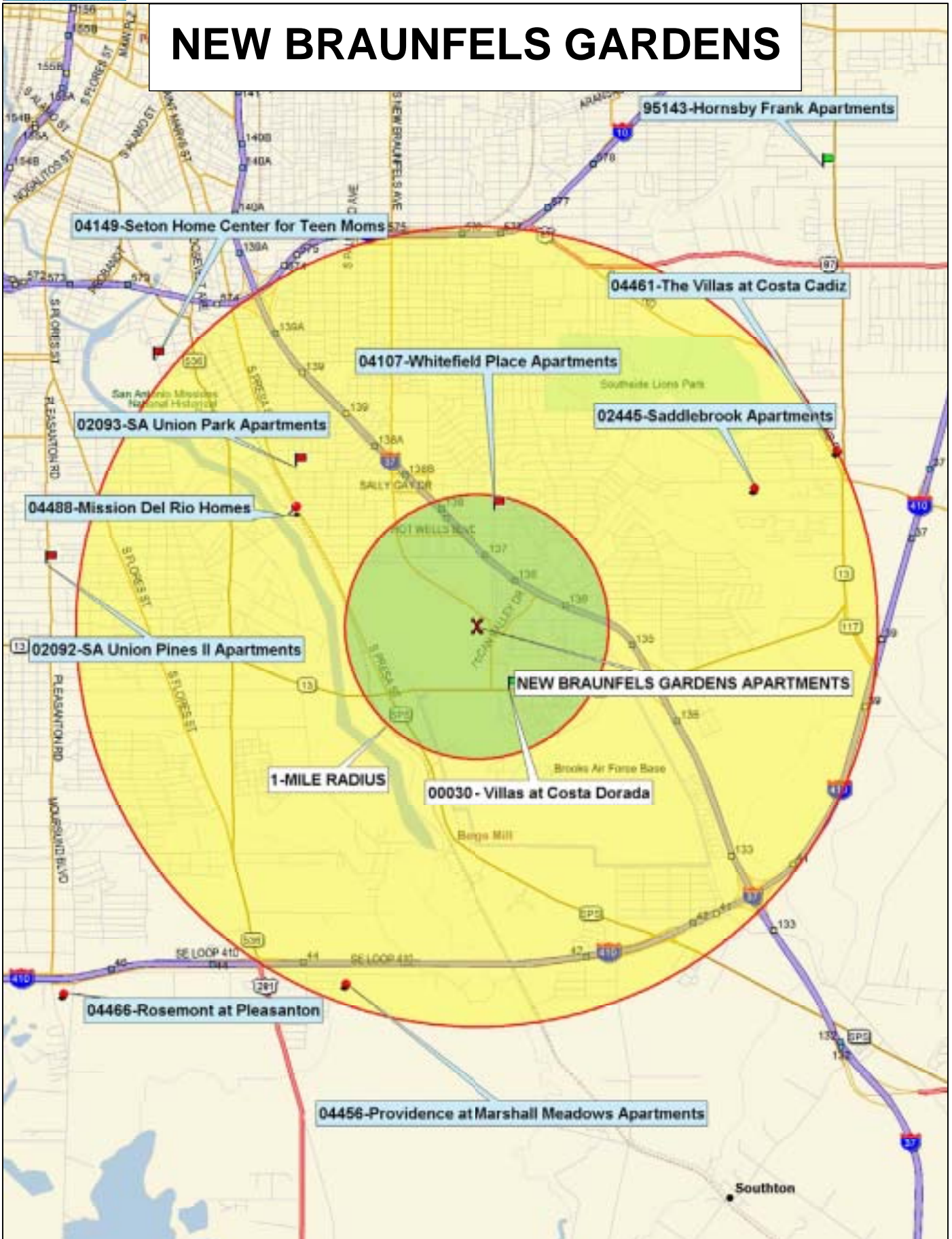
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$920,000	\$814,189		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,890,000	\$1,890,000	\$1,890,000	\$1,890,000
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$11,904,000	\$11,218,487	\$11,904,000	\$11,218,487
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$275,880	\$262,170	\$275,880	\$262,170
Contractor profit	\$827,640	\$786,509	\$827,640	\$786,509
General requirements	\$827,640	\$786,509	\$827,640	\$786,509
<b>(5) Contingencies</b>				
	\$689,700	\$655,424	\$689,700	\$655,424
<b>(6) Eligible Indirect Fees</b>				
	\$1,003,505	\$1,003,505	\$1,003,505	\$1,003,505
<b>(7) Eligible Financing Fees</b>				
	\$685,751	\$685,751	\$685,751	\$685,751
<b>(8) All Ineligible Costs</b>				
	\$783,632	\$783,632		
<b>(9) Developer Fees</b>				
Developer overhead		\$345,767		\$345,767
Developer fee	\$2,715,617	\$2,247,486	\$2,715,617	\$2,247,486
<b>(10) Development Reserves</b>				
	\$75,000	\$366,450		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$22,598,365</b>	<b>\$21,845,879</b>	<b>\$20,819,733</b>	<b>\$19,881,609</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>\$20,819,733</b>	<b>\$19,881,609</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$27,065,653</b>	<b>\$25,846,091</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$27,065,653</b>	<b>\$25,846,091</b>
Applicable Percentage		3.53%	3.53%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$955,418</b>	<b>\$912,367</b>

Syndication Proceeds	0.8999	\$8,597,591	\$8,210,189
<b>Total Credits (Eligible Basis Method)</b>		<b>\$955,418</b>	<b>\$912,367</b>
Syndication Proceeds		\$8,597,591	\$8,210,189
Requested Credits		\$955,418	
Syndication Proceeds		\$8,597,595	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$10,328,365</b>	
Credit Amount		\$1,147,752	



# NEW BRAUNFELS GARDENS



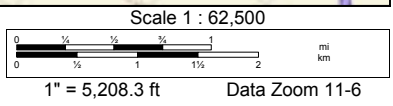
1-MILE RADIUS

NEW BRAUNFELS GARDENS APARTMENTS

00030 - Villas at Costa Dorada

04466-Rosemont at Pleasanton

04456-Providence at Marshall Meadows Apartments



**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Item**

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Cobblestone Manor Senior Community.

**Summary of the Transaction**

The application was received on August 23, 2005. The Issuer for this transaction is Tarrant County HFC. The development is to be located at 8201 Sartain Drive in Fort Worth. Demographics for the census tract include AMFI of \$61,500; the total population is 4142; the percent of population that is minority is 50.82%; the percent of population that is below the poverty line is 9.06%; the number of owner occupied units is 1000; the number of renter units is 751 and the number of vacant units is 162. The percent of population that is minority for the entire City of Fort Worth is 53% (Census information from FFIEC Geocoding for 2005). The development will consist of 220 total units targeting the elderly population, with 180 units to be affordable. The site is currently being rezoned for such a development. The Department has received no letters of support and no letters in opposition. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

**Recommendation**

Staff recommends the Board approve the issuance of Housing Tax Credits for Cobblestone Manor Senior Community.



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**Cobblestone Manor Senior Community, TDHCA Number 05441**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 8201 Sartain Development #: 05441  
 City: Fort Worth Region: 3 Population Served: Elderly  
 County: Tarrant Zip Code: 76120 Allocation:  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Purpose/Activity: NC  
 HOME Set Asides:  CHDO  Preservation  General  
 Bond Issuer: Tarrant County HFC  
 HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: OHC/Cobblestone, Ltd.  
 Richard Shaw - Phone: (972) 733-0096  
 Developer: Noel Project Development, LLC  
 Housing General Contractor: Brasha Builders, Inc.  
 Architect: Architettura, Inc.  
 Market Analyst: The Jack Poe Company  
 Syndicator: WNC & Associates  
 Supportive Services: Outreach Housing Corp.  
 Consultant: Not Utilized

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>65%</u>	<u>80%</u>	Total Restricted Units:	180
0	0	0	180	0	0	Market Rate Units:	40
<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>		Owner/Employee Units:	0
0	48	172	0	0		Total Development Units:	220
Type of Building:	5 units or more per bldg					Total Development Cost:	\$17,877,000
Number of Residential Buildings:	27						

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
9% Housing Tax Credits-Credit Ceiling		\$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	\$458,905	\$444,656	0	0	0.00%
Housing Trust Fund Loan Amount:	\$0	\$0	0	0	0.00%
HOME Fund Loan Amount:	\$0	\$0	0	0	0.00%
Bond Allocation Amount:	\$0	\$0	0	0	0.00%



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

Cobblestone Manor Senior Community, TDHCA Number 05441

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Nelson, District 12

NC Points: 0

US Representative: Burgess, District 26, NC

TX Representative: Veasey, District 95

NC Points: 0

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Michael J. Moncrief

Resolution of Support from Local Government

Dale Fisseler, Assistant City Manager - The development is consistent with the Consolidated Plan for the City of Fort Worth.

Individuals/Businesses: In Support 0

In Opposition 0

Neighborhood Input:

General Summary of Comment:

CONDITIONS OF COMMITMENT

- 1. Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project 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 documentation verifying the appropriate re-zoning of the site for the use as planned.
3. Receipt, review, and acceptance of a flood hazard mitigation plan to include documentation that the site will be developed so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**Cobblestone Manor Senior Community, TDHCA Number 05441**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Competitive Cycle:  Score:  Meeting a Required Set-Aside Credit Amount: \$0

Recommendation:

HOME Loan: Loan Amount: \$0

Recommendation:

Housing Trust Fund Loan:  Meeting a Required Set-Aside Loan Amount: \$0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: \$444,656

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed \$444,656 annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: \$0

Recommendation:

# Applicant Evaluation

Project ID # **05441**

Name: **Cobblestone Manor Senior Commu**

City: **Fort Worth**

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

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: 4

Projects in Material Noncompliance

# in noncompliance: 0

Projects zero to nine: 4  
grouped ten to nineteen: 0  
by score twenty to twenty-nine: 0

Yes  No

# monitored with a score less than thirty: 4

Projects not reported Yes   
in application No

# not yet monitored or pending review: 7

# 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 11/28/2005

### 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 11/29/2005

### Single Family Finance Production

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

Reviewer Paige McGilloway

Date 11/21/2005

### 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 \_\_\_\_\_

Date \_\_\_\_\_

### 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 11/28/2005

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

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

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

**DATE:** November 21, 2005      **PROGRAM:** 4% HTC      **FILE NUMBER:** 05441

**DEVELOPMENT NAME**

Cobblestone Senior Community

**APPLICANT**

**Name:** OHC/Cobblestone Ltd      **Type:** For-profit  
**Address:** 17103 Preston Road, Suite 250      **City:** Dallas      **State:** TX  
**Zip:** 75248      **Contact:** Richard Shaw      **Phone:** (972) 733-0096      **Fax:** (972) 733-1864

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	<u>Outreach Housing Corporation</u>	<b>(%):</b>	<u>0.005</u>	<b>Title:</b>	<u>Managing General Partner and 21% Owner of Developer</u>
<b>Name:</b>	<u>Noel Project Development LLC</u>	<b>(%):</b>	<u>0.005</u>	<b>Title:</b>	<u>Developer and Special Limited Partner</u>
<b>Name:</b>	<u>Colonial Communities, Inc.</u>	<b>(%):</b>	<u>79</u>	<b>Title:</b>	<u>Owner of Developer</u>
<b>Name:</b>	<u>Richard Shaw</u>	<b>(%):</b>	<u>39.5</u>	<b>Title:</b>	<u>Owner of Colonial Communities, Inc. and Guarantor</u>
<b>Name:</b>	<u>David Turek</u>	<b>(%):</b>	<u>39.5</u>	<b>Title:</b>	<u>Owner of Colonial Communities, Inc.</u>

**PROPERTY LOCATION**

**Location:** 8201 Sartain Drive       **QCT**       **DDA**  
**City:** Fort Worth      **County:** Tarrant      **Zip:** 76120

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$458,905	N/A	N/A	N/A
<b>Other Requested Terms:</b> <u>Annual ten-year allocation of housing tax credits. Requested amount revised from \$455,743.</u>			
<b>Proposed Use of Funds:</b> <u>New construction</u>		<b>Property Type:</b> <u>Multifamily</u>	
<b>Special Purpose (s):</b> <u>Elderly, Urban/Exurban</u>			

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$444,656 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of documentation verifying the appropriate re-zoning of the site for the use as planned;
2. Receipt, review, and acceptance of a flood hazard mitigation plan to include documentation that the site will be developed so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain; and
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 may be warranted.

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

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 220    **# Rental Buildings:** 27    **# Non-Res. Buildings:** 2    **# of Floors:** 1    **Age:** N/A yrs    **Vacant:** N/A at / /  
**Net Rentable SF:** 178,480    **Av Un SF:** 811    **Common Area SF:** 7,700    **Gross Bldg SF:** 186,180

**STRUCTURAL MATERIALS**

The structures will be wood frame on post-tensioned concrete slabs. According to the plans provided in the application the exteriors will be comprised as follows: 50% masonry/brick veneer/50% cement fiber siding and wood trim. The interior wall surfaces will be drywall and the pitched roofs will be finished with asphalt composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be laminate. Each unit will include: range & oven, hood & fan, garbage disposal, refrigerator, microwave oven, fiberglass tub/shower, washer and dryer connections, laminated counter tops, tankless hot water system, and individual heating and air conditioning.

**ONSITE AMENITIES**

A 7,700-square foot community building will include an activity room, management offices, fitness, a kitchen, restrooms, a media room, and a central mailroom. The community building and maintenance building are located at the entrance to the property. In addition perimeter fencing with limited access gate is planned for the site.

**Uncovered Parking:** 280 spaces    **Carports:** 80 spaces    **Garages:** 80 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** The subject is a 11-unit per acre new construction development of 220 units of mixed-income housing located in east Fort Worth. The development is comprised of 27 evenly distributed medium garden style, low-rise residential buildings as follows:

- Eighteen Building Type 1 with six two-bedroom/one-bath units and two two-bedroom/two-bath units;
- Six Building Type 2 with eight one-bedroom/one-bath units and two two-bedroom/one-bath units;
- Two Building Type 3 with two two-bedroom/one-bath units and four two-bedroom/two-bath units;
- One Building Type 4 with four two-bedroom/two-bath units.

**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.

**SITE ISSUES**

**SITE DESCRIPTION**

**Size:** 21.88 acres    953,093 square feet    **Flood Zone Designation:** Zone X (FIRM 48439C0318J)  
**Zoning:** E (Neighborhood Commercial)

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is an irregularly-shaped parcel located in the eastern area of Fort Worth, approximately 10 miles from the central business district. The site is situated on the north side of Sartain Drive.

**Adjacent Land Uses:**

- **North:** undeveloped land;
- **South:** Sartain Drive and undeveloped land;
- **East:** North John T. White Road and undeveloped land; and



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

- **West:** undeveloped land, Sartain Drive, residential homes.

**Site Access:** Access to the property is from the east or west along Sartain Drive or the north or south from North John T. White Road. The development is to have one main entry from Sartain Drive. Access to Interstate Highway 30 is one-half mile south, which provides connections to all other major roads serving the Fort Worth-Dallas area.

**Public Transportation:** Public transportation to the area is provided by the City of Fort Worth. The location of the nearest stop is at John T. White Road and Eastchase Parkway, one-half mile away.

**Shopping & Services:** The site is within one mile of major grocery/pharmacies, shopping centers, 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:

- **Zoning:** The site is currently zoned "E", neighborhood commercial. Receipt, review, and acceptance of documentation verifying the appropriate re-zoning of the site for the use as planned is a condition of this report.
- **Flood Plain:** The site plan and the survey by Herbert S. Beasley dated July 22, 2005 and revised August 3, 2005, shows a portion of the western boundary of the site located within the 100-year flood limits according to V.388-185, P. 81 P.R.T.C.T. Receipt, review, and acceptance of a flood hazard mitigation plan to include documentation that the site will be developed so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain is a condition of this report.

**Site Inspection Findings:** TDHCA staff performed a site inspection on August 29, 2005 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 October 5, 2005 was prepared by Lark & Associates and contained the following findings and recommendations:

**Findings:**

- **AST/UST Systems and Pipelines:** "One approximate 10,000 UST [underground storage tank] was located above ground on subject site currently empty and never been utilized. UST was removed by an approved contractor" (p. 32).
- **Landfill, Dumping, Disturbed Soils:** "None with the exception of inert trash on east side of property and piles of dirt/tree shavings along barricade of Sartain Drive adjacent North John T. White Road" (p. 29).
- **Radon:** "Texas Indoor Radon Survey conducted by the Texas Department of Health did survey 84 locations within Tarrant County with minimum values of <.7 to 7.4 pCi/L. These levels were taken OUTDOORS and do not reflect any environmental concerns" (p. 23).
- **Noise:** "Our firm was not requested or required to perform a noise study as there were no industrial zones, major highways, active rail lines or airfields within one mile of the site" (p. 34).
- **Floodplain:** "According to the Flood Insurance Rate Map, Community-Panel Map #48439C0318 J revised August 23, 2000 does indicate the property is within any Flood Zone X (Areas located outside the 100-500 year flood)" (p. 20). Note that the survey contends that a portion of the site is within the 100-year flood plain.

**Recommendations:** "After on-site review, no recommendations or environmental concerns within this undeveloped property were present or of record with all city, county, state, or federal authorities...Our firm has concluded that this site has been found to have no current environmental concerns. Based upon this report and other evaluations of this site our firm does rank this property as low risk. Our firm does consider that no further environmental investigation is necessary at this time" (p. 6).

**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. As a Priority 3 private activity bond lottery development the Applicant may elect a combination of market rate units and units at 60% or less of area median gross income. 180 of the units (82% of the total) will be reserved for low-income/elderly tenants earning 60% or less of AMGI and the remaining 24 units will be offered at market rents to elderly tenants.

<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>	\$26,340	\$30,120	\$33,840	\$37,620	\$40,620	\$43,620

**MARKET HIGHLIGHTS**

A market feasibility study dated August 2, 2005 was prepared by Jack Poe Company Incorporated (“Market Analyst”) and highlighted the following findings:

**Definition of Primary Market Area (PMA):** “There are no natural or man made boundaries that limit demand for the proposed improvements. Therefore, the primary market is defined as that area within a five mile radius of the subject” (p. 17). This area encompasses approximately 78 square miles.

**Population:** The estimated 2005 population of the primary market area was 236,108 and is expected to increase by 16.6% to approximately 259,253 by 2010. Within the primary market area there were estimated to be 105,791 households in 2005. The primary market area contains more than the Department’s guideline which limits population in a primary market area to 100,000 persons unless the development is serving seniors in which case the population should not exceed 250,000.

**Total Primary Market Demand for Rental Units:** The Market Analyst calculated a total demand of 844 qualified households in the PMA, based on the current estimate of 28,137 elderly households, the projected annual growth rate of 3.34%, renter households estimated at 23% of the population, income-qualified households estimated at 15.14%, and an annual renter turnover rate of 50% (p. 18). The Market Analyst used an income band of \$19,800 to \$33,840.

<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	27	3%	28	5%
Resident Turnover	704	83%	559	95%
Other Sources: Section 8	36	4%	0	N/A
Other Sources: Secondary Market	77	9%	0	N/A
<b>TOTAL ANNUAL DEMAND</b>	<b>844</b>	<b>100%</b>	<b>587</b>	<b>100%</b>

Ref: p. 42

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 21% based upon 844 units of demand and 180 unstabilized affordable housing in the PMA (including the subject) (p. 46). The Underwriter calculated an inclusive capture rate of 31% based upon a supply of unstabilized comparable affordable units of 180 divided by a revised demand of 587. This is below the Department’s guideline of 100% capture rate for senior developments.

**Local Housing Authority Waiting List Information:** “FWHA currently has a total allocation of 4,768 housing vouchers, with over 1,200 of the vouchers issued to the authority in the past six months...For additional support for demand below the income band, we surveyed ten qualified elderly developments in nine cities (not affiliated with the developer of the subject), and the percentage of their resident population that used Section 8 vouchers ranged from 9% in Tyler to 39% in Plano, with an average of 21.4%. Thus, it is indicated that residents with a Section 8 voucher are essential to stabilization of qualified elderly developments and it is reasonable to assert that 20% (180\*.20 = 36) of the units at the subject will be

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occupied by persons below the income band”(p. 41). This method of calculating demand does not consider the potential number of vouchers in the submarket and therefore was not considered in the Underwriter’s demand calculation.

**Market Rent Comparables:** The Market Analyst surveyed eight comparable apartment projects totaling 1,378 units in the market area (p. 37).

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI/SF)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (60%/700)</b>	\$673	\$673	\$0	\$725	-\$52
<b>1-Bedroom (MR/700)</b>	\$725	N/A	N/A	\$725	\$0
<b>2-Bedroom (60%/820)</b>	\$780	\$807	-\$27	\$825	-\$45
<b>2-Bedroom (MR/820)</b>	\$825	N/A	N/A	\$825	\$0
<b>2-Bedroom (60%/900)</b>	\$807	\$807	\$0	\$895	-\$88
<b>2-Bedroom (MR/900)</b>	\$895	N/A	N/A	\$895	\$0

(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 submarket’s average apartment occupancy (84.9%) is the lowest of the analyzed data [Dallas/Fort Worth market]. But, the properties that were built after 2000 are more well occupied than the other market measures” (p. 24).

**Absorption Projections:** “The Dallas/Fort Worth market forecast for absorption is 11,500 units by March 2006, which is a 76.9% increase from the previous period. 460 units were vacated in the submarket in the last 12 months as newer properties are built in other submarkets and continue to attract residents away from the subject submarket. The current occupancy level in the D/FW market is below the previous year by 0.4 points, the Dallas area is unchanged and the Fort Worth area is lower than its previous year’s levels by 1.6 points. Expected improvements in the economy should further benefit leasing in the coming year. Increasing single family mortgage rates, employment expansion, and a slowing delivery of new supply should continue to increase housing demand. The largest burden on the multifamily market over the past two years has been low mortgage rates, but most renters looking to make home purchases perhaps have done so already, suggesting that loss of renters to the for-sale sector will be less of a drain on the apartment market in the near term” (p. 26).

**Known Planned Development:** “There are no HTC or conventional apartments under construction or in the planning stage in the primary market” (p. 26).

**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 rent projections are slightly lower (2%) than the maximum rents allowed under HTC guidelines. There is the potential for additional income (approximately \$31K) 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 maximum levels. The Applicant stated that tenants will pay for cooling, cooking, and general electricity (the development will pay water heating, heating, water, sewer, and trash), and rents and expenses were calculated accordingly. The Applicant overstated secondary income (\$67 unit/month) based primary upon highly volatile garage and carport income and additional tenant fees. The Underwriter was able to verify up to \$25 unit/month in secondary income utilizing the Department’s database of existing developments. As a result of these differences the Applicant’s effective gross income estimate is \$75K greater than the Underwriter’s estimate.

**Expenses:** The Applicant’s total expense estimate of \$4,130 per unit is within 8% of the Underwriter’s database-derived estimate of \$4,512 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 (\$50K lower), payroll (\$26K lower), repairs and maintenance (\$30K lower), utilities (\$23K lower), water, sewer, and trash (\$27K lower), and property tax (\$45K higher). The Underwriter discussed these differences with the Applicant but was unable to reconcile

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them even with additional information provided by the Applicant.

**Conclusion:** The Applicant's 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 primarily to the difference in estimated operating expense, the Underwriter's estimated debt coverage ratio (DCR) of 1.06 is less than the program minimum standard of 1.10. 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 \$12,745,000.

**ACQUISITION VALUATION INFORMATION**

**ASSESSED VALUE**

<b>Land: 21.89 acres</b>	\$262,680	<b>Assessment for the Year of:</b>	2005
<b>Building:</b>	\$0	<b>Valuation by:</b>	Tarrant County Appraisal District
<b>Total Assessed Value:</b>	\$262,680	<b>Tax Rate:</b>	3.186227

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b>	Contract of Sale (21.88 acres)					
<b>Contract Expiration Date:</b>	1/	27/	2006	<b>Anticipated Closing Date:</b>	1/	27/ 2006
<b>Acquisition Cost:</b>	\$894,737			<b>Other Terms/Conditions:</b>	N/A	
<b>Seller:</b>	Pantego Bible Church			<b>Related to Development Team Member:</b>	No	

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The acquisition price is assumed to be reasonable since the sale is an arm's-length transaction.

**Sitework Cost:** The Applicant's claimed sitework costs of \$7,362 per unit are within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$23K or 0.3% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

**Ineligible Costs:** The Applicant excluded garage and carport construction costs from eligible basis and included them in ineligible costs.

**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 \$5K 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 \$372K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

**Contingency:** The Applicant's contingency amount exceeds the 5% maximum allowed by HTC guidelines by \$93K. The Applicant's eligible amount has been reduced by the same amount with the overage effectively moved to 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. As a result, an eligible basis of \$15,894,073 is used to determine a credit allocation of \$444,656 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.

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

FINANCING STRUCTURE			
INTERIM TO PERMANENT BOND FINANCING			
<b>Source:</b>	Merchant Capital	<b>Contact:</b>	John Rucker
<b>Amount:</b>	\$13,250,000	<b>Interest Rate:</b>	6.5%
<b>Additional Information:</b>	N/A		
<b>Amortization:</b>	40 yrs	<b>Term:</b>	40 yrs
<b>Commitment:</b>	<input checked="" type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input checked="" type="checkbox"/> Conditional
<b>Annual Payment:</b>	\$930,881	<b>Lien Priority:</b>	1 <sup>st</sup>
<b>Date:</b>	8/ 17/ 2005		
TAX CREDIT SYNDICATION			
<b>Source:</b>	WNC & Associates	<b>Contact:</b>	Mike Gaber
<b>Net Proceeds:</b>	\$4,152,675	<b>Net Syndication Rate (per \$1.00 of 10-yr HTC)</b>	90.5¢
<b>Commitment:</b>	<input checked="" type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input type="checkbox"/> Conditional
<b>Date:</b>	11/ 17/ 2005		
<b>Additional Information:</b>	N/A		
APPLICANT EQUITY			
<b>Amount:</b>	\$474,325	<b>Source:</b>	Deferred Developer Fee
FINANCING STRUCTURE ANALYSIS			
<p><b>Interim to Permanent Bond Financing:</b> The tax-exempt bonds are to be issued by Tarrant County Housing Finance Corporation and purchased by Merchant Capital. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.</p> <p><b>HTC Syndication:</b> The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The syndication rate proposed in the commitment is in the low end of current credit prices however an unlikely increase of \$0.15 would have to occur before causing a gap issue that could potentially limit credits.</p> <p><b>Deferred Developer's Fees:</b> The Applicant's proposed deferred developer's fees of \$474,325 amount to 23% of the total fees.</p> <p><b>Financing Conclusions:</b> Based on the Applicant's adjusted estimate of eligible basis, the HTC allocation should not exceed \$444,656 annually for ten years, resulting in syndication proceeds of approximately \$4,024,141. This amount is lower than the requested credits and the amount calculated from the development's gap in need. Due to the difference in estimated expenses, the Underwriter's debt coverage ratio (DCR) of 1.06 is less than the TDHCA minimum standard of 1.10. Therefore, the Underwriter anticipates that permanent debt may be reduced to \$12,745,000 by a mandatory redemption of bonds. To compensate for the reduction in loan and tax credit syndication funds the Applicant's deferred developer fee will be increased to \$1,107,859, which represents approximately 53% of the eligible fee and which should be repayable from cash flow within 10 years.</p>			

DEVELOPMENT TEAM
IDENTITIES of INTEREST
The Applicant, Developer, General Contractor, Property Manager and Supportive Services firm are all related entities. These are common relationships for HTC-funded developments.
APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE
<p><b>Financial Highlights:</b></p> <ul style="list-style-type: none"> <li>The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.</li> <li>The General Partner, Outreach Housing Corporation, submitted an unaudited financial statement as of August 2, 2005 reporting total assets of \$10.8M and consisting of \$413K in cash, \$4.9M in receivables, \$5.3M in real property, and \$78K in office fixtures. Liabilities totaled \$312K, resulting in a net worth of \$10.5.</li> </ul>

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- The anticipated guarantor of the development, Richard Shaw, submitted an unaudited financial statement as of August 2, 2005.

**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 proforma is more than 5% outside of the Underwriter's verifiable range.
- The significant financing structure changes being proposed have not been reviewed by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Brenda Hull*

**Date:** November 21, 2005

**Director of Real Estate Analysis:**

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

**Date:** November 21, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Cobblestone Senior Community, Fort Worth, 4% HTC, #05441**

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%	40	1	1	700	\$705	\$673	\$26,920	\$0.96	\$32.00	\$20.00
Mkt	8	1	1	700		\$725	5,800	1.04	32.00	20.00
TC 60%	100	2	1	820	846	\$807	80,700	0.98	39.00	22.00
Mkt	24	2	1	820		825	19,800	1.01	39.00	22.00
TC 60%	40	2	2	900	846	\$807	32,280	0.90	39.00	22.00
Mkt	8	2	2	900		\$895	7,160	0.99	39.00	22.00
<b>TOTAL:</b>	<b>220</b>		<b>AVERAGE:</b>	<b>811</b>	<b>\$667</b>	<b>\$785</b>	<b>\$172,660</b>	<b>\$0.97</b>	<b>\$37.47</b>	<b>\$21.56</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	178,480	<b>TDHCA</b>	<b>APPLICANT</b>	Comptroller's Region 3		
<b>POTENTIAL GROSS RENT</b>						\$2,071,920	\$2,040,720	IREM Region Fort Worth		
Secondary Income			Per Unit Per Month:	\$15.00		39,600	101,520	\$38.45	Per Unit Per Month	
Other Income: Garages and Carports			Per Unit Per Month:	\$10.00		26,400	76,800	\$29.09	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>						\$2,137,920	\$2,219,040			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%		(160,344)	(166,428)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$1,977,576	\$2,052,612			

<b>EXPENSES</b>	% OF EGI	PER UNIT	PER SQ FT	<b>TDHCA</b>	<b>APPLICANT</b>	PER SQ FT	PER UNIT	% OF EGI		
General & Administrative	4.10%	\$369	0.45	\$81,168	\$30,800	\$0.17	\$140	1.50%		
Management	4.08%	366	0.45	80,594	101,099	0.57	460	4.93%		
Payroll & Payroll Tax	9.92%	892	1.10	196,199	170,000	0.95	773	8.28%		
Repairs & Maintenance	4.53%	407	0.50	89,510	59,300	0.33	270	2.89%		
Utilities	3.78%	340	0.42	74,783	51,000	0.29	232	2.48%		
Water, Sewer, & Trash	4.06%	365	0.45	80,340	53,000	0.30	241	2.58%		
Property Insurance	2.71%	243	0.30	53,544	62,300	0.35	283	3.04%		
Property Tax	3.186277	14.18%	1,275	280,392	325,000	1.82	1,477	15.83%		
Reserve for Replacements	2.22%	200	0.25	44,000	44,000	0.25	200	2.14%		
Other: compl, supp svcs, sec	0.61%	55	0.07	12,100	12,100	0.07	55	0.59%		
<b>TOTAL EXPENSES</b>	<b>50.19%</b>	<b>\$4,512</b>	<b>\$5.56</b>	<b>\$992,630</b>	<b>\$908,599</b>	<b>\$5.09</b>	<b>\$4,130</b>	<b>44.27%</b>		
<b>NET OPERATING INC</b>	<b>49.81%</b>	<b>\$4,477</b>	<b>\$5.52</b>	<b>\$984,946</b>	<b>\$1,144,013</b>	<b>\$6.41</b>	<b>\$5,200</b>	<b>55.73%</b>		
<b>DEBT SERVICE</b>										
Merchant Capital	47.07%	\$4,231	\$5.22	\$930,876	\$930,881	\$5.22	\$4,231	45.35%		
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>2.73%</b>	<b>\$246</b>	<b>\$0.30</b>	<b>\$54,070</b>	<b>\$213,132</b>	<b>\$1.19</b>	<b>\$969</b>	<b>10.38%</b>		
<b>AGGREGATE DEBT COVERAGE RATIO</b>						1.06	1.23			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						1.10				

<b>CONSTRUCTION COST</b>					<b>TDHCA</b>	<b>APPLICANT</b>	PER SQ FT	PER UNIT	% of TOTAL
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT					
Acquisition Cost (site or bldg)		5.06%	\$4,067	\$5.01	894,737	\$894,737	\$5.01	\$4,067	5.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		9.16%	7,362	9.08	1,619,737	1,619,737	9.08	7,362	9.06%
Direct Construction		46.10%	37,054	45.67	8,151,799	8,128,526	45.54	36,948	45.47%
Contingency	5.00%	2.76%	2,221	2.74	488,577	580,000	3.25	2,636	3.24%
General Req'ts	5.99%	3.31%	2,659	3.28	585,000	585,000	3.28	2,659	3.27%
Contractor's G & A	2.00%	1.10%	886	1.09	195,000	195,000	1.09	886	1.09%
Contractor's Profit	6.00%	3.32%	2,665	3.28	586,292	590,000	3.31	2,682	3.30%
Indirect Construction		3.83%	3,082	3.80	678,000	678,000	3.80	3,082	3.79%
Ineligible Costs		2.37%	1,902	2.34	418,500	418,500	2.34	1,902	2.34%
Developer's G & A	2.04%	1.59%	1,282	1.58	282,036	650,000	3.64	2,955	3.64%
Developer's Profit	12.96%	10.15%	8,159	10.06	1,795,000	1,795,000	10.06	8,159	10.04%
Interim Financing		8.72%	7,011	8.64	1,542,500	1,542,500	8.64	7,011	8.63%
Reserves		2.53%	2,030	2.50	446,703	200,000	1.12	909	1.12%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$80,381</b>	<b>\$99.08</b>	<b>\$17,683,880</b>	<b>\$17,877,000</b>	<b>\$100.16</b>	<b>\$81,259</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>		<b>65.75%</b>	<b>\$52,847</b>	<b>\$65.14</b>	<b>\$11,626,405</b>	<b>\$11,698,263</b>	<b>\$65.54</b>	<b>\$53,174</b>	<b>65.44%</b>

<b>SOURCES OF FUNDS</b>				<b>RECOMMENDED</b>			
Merchant Capital	74.93%	\$60,227	\$74.24	\$13,250,000	\$13,250,000	\$12,745,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$2,073,140
HTC Syndication Proceeds	23.48%	\$18,876	\$23.27	4,152,675	4,152,675	4,024,141	% of Dev. Fee Deferred
Deferred Developer Fees	2.68%	\$2,156	\$2.66	474,325	474,325	1,107,859	53%
Additional (Excess) Funds Req'd	-1.09%	(\$878)	(\$1.08)	(193,120)	0	(0)	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$17,683,880</b>	<b>\$17,877,000</b>	<b>\$17,877,000</b>	<b>\$3,480,894</b>

**MULTIFAMILY COMPARATIVE ANALYSIS**(continued)  
**Cobblestone Senior Community, Fort Worth, 4% HTC, #05441**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$51.46	\$9,184,683
<b>Adjustments</b>				
Exterior Wall Finish	4.00%		\$2.06	\$367,387
Elderly	3.00%		1.54	275,541
Roofing			0.00	0
Subfloor			(2.24)	(399,795)
Floor Cover			2.22	396,226
Porches/Balconies	\$18.15	10,120	1.03	183,678
Plumbing	\$680	144	0.55	97,920
Built-In Appliances	\$1,675	220	2.06	368,500
Fireplaces	\$1,600	1	0.01	1,600
Enclosed Corridors			0.00	0
Heating/Cooling			2.03	362,314
Garages	\$15.14	16,000	0.00	0
Comm / Aux Bldgs	\$56.94	7,700	2.46	438,430
Carports	\$8.90	16,000	0.00	0
<b>SUBTOTAL</b>			<b>63.18</b>	<b>11,276,484</b>
Current Cost Multiplier	1.01		0.63	112,765
Local Multiplier	0.88		(7.58)	(1,353,178)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$56.23</b>	<b>\$10,036,071</b>
Plans, specs, survy, bld prm	3.90%		(\$2.19)	(\$391,407)
Interim Construction Interest	3.38%		(1.90)	(338,717)
Contractor's OH & Profit	11.50%		(6.47)	(1,154,148)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$45.67</b>	<b>\$8,151,799</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$13,250,000	Amort	480
Int Rate	6.50%	DCR	1.06

<b>Secondary</b>	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.06

<b>Additional</b>	\$4,152,675	Amort	
Int Rate		Aggregate DCR	1.06

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$895,398
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$89,549</b>

<b>Primary</b>	\$12,745,000	Amort	480
Int Rate	6.50%	DCR	1.10

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

<b>Additional</b>	\$4,152,675	Amort	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	\$2,071,920	\$2,134,078	\$2,198,100	\$2,264,043	\$2,331,964	\$2,703,386	\$3,133,965	\$3,633,124	\$4,882,615
Secondary Income	39,600	40,788	42,012	43,272	44,570	51,669	59,899	69,439	93,320
Other Income: Garages and Ca	26,400	27,192	28,008	28,848	29,713	34,446	39,932	46,293	62,213
POTENTIAL GROSS INCOME	2,137,920	2,202,058	2,268,119	2,336,163	2,406,248	2,789,501	3,233,796	3,748,856	5,038,149
Vacancy & Collection Loss	(160,344)	(165,154)	(170,109)	(175,212)	(180,469)	(209,213)	(242,535)	(281,164)	(377,861)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,977,576	\$2,036,903	\$2,098,010	\$2,160,951	\$2,225,779	\$2,580,288	\$2,991,261	\$3,467,691	\$4,660,287
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$81,168	\$84,415	\$87,792	\$91,303	\$94,955	\$115,528	\$140,557	\$171,009	\$253,136
Management	80,594	83,011	85,502	88,067	90,709	105,156	121,905	141,321	189,924
Payroll & Payroll Tax	196,199	204,047	212,209	220,697	229,525	279,252	339,753	413,361	611,876
Repairs & Maintenance	89,510	93,090	96,814	100,686	104,713	127,400	155,002	188,583	279,149
Utilities	74,783	77,775	80,886	84,121	87,486	106,440	129,500	157,557	233,223
Water, Sewer & Trash	80,340	83,554	86,896	90,372	93,986	114,349	139,123	169,264	250,552
Insurance	53,544	55,686	57,913	60,230	62,639	76,210	92,721	112,809	166,985
Property Tax	280,392	291,608	303,272	315,403	328,019	399,086	485,549	590,744	874,446
Reserve for Replacements	44,000	45,760	47,590	49,494	51,474	62,626	76,194	92,701	137,221
Other	12,100	12,584	13,087	13,611	14,155	17,222	20,953	25,493	37,736
TOTAL EXPENSES	\$992,630	\$1,031,529	\$1,071,960	\$1,113,983	\$1,157,662	\$1,403,268	\$1,701,257	\$2,062,844	\$3,034,247
NET OPERATING INCOME	\$984,946	\$1,005,374	\$1,026,050	\$1,046,967	\$1,068,117	\$1,177,020	\$1,290,005	\$1,404,847	\$1,626,040
<b>DEBT SERVICE</b>									
First Lien Financing	\$895,398	\$895,398	\$895,398	\$895,398	\$895,398	\$895,398	\$895,398	\$895,398	\$895,398
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$89,549	\$109,977	\$130,653	\$151,570	\$172,719	\$281,622	\$394,607	\$509,450	\$730,643
DEBT COVERAGE RATIO	1.10	1.12	1.15	1.17	1.19	1.31	1.44	1.57	1.82



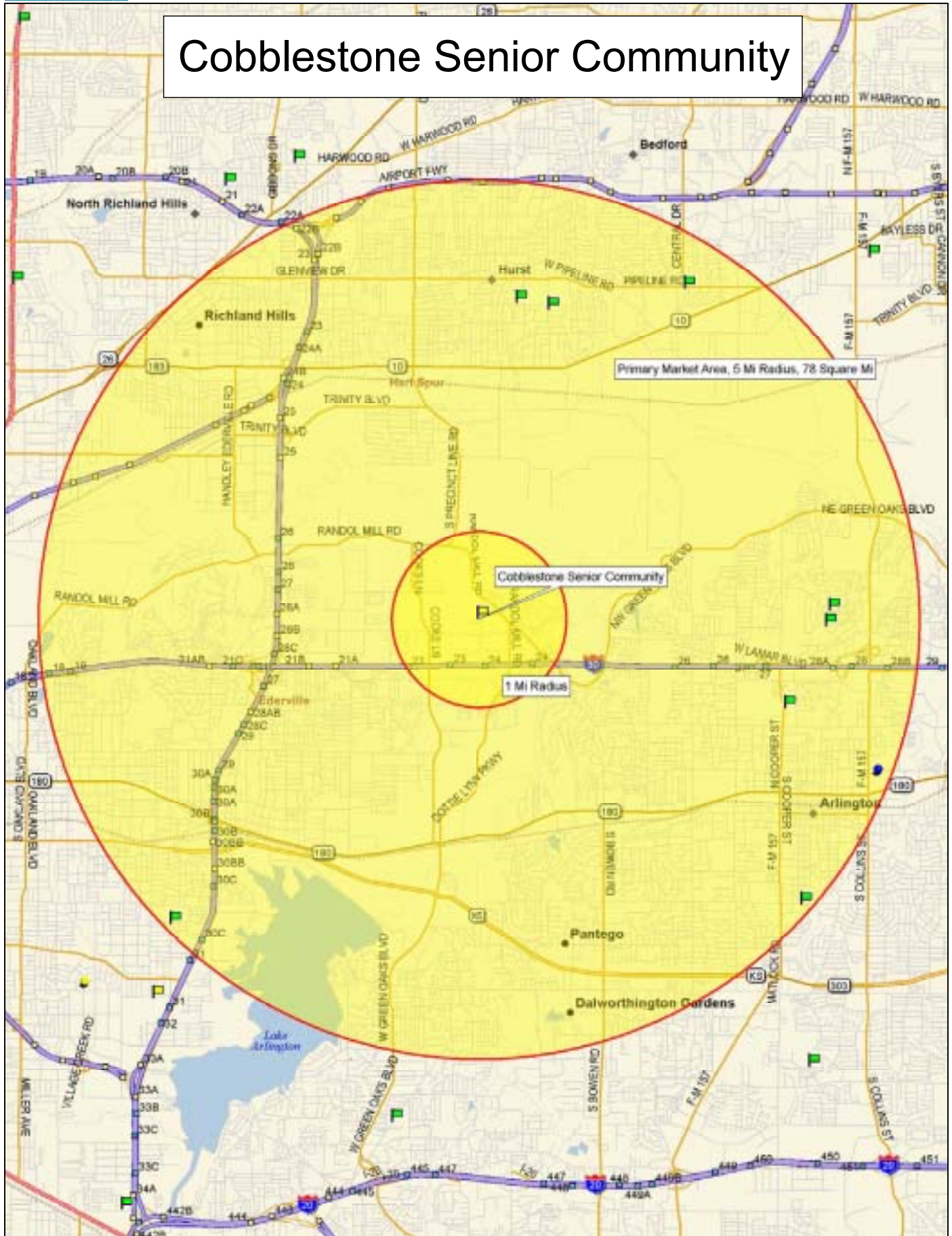
**LIHTC Allocation Calculation - Cobblestone Senior Community, Fort Worth, 4% HTC, #05441**

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	\$894,737	\$894,737		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,619,737	\$1,619,737	\$1,619,737	\$1,619,737
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$8,128,526	\$8,151,799	\$8,128,526	\$8,151,799
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$195,000	\$195,000	\$194,965	\$195,000
Contractor profit	\$590,000	\$586,292	\$584,896	\$586,292
General requirements	\$585,000	\$585,000	\$584,896	\$585,000
<b>(5) Contingencies</b>				
	\$580,000	\$488,577	\$487,413	\$488,577
<b>(6) Eligible Indirect Fees</b>				
	\$678,000	\$678,000	\$678,000	\$678,000
<b>(7) Eligible Financing Fees</b>				
	\$1,542,500	\$1,542,500	\$1,542,500	\$1,542,500
<b>(8) All Ineligible Costs</b>				
	\$418,500	\$418,500		
<b>(9) Developer Fees</b>			\$2,073,140	
Developer overhead	\$650,000	\$282,036		\$282,036
Developer fee	\$1,795,000	\$1,795,000		\$1,795,000
<b>(10) Development Reserves</b>				
	\$200,000	\$446,703		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$17,877,000</b>	<b>\$17,683,880</b>	<b>\$15,894,073</b>	<b>\$15,923,940</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>			\$15,894,073	\$15,923,940
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			\$15,894,073	\$15,923,940
Applicable Fraction			82%	82%
<b>TOTAL QUALIFIED BASIS</b>			\$13,001,651	\$13,026,083
Applicable Percentage			3.42%	3.42%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$444,656	\$445,492

<b>Syndication Proceeds</b>	<b>0.9050</b>	<b>\$4,024,141</b>	<b>\$4,031,703</b>
<b>Total Credits (Eligible Basis Method)</b>		<b>\$444,656</b>	<b>\$445,492</b>
<b>Syndication Proceeds</b>		<b>\$4,024,141</b>	<b>\$4,031,703</b>
<b>Requested Credits</b>		<b>\$458,905</b>	
<b>Syndication Proceeds</b>		<b>\$4,153,090</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$5,132,000</b>	
<b>Credit Amount</b>		<b>\$567,072</b>	

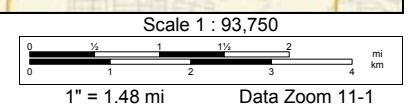
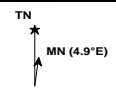
# Cobblestone Senior Community



Primary Market Area, 5 Mi Radius, 78 Square Mi

Cobblestone Senior Community

1 Mi Radius



**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Item**

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Mill City Parc Apartments.

**Summary of the Transaction**

The application was received on September 30, 2005. The Issuer for this transaction is Housing Options, Inc. The development is to be located at 4848 Hatcher Street in Dallas. Demographics for the census tract include AMFI of \$65,000; the total population is 4066; the percent of population that is minority is 99.39%; the percent of population that is below the poverty line is 53.81%; the number of owner occupied units is 345; the number of renter units is 1139 and the number of vacant units is 187. The percent of population that is minority for the entire City of Dallas is 65% (Census information from FFIEC Geocoding for 2005). The development will consist of 116 total units targeting the general population, with all of the units to be affordable. The site is currently zoned for such a development. The Department has received no letters of support and no letters in opposition. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

**Recommendation**

Staff recommends the Board approve the issuance of Housing Tax Credits for Mill City Parc Apartments.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**

December 14, 2005

Development Information, Public Input and Board Summary

**Mill City Parc Apartments, TDHCA Number 05442**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 4848 Hatcher Street Development #: 05442  
 City: Dallas Region: 3 Population Served: Family  
 County: Zip Code: Allocation:  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Purpose/Activity: NC  
 HOME Set Asides:  CHDO  Preservation  General  
 Bond Issuer: Housing Options, Inc.  
 HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: Mill City Frazier, LP  
 Lester Nevels - Phone: (214) 951-8327  
 Developer: Mill City Development, Inc.  
 Housing General Contractor: To Be Determined  
 Architect: Brown, Reynolds, Watford  
 Market Analyst: CG Richard Ellis  
 Syndicator: MMA Financial  
 Supportive Services: The City of Dallas Public Housing Authority  
 Consultant: Not Utilized

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>65%</u>	<u>80%</u>	Total Restricted Units:	116
87	0	29	0	0	0	Market Rate Units:	0
<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>		Owner/Employee Units:	0
0	30	48	38	0		Total Development Units:	116
Type of Building:	5 units or more per bldng					Total Development Cost:	\$11,279,366
Number of Residential Buildings:	23						

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
9% Housing Tax Credits-Credit Ceiling		\$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	\$508,080	\$463,328	0	0	0.00%
Housing Trust Fund Loan Amount:	\$0	\$0	0	0	0.00%
HOME Fund Loan Amount:	\$0	\$0	0	0	0.00%
Bond Allocation Amount:	\$0	\$0	0	0	0.00%



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

Mill City Parc Apartments, TDHCA Number 05442

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: West, District 23

NC Points: 0

US Representative: Johnson, District 30, NC

TX Representative: Hodge, District 100

NC Points: 0

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Laura Miller, Mayor - NC

Resolution of Support from Local Government [checked]

Individuals/Businesses: In Support: 0

In Opposition: 0

Neighborhood Input:

General Summary of Comment:

CONDITIONS OF COMMITMENT

- 1. Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project 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 documentation that all drives and amenity improvements are not more than six inches below the base flood elevation.
3. Receipt, review and acceptance of documentation verifying that all window and door sills of the subject property are properly insulated with acoustical materials to mitigate the potential noise hazard posed from the adjacent railroad line in accordance with the ESA recommendations.
4. Acceptance by the Board of a likely redemption of the majority of the bonds immediately after issuance.
5. Should the Board accept the current construction bid as sufficient evidence of significantly higher costs than anticipated by the Underwriter, the requested credit amount of \$508,080 would be justified.
6. Receipt, review, and acceptance of a revised market study clarifying the demand and capture rate calculations and a full review of this Market Analyst's work to determine if removal from the approved Market Analyst list is appropriate (this condition does not impact the transaction but only the Market Analyst).
7. 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.



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**Mill City Parc Apartments, TDHCA Number 05442**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Competitive Cycle:  Score:  Meeting a Required Set-Aside Credit Amount: \$0

Recommendation:

HOME Loan: Loan Amount: \$0

Recommendation:

Housing Trust Fund Loan:  Meeting a Required Set-Aside Loan Amount: \$0

Recommendation:

4% Housing Tax Credits with Bond Issuance: Credit Amount: \$463,328

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed \$463,328 annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: \$0

Recommendation:

# Applicant Evaluation

Project ID # **05442**

Name: **Mill City Parc Apartments**

City: **Dallas**

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

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: 5

Projects in Material Noncompliance

# in noncompliance: 0

Projects zero to nine: 5  
 grouped ten to nineteen: 0  
 by score twenty to twenty-nine: 0

Yes  No

# monitored with a score less than thirty: 5

Projects not reported Yes   
 in application No

# not yet monitored or pending review: 6

# 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 11/28/2005

### 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 11/29/2005

### Single Family Finance Production

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

Reviewer Paige McGilloway  
 Date 11/21/2005

### 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 \_\_\_\_\_  
 Date \_\_\_\_\_

### 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 11/28/2005

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

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

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

**DATE:** November 30, 2005      **PROGRAM:** 4% HTC      **FILE NUMBER:** 05442

**DEVELOPMENT NAME**

Mill City Parc Apartments

**APPLICANT**

<b>Name:</b>	Mill City Frazier, LP	<b>Type:</b>	For-profit
<b>Address:</b>	3939 N. Hampton Road	<b>City:</b>	Dallas
<b>State:</b>		<b>State:</b>	TX
<b>Zip:</b>	75212	<b>Contact:</b>	Lester Nevels
<b>Phone:</b>	(214) 951-8327	<b>Fax:</b>	(214) 951-8492

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	Mill City Development, Inc. (MCDI)	<b>(%):</b>	.01	<b>Title:</b>	Managing General Partner
<b>Name:</b>	Housing Options, Inc. (HOI)	<b>(%):</b>	N/A	<b>Title:</b>	Issuer, lender and sister organization to GP
<b>Name:</b>	Dallas Housing Authority (DHA)	<b>(%):</b>	N/A	<b>Title:</b>	Parent organization of HOI
<b>Name:</b>	Ann Lott	<b>(%):</b>	N/A	<b>Title:</b>	Director & president of MCDI & HOI
<b>Name:</b>	Matty Gouldsby Jones	<b>(%):</b>	N/A	<b>Title:</b>	Director of MCDI & HOI
<b>Name:</b>	Troy Broussard	<b>(%):</b>	N/A	<b>Title:</b>	Secretary/ Treasurer of MCDI & HOI

**PROPERTY LOCATION**

**Location:** 4848 Hatcher Street       **QCT**       **DDA**  
**City:** Dallas      **County:** Dallas      **Zip:** 75210

**REQUEST**

<b><u>Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Amortization</u></b>	<b><u>Term</u></b>
\$508,080	N/A	N/A	N/A
<b>Other Requested Terms:</b> Annual ten-year allocation of housing tax credits			
<b>Proposed Use of Funds:</b> New construction		<b>Property Type:</b> Multifamily	
<b>Special Purpose (s):</b> Urban/ Exurban			

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$463,328 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of documentation that all drives and amenity improvements are not more than six inches below the base flood elevation;
2. Receipt, review, and acceptance of documentation verifying that all window and door sills of the subject property are properly insulated with acoustical materials to mitigate the potential noise hazard posed from the adjacent railroad line in accordance with the ESA recommendations;
3. Acceptance by the Board of the anticipated likely redemption of the majority of the bonds



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

- immediately after issuance;
4. Should the Board accept the current construction bid as sufficient evidence of significantly higher costs than anticipated by the Underwriter, the requested credit amount of \$508,080 would be justified;
  5. Receipt, review, and acceptance of a revised market study clarifying the demand and capture rate calculations and a full review of this Market Analyst's work to determine if removal from the approved Market Analyst list is appropriate (this condition is does not impact the transaction but only the Market Analyst); and
  6. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports. This development is the third and final phase of redevelopment of the Frazier Courts public housing development. Its sister development, Wahoo Frazier Townhomes (9% HTC #05116), was awarded 9% tax credits this summer and is anticipated to be built simultaneously on property adjacent to the subject.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 116    **# Rental Buildings:** 23    **# Non-Res. Buildings:** 0    **# of Floors:** 2    **Age:** N/A yrs    **Vacant:** N/A at / /

**Net Rentable SF:** 124,609    **Av Un SF:** 1,074    **Common Area SF:** 0    **Gross Bldg SF:** 124,609

**STRUCTURAL MATERIALS**

The structures will be wood-framed on post-tensioned concrete slabs on grade. According to the plans provided in the application the exteriors will be comprised of 40% stone veneer, 30% cement fiber siding, and wood trim. The interior wall surfaces will be drywall and the pitched roofs will be finished with composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting and vinyl tile. Each unit will include: range & oven, hood and fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer and dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning, and 8-foot ceilings.

**ONSITE AMENITIES**

No community building will be included at the site as leasing and supportive service activities will occur at other Dallas Housing Authority (DHA) offices in the vicinity. Two equipped children's play areas and community gardens are located at opposite ends of the site. In addition, a sport court is planned for the site.

**Uncovered Parking:** 258 spaces    **Carports:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Mill City Parc Apartments is a 12.01-unit per acre new construction development of 116 units of affordable housing located in east Dallas. The development will be comprised of 23 small, evenly distributed, townhouse-style residential buildings as follows:

- Two Type A1 buildings with two two-bedroom/two-and-one-half-bath units and four three-bedroom/one-and-one-half-bath units;
- Two Type A2 buildings with four two-bedroom/one-and-one-half-bath units, and two three-bedroom/two-bath units;
- One Type B1 building with three two-bedroom/two-bath units;
- Two Type C1 buildings with three two-bedroom/two-bath units and one three-bedroom/two-bath units;
- Four Type C2 buildings with two two-bedroom/one-and-one-half-bath units and two three-bedroom/one-and-one-half-bath units;
- Two Type D1B buildings with six three-bedroom/one-and-one-half-bath units;

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

- One Type D2 building with three two-bedroom/one-and-one-half-bath units and two two-bedroom/two-bath units;
- Two Type D3 buildings with one two-bedroom/one-bath unit and four two-bedroom/one-and-one-half-bath units;
- One Type D4 building with four two-bedroom/one-and-one-half-bath units and one three-bedroom/two-bath units;
- Three Type E1 buildings with four one-bedroom/one-bath units and one three-bedroom/two-bath units; and
- Three Type F1 buildings with six one-bedroom/one-bath units.

**Existing Subsidies:** The property will make use of the remaining funds available from a HOPE VI grant that was provided to the DHA by HUD in 2003 for redevelopment of Frazier Courts and Frazier Courts Addition. Demolition of the previous buildings has already occurred. The subject development will be composed of 87 public housing units, with the remaining units being only tax credit units. The Housing Authority of the City of Dallas owns the property, and will lease it back to the partnership and will provide an operating subsidy in the form of an annual contributions contract for the 87 public housing units that will pay remaining operating costs attributable to those units but is prohibited from paying any debt service.

**Relocation Plan:** The Applicant has temporarily relocated the tenants from this site's previous development, and will give them right of first refusal for the new units once they are constructed. The property was said to be approximately 85% occupied before the HOPE VI grant was received and before the buildings were demolished. The Applicant anticipates that a significant portion of those tenants will return to this property once completed.

**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 nice fenestration.

SITE ISSUES			
SITE DESCRIPTION			
<b>Size:</b>	9.6 acres	418,242 square feet	<b>Flood Zone Designation:</b> Zone X
<b>Zoning:</b>	MF-1A		

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is an irregularly-shaped parcel located in the eastern area of Dallas, approximately three and one-half miles from the central business district. The site is situated on the east side of Hatcher Street.

**Adjacent Land Uses:**

- **North:** Union Pacific Railroad tracks and a cemetery;
- **South:** the phase II Wahoo Frazier site, to be improved with a 118-unit rental complex;
- **East:** Southern and Pacific Railroad tracks; and
- **West:** vacant land, Frazier Elementary School, and Juanita Craft Park.

**Site Access:** Access to the property is from the south by way of the existing previous phases of this development. Access to Interstate Highway 30 is one-and-one-half miles north, which provides connections to all other major roads serving the Dallas area.

**Public Transportation:** "Public transportation is provided by the Dallas Area Rapid Transit (DART), via the city of Dallas" (market study report, p. 11). The location of the nearest stop was not identified in the application materials.

**Shopping & Services:** "The subject market is a stable, well-established community." "Primary shopping facilities are located along primary neighborhood thoroughfares such as Scyene Road, 2nd Avenue, South Fitzhugh Avenue, Lawnview Avenue, Bruton Road, Jim Miller Road, East Grand Avenue, Robert B. Cullum Boulevard, Martin Luther King Boulevard, and Barry Avenue. A major grocery chain is located at the corner of Martin Luther King Boulevard and Robert B. Cullum Boulevard. Additionally, there are scattered

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smaller and typically secondary retail uses along these primary streets. Most shopping is available within a short drive time (five minutes or less) from the subject site” (p. 10- 11). 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:** A very small portion of the site (the southernmost corner) is adjacent to the shaded Zone X. Therefore, the Applicant has chosen to build the children’s playground in that portion of the site. Receipt, review, and acceptance of documentation that all drives and amenity improvements are not more than six inches below the base flood elevation is a condition of this report.
- **Noise:** A potential noise hazard from the nearby rail lines has prompted the environmental analyst to suggest appropriate noise mitigation for this development. Receipt, review, and acceptance of documentation verifying that all window and door sills of the subject property are properly insulated with acoustical materials to mitigate the potential noise hazard posed from the adjacent railroad line in accordance with HUD noise hazard requirements is a condition of this report.

**Site Inspection Findings:** TDHCA Manufactured Housing Division staff performed a site inspection on October 21, 2005, and found the location to be questionable for the proposed development. The inspector didn’t make any notes to justify this determination other than indicating that “Across street there are a lot of abandoned buildings, run down area of town”. The Department’s site inspection requirements do not limit the commentary allowed by the inspector, however, the questionable conclusion of the inspection does not appear to be supported given that none of the ratings of salient linkage attributes were rated below fair and the majority were rated at average or better. The inspector provided no other negative comments or indications of concern and attempts to contact the inspector to discuss the conclusion were unsuccessful as of the date of this report. In addition, a separate inspection for the adjacent Wahoo Frazier site done earlier this summer by TDHCA staff found the site to be acceptable. Given this and the fact that the site and adjacent properties had recently had public housing units on them and all of them are in the process of being reconstructed, it would appear that the current inspector’s conclusions are not fitting.

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

A Phase I Environmental Site Assessment report dated September 27, 2005, was prepared by Afram International Environmental Consultants, Inc and contained the following findings and recommendations:

**Findings:**

- **Asbestos-Containing Materials (ACM):** “DHA provided Afram International a copy of a limited asbestos survey conducted in 1995 by Cole McDonald Environmental Consulting, Inc. on the Community/ Administration Building. Asbestos was detected in the pipe insulation located above the drop ceiling panels throughout the building. According to DHA, the pipe insulation has been abated and renovations have been completed at the subject property since the asbestos survey was conducted. In addition, Afram conducted a comprehensive asbestos survey for the entire Frazier Court Complex including the Mill City Frazier. The survey identified asbestos-containing materials in the black mastic flooring materials throughout the complex. These flooring materials are currently being abated and supervised by the Texas Department of Health State Services (DSHS) Asbestos Abatement Contractor and Asbestos Consultant Agency project manager as required by National Emission Standard for Hazardous Air Pollutants and DSHS, prior to renovation or demolition activities.” (p. 7)
- **Lead-Based Paint (LBP):** “According to DHA, a lead-in-paint survey was previously conducted at the subject property. Lead was detected in the paint on window sills and windows of the buildings. The windows and window sills were replaced during previous renovation activities.” (p. 7)
- **Noise:** “The Southern Pacific railroad is located approximately 250 feet north of the subject property. There is no knowledge of whether or not the railroad is still active. No signs of activity were noted on the day of the site investigation. The subject property has been developed for over 50 years, therefore, a noise survey may not be required for an existing property.” (p. 7)
- **Floodplain:** “According to the Flood Insurance Rate Map (FIRM)... prepared by the Federal Emergency Management Agency, the site lies mostly in “Zone X”, an area determined to lie outside the 500-year flood plain of minimal flooding. A small portion of the southeast of the site lies within the 500-year

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flood area.” (p.10)

**Recommendations:** “Based upon the conclusions of the Phase I ESA investigation, Afram makes the following recommendations: “All window and door sills of the buildings located on the subject property should be properly insulated with acoustical materials for noise mitigation that may exist from the adjacent railroad line.” (p. 19)

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. 116 of the units (100% of the total) will be reserved for low-income tenants. The Applicant initially indicated that all the 87 public housing units would be restricted to households earning 30% of the AMGI or less and the remaining units would be restricted to families earning 60% of AMGI or less. The Applicant proposes to redeem the majority of the bonds immediately after closing and replace this financing with HOPE IV funds and additional local lower interest/deferred forgivable funds. Section 2306.6703 (a)(2) of the Texas Government Code prohibits the Department from allocating tax credits to a private activity bond transaction that proposes to replace any private activity funding in less than 15 years unless 100% of the units supported by tax credits are restricted to individuals and families earning not more than 50% of the area median income. The Applicant was allowed, therefore, to modify the application to restrict all of the non-public housing units to households earning not more than 50% 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>50% of AMI</b>	\$23,300	\$26,600	\$29,950	\$33,250	\$35,900	\$38,550
<b>60% of AMI</b>	\$27,960	\$31,920	\$35,940	\$39,900	\$43,080	\$46,260

**MARKET HIGHLIGHTS**

A market feasibility study dated September 23, 2005, was prepared by CB Richard Ellis, Inc. (“Market Analyst”). At the Underwriter’s request, the market study was revised and updated in late November but the issuance date of the report was not modified. The following highlights are reflective of the most current market study information available:

**Definition of Primary Market Area (PMA):** “The primary market area is comprised of areas south of Interstate Highway 30, west of Jim Miller Road, north of U.S. Highway 175 (C.F. Hawn Freeway) and Bruton Road, and east of Interstate Highway 45 and Highway 175 (C.F. Hawn Freeway). The primary market is considered easily accessible due to a well-placed system of roadways. The primary market is comprised of apartment developments that will compete directly with the subject. It should be noted that the primary market is also the subject neighborhood” (p. 3). This area encompasses approximately 12.5 square miles and is equivalent to a circle with a radius of two miles.

**Population:** The Market Analyst used a one-mile radius around the site as a proxy for the actual PMA and estimated the 2005 population of the radius to be 10,713. The population is expected to decrease by 5.83% to approximately 10,088 by 2010. Within the one-mile radius there was estimated to be 3,604 households in 2005. The Market Analyst also provided 2005 population and household forecasts for three-mile and five-mile radii of 113,009/39,155 and 306,094/113,496, respectively. Both of these larger radii contain more than the Department’s 100K population limit.

**Total Primary Market Demand for Rental Units:** The Market Analyst initially concluded a total theoretical demand for affordable rental housing in the PMA of 320 units, based on an estimate of 3,579 households, no projected annual growth, percentage of renter households estimated at 64.63%, income-qualified households estimated at 21.8%, an annual renter turnover rate of 70%, and percentage of appropriate household size estimated at 90.9%. The Market Analyst also added 10% for other demand sources, for a total demand estimate of 350 units (p. 43). The Market Analyst initially used an income band surrounding the 60% AMGI of \$21,390 to \$38,200. The Market Analyst was asked to re-evaluate the demand calculation given that the property must be restricted to the 50% AMGI level and given that the PHA units could support households earning \$0. Instead the Market Analyst came back with a total theoretical

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demand for affordable rental housing in the PMA of 3,108 units, based on an estimate of 26,502 households, no projected annual growth, percentage of renter households estimated of 61.81%, income-qualified households estimated at 35.02%, an annual renter turnover rate of 60%, and percentage of appropriate household size estimated at 90.3%. It is not clear where these figures came from as the base household figure appears to more closely resemble the total household figure for the three-mile radius. The Underwriter asked the Market Analyst for further clarification on these changes but as of the date of this report this has not been received. Receipt, review, and acceptance of a revised market study clarifying the demand and capture rate calculations, and a full review of this Market Analyst’s work to determine if removal from the TDHCA approved market analyst list is appropriate, are conditions of this report. The Underwriter re-evaluated the demographic data provided in the original report and estimated demand based a proportionately reduced version of the three-mile radius to limit the initial population to the Department’s 100K population limit.

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>						
	<b>Market Analyst</b>				<b>Underwriter</b>	
	<b>Orig. PMA</b>		<b>Rev. PMA</b>			
<b>Type of Demand</b>	<b>Units</b>	<b>%</b>	<b>Units</b>	<b>%</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	0	0%	0	0%	19	0%
Resident Turnover	320	91%	3,107	99%	3,778	100%
Other Sources:	30	9%	17	1%	0	0%
<b>TOTAL ANNUAL DEMAND</b>	<b>350</b>	<b>100</b>	<b>3,124</b>	<b>100</b>	<b>3,797</b>	<b>100%</b>

Ref: p. 43

**Inclusive Capture Rate:** The Market Analyst initially calculated a capture rate of 34.69% by deducting 76 existing units of unstabilized supply and dividing by only 95 units from the subject (p. 43). The Market Analyst provided a revised capture rate of 3.12% with the only difference being the revised demand of 3,124 households. Again, the Market Analyst has been asked to justify the demand information and recalculate the capture rate consistent with the methodology prescribed by the Department. The Underwriter calculated an inclusive capture rate of 12.9% based upon a revised supply of 491 unstabilized comparable affordable units divided by a revised demand of 3,797 households. The Underwriter included 71 (50% or below units) of the 118 units at Wahoo Frazier (#05116), 40 (50% or below units) of the 76 units at Frazier Fellowship (#04109), 264 (100% of the units) at Southern Terrace (#03433), none at Fairway Crossing (#05171 AKA#06002) since it was a rehabilitation of 310 existing units, and none of the 150 units at Primrose at Highland (#04222) since they are all dedicated to elderly households. It should further be noted that the subject development was over 80% occupied prior to demolition and most of the tenants are expected to return to the reconstructed units. Therefore, an inclusive capture rate calculation may not be a meaningful tool for determining the feasibility of the subject development as it would otherwise be, given the likely tenant retention.

**Local Housing Authority Waiting List Information:** “...tenants will be drawn from the Dallas Housing Authority’s public housing waiting list, with preference given to previous residents of the 550-unit pre-existing public housing project who wish to return to the Frazier Development.” (p. 43)

**Market Rent Comparables:** The Market Analyst surveyed eleven comparable apartment projects totaling 1,600 units in the market area. (p. 35)

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<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 (30% PHU)</b>	\$158	\$308	-\$150	\$685	-\$527
<b>1-Bedroom (50%)</b>	\$623	\$623	\$0	\$685	-\$62
<b>2-Bedroom (30% PHU)- 1016 sq ft</b>	\$158	\$354	-\$196	\$868	-\$710
<b>2-Bedroom (50%)- 1016 sq ft</b>	\$748	\$748	\$0	\$868	-\$120
<b>2-Bedroom (30% PHU)- 1100 sq ft</b>	\$158	\$354	-\$196	\$868	-\$710
<b>2-Bedroom (50%)- 1100 sq ft</b>	\$748	\$748	\$0	\$868	-\$120
<b>2-Bedroom (30% PHU)- 1126 sq ft</b>	\$158	\$354	-\$196	\$868	-\$710
<b>2-Bedroom (50%)- 1126 sq ft</b>	\$748	\$748	\$0	\$868	-\$120
<b>3-Bedroom (30% PHU)- 1333 sq ft</b>	\$158	\$402	-\$244	\$955	-\$797
<b>3-Bedroom (50%)- 1333 sq ft</b>	\$864	\$864	\$0	\$955	-\$91
<b>3-Bedroom (30% PHU)- 1346 sq ft</b>	\$158	\$402	-\$244	\$955	-\$797
<b>3-Bedroom (30% PHU)- 1349 sq ft</b>	\$158	\$402	-\$244	\$955	-\$797
<b>3-Bedroom (50%)- 1349 sq ft</b>	\$864	\$864	\$0	\$955	-\$91

(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 Dallas area market has experienced generally stable occupancy rates over the past two years. The lowest occupancy level was reported in the 4th quarter of 2003 at 89.0%. However, the current rate has increased somewhat to the current 89.9% occupancy level. The subject submarket has typically experienced occupancy levels below that of the overall Dallas market. The subject submarket is currently 82.5% occupied; however, the submarket experienced the lowest occupancy level over the past two years in the 4th quarter of 2004 at 80.7%.

The subject submarket is comprised of a large proportion of apartments built prior to 1980. According to MPF YieldStar, approximately 50% of apartments within the subject submarket were constructed before 1980, while only about 35% the overall Dallas area product was constructed during this time. Thus, the lower submarket performance is generally attributable to the majority of its properties comprising Class B and C properties, while the overall market includes a significant amount of Class A properties, which currently indicate the highest occupancy levels across the city.” (p. 31)

**Absorption Projections:** “Absorption in over the past year was positive for the overall Dallas area and at the submarket level. Further, MPF YieldStar projects absorption to remain positive over the next twelve months. Given the projected negative growth in populations and households, the source of absorption will likely be from within the submarket or nearby adjoining submarkets and not from new household growth.

As noted, three new properties recently began leasing within the subject submarket that participates in the LIHTC program. The Delafield Villas, Rosemont at Cedar Crest, and the Rosemont at Meadow Lane indicated a net absorption of 25.5, 21.7 and 21.1 units, respectively. The Madison Point project participates in the LIHTC program, offering some units at 30% of the area median income similar to the subject. An interview with property management indicates that 50 of this property’s units designated for tenants at 30% of the AMI were occupied at the time of survey. Thus, there appears to be excellent demand for properties

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that participate in the LIHTC program that offer unit at the 30% of AMI level. No other apartments participate at the 30% level based on our survey of over 75 LIHTC properties in the area. The Frazier Fellowship, a proposed project that will be located across the street from the subject, will have 7 units at the 30% AMI level” (p. 31-32). The Underwriter notes that the properties mentioned in this comment are all in Dallas, but most are not in the PMA as the Market Analyst has defined it.

**Known Planned Development:** “We are aware of one project that was recently completed within the subject’s PMA that will pose direct competition. Further, there are three other apartment developments that were completed within the subject submarket between April 2004 and March 2005, with three additional projects expected to complete construction between April 2005 and March 2005; however, these properties are located four to six miles east and southeast of the subject and will not likely compete directly with the subject.” (p. 30). It is not clear which developments in the PMA the Market Analyst is referring other than the one recently completed development that was called Southern Terrace (#03433), which appears to have been renamed Rosemont at Meadow Lane. Some of the other references to the properties completed in the submarket appear to be in the vicinity of the subject’s PMA but clearly outside of it.

**Effect on Existing Housing Stock:** “The subject property will have minimal effect on the market, and will open up the property to a greater pool of possible renters. Based on other conversions in the area, it should have good market appeal and acceptance to the lower income households in the vicinity. It is likely that as an LIHTC property, the subject will appeal to a smaller segment of the market relative to Section 8 and Section 236 tenants.” (p. 44)

**Market Study Analysis/Conclusions:** The Underwriter found the initial market study was incomplete and had inconsistent information. By analyzing the demographics included in the study, along with the fact that the proposed development is replacement housing, mitigates the unreconciled conclusions of the market study and provides sufficient justification to make a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s revised rent schedule reflects that the 50% AMGI units are at the maximum rents allowed under HTC guidelines. These maximum rents are achievable according to the Market Analyst. The development’s public housing units are lower than the maximum rents allowed under HTC guidelines, based on the average income for public housing tenants. These units will be further subsidized by an annual contributions contract that will provide sufficient funds to cover the operating expenses for these units at 100% occupancy, but no debt can be serviced by these units. The Applicant stated that this property will be an all bills paid development for both the public housing units and the remaining tax credit units.

The Applicant stated tenant-based secondary income to be zero but included \$310,680 in the form of the operating subsidy. The Underwriter allowed for the minimum secondary income of \$5 per unit per month but only for the non-public housing units. Similarly the Underwriter calculated a normal 7.5% vacancy and collection loss but only for the non-public housing units. The Applicant utilized a vacancy and collection loss rate of 4.56%, but the Underwriter used a prorated rate of 1.88%. The Underwriter recalculated the operating subsidy based upon the TDHCA anticipated operating expenses discussed below. These factors contributed to the \$1K (less than 1%) higher effective gross income estimate than the Underwriter’s estimate. The Underwriter also adjusted the 30-year operating proforma to allow a 4% increase in the operating subsidy to match the 4% increase in operating expenses. All other income factors are increased by 3% per year.

**Expenses:** The Applicant’s total expense estimate of \$4,919 per unit is 7% higher than the Underwriter’s historical database-derived estimate of \$4,577 per unit for comparably-sized developments. The Applicant’s budget shows several line item estimates that deviate significantly when compared to the database averages, particularly general and administrative (\$16K lower), management fees (\$6.7K lower), utilities (\$55K higher), water, sewer, and trash (\$20K higher), and insurance (\$22K lower). The Underwriter discussed these differences with the Applicant but was unable to reconcile them further with the Applicant.

**Conclusion:** The Applicant’s 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. The

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Underwriter's estimated all-in debt coverage ratio (DCR) of 0.63 is significantly less than the program minimum standard of 1.10 when the HOPE VI and related party funds are considered. When the HOPE VI and related party funds are eliminated from the debt service, the debt coverage ratio rises to a 1.61. Given that the HOPE VI and related party funds are only repayable out of available cash flow and are contemplated to be granted if not paid, this extraordinary range of debt coverage ratios appears to be acceptable.

ACQUISITION VALUATION INFORMATION					
APPRAISED VALUE					
<b>Land only (current state): 9.602 acres</b>	\$500,000	<b>Date of Valuation:</b>	9/ 1/ 2005		
<b>Existing building(s): "as is"</b>	\$0	<b>Date of Valuation:</b>	9/ 1/ 2005		
<b>Total development: "as is"</b>	\$500,000	<b>Date of Valuation:</b>	9/ 1/ 2005		
<b>Appraiser:</b> Mark Donoho	<b>City:</b> Dallas	<b>Phone:</b>	(214) 720-1400		
APPRAISAL ANALYSIS/CONCLUSIONS					
An appraisal, provided by the purchaser, was performed by Mark Donoho Company, MAI and dated September 1, 2005. The appraisal provides three values: "as-is", "prospective value" (as completed), and land value. For the "as-is" valuation, the primary approach used was the income capitalization approach. In this case the cost of sale of the land is not relevant since the land is already owned by the Dallas Housing Authority and will be leased to the Applicant.					
ASSESSED VALUE					
<b>Land: 9.602 acres</b>	\$355,010	<b>Assessment for the Year of:</b>	2003		
<b>Building:</b>	\$2,269,990	<b>Valuation by:</b>	Dallas County Appraisal District		
<b>Total Assessed Value:</b>	\$2,625,000	<b>Tax Rate:</b>	"totally exempt"		
EVIDENCE of SITE or PROPERTY CONTROL					
<b>Type of Site Control:</b>	Contract for lease (9.602 acres)				
<b>Contract Expiration Date:</b>	12/ 31/ 2006	<b>Anticipated Closing Date:</b>	12/ 31/ 2005		
<b>Rent Amount:</b>	\$100 per year	<b>Other Terms/Conditions:</b>	55-year term		
<b>Owner:</b>	The Housing Authority of the City of Dallas		<b>Related to Development Team Member:</b>	Yes	

CONSTRUCTION COST ESTIMATE EVALUATION
<b>Acquisition Value:</b> The Dallas Housing Authority owns the property that will be used for the development, therefore no acquisition cost will be included in the project. Additional HOPE VI funds have been used for the demolition of the previous improvements on this site. The Dallas Housing Authority will be entering into a lease agreement with the Applicant at \$100 per year for 55 years, so as to qualify for 100% property tax exemption.
<b>Sitework Cost:</b> The Applicant's claimed sitework costs of \$7,379 per unit are within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.
<b>Direct Construction Cost:</b> The Applicant's costs are significantly more than 5% different than the Underwriter's Marshall & Swift <i>Residential Cost Handbook</i> -derived estimate after all of the Applicant's additional justifications were considered. The Applicant's hard cost estimate (including contingency and contractor fees) is \$76.45 per net rentable square foot or \$82,126 per unit while the Underwriter's hard cost estimate amounts to \$63.29 per net rentable square foot or \$67,985 per unit. The Applicant's originally anticipated costs for Wahoo Frazier, which is a nearly identical product type and which was allocated 9% credits this year, was \$64.46 per net rentable square foot and \$70,376 per unit. This would suggest that the Applicant's current direct construction costs are overstated. In support of the Applicant's estimated costs the Applicant provided a copy of the summary results of the three third party construction bids they received in



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early November pursuant to their request for bids. The bids were for construction of both the subject and the adjacent 118 units of Wahoo Frazier. Neither Wahoo Frazier, nor the subject have any common area buildings included in their plans which typically add around 5% to the overall direct construction cost on a per net rentable square foot basis. Nonetheless, the low bid came in at \$75.12 per net rentable square foot or \$81,400 per unit. The low bid was also asked to break their bid into two, one for each development. Based on this broken-down bid the Wahoo Frazier transaction is approximately \$1.2M higher than anticipated in its application for tax credits (roughly a 17% increase). The Underwriter recognizes the likelihood that significant cost savings from the outstanding bid amounts are unlikely to be achieved at this point, but has been unable to account for the extraordinarily higher-than-typical cost reflected in the bids. Even compared to other physically similar developments currently making application for tax credits, the subject's budget and construction bids would stand out as being 15% to 20% higher (when considering the lack of common area). The Underwriter must regard these costs as overstated despite the evidence of the bids. The Board may find that the Applicant's bid costs are more compelling and allocate credits based upon these higher costs or wait and if final cost certification verifies these higher costs were spent, allocate additional credits (at the Applicant's request) at that time.

**Fees:** The Applicant's contractor general and administrative fees and contractor profit are within Department guidelines, but contractor general requirements and contingency exceed the maximums allowed by HTC guidelines by \$35K and \$79K, respectively, based on their own construction costs. Consequently the Applicant's eligible fees in these overstated areas have been reduced by the same amount with the overage effectively moved to ineligible costs. Based on the Underwriter's still lower costs, the Applicant's contractor fees and contingency allowance are even more significantly overstated. The Applicant's developer fees are within maximum TDHCA guidelines.

**Interim Financing Fees:** The Underwriter reduced the Applicant's eligible interim financing fees by \$165K to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate. Interest expense should only be required on the bond amount that will remain un-refunded after closing and should not be required on the entire amount of the bonds initially taken down. No additional gap financing of the syndication proceeds was identified in the syndication commitment, though it appears to be referenced in the lender's proposal that a portion of the syndication, as well as a portion of the HOPE VI and related party HOI funds, may be bridged with bond proceeds and a letter of credit and this could add to the potential allowable eligible interest expense.

**Conclusion:** Due to the Applicant's significantly higher direct construction costs and the overstated contractor's fees compared to the Underwriter's estimate, the Applicant's total development cost is more than 5% higher than the Underwriter's costs and is considered to be overstated. Therefore, the Underwriter's cost estimate is used to calculate eligible basis. As a result an eligible basis of \$13,125,442 is used to determine a credit allocation of \$463,328 from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount. This represents a \$44,752 reduction from the credit amount requested.

FINANCING STRUCTURE	
INTERIM TO PERMANENT BOND FINANCING	
<b>Source:</b> Bank of America	<b>Contact:</b> Valerie A. Williams
<b>Tax-Exempt Amount:</b> \$1,200,000	<b>Interest Rate:</b> 5.95%
<b>Additional Information:</b>	Commitment proposes \$1,236,580 but this was based upon 60% rather than 50% rents for the non-PHA units.
<b>Amortization:</b> 30 yrs	<b>Term:</b> 30 yrs
<b>Annual Payment:</b> \$86,713	<b>Commitment:</b> <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional
<b>Lien Priority:</b> 1	<b>Date:</b> 9/ 22/ 2005

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PERMANENT FINANCING			
<b>Source:</b>	Housing Options, Inc. (HOI)	<b>Contact:</b>	Janie Douglass
<b>Principal Amount:</b>	\$1,701,127	<b>Interest Rate:</b>	0.5%
<b>Additional Information:</b>	This loan is called a development loan and will be funded from developer fees from other transactions, but could also be considered deferred developer fee for this transaction. The original commitment actually reflects \$1,835,672, of which \$519,469 may be drawn prior to construction closing. The note will be interest-only until stabilization and repaid out of residual receipts, if any.		
<b>Amortization:</b>	55 yrs	<b>Term:</b>	55 yrs
<b>Annual Payment:</b>	Variable	<b>Commitment:</b>	<input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional
		<b>Lien Priority:</b>	4
		<b>Date:</b>	9/ 13/ 2005

PERMANENT FINANCING			
<b>Source:</b>	Housing Options, Inc.	<b>Contact:</b>	Janie Douglass
<b>Principal Amount:</b>	\$4,702,037	<b>Interest Rate:</b>	0.5%
<b>Additional Information:</b>	HOPE VI loan- HOI (HUD/DHA). The note will be interest-only until stabilization and repaid out of residual receipts, if any.		
<b>Amortization:</b>	55 yrs	<b>Term:</b>	55 yrs
<b>Annual Payment:</b>	Variable	<b>Commitment:</b>	<input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional
		<b>Lien Priority:</b>	3
		<b>Date:</b>	9/ 16/ 2005

TAX CREDIT SYNDICATION			
<b>Source:</b>	MMA Financial	<b>Contact:</b>	Bernie Husser
<b>Net Proceeds:</b>	\$5,518,550	<b>Net Syndication Rate (per \$1.00 of 10-yr HTC)</b>	104¢
<b>Commitment:</b>	<input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm	<input checked="" type="checkbox"/> Conditional	<b>Date:</b> 10/ 5/ 2005
<b>Additional Information:</b>			

APPLICANT EQUITY	
<b>Amount:</b>	\$136,658
<b>Source:</b>	Deferred developer fee

**FINANCING STRUCTURE ANALYSIS**

**Interim to Permanent Bond Financing:** The tax-exempt bonds are to be issued in an initial amount of \$7,255,000 by Housing Options, Inc. and purchased by Bank of America. By conversion to permanent it is anticipated that the bonds will be reduced to \$1,200,000 and replaced with equity, HOPE VI, and other HOI funds. This permanent financing commitment is generally consistent with the terms reflected in the sources and uses of funds listed in the application; however, a revised commitment based on the lower 50% of AMGI rent restriction has not been provided. A permanent financing commitment was issued from HOI as a development loan, and another commitment from HOI was issued for a HOPE VI loan.

**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 syndication rate of \$1.04 is the highest rate yet seen in an application for tax credits in Texas and is significant because it breaks the \$1.00 for \$1.00 of tax credit threshold.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$136,658 amount to 11% of the total fees. This does not include the related party debt from HOI of \$1,701,127 which is more than the developer fee available.

**Financing Conclusions:** Based on the Underwriter's adjusted estimate of eligible basis, the HTC allocation should not exceed \$463,328 annually for ten years, resulting in syndication proceeds of approximately \$4,818,612. The Applicant initially anticipated the need to defer \$136,658 in developer fee, but based on the Underwriter's analysis showing it is anticipated that deferred developer fee could increase to \$558,716, not accounting for the proposed HOI development loan. Should the Applicant's significantly higher anticipated

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

costs be realized, the deferred developer fee plus HOI development loan would have to increase to \$2,115,694 or \$277,909 more than currently anticipated by the Applicant. Should the Board recognize the existing construction cost bid as being sufficient evidence of significantly higher cost, the originally requested credit amount of \$508,080 would be recommended as it is still less than the Underwriter's recalculation of credit based upon the Applicant's costs (\$533,378).

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, and supportive services firm 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.
- Dallas Housing Authority will provide a "note repurchase agreement in lieu of a guaranty".

**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 estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- The Applicant's total development costs differ from the Underwriter's verifiable estimate by more than 5%.
- Significant environmental and locational risks exist regarding the potential noise hazard of nearby railroad tracks and the existence of asbestos on the property.
- The seller of the property has an identity of interest with the Applicant.
- The property's project-based operating subsidy is subject to Federal funding and may not be renewed as anticipated.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.
- Significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Phillip Drake*

**Date:** November 30, 2005

**Director of Real Estate Analysis:**

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

**Date:** November 30, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Mill City Parc Apartments, Dallas, 4% HTC #05442**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Utilities	Wtr, Swr, Trsh
TC 30% PHU	22	1	1	685	\$373	\$158	\$3,476	\$0.23	\$65.00	\$62.00
TC 50%	8	1	1	685	623	\$623	4,984	0.91	65.00	62.00
TC 30% PHU	1	2	1	1,016	448	158	158	0.16	94.00	75.00
TC 50%	1	2	1	1,016	748	\$748	748	0.74	94.00	75.00
TC 30% PHU	27	2	1.5	1,100	448	158	4,266	0.14	94.00	75.00
TC 50%	8	2	1.5	1,100	748	\$748	5,984	0.68	94.00	75.00
TC 30% PHU	9	2	2	1,126	448	158	1,422	0.14	94.00	75.00
TC 50%	2	2	2	1,126	748	\$748	1,496	0.66	94.00	75.00
TC 30% PHU	5	3	2	1,333	518	158	790	0.12	116.00	88.00
TC 50%	2	3	2	1,333	864	\$864	1,728	0.65	116.00	88.00
TC 30% PHU	3	3	2	1,346	518	158	474	0.12	116.00	88.00
TC 30% PHU	20	3	2	1,349	518	158	3,160	0.12	116.00	88.00
TC 50%	8	3	2	1,349	864	\$864	6,912	0.64	116.00	88.00
<b>TOTAL:</b>	<b>116</b>		<b>AVERAGE:</b>	<b>1,074</b>	<b>\$527</b>	<b>\$307</b>	<b>\$35,598</b>	<b>\$0.29</b>	<b>\$93.71</b>	<b>\$75.90</b>

**INCOME**

Total Net Rentable Sq Ft: 124,609

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$1.25  
Other Support Income: Annual Contributions Contract Operating Subsidy

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -1.88%  
Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	6.79%	\$392	0.36
Management	6.08%	351	0.33
Payroll & Payroll Tax	15.22%	878	0.82
Repairs & Maintenance	8.92%	515	0.48
Utilities	19.49%	1,124	1.05
Water, Sewer, & Trash	7.89%	455	0.42
Property Insurance	5.59%	322	0.30
Property Tax Tax-exempt	0.00%	0	0.00
Reserve for Replacements	4.33%	250	0.23
Other: compl fees	5.03%	290	0.27
<b>TOTAL EXPENSES</b>	<b>79.34%</b>	<b>\$4,577</b>	<b>\$4.26</b>
<b>NET OPERATING INC</b>	<b>20.66%</b>	<b>\$1,192</b>	<b>\$1.11</b>

**DEBT SERVICE**

First Lien Mortgage	12.83%	\$740	\$0.69
HOPE VI Loan	14.61%	\$843	\$0.78
Additional Financing	5.29%	\$305	\$0.28
<b>NET CASH FLOW</b>	<b>-12.07%</b>	<b>(\$696)</b>	<b>(\$0.65)</b>

**AGGREGATE DEBT COVERAGE RATIO**

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		0.00%	\$0	\$0.00
Off-Sites		0.00%	0	0.00
Sitework		7.59%	7,379	6.87
Direct Construction		51.17%	49,751	46.31
Contingency	5.00%	2.94%	2,857	2.66
General Req'ts	6.00%	3.53%	3,428	3.19
Contractor's G & A	2.00%	1.18%	1,143	1.06
Contractor's Profit	6.00%	3.53%	3,428	3.19
Indirect Construction		4.38%	4,261	3.97
Ineligible Costs		7.62%	7,410	6.90
Developer's G & A	14.11%	11.07%	10,760	10.02
Developer's Profit	0.00%	0.00%	0	0.00
Interim Financing		4.15%	4,032	3.75
Reserves		2.87%	2,787	2.59
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$97,236</b>	<b>\$90.52</b>
<b>Recap-Hard Construction Costs</b>		<b>69.92%</b>	<b>\$67,985</b>	<b>\$63.29</b>

**SOURCES OF FUNDS**

First Lien Mortgage	10.64%	\$10,345	\$9.63
HOI Development Loan	15.08%	\$14,665	\$13.65
HOPE VI Loan	41.69%	\$40,535	\$37.73
HTC Syndication Proceeds	48.93%	\$47,574	\$44.29
Deferred Developer Fees	1.21%	\$1,178	\$1.10
Additional (Excess) Funds Req'd	-17.55%	(\$17,061)	(\$15.88)
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT
\$427,176	\$427,380
1,740	0
253,083	275,232
\$681,999	\$702,612
(12,787)	(32,052)
0	
\$669,212	\$670,560
\$45,433	\$29,030
40,687	34,000
101,848	107,900
59,706	68,520
130,440	185,600
52,801	72,608
37,383	15,000
0	0
29,000	29,000
33,640	29,000
\$530,938	\$570,658
\$138,274	\$99,902
\$85,873	\$86,713
97,802	
35,383	
(\$80,785)	\$13,189
0.63	1.15
1.61	

PER SQ FT	PER UNIT	% OF EGI
\$0.23	\$250	4.33%
0.27	293	5.07%
0.87	930	16.09%
0.55	591	10.22%
1.49	1,600	27.68%
0.58	626	10.83%
0.12	129	2.24%
0.00	0	0.00%
0.23	250	4.32%
0.23	250	4.32%
\$4.58	\$4,919	85.10%
\$0.80	\$861	14.90%
\$0.70	\$748	12.93%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.11	\$114	1.97%

PER SQ FT	PER UNIT	% of TOTAL
\$0.00	\$0	0.00%
0.00	0	0.00%
6.87	7,379	6.46%
56.61	60,810	53.20%
3.81	4,089	3.58%
4.09	4,393	3.84%
1.27	1,364	1.19%
3.81	4,091	3.58%
3.97	4,261	3.73%
6.90	7,410	6.48%
10.02	10,760	9.41%
0.00	0	0.00%
3.75	4,032	3.53%
5.31	5,707	4.99%
\$106.40	\$114,297	100.00%
\$76.45	\$82,126	71.85%

RECOMMENDED	Developer Fee Available
\$1,200,000	\$0
1,701,127	\$1,248,146
4,702,037	% of Dev. Fee Deferred
4,818,612	45%
558,716	15-Yr Cumulative Cash Flow
0	\$910,907
\$11,279,366	

**MULTIFAMILY COMPARATIVE ANALYSIS** (continued)  
**Mill City Parc Apartments, Dallas, 4% HTC #05442**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$ 54.42	\$6,780,665
<b>Adjustments</b>				
Exterior Wall Finish	2.80%		\$1.52	\$189,859
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.83)	(102,802)
Floor Cover			2.81	350,151
Porches/Balconies	\$19.79	11274	1.79	223,056
Plumbing	\$815	16	0.10	13,040
Built-In Appliances	\$2,200	116	2.05	255,200
Stairs/Fireplaces			0.00	0
Enclosed Corridors	\$44.50		0.00	0
Heating/Cooling			2.20	274,140
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
<b>SUBTOTAL</b>			<b>64.07</b>	<b>7,983,308</b>
Current Cost Multiplier	1.01		0.64	79,833
Local Multiplier	0.88		(7.69)	(957,997)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$57.02</b>	<b>\$7,105,144</b>
Plans, specs, survy, bid prm	3.90%		(\$2.22)	(\$277,101)
Interim Construction Interes	3.38%		(1.92)	(239,799)
Contractor's OH & Profit	11.50%		(6.56)	(817,092)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$46.31</b>	<b>\$5,771,153</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,200,000	Amort	360
Int Rate	5.95%	DCR	1.61

<b>Secondary</b>	\$4,702,037	Amort	660
Int Rate	0.50%	Subtotal DCR	0.75

<b>Additional</b>	\$1,701,127	Amort	660
Int Rate	0.50%	Aggregate DCR	0.63

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	<b>\$85,873</b>
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$52,401</b>

<b>Primary</b>	\$1,200,000	Amort	360
Int Rate	5.95%	DCR	1.61

<b>Secondary</b>	\$4,702,037	Amort	
Int Rate	0.50%	Subtotal DCR	1.61

<b>Additional</b>	\$1,701,127	Amort	
Int Rate	0.50%	Aggregate DCR	1.61

**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	\$427,176	\$439,991	\$453,191	\$466,787	\$480,790	\$557,368	\$646,142	\$749,056	\$1,006,668
Secondary Income	1,740	1,792	1,846	1,901	1,958	2,270	2,632	3,051	4,100
Other Support Income: Annual	253,083	263,206	273,735	284,684	296,071	360,216	438,258	533,208	789,278
POTENTIAL GROSS INCOME	681,999	704,990	728,772	753,372	778,820	919,854	1,087,032	1,285,315	1,800,046
Vacancy & Collection Loss	(12,787)	(13,219)	(13,664)	(14,126)	(14,603)	(17,247)	(20,382)	(24,100)	(33,751)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$669,212	\$691,771	\$715,107	\$739,246	\$764,217	\$902,607	\$1,066,650	\$1,261,215	\$1,766,295
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$45,433	\$47,250	\$49,140	\$51,106	\$53,150	\$64,665	\$78,675	\$95,720	\$141,689
Management	40,687	42,058	43,477	44,944	46,463	54,876	64,850	76,679	107,387
Payroll & Payroll Tax	101,848	105,922	110,159	114,565	119,148	144,961	176,368	214,578	317,628
Repairs & Maintenance	59,706	62,095	64,578	67,162	69,848	84,981	103,392	125,792	186,203
Utilities	130,440	135,658	141,084	146,727	152,596	185,657	225,880	274,817	406,797
Water, Sewer & Trash	52,801	54,913	57,110	59,394	61,770	75,153	91,435	111,244	164,669
Insurance	37,383	38,878	40,433	42,050	43,732	53,207	64,735	78,760	116,584
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	29,000	30,160	31,366	32,621	33,926	41,276	50,219	61,099	90,441
Other	33,640	34,986	36,385	37,840	39,354	47,880	58,254	70,874	104,911
TOTAL EXPENSES	\$530,938	\$551,919	\$573,733	\$596,410	\$619,987	\$752,657	\$913,806	\$1,109,564	\$1,636,309
NET OPERATING INCOME	\$138,274	\$139,852	\$141,375	\$142,836	\$144,230	\$149,950	\$152,844	\$151,651	\$129,986
<b>DEBT SERVICE</b>									
First Lien Financing	\$85,873	\$85,873	\$85,873	\$85,873	\$85,873	\$85,873	\$85,873	\$85,873	\$85,873
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$52,401	\$53,979	\$55,502	\$56,963	\$58,357	\$64,077	\$66,971	\$65,778	\$44,911
DEBT COVERAGE RATIO	1.61	1.63	1.65	1.66	1.68	1.75	1.78	1.77	1.51

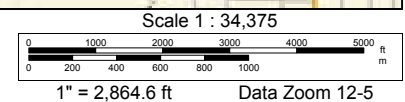
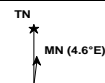
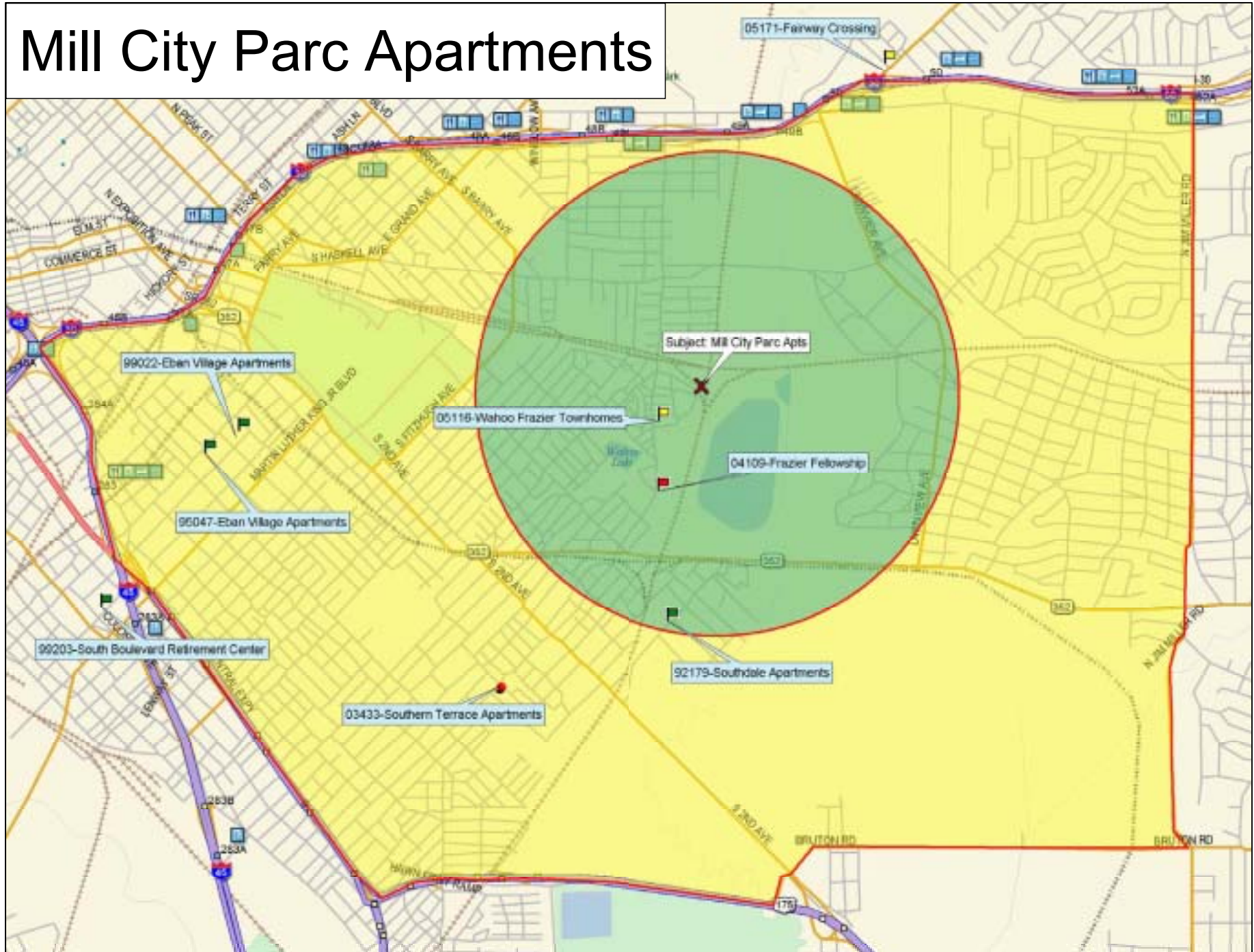
**LIHTC Allocation Calculation - Mill City Parc Apartments, Dallas, 4% HTC #05442**

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				
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$856,000	\$856,000	\$856,000	\$856,000
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$7,053,903	\$5,771,153	\$7,053,903	\$5,771,153
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$158,198	\$132,543	\$158,198	\$132,543
Contractor profit	\$474,594	\$397,629	\$474,594	\$397,629
General requirements	\$509,594	\$397,629	\$474,594	\$397,629
<b>(5) Contingencies</b>				
	\$474,371	\$331,358	\$395,495	\$331,358
<b>(6) Eligible Indirect Fees</b>				
	\$494,302	\$494,302	\$494,302	\$494,302
<b>(7) Eligible Financing Fees</b>				
	\$467,733	\$467,733	\$467,733	\$467,733
<b>(8) All Ineligible Costs</b>				
	\$859,537	\$859,537		
<b>(9) Developer Fees</b>				
Developer overhead	\$1,248,146	\$1,248,146	\$1,248,146	\$1,248,146
Developer fee				
<b>(10) Development Reserves</b>				
	\$662,023	\$323,335		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$13,258,401</b>	<b>\$11,279,366</b>	<b>\$11,622,965</b>	<b>\$10,096,494</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>\$11,622,965</b>	<b>\$10,096,494</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$15,109,855</b>	<b>\$13,125,442</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$15,109,855</b>	<b>\$13,125,442</b>
Applicable Percentage		3.53%	3.53%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$533,378</b>	<b>\$463,328</b>

Syndication Proceeds	1.0400	\$5,547,130	\$4,818,612
<b>Total Credits (Eligible Basis Method)</b>		<b>\$533,378</b>	<b>\$463,328</b>
Syndication Proceeds		\$5,547,130	\$4,818,612
Requested Credits		\$508,080	
Syndication Proceeds		\$5,284,032	
<b>Gap of Syndication Proceeds Needed</b>			<b>\$5,377,329</b>
Credit Amount			\$517,051

# Mill City Parc Apartments



## LEGAL SERVICES

### BOARD ACTION REQUEST DECEMBER 14, 2005

#### Action Item

Request the approval to adopt the Migrant Labor Housing Facilities Rules with changes, as indicated, to address comments received from the public after publication in the *Texas Register*.

#### Requested Action

Approve new Chapter concerning Migrant Labor Housing Facilities, Sections 90.1-90.8, with changes to the proposed text, as published in the October 28, 2005 issue of the Texas Register.

#### Background and Recommendations

HB 1099 (79<sup>th</sup> Legislature, Regular Session) transferred from the Department of State Health Services ("DSHS") to the Texas Department of Housing and Community Affairs ("TDHCA") responsibility for administering the laws regarding the licensing and supervision of migrant labor housing facilities. Chapter 147, Texas Health and Safety Code, was transferred to Texas Government Code, Sections 2306.921 through 2306.933.

This law requires that:

- A license (one year license with a fee not to exceed \$250) must be obtained in order to operate a migrant labor housing facility in the state of Texas, and
- A facility must be inspected before it can be licensed.
- TDHCA must conduct a survey of migrant labor housing and report its findings to the Legislature by September 2006.

Comments were received from Texas Low Income Housing Information Service, Texas Rio Grande Legal Aid, and the United Farm Workers of America.

Several commenters asked that the rules require that all windows and doors have working locks. TDHCA agrees with this and Sec. 90.2(d)(1) of the rules has been revised to reflect this.

Several commenters suggested requiring that the units be equipped with smoke detectors. TDHCA agrees with this and Sec. 90.2(d)(1) of the rules has been revised to reflect this.

Several commenters asked that facilities providing water provide for hot and cold water to be mixed in a single faucet to control temperature. TDHCA agrees with this and Sec. 90.2(b)(7) of the rules has been added to reflect this.

Several commenters asked that children of opposite genders not be required to share a bed and that two unmarried adults of either gender not be required to share a bed. TDHCA agrees with this and Sec. 90.2(f)(1) of the rules has been revised to reflect this.



Several commenters urged that the rules provide that all units eligible to be occupied be inspected, not just a sample. TDHCA agrees with this and Sec. 90.3(g) of the rules has been revised to reflect this.

Several commenters expressed a desire that the procedures for complaints be expanded to provide a toll-free bilingual hotline for complaints and a uniform poster to advise occupants of the complaint process and the toll-free number. They asked that the complaint process provide for investigation within ten (10) days (or as soon as possible in matters involving potential health and safety hazards) and that there be procedures to protect the confidentiality and anonymity of complaints. They asked that there be sanctions for a licensee that engages in retaliation against someone for making a complaint. TDHCA agrees with this and Sec. 90.5 of the rules has been revised to reflect this. The general provision on assessing administrative penalties would apply to any retaliatory action on the basis that it was a violation of these rules.

Staff recommends approval of the final rules, with changes to the proposed text, to be codified in 10 TAC 90.1 – 90.8.

**TITLE 10. COMMUNITY DEVELOPMENT**  
**PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**CHAPTER 90. MIGRANT LABOR HOUSING FACILITIES**

The Texas Department of Housing and Community Affairs (the Department) adopts a new Chapter concerning Migrant Labor Housing Facilities, Sections 90.1-90.8, with changes to the proposed text, as published in the October 28, 2005 issue of the Texas Register (30 TexReg 6984-6989; 7060-7061).

The purpose of this Chapter is to provide for the licensing and supervision of migrant labor housing facilities, in accordance with Texas Government Code, Sections 2306.921-2306.933. This rule is adopted pursuant to HB 1099 (79<sup>th</sup> Legislature, Regular Session), which transferred from the Department of State Health Services ("DSHS") to the Texas Department of Housing and Community Affairs ("TDHCA") responsibility for administering the laws regarding the licensing and supervision of migrant labor housing facilities. Chapter 147, Texas Health and Safety Code, was transferred to Texas Government Code, Sections 2306.921-2306.933. This law requires that a license (one year license with a fee not to exceed \$250) must be obtained in order to operate a migrant labor housing facility in the state of Texas; a facility must be inspected before it can be licensed, and TDHCA must conduct a survey of migrant labor housing and report its findings to the Legislature by September 2006.

Comments were received from Texas Low Income Housing Information Service, Texas Rio Grande Legal Aid, and the United Farm Workers of America.

Several commenters asked that the rules require that all windows and doors have working locks. TDHCA agrees with this and Sec. 90.2(d)(1) of the rules has been revised to reflect this.

Several commenters suggested requiring that the units be equipped with smoke detectors. TDHCA agrees with this and Sec. 90.2(d)(1) of the rules has been revised to reflect this.

Several commenters asked that facilities providing water provide for hot and cold water to be mixed in a single faucet to control temperature. TDHCA agrees with this and Sec. 90.2(b)(7) of the rules has been added to reflect this.

Several commenters asked that children of opposite genders not be required to share a bed and that two unmarried adults of either gender not be required to share a bed. TDHCA agrees with this and Sec. 90.2(f)(1) of the rules has been revised to reflect this.

Several commenters urged that the rules provide that all units eligible to be occupied be inspected, not just a sample. TDHCA agrees with this and Sec. 90.3(g) of the rules has been revised to reflect this.

Several commenters expressed a desire that the procedures for complaints be expanded to provide a toll-free bilingual hotline for complaints and a uniform poster to advise occupants of the complaint process and the toll-free number. They asked that the complaint process provide for investigation within ten (10) days (or as soon as possible in matters involving potential health and safety hazards) and that there be procedures to protect the confidentiality and anonymity of complaints. They asked that there be sanctions for a licensee that engages in retaliation against someone for making a complaint. TDHCA agrees with this and Sec. 90.5 of the rules has been revised to reflect this. The general provision on assessing administrative penalties would apply to any retaliatory action on the basis that it was a violation of these rules.

The above described changes made in response to public comment received are not viewed as substantive changes, and these rules are hereby adopted with such changes.

The new chapter is adopted pursuant to the authority of the Texas Government Code, Chapter 2306.

The new Chapter affects no other code, article or statute.

### **Section 90.1 Definitions.**

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Act -- the state law that governs the operation and licensure of migrant labor housing facilities in the state of Texas, found at Texas Government Code, <\*>2306.921 - 2306.933.
- (2) Board -- The governing board of the Texas Department of Housing and Community Affairs.
- (3) Business Day -- any day that is not a Saturday, Sunday, or a holiday observed by the State of Texas.
- (4) Business hours -- 8 a.m. to 5 p.m., local time.
- (5) Department -- The Texas Department of Housing and Community Affairs.
- (6) Director -- The Executive Director of the Department.
- (7) Facility -- a structure, trailer, or vehicle, or two or more contiguous or grouped structures, trailers, or vehicles, together with the land appurtenant.
- (8) Family -- a group of people, whether legally related or not, that act as and hold themselves out to be a family; provided, however, that nothing herein shall be construed as creating or sanctioning any unlawful relationship or arrangement such as the custody of an unemancipated minor by a person other than their legal guardian.
- (9) Licensee -- any person that holds a valid license issued in accordance with the Act.
- (10) Migrant labor housing facility -- a facility that is established, operated, or used for more than three days as living quarters for two or more seasonal, temporary, or migrant families or three or more seasonal, temporary, or migrant workers, whether rent is paid or reserved in connection with the use of the facility.
- (11) Occupant -- any person, including a worker, who uses a migrant labor housing facility for housing purposes.
- (12) Operator -- any individual designated in an application for a license to operate a migrant labor housing facility or in signed correspondence from a licensee to the Department as having authority to act on behalf of the a licensee to administer day-to-day operation of that migrant labor housing facility and to respond to complaints, investigations, inspections, orders, and other matters as set forth in these rules.
- (13) Worker -- A migrant agricultural worker, as defined in the Act, being an individual who is (a) working or available for work seasonally or temporarily in primarily an agricultural or agriculturally related industry and (b) moves one or more times from one place to another to perform seasonal or temporary employment or to be available for seasonal or temporary employment.

### **Section 90.2 Facilities.**

(a) Facility site.

- (1) Facility sites shall be well drained and free from depressions in which water may stand. Sinkholes, pools, swamps, or other surface collectors of water within 200 feet of the periphery of the site shall be drained, filled, or treated on an ongoing basis to prevent mosquito breeding. If they are drained or filled, this must be done so as not to create a hazard. If they are treated, they must be appropriately

fenced if they present would present a hazard or attractive nuisance, such as a place where children might play or pets might drink.

(2) Facility sites shall be made and kept free from any conditions not conducive to housing such as conditions which create offensive odors, attract flies, create excessive noise, allow unregulated traffic, create a risk of fire, pose any other risk to safety, contribute to or permit flooding, result in or contribute to overcrowding, or create or promote the creation, perpetuation, or exacerbation of any other condition which would reasonably be viewed as hazardous or inappropriate to a living facility.

(3) Grounds within the facility site shall be maintained so as to be free from debris, noxious plants (poison ivy, etc.) uncontrolled weeds, or brush.

(4) Facility sites shall have recreation space for the facility occupants based on the maximum facility capacity.

(5) Facility sites shall be located at least 500 feet from livestock pens or any place where livestock is kept or fed.

(6) The housing site shall not be subject to periodic flooding or located so the drainage from and through the site will endanger any domestic or public water supply or enter or surround any living facility.

(b) Water supply.

(1) A water supply which meets the provisions of Health and Safety Code, Chapter 341, and the Texas Commission on Environmental Quality's public drinking water standard, Texas Administrative Code, Title 30, Part 1, Chapter 290, Subchapter F, <\*>290.101 - 290.115, 290.117 - 290.119, and 290.121 and 290.122 (relating to Drinking Water Standards Governing Drinking Water Quality and Reporting Requirements for Public Water Systems), shall be available at all times in each facility.

(2) When the water supply does not meet the standards, notice shall be given to facility occupants and posted in a conspicuous location in the facility site. Such notice shall be given in English the language primarily used at the migrant labor housing facility if other than English AND shall display a universal symbol that such water is unsafe for consumption. Approved bottle water shall be provided to the occupants.

(3) Facilities shall be connected to an existing public water supply system, if one is available.

(4) Adequate arrangements for provision of hot water for bathing, laundering, culinary, and dishwashing purposes shall be available in all facility sites.

(5) Facility sites shall provide water under pressure (a minimum of 20 psi and a minimum static of 35 psi) to each living arrangement and utility building.

(6) In common use arrangements, dining halls, recreation, and meeting rooms, drinking fountains shall be provided for each 100 occupants or fraction thereof and all such drinking fountains shall meet American National Standards Institute standards, "Specification for Drinking Fountains 2.4.2-1942."

**(7) Each sink that provides both hot and cold water shall provide them through a single faucet that enables hot and cold water to be mixed to adjust the temperature .**

(c) Excreta and liquid waste disposal.

(1) Arrangements shall be provided and maintained for effective sewage disposal. Raw or treated liquid waste shall not be discharged or allowed to accumulate on the ground surface or in any place other than a proper sewage disposal facility.

(2) Arrangements for disposal of excreta and liquid waste shall be connected to a public sewer system, if available.

(3) All other disposal systems, (such as septic tanks, liquid waste treatment, privies, and portable toilets) shall be constructed and maintained as required by the Texas Department of Health.

(4) Portable toilet rooms not ventilated by mechanical means shall be provided with adequate screened (16 mesh) ventilation openings.

(d) Facilities.

(1) Facilities shall be constructed in a manner to insure the protection of occupants against the elements. Facilities shall be maintained in good repair and in a sanitary condition. **All doors to the exterior shall have working locks and all windows shall have working interior latches. Each unit shall have a working smoke detector.**

(2) Facilities shall have flooring constructed of smooth finished, rigid materials and be readily cleanable. The flooring shall be installed so as to prevent entrance of ground or surface water into the facility.

(3) In living arrangements utilized for combined cooking, eating, and sleeping purposes, no less than 100 square feet of floor space shall be provided for each occupant over 18 months of age. Rooms used for sleeping purposes only shall provide at least 50 square feet of floor space for each intended occupant.

(4) Facilities utilized by families with children shall have a separate room or partitioned sleeping area for the husband and wife. The partition shall provide privacy and shall not adversely affect the meeting of any other standard hereunder, including the availability of light and access to exits.

(5) In dormitory-type facilities, separate sleeping accommodations shall be provided for each sex. In family housing units, separate sleeping accommodations shall be provided for each family unit.

(6) Adequate, separate arrangements for each person or family to hang clothes and store personal effects shall be provided.

(7) The total floor area of each habitable room in a facility shall have a minimum ceiling height of seven feet.

(8) Each habitable room shall have at least one window or skylight opening directly to the outside. The minimum total window or skylight area, including windows and doors, shall equal at least 10% of the usable floor area. The total area that can be opened shall equal at least 45% of the minimum window or skylight area required, except where comparable adequate ventilation is supplied by mechanical or some other method.

(9) Facilities previously used to mix, load, or store pesticides and toxic chemicals may not be used for cooking, dishwashing, eating, sleeping, housing purposes, or other similar purposes.

(e) Cooking and eating arrangements.

(1) When workers or their families cook in their individual units, space shall be provided and equipped for cooking and eating. Each such space shall be provided with:

(A) a working stove with a minimum of four operating burners;

(B) adequate food storage shelves and a counter for food preparation; if children under the age of six years will be present, such storage facilities shall include a container with childproof locks in which to store any cleaning agents or similar dangerous substances that may be used in connection with food preparation and clean-up, and this container shall be separate and apart from any place or container for food storage;

(C) provisions for mechanical refrigeration of food at a temperature of not more than 45 degrees F.;

(D) eating arrangements (table and chairs or equivalent) commensurate with the maximum capacity of the unit;

(E) adequate sinks with hot and cold water under pressure; and

(F) adequate lighting and ventilation.

(2) When workers or their families cook and eat in a communal room or building separate from their sleeping accommodations, each such room or building shall be provided with:

(A) a working stove with a minimum of four operating burners, in a ratio of one stove to 10 persons, or one stove to two families;

(B) adequate food storage shelves and a counter for food preparation;

(C) mechanical refrigeration for food at a temperature of not more than 45 degrees F.;

(D) eating arrangements (tables and chairs or equivalent) commensurate with the intended use of the room or building;

(E) adequate lighting and ventilation; and

(F) nonabsorbent floors of easily cleanable materials.

(3) In a central mess or multifamily feeding operation, the kitchen and mess hall shall be constructed in accordance with department rules on food services sanitation, 25 TAC <\*>229.161 - 229.171 (relating to Food Service Sanitation), and

(A) shall be a size in proper proportion to the facility capacity and separate from the sleeping quarters;

(B) floors, walls, ceiling, tables, and shelves of all kitchens, dining rooms, refrigerators, and food storage rooms shall be maintained in a clean, sanitary condition;

(C) the exterior wall opening of all dining rooms shall be screened (16 mesh) and rendered fly-tight; and,

(D) screen doors shall be self-closing and installed to open outward from the area to be protected.

(f) Sleeping arrangements.

(1) Sleeping arrangements (beds, metal frame cots, or bunks complete with springs, mattresses, and mattress covers) in good repair shall be provided for facility occupants. Sleeping arrangements shall be cleaned and maintained in a sanitary condition. No bed shall be used by more than two occupants.

**Children of opposite genders shall not be required to share a bed and two unmarried adults of either gender shall not be required to share a bed.**

(2) Mattresses and mattress covers shall be laundered and sanitized between assignment to different occupants.

(3) Beds, bunks, or cots shall have a clear space of at least 12 inches from the floor. Triple-deck facilities shall be prohibited. Single beds shall be spaced not closer than 36 inches laterally or end to end. Bunk beds shall be spaced not less than 48 inches laterally or 36 inches end to end. There shall be a clear ceiling height above a mattress of not less than 36 inches. The clear space above the lower mattress of the bunk beds and the bottom of the upper bunk shall not be less than 27 inches.

(g) Heating.

(1) All living quarters and service rooms shall be provided with properly installed, operable heating equipment that capable at all times of maintaining a temperature of at least 68 degrees F. If heating is centrally controlled, all areas affected shall be maintained at least 68 degrees F. at all times.

(2) All heating systems shall be failsafe in case of failure or interruption of the power or fuel source.

(3) All walls or ceilings within 18 inches of the stovepipe of a solid or liquid fuel stove shall be of fireproof material.

(4) All stoves or other sources of heat utilizing combustible fuel shall be installed to prevent fire and safety hazards. A vented metal collar shall be installed around a stovepipe, or any vent passing through a wall, ceiling, floor, or roof.

(5) All stove or other sources of heat utilizing combustible fuel shall be vented to prevent fire and safety hazards. All vents shall extend above the peak of the roof.

(6) If solid or liquid fuel stoves are used in a room with wooden or other combustible flooring, they shall be placed on a concrete slab, insulated metal sheets, or other fireproof materials sufficient to prevent the transfer of heat to the floor and such material shall extend at least 18 inches beyond the perimeter of the base of the stove.

(7) If portable heaters are provided they must be electric and UL approved, and the electricity supply to the unit where they are to be used must be sufficient to permit their operation without disruption other things in that unit requiring electricity to operate, such as stoves, lights, and other appliances.

(h) Bathrooms and laundry rooms.

(1) Bathrooms in family living accommodations shall be separate from other rooms to insure privacy.

(2) Sufficient bathrooms (including bathtubs, showers, and lavatory sinks) and laundry rooms for the occupants of each living arrangement shall be located within 200 feet of each living arrangement.

(3) Bathrooms and laundry rooms shall be constructed in a manner conducive to good repair and shall be maintained in good repair and in a sanitary condition.

(4) Shower flooring shall be constructed of nonabsorbent, nonskid materials and shall have properly constructed and functioning floor drains.

(5) Communal bathrooms shall have bathing arrangements, hand washing arrangements, and dry dressing space for each sex separated by a solid nonabsorbent wall extending from the floor to ceiling to insure privacy. Communal bathrooms shall be designated "men" or "women" in English and in the language of the facility occupants, or in the universal symbols.

(6) Communal bathrooms shall have a minimum of one showerhead per 10 persons and one lavatory sink per six persons. Showerheads shall be spaced at least three feet apart to insure a minimum of nine square feet of showering space per showerhead.

(7) In all communal bathrooms separate shower stalls shall be provided.

(8) Mechanical clothes washers shall be provided in a ratio of one per 50 persons. In addition to mechanical clothes washers, one laundry tray per 100 persons shall be provided. In lieu of mechanical clothes washers, one laundry tray or tub per 25 persons may be provided.

(9) Arrangements for drying clothes shall be provided.

(i) Toilets.

(1) Toilets shall be located within 200 feet of each living arrangement. No privy shall be located within 100 feet of any living arrangement, dining room, mess hall, or kitchen.

(2) Sufficient toilets for the occupants of each living arrangement shall be constructed in a manner conducive to good repair and maintained in a sanitary condition. Privies shall be fly proof and of adequate capacity.

(3) Communal accommodations shall have toilets for each sex separated by a solid wall from floor to ceiling and shall be designated "men" or "women" in English and in the language of the facility occupants, or in universal symbols.

(4) Communal toilet rooms shall be lighted naturally or artificially by a safe type of lighting and shall be well ventilated, all outside openings shall be screened with 16 mesh material.

(5) Water closets or privy seats shall be provided in a ratio of one per 15 persons of each sex. A minimum of one for each sex shall be provided in communal accommodations. Family living accommodations containing private toilets will not be considered when establishing the number of shared toilets.

(6) Urinals may be substituted for men's toilet seats in a ratio of one urinal of 24 inches of trough-type urinals per toilet seat to a maximum of one-third of the required toilet seats.

(7) Urinals and the surrounding walls and floor shall be constructed of nonabsorbent material.

(j) Garbage and other refuse.

(1) Containers with tight fitting lids for garbage and other refuse storage shall be provided to and located within 100 feet of each living accommodation. Containers of up to 32 gallon capacity may be used. They shall be supplied in a ratio of one per living accommodation. Bulk type containers may be used. Lost or damaged containers must be promptly replaced.

(2) Containers shall be durable, in good repair, and maintained in a sanitary condition.

(3) Garbage and refuse shall be collected at least twice a week. Disposal of garbage and refuse shall be in accordance with requirements of the Texas Department of Health concerning solid waste management, 25 TAC Chapter 325 (relating to Solid Waste Management).

(k) Electricity and lighting.

(1) All facility sites shall be provided with electricity. The electrical systems shall conform to all applicable codes and shall be sufficient to provide the electricity with sufficient amperage to operate all required and available features, including but not limited to lighting, stoves, hot water heaters, heating systems, portable heaters, refrigeration, and such other devices as may be connected to wall type convenience outlets.

- (2) Each habitable room and all communal rooms and areas (laundry rooms, toilets, privies, hallways, stairways, etc.) shall contain ceiling or wall-type light fixtures. At least one wall-type electrical convenience outlet shall be provided in each individual living room.
- (3) Lighting shall be provided in the yard area and pathways to communal arrangements.
- (4) All wiring and lighting fixtures shall be installed and maintained in a safe condition in accordance with National Electrical Code and state and local codes.
- (5) Light levels in toilet and storage rooms shall be at least 20 foot candles 30 inches from the floor. Other rooms, including kitchens and living quarters, shall be at least 30 foot candles 30 inches from the floor.
- (l) Screening.
  - (1) All outside opening shall be protected with screening of 16 mesh or less.
  - (2) All screen doors shall be tight and equipped with self-closing devices.
  - (3) All screens shall be maintained in good repair.
- (m) Insect and rodent control.
  - (1) Housing sites, housing units, and utility areas shall be constructed to exclude insects, rodents, and other vermin.
  - (2) A vector control program shall be maintained to insure effective control of all insects, rodents, and other vermin.
  - (3) All vector control programs shall be designed and executed to insure maximum protection of the occupants.
- (n) Fire, safety, and first aid.
  - (1) All buildings or structures shall be maintained and used in accordance with the provisions of the state and local regulations.
  - (2) In one story facilities utilized by less than 10 persons, two means of escape shall be provided. One of the two required means of escape may be a readily accessible window with a space that can be opened of not less than 24 inches by 24 inches.
  - (3) Central dining facilities, assembly rooms, and all sleeping quarters intended for use by 10 or more persons shall have, as alternate means of escape, at least two remotely separated doors that open to an interior hallway or to the outside.
  - (4) Sleeping quarters and assembly rooms located on a second story shall have a stairway, plus permanently affixed exterior ladder or a second stairway.
  - (5) Fire extinguishing equipment shall be provided in an accessible place located within 100 feet from each facility. Such equipment shall provide protection equal to a 2 1/2 gallon stored pressure of five gallon pump type water extinguisher.
  - (6) First aid supplies shall be provided and be accessible at all times. The supplies shall be equivalent to the 16 unit first aid kit recommended by the American Red Cross, and shall be provided in a ratio of one to 50 persons. First aid kits shall be distributed and placed conspicuously throughout the migrant labor housing facility.
  - (7) Flammable or volatile liquids or materials, except those needed for household use other than use as fuel, shall not be stored in or adjacent to rooms used for living purposes.
  - (8) Agricultural pesticides and toxic chemicals other than those commonly regarded as being for household use, such as cleaning agents, shall not be stored within the facility site. Any pesticide or other toxic materials, and any potentially hazardous implements or equipment, kept within 500 feet of the facility site shall be stored in a secure, locked enclosure.

### **Section 90.3 Licensing.**

- (a) Texas Government Code, Sec. 2306.922 requires the licensing of migrant labor housing facilities.
- (b) Any person who wants to apply for a license to operate a facility may obtain the application form from the Department. The required form is Appendix A to these rules.



(c) An application must be submitted to the Department at least 45 days prior to the intended operation of the facility, but no more than 60 days.

(d) The fee for a license is \$250, and the license is valid for one year unless sooner revoked or suspended.

(e) Fees shall be tendered by check or money order payable to the Texas Department of Housing and Community Affairs. If any check or other instrument given in payment of a licensing fee is returned for any reason, any license that has been issued in reliance upon such payment being made is null and void.

(f) A fee, when received in connection with an application is earned and is not subject to refund.

(g) Within 30 days of the receipt of a complete application and fee, the facility shall be inspected by an authorized representative of the Department. Inspections shall be conducted during business hours on business days **and shall cover all units that are subject to being occupied.**

(h) The person performing the inspection on behalf of the Department shall prepare a report of findings of that inspection.

(1) If the person performing the inspection finds that the migrant labor housing facility, based on the inspection, will be in compliance with Section 90.2 of these rules, and the Director finds that there is no other impediment to licensure, the license will be issued.

(2) If the person performing the inspection finds that although one or more deficiencies were noted that will require timely corrective action which may be confirmed by the operator without need for re-inspection, and the Director finds that there is no other impediment to licensure, the license will be issued subject to such conditions as the Director may specify. The applicant may, by signed letter, agree to these conditions, request a re-inspection within 60 days from the date of the Director's letter advising of the conditions, or treat the Director's imposing of conditions as a denial of the application.

(3) If the person performing the inspection finds that although one or more deficiencies were noted that will require timely corrective action, the deficiencies are of such a nature that a re-inspection is required, the applicant shall address these findings and advise the inspector, within 60 days from the date of written notice of the findings, of a time when the facility may be re-inspected. If the results of the re-inspection are satisfactory and the Director finds that there is no other impediment to licensure, the license will be issued.

(4) If the person performing the inspection finds that the migrant labor housing facility is in material non-compliance with Section 90.2 of these rules or that one or more imminent threats to health or safety are present, the Director may deny the Application.

(i) If the Director determines that an application for a license ought to be granted subject to one or more conditions, the Director shall issue an order accompanying the license, and such order shall:

(1) Be clearly incorporated by reference on the face of the license;

(2) Specify the conditions and the basis in law or rule for each of them; and

(3) Such conditions may include limitations whereby parts of a migrant labor housing facility may be operated without restriction and other parts may not be operated until remedial action is completed and documented in accordance with the requirements set forth in the order.

(j) Correspondence regarding an application should be addressed to:

Texas Department of Housing and Community Affairs  
Attention: Migrant labor housing facilities  
PO BOX 12489  
AUSTIN TX 78711-2489

(k) Within 14 days of the date of receipt of an application and license fee, the Department shall issue a written notice informing the applicant that the application is complete and accepted for filing, or, if the application is deficient, a letter specifying what is else needed in order to process the application.

(l) An applicant or licensee that wishes to appeal any order of the Director, including the appeal of a denial of an application for a license or an election to appeal the imposing of conditions upon a license, may appeal such order by sending a signed letter to the Director within thirty (30) days from the date specified on such order, indicating the matter that they wish to appeal.

#### **Section 90.4 Records.**

(a) Each licensee shall maintain on premises, available for inspection by the Department, the following records:

- (1) Copies of all correspondence to and from the Department. This shall include the current designation of each Operator;
  - (2) A current list of the occupants of the facility and the date that the occupancy of each commenced;
  - (3) Documentation establishing that all bedding facilities were sanitized prior to their being assigned to the current occupant; and
  - (4) Copies of any and all required federal, state, or local approvals and permits, including but not limited to any permits to operate a waste disposal system or a well or other water supply, and any correspondence or from such approving or permitting authorities.
- (b) All such records shall be maintained for a period of at least two years.

#### **Section 90.5 Complaints.**

(a) If the Department receives any complaint, it shall investigate it by appropriate means, including the conducting of a complaint inspection. Any complaint inspection will be conducted after giving the Operator notice of the inspection and an opportunity to be present. **The complainant will be contacted by the Department within ten (10) days of making a complaint or, if a possible safety or health issue is involved, as promptly as reasonably possible.**

(b) A licensee, through its Operator, shall be provided a copy of any complaint **(or, if the complaint was made verbally, a summary of the matter)** and given a reasonable opportunity to respond.

Generally, this shall be ten (10) business days.

**(1) Complaints may be made in writing or by telephone to 1-877-724-5676.**

**(2) Complaints may be made in Spanish or in English.**

**(3) To the fullest extent permitted by applicable law, the identity of any complaint shall be maintained as confidential (unless the complainant specifically consents to the disclosure of their identity or requests that the Department disclose their identity).**

**(4) Licensees and operators shall not engage in any retaliatory action against an occupant for making a complaint in good faith.**

**(5) A Licensee shall post in at least one conspicuous location in a facility the following notice in at least 20 point bold face type:**

**If you have concerns or problems with the condition or operation of this facility or your unit, the Texas Department of Housing and Community Affairs (the "Department") is the state agency that licenses and oversees this facility. You may make a complaint to the Department by calling, toll-free, 1-877-724-5676, or by writing to Migrant Labor Housing, TDHCA, 4413 82<sup>nd</sup> Street, Lubbock, TX 79424-3366. This office has staff that speaks Spanish. To the fullest extent that we can, we will keep your identity confidential. The Department's rules prohibit any facility or operator from retaliating against you for making a complaint.**

**Si Usted tiene preocupaciones o problemas con la condición u operación de esta instalación o su unidad, el Departamento de Vivienda y Asuntos Comunitarios del Estado de Texas (El Departamento o TDHCA) es la agencia que da licencia y supervisa**

**esta instalacion. Usted puede mandar sus quejas al Departamento por teléfono gratuitamente por marcando 1-877-724-5676 u escribiendo a Migrant Labor Housing, TDHCA, 4412 82nd Street, Lubbock, TX 79424-3366. La oficina tiene personal que habla español. A lo mas posible que podemos, protegeremos su identidad. Las regulaciones del Departamento prohíben cualquier represalias por la instalación u el operador contra personas que se quejen contra ellos.**

- (c) If any complaint involves matters that could pose an imminent threat to health or safety, all time frames shall be accelerated, and such complaint shall be addressed as expeditiously as possible.
- (d) The Department may conduct interviews, including interviews of operators and occupants, and review such records as it deems necessary to investigate a complaint.
- (e) The Department shall review the findings of any inspection and its review and, if it finds a violation of the Act or these rules to have occurred, issue a notice of violation.
- (f) A notice of violation and order will be sent to the Licensee to the attention of the Operator.
- (g) The notice of violation will set forth:
  - (1) The complaint or other matter made the subject of the notice;
  - (2) The findings of fact;
  - (3) The specific provisions of the Act and or these rules found to have been violated;
  - (4) The required corrective action;
  - (5) Any administrative penalty or other sanction to be assessed; and
  - (6) The timeframe for the Licensee either to agree to the recommended corrective action, and accept the administrative penalties and/or sanctions or appeal or to appeal the matter.
- (h) The order will set forth:
  - (1) The complaint or other matter made the subject of the order;
  - (2) The findings of fact;
  - (3) The specific provisions of the Act and or these rules found to have been violated;
  - (4) The required corrective action;
  - (5) Any administrative penalty or other sanction assessed; and
  - (6) The date on which the order becomes effective if not appealed or otherwise resolved.

#### **Section 90.6 Administrative Penalties and Sanctions.**

- (a) When the Director finds that the requirements of the Act or these rules are not being met, he or she may assess administrative penalties or impose other sanctions as set forth below. Nothing herein limits the right, as set forth in the Act, to seek injunctive relief.
- (b) For each violation of the Act or rules a penalty of up to \$200 may be assessed.
- (c) For violations that present an imminent threat to health or safety, if not promptly addressed, the Director may suspend or revoke the affected license.

#### **Section 90.7 Dispute Resolution, Appeals, and Hearings.**

- (a) A licensee is entitled to appeal any order issued by the Director, including any order as a result of an inspection or a complaint and any order denying a license or issuing a license subject to specified conditions.
- (b) In lieu of or during the pendency of any appeal, a licensee may request to meet with the Director or, at his or her option, his or her designee to resolve disputes. Any such meeting may be by telephone or in person. Meetings in person shall be in the county where the migrant labor housing facility affected is located unless the licensee agrees otherwise.
- (c) A licensee may request alternative dispute resolution in accordance with the Department's rules regarding such resolution set forth at 10 TAC, Section 1.17.

(d) All appeals are contested cases subject to and to be handled in accordance with Chapter 2001, Texas Government Code.

**Section 90.8 Forms.**

Appendix A –Application for a License to Operate a Migrant Labor Housing Facility form  
Figure: 10 TAC Section 90.8



**Texas Department of Housing and Community Affairs**

P. O. Box 12489 Austin, Texas 78711  
 1-800-500-7074 FAX 1-800-475-3506  
 Internet Address: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

**DEPT. USE ONLY**  
**LICENSE #**

**APPLICATION TO OPERATE A MIGRANT LABOR HOUSING FACILITY**

\*\*\*\*\* Be Certain To Complete Both Pages Of This Form \*\*\*\*\*

**Privacy Notification**  
 With few exceptions, you have the right to request and be informed about information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. See <http://www.tdn.state.tx.us> for information on Privacy Notification. (Reference: Government Code, Section 552.021, 552.023, 559.003 and 559.004)

**Block 1: Facility Location Information**

Legal Name of Owner/Applicant		Email:	
Facility Name:		Facility Phone #:	
Facility Location Address:			
City:	State: TX	ZIP:	County:

**Block 2: Facility Description Information**

Please provide the following information and check the appropriate boxes.

Number of Buildings:		Number of Units:		Total Capacity:	
Water Supply		Sewage Disposal		Cooking Facility	
<input type="checkbox"/>	Municipal	<input type="checkbox"/>	Municipal	<input type="checkbox"/>	General Mess
<input type="checkbox"/>	Private	<input type="checkbox"/>	Septic	<input type="checkbox"/>	Individual
Bathing		Laundry		Hand washing	
<input type="checkbox"/>	Central	<input type="checkbox"/>	Central	<input type="checkbox"/>	Central
<input type="checkbox"/>	Individual	<input type="checkbox"/>	Individual	<input type="checkbox"/>	Individual

**Block 3: Additional Contact Information**

(Address where license will be mailed, e.g., address of corporation, company, or home.)

List all persons authorized to act on behalf of the owner with respect to the facility. Each person so named may be changed at any time by signed notification from the owner/applicant to TDHCA

Name/Title	Name/Title	Name/Title

Mailing Address:

City:	State: TX	ZIP:
Owner Phone #:	Owner Fax:	

**License Fee: \$250.00**

The current fee has been reduced from previous fees based on a good-faith interpretation of current statutory language. Should this reduced fee be challenged, the recipient of this license may be required to pay the higher published fee at a later date.

Block 4: Reason For Applying (check all that apply)		
<input type="checkbox"/> New Facility	Opening Date:	
<input type="checkbox"/> License Renewal	Opening Date:	Facility #:
<input type="checkbox"/> Change of Location	Previous Location:	Facility #:
<input type="checkbox"/> Change of Name	Previous Name:	Facility #:
<input type="checkbox"/> Change of Ownership	Previous Owner:	Facility #:

**Block 5: Certification Statement**

Pursuant to the Texas Migrant Labor Housing Facility Act, Tex. Gov. Code, §§2306.921-2306.933 (the "Act"), I hereby have fully completed the above application, at least 45 days prior to the intended operation date, for a license to establish and maintain a Migrant Labor Housing Facility in accordance with rules promulgated by the Texas Department of Housing and Community Affairs (the "Department"), as they may apply to the administration of the Act by the Department. By signing this document I certify that I am an officer of the owner/applicant or am otherwise authorized to sign this document on behalf of the owner/applicant and that all information in this complete application is true and correct.

<b>Signature:</b>	Title:
<b>Name (printed):</b>	Date:

- An application must be submitted to the Department at least 45 days prior to the intended operation of the facility, but no more than 60 days
  - A license, unless revoked, shall expire one year from the date of issuance, and it shall be non transferable.
  - Please note that it is the responsibility of the license holder to renew their license before the expiration date, whether or not they have received a payment notice from the Department. If you did not receive your renewal notice, you may use this form to renew your license.
  - For assistance in completing this application, please call 806-794-2105 or 877-724-5676.
  - Make check payable to the: Texas Department of Housing and Community Affairs
- Mail application and fees to the: TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
P. O. BOX 12489  
AUSTIN, TX 78711-2489

\*\*\*\*\*Incomplete Applications And Improper Fees Will Delay The Issuance Of License\*\*\*\*\*

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

December 14, 2005

Action Item

Presentation, Discussion and Determination of an Appeal for the Termination of Rolling Creek Apartments.

Summary

On September 12, 2005, the Texas Department of Housing and Community Affairs (the "Department") received application materials for the Rolling Creek Apartments. THDCA staff has completed the review and determined that the threshold requirements have not been met.

In accordance with TAC 10 §49.9(f)(7)(B)(i) of the 2005 Qualified Allocation Plan and Rules, the application documents submitted on September 12, 2005, for the Rolling Creek Apartments was to include, "...Evidence from the appropriate local municipal authority that satisfies one of clauses (i) through (iii) of this subparagraph. Documentation may be from more than one department of the municipal authority and must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period. (2306.6705(a)(5)). (i) a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating that the Development is located within the boundaries of a political subdivision which does not have a zoning ordinance; the letter must also state that the Development fulfills a need for additional affordable rental housing as evidenced in a local consolidated plan, comprehensive plan, or other local planning document; or if no such planning document exists, then the letter from the local municipal authority must state that there is a need for affordable housing." The QAP included methods by which the statutory requirement could be satisfied given the large variety of local jurisdiction restrictions and requirements (or a bypass where zoning does not exist) are a reasonable interpretation of the statutory requirement.

Applicant sought a letter from Harris County regarding consistency with the Harris County Community and Economic Development from the start of this project to satisfy the requirement as all parties involved at that time appeared to believe that compliance with the Harris County Community And Economic Development Department was necessary. In response to the applicant's efforts, the Department received **four letters** from the Harris County Community and Economic Development Department. The first, dated January 18, 2005, stated that the Rolling Creek Apartments development was consistent with the Harris County 2003 Consolidated Plan; a second letter dated September 28, 2005 affirmed the consistency with the consolidated plan. A third letter, dated November 4, 2005, was then received stating that a determination of consistency with the consolidated plan could not be determined and finally the fourth letter, dated November 17, 2005, clarified that the November 4, 2005 letter superseded all previous letters that had shown consistency with the Harris County 2003 Consolidated Plan. Because the appropriate documentation for threshold was no longer satisfied, the application for Housing Tax Credits for the Rolling Creek Apartments was terminated on November 23, 2005. Discussions were held with the applicant upon receipt of the third letter. No formal termination letter was sent at that time, as the Department sought to interpret the intent of the third letter.

As stated above, upon receipt of the fourth letter from Harris County, the notice was sent to terminate the application to allow the applicant a full range of options. As this is a non-competitive cycle, the true pressure is to complete required approvals prior to the expiration of the reservation of allocation, which is January 13, 2006. Any action not taken by this Board in the December meeting, regarding this matter would be postponed until the January Board meeting and the Application could not move forward under those

conditions. Staff believed the applicant was on notice of the possible termination due to the Harris County changes and the determination letter presented applicant and all other participants a fair opportunity to be heard.

The Applicant received sufficient notice and is appealing that termination stating TDHCA should reinstate the Application for the following reasons:

- 1) The termination letter alleges failure of the Applicant to satisfy §49.9(f)(7)(B). §49.9(f)(7)(B) requires evidence that satisfies one of the clauses (i) through (iii). The Applicant satisfied this section under clause (ii) by providing a letter stating there is no zoning.
- 2) The development is inconsistent with Harris County's Consolidated Plan. This letter shows the development complies with the need and strategies of the Consolidated Plan. Harris County does not mention any inconsistency with the Consolidated Plan only that it cannot be determined at this time.
- 3) Consistency with the Consolidated Plan is not a requirement of statute. An agency rule may not impose additional burdens, conditions or restrictions in excess of or inconsistent with relevant statutory provision Tex. Att'y Gen. Op. No. DM-447 (1997).
- 4) Procedures for terminating the application were not followed by TDHCA. Prior to terminating an application a deficiency notice must be sent and the Applicant be allowed ten days to cure the deficiency. A deficiency notice was not provided to the Applicant.

### **Recommendation**

Staff recommends that the Board deny the appeal due to such evidence being a requirement under the Department's governing statute 2306, Texas Government Code.





November 23, 2005

WWW.TDHCA.STATE.TX.US

Mark Bower  
Daniel Sereni  
1650 Frost Bank Plaza  
802 N. Carancahua  
Corpus Christi, Texas 78478

**RICK PERRY**  
*Governor*

**EDWINA P. CARRINGTON**  
*Executive Director*

**BOARD MEMBERS**  
Elizabeth Anderson, Chair  
Shadrick Bogany  
C. Kent Conine  
Vidal Gonzalez  
Patrick R. Gordon  
Norberto Salinas

**Re: Rolling Creek Apartments**

Dear Gentlemen:

On September 12, 2005, the Texas Department of Housing and Community Affairs (the "Department") received application materials for the Rolling Creek Apartments. THDCA staff has completed the review and determined that the threshold requirements have not been met.

In accordance with TAC 10 §49.9(f)(7)(B)(i) of the 2005 Qualified Allocation Plan and Rules, the application documents submitted on September 12, 2005, for the Rolling Creek Apartments, must provide evidence of, "...a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating that the Development is located within the boundaries of a political subdivision which does not have a zoning ordinance; the letter must also state that the Development fulfills a need for additional affordable rental housing as evidenced in a local consolidated plan, comprehensive plan, or other local planning document; or if no such planning document exists, then the letter from the local municipal authority must state that there is a need for affordable housing."

The Department received four letters from the Harris County Community and Economic Development Department. The first, dated January 18, 2005, stated that the Rolling Creek Apartments development was consistent with the Harris County 2003 Consolidated Plan; a second letter dated September 28, 2005 affirmed the consistency with the consolidated plan. A third letter, dated November 4, 2005, was then received stating that a determination of consistency with the consolidated plan could not be determined and finally the fourth letter, dated November 17, 2005, clarified that the November 4, 2005 letter superseded all previous letters that had shown consistency with the Harris County 2003 Consolidated Plan. Since the appropriate documentation for threshold can no longer be satisfied under the above referenced rule, the application for Housing Tax Credits for the Rolling Creek Apartments is hereby terminated on November 23, 2005.

If you wish to appeal this termination decision, you must file your appeal with the Department no later than November 30, 2005.

If you have any questions, please do not hesitate to contact Robbye Meyer at (512) 475-2213.

Sincerely,

  
Robbye Meyer  
Manager of Multifamily Finance

# COATS | ROSE

BARRY J. PALMER

bpalmer@coatsrose.com  
Direct Dial  
(713) 653-7395  
Direct Fax  
(713) 890-3944

November 29, 2005

Texas Department of Housing  
and Community Affairs  
507 Sabine, Suite 400  
Austin, TX 78711

Re: 2005 LIHTC Applications - Rolling Creek Apartments  
Willow Creek Apartments

Ladies and Gentlemen:

As counsel for the limited partnership owners (the "Applicants") of the above-referenced projects (the "Projects"), we have been asked to render this letter of appeal for the termination of the tax credit applications (the "Applications") for the Projects. By letters from the Texas Department of Housing and Community Affairs ("TDHCA") dated November 23, 2005, TDHCA notified the Applicants of the termination of the Projects, based upon a stated deficiency under section 49.9(f)(7)(B)(i) of the 2005 Qualified Allocation Plan (the "QAP"). Specifically, TDHCA based its terminations upon a perceived lack of documentation of the Projects' consistency with Harris County's consolidated plan.

TDHCA should reinstate the Applications for the following reasons: (i) the Applications met the requirement of 49.9(f)(7)(B); (ii) the Projects are consistent with Harris County's consolidated plan; (iii) the provisions of the QAP requiring evidence of consistency with the consolidated plan are not required by the Texas Government Code and administrative rules that are broader than the statute from which they derive are void; and (iv) TDCHA did not follow the provisions of section 49.4(d)(4) of the QAP prior to terminating the Applications.

## **1. The Applications Satisfied Section 49.9(f)(7)(B) of the QAP**

The letters from TDHCA erroneously cite deficiency under 49.9(f)(7)(B) for both Projects as the basis for termination of the Projects. Contrary to TDHCA's assertions, however, the Applications properly met the requirement of section 49.9(f)(7)(B)(ii) in fulfillment of the requirement presented by section 49.9(f)(7)(B).

Section 49.9(f)(7)(B) requires "evidence from the appropriate local municipal authority that satisfies **one of clauses (i) through (iii)** of this subparagraph." [emphasis added] The

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*A Professional Corporation*

3 East Greenway Plaza, Suite 2000 Houston, Texas 77046-0307

Phone: 713-651-0111 Fax: 713-651-0220

Web: www.coatsrose.com

TDHCA termination letters point to an alleged failure to satisfy clause (i) as a failure to satisfy this section. The Applications met the requirement of this section through satisfaction of clause (ii). Clause (ii) provides that the requirement can be met by providing a letter from the local municipality that states “the Development is permitted under the provisions of the zoning ordinance that applies to the location of the Development or that there is not a zoning requirement...”. The Applicants provided letters evidencing the lack of zoning requirements in conformity with this clause. As such, termination of the Applications is improper based upon section 49.9(f)(7)(B).

## **2. The Projects are Consistent with Harris County’s Consolidated Plan**

The Projects are consistent with the Harris County Consolidated Plan (the “HCCP”), as available at [http://www.cedd.hctx.net/Consolidated\\_Plan.htm](http://www.cedd.hctx.net/Consolidated_Plan.htm). Our review has found that the Projects comport with the HCCP, and this letter is being delivered to evidence consistency with the HCCP.

Please note the following:

A. Need - Construction of the Projects would address the housing need clearly stated in the HCCP. Per the HCCP:

i. **“The most pressing housing need of low- and moderate-income households is the availability of affordable housing.”** HCCP, p. 5-4 [emphasis added].

ii. **“Low- and moderate-income households—those households earning less than 80 percent of the median family income—are faced with a housing market that is not meeting their specific housing needs.”** HCCP, p. 5-4 [emphasis added].

iii. “Low- and moderate-income households are expected to increase over the next five-year period. By 2002, HUD projected that 41 percent of all Harris County households qualified as low- and moderate-income according to 2002 Consolidated Housing Affordability Strategy (CHAS) Table 1c. This represents 498,715 low- and moderate-income households. Of this number, 136,764 households will reside within the OHED service area, a 44.1 percent increase in low- and moderate-income households from 1990. If conditions remain constant, by 2005 low- and moderate-income households will increase to 153,175 in the OHED service area. **If current housing trends continue, approximately 71 percent of low- and moderate-income households will be in need of affordable housing.**” HCCP, p. 5-4 [emphasis added].

iv. “Of all low- and moderate-income households, renter households make up 44.6 percent (538,387 households) and owners comprise 667,129. Based on these totals, both **renters** and owners are in **need of** some form of housing assistance, such as rental assistance, housing rehabilitation, and **construction of affordable units.**” HCCP, p. 5-5 [emphasis added].

v. From 2003-2007, individuals and families in the 51%-80% of median income range will need 41,483 rental units. Table 5.1, HCCP, p. 5-5.

vi. The HCCP repeatedly discusses the problems of overcrowding in rental housing in Harris County and the need for larger, 3 bedroom units. “In 2000, there were **157,039 overcrowded housing units** in Harris County, 13 percent of the total housing stock. The **majority of these overcrowded units are multi-family units**. ... **Less than six percent of the multi-family housing stock has three or more bedrooms**, while one and two bedroom units comprise 91 percent of the total multi-family housing stock.” HCCP, p. 3-30 [emphasis added].

Development of the Projects will provide housing for low and moderate income Harris County residents and residents with larger families in conformity with the needs identified in the HCCP.

B. **Strategies** - Construction of the Project falls within the specific strategies to be utilized by the Harris County Office of Housing and Economic Development (OHED) to address the needs identified in the HCCP. The specific strategies are listed beginning on pages 5-13 and 5-14 of the HCCP.

i. **Strategy One** states that Harris County will act “[t]o promote and support affordable housing opportunities throughout the OHED service area, including downpayment assistance programs, new **construction** and rehabilitation of **affordable housing units** for the purpose of increasing the availability of housing to the very-low, low- and moderate-income persons.” HCCP, p. 13 [emphasis added].

ii. **Strategy Three** states that Harris County will “[p]romote the development of collaborations and partnerships of both non-profit and for-profit builders, developers, and other interested parties for the purpose of **increasing the capacity for the development of affordable housing** in the OHED service area.” HCCP, p. 14 [emphasis added].

iii. **Strategy Four** provides that Harris County will “[p]romote and assist in the development of applications for additional funds for the use in development of affordable housing in the OHED service area, **including Low-Income Housing Tax Credits** and Homeownership Zones.” HCCP, p. 14 [emphasis added].

The Projects will assist the County in **meeting three of the five Strategies** identified in the HCCP (the other two strategies are more administrative in nature – developing a housing resource center and providing technical assistance on land use regulations that may create barriers to affordable housing).

As noted within the TDHCA termination letters, Harris County initially issued two letters for each of the Projects affirming their consistency with the Harris County consolidated plan. Following the affirmation letters, and after substantial homeowner and political opposition to the Projects, Harris County issued a letter for each of the Projects stating that a determination of consistency cannot be made at the current time. Incredibly, Harris County blamed its purported inability to determine consistency on “inability of staff to accurately judge the impact of Hurricane Katrina evacuees on the Harris County rental housing market and occupancy rates.”

Harris County's issuance of an indeterminate consistency letter based upon Hurricane Katrina strains credulity, to say the very least. As was widely reported, Hurricane Katrina resulted in the influx to Harris County of a large amount of displaced persons themselves in need of affordable housing. Prior to delivery of the indeterminate letter, a leading elected Harris County official testified before Congress that more than 150,000 evacuees came to Harris County alone, and called on Congress to increase many forms of funding for low income housing for Harris County, including low income housing tax credits, in part so that the "**residents of this region, who have taken in far, far more of the victims than any other community, should not feel that we have compromised the availability of affordable housing of Houston residents and businesses.**" Excerpts from Statement of Robert A. Eckels, County Judge, Harris County, Texas before the Senate Homeland Security and Governmental Affairs Committee Hearing On Recovering From Hurricane Katrina: Responding To The Needs Of The Displaced, Today And Tomorrow, United States Senate, September 28, 2005. If anything, Judge Eckels comments and even a cursory review of local TV and print news indicates that Hurricane Katrina has served to exacerbate the existing affordable housing need plainly documented by the Harris County consolidated plan. By using a basis for its non-determination that contradicts plain fact and prior actions and statements of its own officials, Harris County raises troubling questions as to whether its actions regarding the Projects comport with applicable law, including federal Fair Housing Act requirements.

Whatever the motive, even were Hurricane Katrina to be disregarded for its increase in affordable housing need, Harris County has not mentioned any inconsistency with its consolidated plan which would serve to disqualify the Projects under the QAP.

Development of the Projects is consistent with the strategies promulgated by the HCCP. In light of the need and related strategies established under the HCCP, we request that TDHCA consider this letter as evidence of consistency with the Harris County Consolidated Plan.

3. **Consistency with Consolidated Plan Not Required by Statute.**

Rules adopted by an agency must be consistent with the statutory authority of the agency, and they may not impose additional burdens, conditions, or restrictions in excess of the statutory provisions. *TABC v. Sanchez*, 96 S.W.3d 483, 487 (Tex. App. – Austin 2002, no pet.); *Railroad Comm'n v. ARCO Oil & Gas Co.*, 876 S.W.2d 473, 481-82 (Tex. App. – Austin 1994, writ denied) (agency rule may not impose additional burdens, conditions, or restrictions in excess of or inconsistent with statutory provisions); *Hollywood Calling v. Public Util. Comm'n of Tex.*, 805 S.W.2d 618, 620 (Tex. App.-Austin 1991, no writ) (same). Specifically, a licensing agency for a business or profession cannot enforce standards that are more burdensome than those of the controlling statute, even though they may be reasonable and may be administered reasonably. *Bloom v. Texas State Bd. of Exam'rs of Psychologists*, 492 S.W.2d 460, 462 (Tex. 1973); *Murphy v. Mittlestadt*, 199 S.W.2d 478, 481-82 (Tex. 1947); Tex. Att'y Gen. Op. No. JM-650 (1987) at 5. "When given rule-making authority, an administrative agency generally may adopt only such rules as are authorized by and consistent with its statutory authority. An agency rule may not impose additional burdens, conditions, or restrictions in excess of or inconsistent with relevant statutory provisions." Tex. Att'y Gen. Op. No. DM-447 (1997).

The requirement for evidence of consistency with a consolidated plan is not found in the Texas Government Code, is an administrative rule that goes beyond the statutory provision and is therefore void.

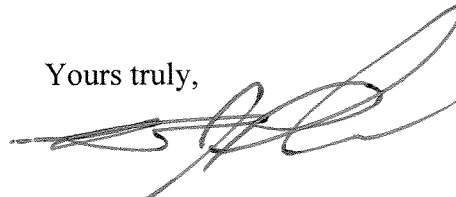
4. **Procedures for Terminating Applications.**

Section 49.4(d)(4) of the QAP provides that prior to terminating an application, the Department staff may send a deficiency notice and request clarification or correction. The section goes on to state that *“If deficiencies are not clarified or corrected within ten business days from the deficiency notice date, then the Application shall be terminated.”* This deficiency notice/cure provision has been standard operating procedure for the Department for several years, and the Applicants should not have been terminated unless the perceived deficiency was not cured within ten business days after TDCHA provided a deficiency notice to the Applicants. No deficiency notice was provided to the Applicants and, therefore, it was improper to terminate the Applications.

Based on the foregoing, we request that the Applications be reinstated and that housing tax credits be granted to the Applications at the December Board meeting.

If we can provide any additional information, please contact the undersigned. Thank you for your time and attention.

Yours truly,

A handwritten signature in black ink, appearing to read 'Barry J. Palmer', written over a horizontal line.

Barry J. Palmer

cc: Mr. Mark Bower  
Mr. Dan Sereni



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

## **MULTIFAMILY FINANCE PRODUCTION DIVISION**

### **2005 Private Activity Multifamily Housing Revenue Bonds**

**Rolling Creek Apartments  
8038 Gatehouse Drive  
Houston, Texas**

**Rolling Creek Apartment, L.P.  
248 Units**

**Priority 2 – 100% of units will serve 60% AMFI**

**\$14,000,000 Tax Exempt – Series 2005**

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### **TABLE OF EXHIBITS**

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<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>TDHCA Compliance Summary Report</b>
<b>TAB 7</b>	<b>Public Input and Hearing Transcript (September 29, 2005)</b>

**(Detailed public comment located in Appendix A)**

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Item**

Presentation, Discussion and Possible Action for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2006 and Housing Tax Credits for the Rolling Creek Apartments development.

**Summary of the Rolling Creek Apartments Transaction**

The pre-application was received on May 2, 2005. The application was scored and ranked by staff. The application was induced at the July 14th Board meeting and submitted to the Texas Bond Review Board for addition to the 2005 Waiting List. The application received a Reservation of Allocation on August 18, 2005. This application was submitted under the Priority 2 category. Two-hundred and sixty-nine people signed-in at the public hearing on September 29<sup>th</sup> with twenty-six 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 Cy-Fair Independent School District. There is substantial opposition from elected officials and the general community. The Department received letters of opposition from Congressman Culberson, State Senator John Whitmire, State Representative Gary Elkins, County Judge Robert Eckels and County Commissioner Jerry Eversole. There were 269 people in attendance at the public hearing on September 29<sup>th</sup>, 268 of which signed as opposed to the development. The Department received 98 letters of opposition along with a petition of opposition with 2,116 signatures. A summary of the public comment is as follows: there is no public transportation in the area; there will be increased traffic congestion on Fairbanks North Houston Road; there is no need for an additional "affordable housing community"; the development will create additional burden to the local infrastructure and services; the development is not financially feasible; the developer has been fiscally irresponsible in the past and the development will increase flooding in an area that is already prone to flooding. There is a detailed list of opposition points with a response to each point.

There have been many concerns and allegations from the local community in reference to previous federal tax liens not being paid by Mr. Bower and misrepresentations made by Mr. Bower concerning the debts he currently owes. There is a detailed package of information from the neighborhood community. There is also a response from Mr. Bower concerning the allegations. Due to the length, depth and seriousness of the information staff did not summarize the information, but provided the documentation in its entirety in Appendix A.

Mark Bower and Daniel Sereni are the managing general partners and guarantors of Cynosure Properties, L.P. There twenty private limited partner investors that have a \$2,000,000 financial investment with Cynosure Properties, L.P. The aggregate net worth of the limited partner investors is \$29.5 million with liquidity of \$22.6 million to protect their investment should the need arise.

The Rolling Creek Apartments – The proposed development will be located at 8038 Gatehouse Drive, Harris County. Demographics for the census tract (5325.00) include AMFI of \$60,469; the total population is 12,145; the percent of population that is minority is 66.79%; the number of owner occupied units is 2,928; the number of renter units is 606 and the number of vacant units is 74.

This development was previously submitted under the 2004 program. The applicant withdrew the application due to an error in posting the signage by the required date. There was substantial opposition from the community for that application.



The developer has missed several deadlines. Private Activity Bond applications, coupled with 4% Housing Tax Credits (HTC), have more flexibility with deficiencies, etc. because they are often limited by their short timeline (150 days) and because they are not evaluated competitively. Because of the timelines and the fact that these 4% applications are not scored, late deficiencies do not create a scoring loss or termination as they would in our competitive 9% HTC Program. The Qualified Allocations Plan and Rules (QAP) has a requirement that for a 4% HTC applications, Volume III and all third party reports (Environmental, Appraisal, Market Study, etc.) must be submitted to the Department at least 60 days prior to the date the Board will meet to make a decision. The applicant did have several deficiencies to the application. The original market study and appraisal were received at least 60 days before the Board meeting for which it was scheduled. However, as indicated a second market analysis was submitted. The same market analyst performed the report and in staff's review the market area, demand and inclusive capture rate appear to be unchanged. The application was deferred to the December Board meeting due to a request from the lender (ARCS) to re-underwrite the transaction because of changes in the financial structure. Therefore, consistent with our policy in cases where the 60 day deadline on 4% applications is violated, staff has not automatically terminate the application, but indicates that if the Board decides to approve this application, the Board must simultaneously waive the 60 day rule for the application if they choose to approve the transaction. The Board has the discretion to grant or deny the waiver. If the waiver is denied, the application is ineligible under the QAP and the issuance of a Determination Notice for the 4% Credits can not be approved.

The Department received four letters from the Harris County Community and Economic Development Department. The first, dated January 18, 2005, stated that the Rolling Creek Apartments development was consistent with the Harris County 2003 Consolidated Plan; a second letter dated September 28, 2005 affirmed the consistency with the consolidated plan. A third letter, dated November 4, 2005, was then received stating that a determination of consistency with the consolidated plan could not be determined and finally the fourth letter, dated November 17, 2005, clarified that the November 4, 2005 letter superseded all previous letters that had shown consistency with the Harris County 2003 Consolidated Plan. Because the appropriate documentation for threshold was longer satisfied, the application for Housing Tax Credits for the Rolling Creek Apartments was terminated on November 23, 2005.

### **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. Credit enhancement will be provided by Fannie Mae through a standby irrevocable transferable credit enhancement instrument. During the Construction Phase, Fannie Mae will be protected from risk of loss by a Letter of Credit issued by Wachovia bank, national Association. The Bonds will carry a AAA/Aaa rating. ARCS Commercial Mortgage Co., L.P. (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 deny the issuance of Private Activity Bonds and Housing Tax Credits due to the development being infeasible without the allocation of Housing Tax Credits, for which the application has been terminated.

If the Board grants the appeal and decides to recommend the application for approval, the board must waive the 60 day requirement for documents submitted to the Department.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD MEMORANDUM**  
**December 14, 2005**

**DEVELOPMENT:**

Rolling Creek Apartments, Harris County, Texas

**PROGRAM:**

Texas Department of Housing & Community Affairs  
2006 Private-Activity Multifamily Revenue Bonds  
(Reservation received 08/18/2005)

**ACTION**

**REQUESTED:**

Approve the issuance of multifamily housing revenue bonds (the "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.

**PURPOSE:**

The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Rolling Creek Apartments, L.P., a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 248-unit multifamily residential rental Development to be located at 8038 Gatehouse Drive, Harris County, Texas (the "Development"). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental Development. *(The Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.)*

**BOND AMOUNT:**

\$14,000,000 Series 2006 Tax Exempt bonds (\*)  
\$14,000,000 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 August 18, 2004, pursuant to the Texas Bond Review Board's 2005 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before January 15, 2006, the anticipated closing date is January 13, 2006.

**BORROWER:**

Rolling Creek Apartments, L.P., a Texas limited partnership, the general partner of which is Cynosure Partners, L.P of which Mark T. Bower holds 50% Ownership and Daniel Sereni holds 50% Ownership as the managing general partner. Boston Capital 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 October 26, 2005 reveals that the principals of the general partner above have a total of two (2) properties being monitored by the Department. Neither of the two (2) properties have been monitored at this time.

**ISSUANCE TEAM:**

ARCS Commercial Mortgage Co., L.P. (FNMA DUS Lender/Service)  
Wachovia Bank, National Association (Letter of Credit Provider)  
Fannie Mae (Credit Facility Provider)  
Merchant Capital. (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 January 13, 2006 at which time the final pricing and Bond Purchaser(s) will be determined.

**DEVELOPMENT**

**DESCRIPTION:**

The Development is a 248 unit apartment community to be constructed on approximately 18.7 acres located at 8038 Gatehouse Drive, Harris County, Texas. The Development will consist of eleven (11) three-story residential buildings with a total of 235,540 net rentable square feet and an average unit size of approximately 950 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.

Units	Unit Type	Sq Ft	Proposed	AMFI
60	1-Bed/1-Baths	675	\$650.00	60%
32	2-Bed/2-Baths	962	\$779.00	60%
72	2-Bed/2-Baths	998	\$779.00	60%
84	3-Bed/2-Baths	1100	\$899.00	60%
248	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 ORIENTATION**

**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)  
\$6,200 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:**

\$6,200 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 \$634,058 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 sale has not been finalized, the Borrower anticipates raising approximately \$6,308,244 of equity for the transaction.

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

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 Fannie Mae and will become part of the Trust Estate securing the Bonds.

During both the construction period (the "Construction Phase") and, if conversion ("Conversion") from the Construction Phase to the permanent mortgage period (the "Permanent Phase") occurs, credit enhancement for the Mortgage Loan and if Conversion occurs, liquidity support for the Bonds outstanding will be provided by Fannie Mae pursuant to a Stand-by Irrevocable Transferable Credit Enhancement Instrument (the "Fannie Mae Credit Facility"). Throughout the Construction Phase, Fannie Mae will be protected against risk of loss by a Letter of Credit issued by Wachovia Bank, National Association. If Conversion does not occur and Wachovia Bank has not exercised its option to purchase the Bonds, the Bonds will be subject to mandatory redemption.

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 of the Revenue Fund and the Cost of Issuance Deposit Account of the Costs Issuance Fund) and any investment earnings thereon (see Funds and Accounts section, below).

**CREDIT  
ENHANCEMENT:**

The credit enhancement by Fannie Mae allows for an anticipated rating by the Rating Agency of AAA/Aaa and an anticipated initial fixed rate not to exceed 6.00%. 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 \$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 (a) from the date of issuance to the Initial Remarketing Date at a fixed rate and (b) from the Initial Remarketing Date to maturity, which is February 1, 2039, or earlier redemption or acceleration at the rates determined from time to time by the Remarketing Agent pursuant to the Indenture.

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.

**REDEMPTION OF  
BONDS PRIOR TO  
MATURITY:**

Fannie Mae is obligated under the Fannie Mae Facility to fund the payment of the Borrower's loan payments in the event the Borrower fails to make any payment of interest or of interest and principal. The Borrower is obligated to reimburse Fannie Mae for any moneys advanced by Fannie Mae for such payments

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

**Optional Redemption:**

The Bonds are not subject to optional redemption prior to the date specified in the Indenture.

On or after such date, the Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan in accordance with the Loan Documents and with prior written consent of Fannie Mae at the respective redemption prices set forth in the Indenture as expressed percentages of the principal amount of the Bonds called for redemption.

**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 Financing Agreement and the Mortgage Loan Documents to restoring or repairing the Mortgaged Property or, with the consent of the Credit Provider, otherwise used for improvements to the Mortgaged Property or applied to the reimbursement of amounts owed to the Credit Provider.
- (2) The Bonds shall be redeemed in whole or in part in an amount specified by and at the direction, or with the written consent of the Credit Provider requiring that the Bonds be redeemed pursuant to the Indenture following (a) any Event of Default under the Security Instrument, the Credit Facility Documents or the Financing Agreement or (b) the occurrence of a Borrower Default under the Construction Phase Financing Agreement or, at the direction of the Construction Lender to the Credit Provider, a draw on the Letter of Credit in whole.

- (3) The Bond shall be subject to mandatory sinking fund installments at the times and in the amounts set forth in the amortization schedule established pursuant to the Indenture.
- (4) The Bonds shall be redeemed in part in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment.
- (5) The Bonds shall be redeemed in whole if the Loan Servicer does not issue the Final Notice of Conversion on or before the Termination Date, unless the Credit Provider otherwise directs the Trustee and the Loan Servicer in writing pursuant to the Indenture.
- (6) 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 or the General Account of the Revenue 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, Capitalized Funds Account and an Equity Account. Monies in the Loan fund will be withdrawn to pay the costs of construction of the Development, interest on the Bonds and costs of issuance and costs of the mortgaged property.



2. Revenue Fund – Consists of a General Account, Redemption Account, Credit Facility Account and the Fees Account. Monies in the Revenue Fund shall be disbursed for interest on the Bonds, sinking fund redemption payments, principal amounts due, third party fees and any excess funds to the redemption of Bonds.
3. Costs of Issuance Fund – Consists of a Costs or Issuance Borrower’s Deposit Account and Costs of Issuance Net Bond Proceeds Account. 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 – Consists of a Remarketing Proceeds Account and a Remarketing Expenses Account. Monies are used to pay the purchase price of the Bonds on a Remarketing Date in the event the Bonds are not remarketed and remarketing expenses.

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 selected to serve as the Department's bond counsel in October 2005.
2. Bond Trustee – Wells Fargo Bank, National Association was selected by the Borrower from the Department’s list of approved trustees for multifamily bond issues. This trustee was approved by the Department in December 2003.

3. Financial Advisor - Dain Rauscher, Inc., formerly Rauscher Pierce Refsnes, was selected to serve as the Department's financial advisor in October 2005.
4. Underwriter – Merchant Capital was selected by the Borrower from the Department's list of approved senior managers for multifamily bond issues. The underwriter list was approved by the Department in September 2003.
5. Disclosure Counsel – McCall, Parkhurst & Horton, L.P.P. was selected to serve as the Department's disclosure counsel in October 2005.

**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.

**Housing Tax Credit Program  
Board Action Request  
December 14, 2005**

**Action Item**

Request, review, and board determination of one (1) four percent (4%) tax credit application with TDHCA as the Issuer.

**Recommendation**

Staff is recommending the board not approve the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **TDHCA** as the Issuer for tax exempt bond transaction 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>
05621	Rolling Creek	Houston	TDHCA	248	248	\$22,626,544	\$14,000,000	\$635,273	\$0



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary  
**Rolling Creek Apartments, TDHCA Number 05621**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 8038 Gatehouse Dr. Development #: 05621  
 City: Houston Region: 6 Population Served: Family  
 County: Harris Zip Code: 77040 Allocation:  
 HTC Set Asides:  At-Risk  Nonprofit  USDA  Rural Rescue HTC Purpose/Activity: NC  
 HOME Set Asides:  CHDO  Preservation  General  
 Bond Issuer: TDHCA  
HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: Rolling Creek Apartments, LP  
 Mark T. Bower - Phone: (361) 980-1220  
 Developer: Cynosure Developers, LLC  
 Housing General Contractor: Northwest Constructino Co., Inc.  
 Architect: Meeks + Partners  
 Market Analyst: O'Connor & Associates  
 Syndicator: Boston Capital  
 Supportive Services: To Be Determined  
 Consultant: Not Utilized

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>65%</u>	<u>80%</u>	Total Restricted Units:	248
0	0	0	248	0	0	Market Rate Units:	0
<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>		Owner/Employee Units:	0
0	60	104	84	0		Total Development Units:	248
Type of Building:	5 units or more per bldng					Total Development Cost:	\$22,626,544
Number of Residential Buildings:	11						

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
9% Housing Tax Credits-Credit Ceiling	\$0	\$0	0	0	0.00%
4% Housing Tax Credits with Bonds:	\$635,273	\$634,058	0	0	0.00%
Housing Trust Fund Loan Amount:	\$0	\$0	0	0	0.00%
HOME Fund Loan Amount:	\$0	\$0	0	0	0.00%
Bond Allocation Amount:	\$14,000,000	\$14,000,000	30	0	5.90%



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary
Rolling Creek Apartments, TDHCA Number 05621

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Whitmire, District 15 [O] Points: [0] US Representative: Culberson, District 7, O
TX Representative: Elkins, District 135 [O] Points: [0] US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Robert Eckels, Judge, Harris County - O Resolution of Support from Local Government [ ]

Robert Eckels, Judge, Harris County - The proposed development is consistent with the HUD approved Consolidated Plan for Harris County. On November 17 another letter was received by the Department indicating consistency with the consolidated plan can not be confirmed.

Jerry Eversole, Commissioner, Harris County - O

Individuals/Businesses: In Support: [0] In Opposition [98]

Neighborhood Input:

General Summary of Comment:

Public Hearing:
Number that attended: 269
Number that spoke: 27
Number in support: 0
Number in opposition: 268
Number Neutral: 1
Neighborhood Petition in Opposition: 2116 signatures

CONDITIONS OF COMMITMENT

- 1. Should the board approve this award, the board must waive its rules for the issues listed and such an award should be conditioned upon the following:
2. Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project 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")."
3. Receipt, review, and acceptance of a commitment from the non related party general contractor to defer fees as necessary to till a potential gap in permanent financing.
4. Receipt, review and acceptance of evidence that all recommendations of the Environmental Stite Assessment, Limited Site Investigation and all subsequent environmental studies have been satisfied particularly as the site is cleared.
5. Receipt, review, and acceptance prior to closing of a site plan identifying the location of each former well head referenced in the Limited Site Investigatoin as well as improvements to assure that nostructures are placed on former well heads.
6. Receipt, review, and acceptance of C. D. Henderson's financial statements.
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.



MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2005

Development Information, Public Input and Board Summary

**Rolling Creek Apartments, TDHCA Number 05621**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

9% HTC Competitive Cycle:  Score:  Meeting a Required Set-Aside Credit Amount: \$0

Recommendation: N/A

HOME Loan: Loan Amount: \$0

Recommendation: N/A

Housing Trust Fund Loan:  Meeting a Required Set-Aside Loan Amount: \$0

Recommendation: N/A

4% Housing Tax Credits with Bond Issuance: Credit Amount: \$634,058

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed \$634,058 annually for ten years, subject to conditions.

Private Activity Bond Issuance with TDHCA: Bond Amount: \$14,000,000

Recommendation: Recommend approval of issuance of \$14,000,000 in Tax Exempt Mortgage Revenue bonds with interest rate not to exceed 5.95% and repayment term of 30 years with a 30 year amortization period, subject to conditions.

## Rolling Creek Apartments

### Estimated Sources & Uses of Funds

#### Sources of Funds

Series 2005 Tax-Exempt Bond Proceeds	\$ 13,000,000
Tax Credit Proceeds	6,320,334
Deferred Developer's Fee	2,756,110
GP Earnout Loan & Capital Contribution	550,099
<b>Total Sources</b>	<b><u>\$ 22,626,543</u></b>

#### Uses of Funds

Acquisition and Site Work Costs	\$ 4,470,311
Direct Hard Construction Costs	10,322,343
Other Construction Costs (General Require, Overhead, Profit)	1,884,559
Indirect Construction Costs	825,587
Developer Fees	2,786,284
Direct Bond Related	349,770
Bond Purchaser Costs	1,647,921
Other Transaction Costs	300,000
Real Estate Closing Costs	39,768
<b>Total Uses</b>	<b><u>\$ 22,626,543</u></b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 73,000
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	29,200
TDHCA Bond Compliance Fee (\$25 per unit)	9,920
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	85,000
Trustee Fee	7,500
Trustee's Counsel (Note 1)	5,500
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,650
DTC, CUSIP, Misc	5,500
<b>Total Direct Bond Related</b>	<b><u>\$ 349,770</u></b>

## Rolling Creek Apartments

<b>Bond Purchase Costs</b>	
Merchant Capital (Underwriter) & Counsel	168,400
Wachovia Bank (LOC Provider) & Counsel	468,000
ARCS Commercial Mortgage (Permanent Lender) & Counsel	193,500
Fannie Mae Credit Enhancement Counsel	33,000
Rating Agency and Printing	13,500
Construction Interest	771,521
<b>Total Bond Purchase Costs</b>	<b>\$ 1,647,921</b>

<b>Other Transaction Costs</b>	
Tax Credit Application and Determination Fees	
Operating Reserves	300,000
<b>Total Other Transaction Costs</b>	<b>\$ 300,000</b>

<b>Real Estate Closing Costs</b>	
Title & Recording (Const.& Perm.)	
Property Taxes	39,768
<b>Total Real Estate Costs</b>	<b>\$ 39,768</b>

<b>Estimated Total Costs of Issuance</b>	<b>\$ 2,337,459</b>
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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:** November 30, 2005      **PROGRAM:** 4% HTC/MRB      **FILE NUMBER:** 05621

**DEVELOPMENT NAME**

Rolling Creek Apartments

**APPLICANT**

**Name:** Rolling Creek Apartments, L.P.      **Type:** For-profit  
**Address:** 1650 Frost Bank Plaza, 802 N. Carancahua      **City:** Corpus Christi      **State:** TX  
**Zip:** 78470      **Contact:** Mark Bower      **Phone:** (361) 980-1220      **Fax:** (866) 728-2442

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b> Rolling Creek Apartments Group, L.P.	<b>(%):</b> 0.01	<b>Title:</b> Managing General Partner
<b>Name:</b> Cynosure Properties, L.P.	<b>(%):</b> N/A	<b>Title:</b> 100% Owner of MGP
<b>Name:</b> Mark T. Bower	<b>(%):</b> N/A	<b>Title:</b> 50% Owner of Cynosure Properties
<b>Name:</b> Daniel R. Sereni	<b>(%):</b> N/A	<b>Title:</b> 50% Owner of Cynosure Properties
<b>Name:</b> Winchester Properties, Inc.	<b>(%):</b> N/A	<b>Title:</b> Co-Developer
<b>Name:</b> C. D. Henderson	<b>(%):</b> N/A	<b>Title:</b> 100% Owner of Winchester Properties, Inc.

**PROPERTY LOCATION**

**Location:** 8038 Gatehouse Drive       **QCT**       **DDA**  
**City:** Houston      **County:** Harris      **Zip:** 77040

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$635,273	N/A	N/A	N/A
2) \$13,550,000	5.95%	30 yrs	18 yrs
<b>Other Requested Terms:</b>			
1) Annual ten-year allocation of housing tax credits			
2) Tax-exempt private activity mortgage revenue bond			
<b>Proposed Use of Funds:</b> New construction		<b>Property Type:</b> Multifamily	
<b>Special Purpose (s):</b> General Population			

**RECOMMENDATION**

NOT RECOMMENDED DUE TO THE FOLLOWING: 10TAC Section 49.12(b) of the QAP requires demonstration of consistency with local city or county consolidated plan. Harris County has confirmed in their letters of November 4, 2005 and again on November 17, 2005 that such consistency can not be confirmed.

SHOULD THE BOARD APPROVE THIS AWARD, THE BOARD MUST WAIVE ITS RULES FOR THE ISSUES LISTED ABOVE AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

ISSUANCE OF UP TO \$14,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH AN INTEREST RATE NOT TO EXCEED 5.95% AND REPAYMENT TERM OF 30 YEARS

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

WITH A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$634,058 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a commitment from the non-related party general contractor to defer fees as necessary to fill a potential gap in permanent financing;
2. Receipt, review and acceptance of evidence that all recommendations of the Environmental Site Assessment, Limited Site Investigation and all subsequent environmental studies have been satisfied particularly as the site is cleared;
3. Receipt, review and acceptance prior to closing of a site plan identifying the location of each former well head referenced in the Limited Site Investigation as well as all improvements to assure that no structures are placed on former well heads;
4. Receipt, review and acceptance of C. D. Henderson's financial statements; and,
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.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

This report is an updated/revised version of the report prepared in anticipation of the Board determination of an allocation during the November 2005 TDHCA Board meeting. The primary areas of revision are changes to the sources and uses details including the anticipated \$14M limit in potential bonds and updated threshold information regarding the consistency with the local consolidated plan. 10TAC Section 49.12(b) of the QAP requires a letter from the political subdivision or another local official with appropriate jurisdiction stating that the development fulfills a need for additional affordable rental housing. Evidenced of a local consolidated plan letter is not normally considered or reviewed by the Real Estate Analysis Division, however this has become a known threshold deficiency which prevents staff from making an affirmative recommendation. Initially the Applicant appeared to have met this threshold requirement, however in letters dated November 4, 2005 and again on November 17, 2005 Harris County indicated they could not confirm a need for additional affordable rental housing as evidenced in a local consolidated plan due to the inability of staff to accurately judge the impact of Hurricane Katrina evacuees on the Harris County rental housing market and occupancy rates. The second letter also confirmed that these letters replace earlier letters provided by Harris County indicating the consistency with the consolidated plan for Harris County.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

<b>Total Units:</b>	<u>248</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>Net Rentable SF:</b>		<u>235,540</u>		<b>Av Un SF:</b>	<u>950</u>	<b>Common Area SF:</b>	<u>5,345</u>	<b>Gross Bldg SF:</b>	<u>240,885</u>

**STRUCTURAL MATERIALS**

The structures will be wood frame on post-tensioned concrete slabs. According to the plans provided in the application the exteriors will be comprised as follows: 41% brick veneer, 44% stucco, and 15% mortarless concrete masonry. The interior wall surfaces will be drywall and the pitched roofs 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, microwave oven, tile tub/shower, washer and dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning, and 9-foot ceilings.

**ONSITE AMENITIES**

A 5,345-square foot community building will include an activity room, club room, management offices, media

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room, maintenance, and laundry facilities, a kitchen, restrooms, and 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:** 441 spaces    **Carports:** 72 spaces    **Garages:** 72 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** The proposed site was purchased from a third party as part of a larger 23.5071-acre tract. An affiliate of the Applicant will control approximately five acres to be used for commercial development. The proposed development will be located on approximately 13-acres with the remaining acreage used for utilities, access (including extension of existing roads), detention and landscaping purposes. The total land area dedicated to the development is approximately 18 acres. Rolling Creek Apartments is effectively a 19-unit per acre (based on 13 acres) new construction development of 248 units of affordable housing located in northwest Harris County. The development is comprised of eleven evenly distributed large garden style, walk-up residential buildings as follows:

- 4 Building Type I with 12 one-bedroom/one-bath units, and 8 two-bedroom/two-bath units;
- 6 Building Type II with 12 two-bedroom/two-bath units, and 12 three-bedroom/two-bath units;
- 1 Building Type III with 12 one-bedroom/one-bath units, and 12 three-bedroom/two-bath units;

**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 nice fenestration.

**SITE ISSUES**

**SITE DESCRIPTION**

**Size:** 18.08 acres    787,565 square feet    **Flood Zone Designation:** Zone X  
**Zoning:** No zoning in Harris County

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is a rectangularly-shaped parcel located in the northwest area of Houston, approximately 17 miles from the central business district. The site is situated on the east side of Fairbanks North Houston Road, south of Terrace Brook.

**Adjacent Land Uses:**

- **North:** a new single-family residential development immediately adjacent and Breen Drive beyond;
- **South:** older single-family residential development immediately adjacent and vacant land beyond;
- **East:** vacant land immediately adjacent and older single-family development beyond; and
- **West:** Fairbanks North Houston Road immediately adjacent and vacant land beyond.

**Site Access:** Access to the property is from the north or south from Fairbanks North Houston Road. The development is to have two entries, both off of Fairbanks North Houston Road. Access to Highway 290 is two miles south, which provides connections to all other major roads serving the Houston area.

**Public Transportation:** METRO, run by the Metropolitan Transit Authority of Harris County, provides public transportation in the City of Houston. The closest bus stops are located at N Houston-Rosslyn Road and North Klein Circle or Fairbanks-N Houston Road and Hwy 290, each more than a mile from the proposed site.

**Effects on Cypress Fairbanks ISD and the fronting roadway Fairbanks North Houston Road:** On October 24, 2005 a report was completed by Patrick O'Connor & Associates, L.P. specifically addressing anticipated impact on schools and traffic as follows: "The average HTC unit generates 0.78 students. To be conservative, we have utilized the higher ratio of 0.85 students per unit. Given the subject's 248 units, this would equate to approximately 211 students." (p. 11) Based on the current conditions in the ISD and the projected students which the proposed Rolling Creek Apartments would likely generate, it does not appear that the subject development would place an undue hardship of the capacity of the Cy-Fair ISD." (p. 12) "At an estimated average of 1.25 cars per units, the proposed subject would add only slightly over 1% to the existing

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traffic on Fairbanks North Houston. Additionally, based on our experience, a significant percentage of tenants in HTC properties in the Greater Houston Area do not work in typical business hour jobs. They tend to have a higher percentage in the following occupations: Restaurant workers, retail clerks, teachers, police and firemen, nurses. Due to the existing high traffic counts on Fairbanks North Houston road, the impact of the proposed subject property is anticipated to be negligible.” (p. 13)

**Shopping & Services:** The site is within several miles of major grocery, shopping centers, a multi-screen theater, 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.

**Site Inspection Findings:** TDHCA staff performed a site inspection on September 29, 2005 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 January 10, 2005 was prepared by HBC Terracon Consulting Engineers & Scientists and contained the following findings and recommendations:

**Findings:**

- The historical review indicates that the site was developed with apparent oil/gas exploration activities from at least the mid-1940s until the late 1970s.
- GeoSearch reviewed the Texas Railroad Commission records to identify oil and gas wells on or adjacent to the site. Based on the review of the GeoSearch report, two (2) plugged oil wells were located on the site and four (4) additional oil and or gas wells were located within approximately 200 feet of the site.
- An apparent pipeline easement was identified transecting the site from the north to the south on the 1944 aerial photograph. No information related to this pipeline was identified; but, it is assumed to be related to the historic on-site oil/gas exploration operations. Based on this information, the apparent pipeline appears to constitute and REC (recognized environmental condition) to the site at this time.
- Numerous empty 5-gallon buckets and disintegrating 55-gallon drums were located throughout the site during the site reconnaissance. Several of the 5-gallon drums were labeled “Motor Oil”. Based on the absence of information related to the contents of these buckets and drums, they appear to constitute an REC to the site at this time.
- Trash and debris was observed throughout the site during the site reconnaissance. Based on visual observation approximately 100 dump truck loads of debris, which consisted of tires, wood, metal, concrete, cardboard boxes, glass/plastic bottles, plastic plant pots, construction debris, PVC pipes, cars, and car parts were observed throughout the site.
- While several pond areas were identified on the site and an emergent marsh area was described in the southeast corner of the site, none of the site lies in the 100 or 500 year flood plain according to the most current know flood plain map dated April 20, 2000.

**Recommendations:** Based on the findings of the assessment, HBC/Terracon recommends that additional investigation be conducted to evaluate if the site has been affected by potential releases from historic on-site oil/gas related activities (and apparent historic pipeline) and potential releases from historic on-site dumping of 55-gallon drums and 5-gallon buckets.

On February 17, 2005 HBC/Terracon preformed a limited site investigation to investigate the soil and groundwater for total petroleum hydrocarbons, benzene, toluene, ethylbenzene and total xylenes, chlorides, and/or the eight listed Resource Conservation and Recovery Act metals. All test results were less than the calculated Tier 1 protective concentration level and based on the results of the investigation recommends that observations be made during the course of any future site clearing/development for such artifacts and that additional environmental investigation be conducted as warranted. Terracon recommends that the location of each well head be identified and included on a survey of the property so that no structures are placed on former well heads. Receipt, review and acceptance of evidence that all recommendations of the Environmental Site Assessment, Limited Site Investigation and all subsequent environmental studies have been satisfied is a condition of this report. In addition, a site plan identifying the location of each well head indicated in the Limited Site Investigation as well as all improvements is a condition of this report.

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**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. 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. Two hundred and forty-eight of the units (100% of the total) will be reserved for low-income tenants. All of the units will be 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**

An original market feasibility study dated July 11, 2005 was prepared by Patrick O'Connor & Associates, L.P. for TDHCA and MMA Financial, LLC and a second market feasibility study dated October 17, 2005 was prepared by Patrick O'Connor & Associates, L.P. ("Market Analyst") for TDHCA and ARCS Commercial Mortgage; both were compared to each other and contained identical information other than the adjusted market rents which varied slightly. Thus the latter market study was not required to meet any department threshold, but was provided in order to ensure that the department had the same copy provided to the new lender. The reports highlighted the following findings:

**Definition of Primary Market Area (PMA):** "The subjects primary market area includes those properties bound by Jones and Jackrabbit roads to the west; FM 1960 and Highway 290 to the north; the railroad tracks and Houston North Rosslyn Road to the east, and Clay road to the south. This geographic area essentially is contained within the following zip codes: 77040, 77041, and 77064." (p. 37) This area encompasses approximately 50 square miles and is equivalent to a circle with a radius of four miles. The Market Analysts PMA choice excludes a small triangular section immediately northeast of Highway 290 and southeast of FM 1960 at their intersection. This area is part of a zip code that extends well beyond FM 1960 and is more than three miles from the site and its exclusion is considered reasonable given that the market area chosen is slightly larger than recommended by the Department's guidelines even without this area included. This portion of the additional zip code, however, contains three tax credit properties, two of which (Sugar Creek and the Manor at Jersey Village) where awarded funds and constructed within the last three years and may not have met the Department's stabilized occupancy for purposes of determining an inclusive capture rate but are none-the-less correctly excluded from consideration in the inclusive capture rate with the subject

**Population:** The estimated 2005 population of the PMA was 111,864 and is expected to increase by 11% to approximately 123,861 by 2010. Within the primary market area there were estimated to be 36,418 households in 2005. "The PMA is slightly larger than the TDHCA recommended guidelines of 100,000 population. This is considered justified due to the density of development within the PMA and the greater validity of information available using zip code boundaries rather than arbitrarily chosen boundaries." (p. 10) However the Underwriter has evaluated the effect of a prorata reduction in population in estimating demand.

**Total Primary Market Demand for Rental Units:** The Market Analyst calculated a total demand of 1,944 qualified households in the PMA, based on the current estimate of 36,418 households, the projected annual growth rate of 2%, renter households estimated at 28% of the population, income-qualified households estimated at 27%, and an annual renter turnover rate of 65 %. (p. 71) The Market Analyst used an income band of \$23,520 to \$39,540.

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<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	68	3%	55	4%
Resident Turnover	1,661	85%	1,234	94%
Other Sources: Not Accounted For Above	173	9%		
Other Sources: Section 8 Vouchers	42	3%	29	2%
<b>TOTAL ANNUAL DEMAND</b>	<b>1,944</b>	<b>100%</b>	<b>1,318</b>	<b>100%</b>

Ref: p. 71

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 12.8% based upon 1,944 units of demand and 248 unstabilized affordable housing in the PMA (including the subject) (p. 72). The Underwriter calculated an inclusive capture rate of 13.5% based upon a revised demand of 1,836.

The Underwriter calculated demand for approximately 1,318 affordable units based on a reduced base year PMA population of 100,000 resulting in an inclusive capture rate of 8.8%.

**Market Rent Comparables:** The Market Analyst surveyed five comparable apartment projects totaling 1,479 units in the market area. (p. 48)

<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>	\$606	\$606	\$0	\$695	-\$89
<b>2-Bedroom (60%)</b>	\$727	\$727	\$0	\$935	-\$208
<b>3-Bedroom (60%)</b>	\$826	\$826	\$0	\$1,140	-\$314

(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 comparable apartments in the subject’s primary market area was reported at 92.2% in the most recent O’Connor & Associates Apartment Database survey (3<sup>rd</sup> Quarter 2005). According to the survey, occupancy in the primary market area has remained in the high 80’s since December of 2003.....Based on our analysis of the market, moderate increases in occupancy are projected for this project.” (p. 41)

**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 month until achieving stabilized occupancy. We anticipate that the subject property will achieve stabilized occupancy with in six to twelve months following completion.” (p. 79)

**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 rent projections are the maximum rents allowed under HTC guidelines, and are achievable according to the Market Analyst. The Applicant stated that tenants will pay water and sewer in this project, and rents and expenses were calculated accordingly. The Applicant’s estimate of secondary income included rental income of \$51.8K for garages and carports. The Applicant’s total per unit secondary income of \$32.41 exceeds the underwriting guideline of \$15 per unit per month. No additional support for the rental income for garages and carports was provided; however, the Underwriter was able to support an increase in the underwriting secondary income per unit per month to \$20 based on actual collections by Houston area affordable developments. The Applicant also utilized a lower vacancy and collection loss rate of 7.2% that contributed to a \$41K (2%) higher gross income than the Underwriter’s estimate.

**Expenses:** The Applicant’s total expense estimate of \$3,436 per unit is 12% lower than the Underwriter’s estimate of \$3,901 per unit for comparably-sized developments in the Houston area. The Applicant’s budget also shows several line item estimates that deviate significantly when compared to the Underwriter’s estimates, particularly: payroll (\$27K lower), utilities (\$34K lower), and water, sewer and trash (\$31K

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lower). In addition, the Applicant failed to include \$40 per unit per years in compliance fees.

**Conclusion:** The Applicant's 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. The Underwriter's estimates indicate the originally proposed \$14.6M financing structure results in an initial debt coverage ratio (DCR) that is below the Department's minimum DCR guideline of 1.10. The most recent Applicant's estimate of bond financing reduces the likely bond amount to \$13.55M while the Applicant continues to request approval for a higher amount should favorable interest rates allow it. The effect of a potential decrease in outside financing on the recommended credit amount will be discussed in the conclusion (below).

ACQUISITION VALUATION INFORMATION					
APPRAISED VALUE					
Land Only: (18.08) acres	\$750,000		Date of Valuation:	10/ 13/ 2005	
Appraiser: Robert Coe, II		City: Houston	Phone: (713) 686-9955		
APPRAISAL ANALYSIS/CONCLUSIONS					
There is no indication that the acquisition of the subject site is an identity of interest transaction and there is no existing building; therefore, an appraisal is not required for use in the underwriting analysis.					
ASSESSED VALUE					
Land: (23.5) acres	\$548,900		Assessment for the Year of:	2005	
Prorated Land: 1 acre	\$23,357		Valuation by:	Harris County Appraisal District	
Prorated Land: 18.08 acres	\$422,295		Tax Rate:	3.01062	

EVIDENCE of SITE or PROPERTY CONTROL						
Type of Site Control:	Purchase and sale agreement (5.301 acres out of 23.380 acres)					
Contract Expiration Date:	11/ 30/ 2005		Anticipated Closing Date:	12/ 16/ 2005		
Acquisition Cost:	\$797,011		Other Terms/Conditions:			
Seller:	Rolling Creek Apartments, LP		Related to Development Team Member:	Yes		
Type of Site Control:	Purchase and sale agreement (23.5071 acres)					
Contract Expiration Date:	12/ 16/ 2005		Anticipated Closing Date:	12/ 16/ 2005		
Acquisition Cost:	\$2,140,096		Other Terms/Conditions:	2.09 per SF (3 <sup>rd</sup> amend.)		
Seller:	Saiyed Abidali Zaidi & Meetab Zaidi		Related to Development Team Member:	No		

CONSTRUCTION COST ESTIMATE EVALUATION
<p><b>Acquisition Value:</b> Based on the Third Amendment to a Purchase and Sale Contract between an affiliate of the Applicant and a Third Party, a total of 23.5071 acres will be purchased at \$2.09 per square foot. The Applicant provided a second Purchase and Sale Agreement between affiliates for purchase of 5.301 acres out of the total 23.5071 acres at a cost of \$797,011 or \$3.45 per foot. Sale of the 5.301 acres results in approximately 18 acres remaining for use in the proposed development.</p> <p>It should be noted the net site cost of \$1,331,513 (\$1.69/SF, \$73,646/acre, or \$5,369/unit) is less than the subject 18 acres' prorata share of the third party acquisition cost for the original 23.5071 acres. It appears that the Applicant calculated the acquisition cost by subtracting the contract price for the 5.301 acres from the cost for the original 23.5071 acres. Because the Applicant's claimed acquisition cost is less than the Underwriter's calculation of the prorata share of the original acquisition cost, the underwriting analysis will</p>

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also include this more conservative acquisition cost of \$1,331,513.

**Off-Site Costs:** The Applicant claimed off-site costs of \$788,165 for roads, lift station, and detention pond and provided sufficient third party certification through a professional engineer to justify these costs.

**Sitework Cost:** The Applicant claimed sitework costs of \$9.5K per unit and provided sufficient third party certification through a detailed certified cost estimate by R. G. Miller engineers, Inc. to justify these costs. In addition, these costs have been reviewed by the Applicant's CPA, Novogradac & Company, to preliminarily opine that \$2,349,632 will be considered eligible. The CPA has not indicated that this opinion of eligibility has taken into account the effect of the recent IRS Technical Advisory Memorandums on the eligibility of sitework costs.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$38K higher than, or within 5% of the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived 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 \$169,832 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 \$443,417 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 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 adjusted by the Underwriter, is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of \$17,961,977 is used to determine a credit allocation of \$634,058 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									
<b>INTERIM CONSTRUCTION FINANCING</b>									
<b>Source:</b> Wachovia Corporation					<b>Contact:</b> Omar Chaudhry				
<b>Principal Amount:</b> \$14,600,000			<b>Interest Rate:</b> 5.25%						
<b>Additional Information:</b>									
<b>Amortization:</b> N/A yrs		<b>Term:</b> 3 yrs		<b>Commitment:</b> <input type="checkbox"/> LOI		<input type="checkbox"/> Firm		<input checked="" type="checkbox"/> Conditional	
<b>PERMANENT BOND FINANCING</b>									
<b>Source:</b> ARCS Commercial Mortgage Co., L.P.					<b>Contact:</b> Kelley Kirkendall				
<b>Tax-Exempt Amount:</b> \$14,600,000			<b>Interest Rate:</b> 5.95%						
<b>Additional Information:</b>									
<b>Amortization:</b> 30 yrs		<b>Term:</b> 18 yrs		<b>Commitment:</b> <input type="checkbox"/> LOI		<input type="checkbox"/> Firm		<input checked="" type="checkbox"/> Conditional	
<b>Annual Payment:</b> \$1,044,787			<b>Lien Priority:</b> 1st		<b>Date:</b> 10/ 17/ 2005				
<b>TAX CREDIT SYNDICATION</b>									
<b>Source:</b> Boston Capital					<b>Contact:</b> Benjamin Jarvis				
<b>Net Proceeds:</b> \$6,320,964			<b>Net Syndication Rate (per \$1.00 of 10-yr HTC)</b>			99.5¢			
<b>Commitment:</b> <input type="checkbox"/> LOI		<input type="checkbox"/> Firm		<input checked="" type="checkbox"/> Conditional		<b>Date:</b> 10/ 14/ 2005			
<b>Additional Information:</b>									
<b>APPLICANT EQUITY</b>									



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**Amount:** \$1,309,315                      **Source:** Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Bond Financing:** The tax-exempt bonds are to be issued by TDHCA and privately placed by ARCS Commercial Mortgage Co. The permanent financing commitment is consistent with the terms reflected in the original sources and uses of funds listed in the application. The Applicant has recently reduced the anticipated bond amount reflected in the sources and uses to \$13,550,000.

**HTC Syndication:** The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,309,315 amount to 47% of the total fees.

**Financing Conclusions:** Based on the Applicant's adjusted estimate of eligible basis, the HTC allocation should not exceed \$634,058 annually for ten years, resulting in syndication proceeds of approximately \$6,308,244. The initial Application reflected a bond amount of \$14.6M which the Underwriter believes is not achievable. The Underwriter's analysis indicates that the bond amount will likely be limited to \$14M while the Applicant's current sources and uses suggests a still lower \$13.55M. The Underwriter recommends a bond amount not to exceed \$14M, but acknowledges that the development may be restricted to a lower amount based upon market conditions. If the Applicant's current lower amount is all that can be achieved, the amount of fees that will need to be deferred will need to be increased to \$2,768,300, which represents approximately 118% of the eligible developer fee (though should be repayable from cash flow within fifteen years). Thus if the lower bond amount is all that can be realized, additional sources of funds such as deferral of a portion of the non-related contractor fees will also be required. Receipt, review, and acceptance of a commitment from the non-related party general contractor to defer fees as necessary to fill a potential gap in permanent financing is a condition of this report. If the full \$14M in bonds are achieved, 99% of the anticipated developer fee would need to be deferred but not contractor fees would need to be deferred.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant and Developer firms 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 100% owner of the General Partner, Cynosure Properties, L.P., submitted an unaudited financial statement as of August 15, 2005 reporting total assets of \$1.6M and consisting of \$268K in cash, and \$1.3M in other current assets. Liabilities totaled \$0, resulting in a net worth of \$1.6M.
- The principals of the General Partner, Daniel R. Sereni and Mark T. Bower, submitted unaudited financial statements as of July 31, 2005 and are anticipated to be guarantors of the development.
- The Co-Developer Winchester Properties, Inc., submitted an unaudited financial statement as of December 31, 2004 reporting total assets of \$636K consisting of other assets. Liabilities totaled \$622K, resulting in a net worth of \$14K.
- The 100% owner of the Co-Developer, C. D. Henderson did not provide financial statements and receipt, review and acceptance of such is being made a condition of this report.

**Background & Experience:**

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- The principals of the General Partner listed no previous 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 Co-Developer Winchester Properties, Inc. have an acceptable record of previous participation.

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**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The principals of the Applicant may not have the development experience to support the project if needed.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

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

**Date:**

\_\_\_\_\_  
November 30, 2005

**Director of Real Estate Analysis:**

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

**Date:**

\_\_\_\_\_  
November 30, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Rolling Creek Apartments, Houston, 4% HTCIMRB #05621**

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%)	60	1	1	675	\$686	\$606	\$36,360	\$0.90	\$80.00	\$10.00
TC (60%)	32	2	2	962	823	\$727	23,264	0.76	96.00	10.00
TC (60%)	72	2	2	998	823	\$727	52,344	0.73	96.00	10.00
TC (60%)	84	3	2	1,100	951	\$826	69,384	0.75	125.00	10.00
<b>TOTAL:</b>	<b>248</b>		<b>AVERAGE:</b>	<b>950</b>	<b>\$833</b>	<b>\$731</b>	<b>\$181,352</b>	<b>\$0.77</b>	<b>\$101.95</b>	<b>\$10.00</b>

**INCOME**

Total Net Rentable Sq Ft: **235,540**

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$20.00
Other Support Income:		

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.37%	\$365	0.38
Management	3.81%	318	0.33
Payroll & Payroll Tax	12.07%	1,006	1.06
Repairs & Maintenance	4.77%	397	0.42
Utilities	2.70%	225	0.24
Water, Sewer, & Trash	2.41%	201	0.21
Property Insurance	2.85%	237	0.25
Property Tax	3.01062 10.83%	903	0.95
Reserve for Replacements	2.40%	200	0.21
Other: compl fees, security	0.59%	49	0.05
<b>TOTAL EXPENSES</b>	<b>46.78%</b>	<b>\$3,901</b>	<b>\$4.11</b>
<b>NET OPERATING INC</b>	<b>53.22%</b>	<b>\$4,438</b>	<b>\$4.67</b>

**DEBT SERVICE**

ARCS Commercial Mortgage	46.89%	\$3,910	\$4.12
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>6.33%</b>	<b>\$528</b>	<b>\$0.56</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		6.02%	\$5,369	\$5.65	\$1,331,514	\$1,331,514	\$5.65	\$5,369	5.88%
Off-Sites		3.56%	3,178	3.35	788,165	788,165	3.35	3,178	3.48%
Sitework		10.63%	9,474	9.98	2,349,632	2,349,632	9.98	9,474	10.38%
Direct Construction		44.59%	39,761	41.86	9,860,667	9,898,424	42.02	39,913	43.75%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
General Req'ts	6.00%	3.31%	2,954	3.11	732,618	807,668	3.43	3,257	3.57%
Contractor's G & A	2.00%	1.10%	985	1.04	244,206	269,223	1.14	1,086	1.19%
Contractor's Profit	6.00%	3.31%	2,954	3.11	732,618	807,668	3.43	3,257	3.57%
Indirect Construction		3.98%	3,550	3.74	880,356	880,356	3.74	3,550	3.89%
Ineligible Costs		7.38%	6,579	6.93	1,631,639	1,631,639	6.93	6,579	7.21%
Developer's G & A	2.00%	1.41%	1,256	1.32	311,521	0	0.00	0	0.00%
Developer's Profit	13.00%	9.16%	8,165	8.60	2,024,889	2,786,284	11.83	11,235	12.31%
Interim Financing		3.51%	3,129	3.29	775,971	775,971	3.29	3,129	3.43%
Reserves		2.03%	1,811	1.91	449,170	300,000	1.27	1,210	1.33%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$89,165</b>	<b>\$93.88</b>	<b>\$22,112,967</b>	<b>\$22,626,544</b>	<b>\$96.06</b>	<b>\$91,236</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>		<b>62.95%</b>	<b>\$56,128</b>	<b>\$59.10</b>	<b>\$13,919,741</b>	<b>\$14,132,615</b>	<b>\$60.00</b>	<b>\$56,986</b>	<b>62.46%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
ARCS Commercial Mortgage	61.28%	\$54,637	\$57.53	\$13,550,000	\$13,550,000	\$14,000,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$2,342,867
HTC Syndication Proceeds	28.58%	\$25,485	\$26.83	6,320,333	6,320,333	6,308,244	% of Dev. Fee Deferred
Deferred Developer Fees	12.46%	\$11,114	\$11.70	2,756,210	2,756,210	2,318,300	99%
Additional (Excess) Funds Req'd	-2.32%	(\$2,071)	(\$2.18)	(513,576)	1	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$22,112,967</b>	<b>\$22,626,544</b>	<b>\$22,626,544</b>	<b>\$4,045,799</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Rolling Creek Apartments, Houston, 4% HTC/MRB #05621**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$48.91	\$11,519,730
<b>Adjustments</b>				
Exterior Wall Finish	3.28%		\$1.60	\$377,847
Elderly/9-Ft. Ceilings	3.00%		1.47	345,592
Roofing			0.00	0
Subfloor			(2.24)	(527,610)
Floor Cover			2.22	522,899
Porches/Balconies	\$20.33	21,594	1.86	439,006
Plumbing	\$680	188	0.54	127,840
Built-In Appliances	\$1,675	248	1.76	415,400
Stairs/Fireplaces	\$1,900	88	0.71	167,200
Enclosed Corridors	\$38.99		0.00	0
Heating/Cooling			1.73	407,484
Garages	\$24.78	0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Carports	\$9.20	0	0.00	0
<b>SUBTOTAL</b>			<b>58.57</b>	<b>13,795,388</b>
Current Cost Multiplier	1.01		0.59	137,954
Local Multiplier	0.87		(7.61)	(1,793,400)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$51.54</b>	<b>\$12,139,941</b>
Plans, specs, survy, bld prm	3.90%		(\$2.01)	(\$473,458)
Interim Construction Interes	3.38%		(1.74)	(409,723)
Contractor's OH & Profit	11.50%		(5.93)	(1,396,093)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$41.86</b>	<b>\$9,860,667</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$13,550,000	Amort	360
Int Rate	5.95%	DCR	1.13
<b>Secondary</b>	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.13
<b>Additional</b>	\$6,320,333	Amort	
Int Rate		Aggregate DCR	1.13

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$1,001,851
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$98,683</b>

<b>Primary</b>	\$14,000,000	Amort	360
Int Rate	5.95%	DCR	1.10
<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10
<b>Additional</b>	\$6,320,333	Amort	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	\$2,176,224	\$2,241,511	\$2,308,756	\$2,378,019	\$2,449,359	\$2,839,479	\$3,291,734	\$3,816,022	\$5,128,414
Secondary Income	59,520	61,306	63,145	65,039	66,990	77,660	90,029	104,369	140,263
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,235,744	2,302,816	2,371,901	2,443,058	2,516,350	2,917,139	3,381,763	3,920,391	5,268,677
Vacancy & Collection Loss	(167,681)	(172,711)	(177,893)	(183,229)	(188,726)	(218,785)	(253,632)	(294,029)	(395,151)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$2,068,063</b>	<b>\$2,130,105</b>	<b>\$2,194,008</b>	<b>\$2,259,828</b>	<b>\$2,327,623</b>	<b>\$2,698,353</b>	<b>\$3,128,131</b>	<b>\$3,626,361</b>	<b>\$4,873,526</b>
EXPENSES at 4.00%									
General & Administrative	\$90,402	\$94,018	\$97,778	\$101,689	\$105,757	\$128,670	\$156,546	\$190,462	\$281,931
Management	78,777	81,140	83,574	86,081	88,664	102,786	119,157	138,135	185,642
Payroll & Payroll Tax	249,578	259,561	269,943	280,741	291,971	355,227	432,188	525,823	778,346
Repairs & Maintenance	98,567	102,509	106,610	110,874	115,309	140,291	170,685	207,665	307,395
Utilities	55,872	58,107	60,431	62,848	65,362	79,523	96,752	117,714	174,245
Water, Sewer & Trash	49,740	51,730	53,799	55,951	58,189	70,796	86,134	104,795	155,122
Insurance	58,885	61,240	63,690	66,238	68,887	83,812	101,970	124,062	183,642
Property Tax	223,990	232,950	242,268	251,958	262,037	318,808	387,878	471,913	698,547
Reserve for Replacements	49,600	51,584	53,647	55,793	58,025	70,596	85,891	104,500	154,685
Other	12,120	12,605	13,109	13,633	14,179	17,251	20,988	25,535	37,798
<b>TOTAL EXPENSES</b>	<b>\$967,530</b>	<b>\$1,005,443</b>	<b>\$1,044,849</b>	<b>\$1,085,808</b>	<b>\$1,128,379</b>	<b>\$1,367,758</b>	<b>\$1,658,189</b>	<b>\$2,010,604</b>	<b>\$2,957,353</b>
<b>NET OPERATING INCOME</b>	<b>\$1,100,534</b>	<b>\$1,124,662</b>	<b>\$1,149,159</b>	<b>\$1,174,021</b>	<b>\$1,199,244</b>	<b>\$1,330,595</b>	<b>\$1,469,942</b>	<b>\$1,615,757</b>	<b>\$1,916,173</b>
DEBT SERVICE									
First Lien Financing	\$1,001,851	\$1,001,851	\$1,001,851	\$1,001,851	\$1,001,851	\$1,001,851	\$1,001,851	\$1,001,851	\$1,001,851
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>\$98,683</b>	<b>\$122,811</b>	<b>\$147,308</b>	<b>\$172,170</b>	<b>\$197,394</b>	<b>\$328,744</b>	<b>\$468,091</b>	<b>\$613,907</b>	<b>\$914,323</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>1.47</b>	<b>1.61</b>	<b>1.91</b>

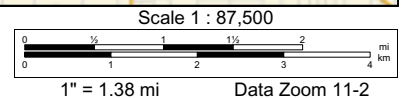
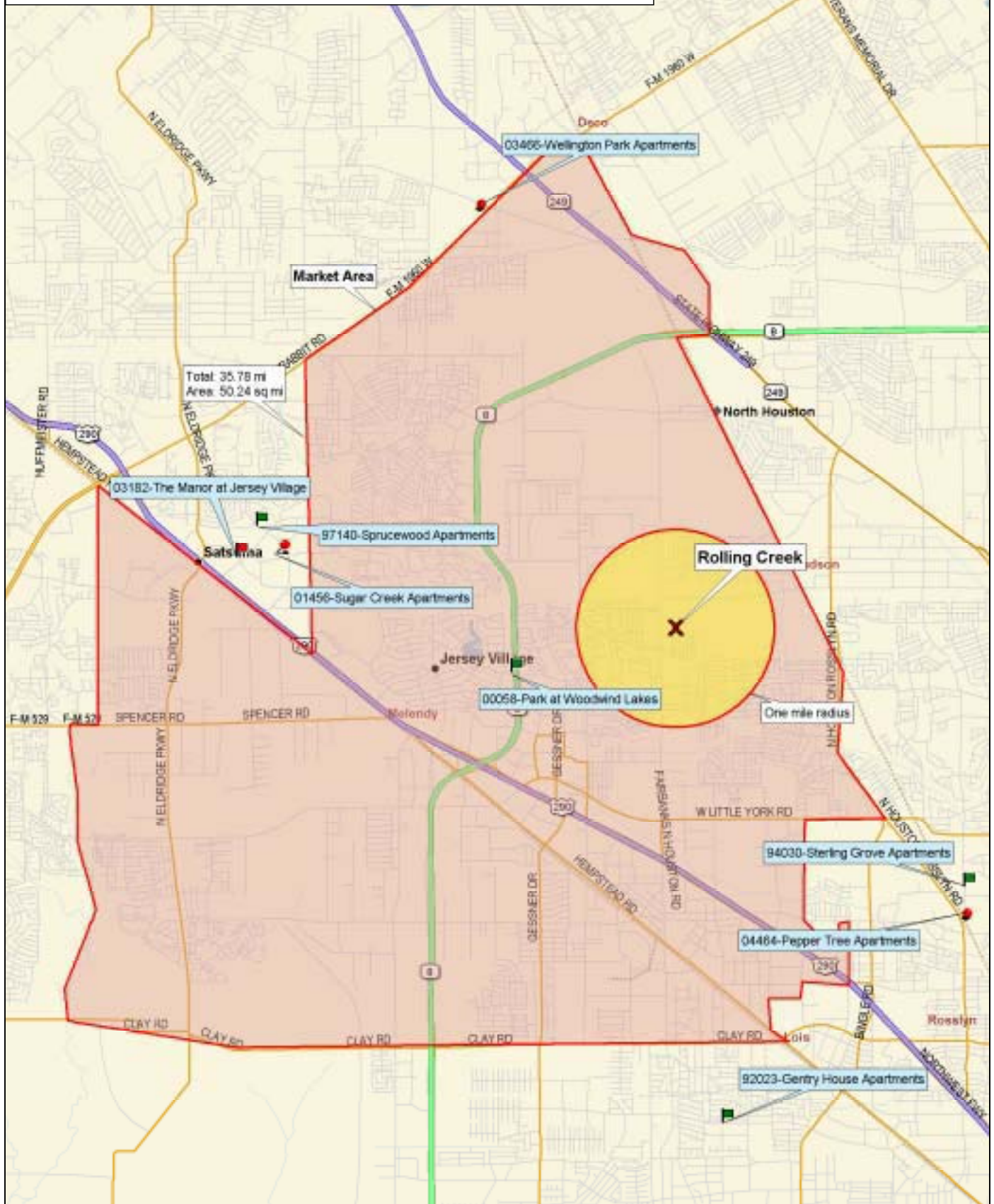
**LIHTC Allocation Calculation - Rolling Creek Apartments, Houston, 4% HTC/MRB #05621**

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	\$1,331,514	\$1,331,514		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$2,349,632	\$2,349,632	\$2,349,632	\$2,349,632
Off-site improvements	\$788,165	\$788,165		
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$9,898,424	\$9,860,667	\$9,898,424	\$9,860,667
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$269,223	\$244,206	\$244,961	\$244,206
Contractor profit	\$807,668	\$732,618	\$734,883	\$732,618
General requirements	\$807,668	\$732,618	\$734,883	\$732,618
<b>(5) Contingencies</b>				
<b>(6) Eligible Indirect Fees</b>				
	\$880,356	\$880,356	\$880,356	\$880,356
<b>(7) Eligible Financing Fees</b>				
	\$775,971	\$775,971	\$775,971	\$775,971
<b>(8) All Ineligible Costs</b>				
	\$1,631,639	\$1,631,639		
<b>(9) Developer Fees</b>				
			\$2,342,867	
Developer overhead		\$311,521		\$311,521
Developer fee	\$2,786,284	\$2,024,889		\$2,024,889
<b>(10) Development Reserves</b>				
	\$300,000	\$449,170		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$22,626,544</b>	<b>\$22,112,967</b>	<b>\$17,961,977</b>	<b>\$17,912,479</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>		\$17,961,977	\$17,912,479
High Cost Area Adjustment		100%	100%
<b>TOTAL ADJUSTED BASIS</b>		\$17,961,977	\$17,912,479
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$17,961,977	\$17,912,479
Applicable Percentage		3.53%	3.53%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$634,058	\$632,310

Syndication Proceeds	0.9949	\$6,308,244	\$6,290,860
<b>Total Credits (Eligible Basis Method)</b>		<b>\$634,058</b>	<b>\$632,310</b>
Syndication Proceeds		\$6,308,244	\$6,290,860
Requested Credits		\$635,273	
Syndication Proceeds		\$6,320,334	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$8,626,544</b>	
Credit Amount		\$867,076	

# Rolling Creek Apartments



# Applicant Evaluation

Project ID # **05621**

Name: **Rolling Creek 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

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:   0  

Projects in Material Noncompliance

# in noncompliance:   0  

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

Yes                       No

# monitored with a score less than thirty:   0  

Projects not reported Yes   
 in application No

# not yet monitored or pending review:   2  

# 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   Lucy Trevino  

Date   10/26/2005  

### Multifamily Finance Production

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

Reviewer   Audrey Martin    
 Date   10/19/2005  

### Single Family Finance Production

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

Reviewer   Paige McGilloway    
 Date   10/19/2005  

### 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 \_\_\_\_\_  
 Date \_\_\_\_\_

### 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   10/26/2005  

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

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

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Production Division

## Public Comment Summary

### Rolling Creek Apartments

#### Public Hearing

<i>Total Number Attended</i>	269
<i>Total Number Opposed</i>	268
<i>Total Number Supported</i>	0
<i>Total Number Neutral</i>	1
<i>Total Number that Spoke</i>	27

#### Public Officials Letters Received

<i>Opposition</i>	5
<i>U.S. Representative John Culberson</i>	
<i>Harris County Commissioner Jerry Eversole</i>	
<i>Harris County Judge Robert Eckels</i>	
<i>State Senator John Whitmire</i>	
<i>State Representative Gary Elkins</i>	
<i>Support</i>	0

#### General Public Letters and Emails Received

<i>Opposition</i>	98
<i>Petition from Neighborhood</i>	2116
<i>Support</i>	0

#### Summary of Public Comment

1 See the Following Summary



## Points of Opposition for Rolling Creek and TDHCA Response

- 1. Opposition:** There is no public transportation available in the area and there are no grocery stores or community amenities within walking distance.

**Department:** *The Department has observed that the majority of tenants living in developments in the Department's portfolio have their own transportation.*
- 2. Opposition:** There will be increased traffic congestion on Fairbanks N. Houston and through the single family neighborhood.

**Department:** *This was a major point of opposition with the first application for this development. The developer listened to the neighborhood and worked with the adjacent landowner and the county to complete the road extension from the entrance of the property to Fairbanks N. Houston and upgrade the traffic light from a three-way to a four-way light. The traffic study completed for this development states it will only increase traffic by approximately 1%.*
- 3. Opposition:** There is no need for additional affordable housing.

**Department:** *According to the developer's market study there is demand of over 1,900 units, however the Department's underwriter made adjustments to the demand and arrived at a demand of 1,318. That is sufficient for this proposed property. The nearest tax credit development is 1.5 miles from the site and there are two bond developments and one tax credit development 2.5 to 3.0 miles from the site.*
- 4. Opposition:** The development will create an additional burden on local infrastructure.

**Department:** *Growth does cause a need for additional services and the need for additional property taxes. This development is not asking for, and is otherwise not available for, a property tax exemption and will be paying the full taxes required by law to support their share of local infrastructure.*
- 5. Opposition:** The economics of the development are not feasible.

**Department:** *The Department's Real Estate Analysis report, ARCS underwriting (Fannie Mae DUA lender), Boston Capital (the syndicator of the tax credits) and the appraisal all show the development economics to be feasible based of available information.*
- 6. Opposition:** There is the possibility of endangered species and wetlands located on the proposed site.

**Department:** *The conclusions of the Environmental Site Assessment Phases I & II show there are no wetlands located on the site and due to the past history of the property (oil & gas drilling) it is highly unlikely that the identified "Houston Toad" would be present because the soil is not conducive to burrowing. The recommendation from the Environment Engineer for the possibility of the snakes located during construction, was to relocate it off the site.*

7. **Opposition:** There are high vacancy rates for existing properties in the area.  
**Department:** *The market study shows an average occupancy of 93-96 percent for comparable market rate properties. The occupancy of the other affordable properties in the area is 100% (Park at Woodwind Lakes, 1.5 miles), 94% (Park at Fallbrook, 2.5 miles) and 97% (Saddlewood, 2.5 miles).*
8. **Opposition:** This is not the highest and best use of the property.  
**Department:** *The market study states the highest and best use of the property is not market rate housing, but does not indicate that an affordable development would be unacceptable.*
9. **Opposition:** The area is already overbuilt with apartments.  
**Department:** *Demographics for the census tract (5325.00) include AMFI of \$60,469; the total population is 12,145; the percent of population that is minority is 66.79%; the number of owner occupied units is 2,928; the number of renter units is 606 and the number of vacant units is 74. Based on these calculations, only 17% of the 3,534 total units are apartment units.*
10. **Opposition:** Cynosure does not have experience with other affordable development.  
**Department:** *Both managing general partners do have direct experience in building affordable housing. Cynosure Development has not completed a development. The co-developer, CD Henderson with Winchester Properties, Inc., does have the appropriate experience in developing affordable housing according to the TDHCA requirements. They have also contracted with a highly recognized management company, Capstone, to manage the property according to all the rules and regulations of the federal and state programs.*
11. **Opposition:** There are concerns with the previous use of the property (oil & gas drilling).  
**Department:** *The Environmental Site Assessment Phase II (ESA) passed the site for all substances to be at acceptable levels and within the standards for this use. The ESA required at all well heads be located and no building is to be placed over a well head.*
12. **Opposition:** The area is prone to flooding.  
**Department:** *Since the last flood from "Alison" the Houston Flood Control District and other entities have made great strides to mitigate flooding in the Houston area by upgrading White Oak Bayou. The proposed development will actually help improve the flooding issue back there will be a detention pond on the property to control water flow through the neighborhood.*

13. **Opposition:** This development will overcrowd existing schools.  
*Department:* A letter from the Cy-Fair ISD, lists the three schools that will be affected by the Rolling Creek development and the capacity and projected growth for those schools for 2006-2007 school years. Frazier Elementary has a capacity of 920 students with projected enrollment of 948; Dean Middle School has a capacity of 1350 with projected growth of 1460; and Jersey Village High School has a capacity of 3000 with projected growth of 3060. A school impact study for this development shows the district's addition of five new schools for the 06-07 school years, which includes a new high school, and the plan to add twelve new schools to address the expected growth. As these schools open, school boundary changes will occur. This development will not be fully operational for at least 18-24 months. By then the new schools will have opened and could be accounted for in the boundary changes and would not place an undue hardship of over-capacity on the school district.
14. **Opposition:** This development will overburden the school district with socio/economically disadvantaged students.  
*Department:* Two years ago, a study was completed by two developers in the Houston and Dallas areas concerning the previous location of their tenants. It was found the 23-30% of tenants came from areas outside the school district the remaining were already attending school in the district. While it may be true that the populations of schools within the district may change due to changes in tenant addresses, it is unlikely the overall affect to the district would be significant.
15. **Opposition:** The signage on the property had the incorrect address of the property and was confusing.  
*Department:* A sign was installed on the property for the previous 2004 application that was withdrawn earlier this year. The sign was never removed from the property. Once the 2005 application was submitted and another public hearing was scheduled, the applicant had the public hearing information changed on the sign however the applicant did not change the proposed address that was used in the 2004 application to the updated correct address that was included in the new notice of public hearing. The addresses are one in the same. Staff is of the opinion that since the sign was never removed an interested person could reasonably conclude the property location was still the same even though the property address was not changed. The contact information for both the developer and the TDHCA were on the sign.
16. **Opposition:** The developer has missed many deadlines and should be terminated and not allowed to participate in the program.  
*Department:* Private Activity Bond applications, coupled with 4% Housing Tax Credits (HTC), have more flexibility with deficiencies, etc. because they are often limited by their short timeline (150 days) and because they are not evaluated competitively. Because of the timelines and the fact that these 4% applications are not scored, late deficiencies do not create a scoring loss or termination as they would in our competitive 9% HTC Program. The Qualified Allocations Plan

*and Rules (QAP) has a requirement that for a 4% HTC applications, Volume III and all third party reports (Environmental, Appraisal, Market Study, etc.) must be submitted to the Department at least 60 days prior to the date the Board will meet to make a decision. The original market study and appraisal were received at least 60 days before the Board meeting for which it was scheduled. However, as indicated a second market analysis was submitted. The same market analyst performed the report and in staff's review the market area, demand and inclusive capture rate appear to be unchanged. Therefore, consistent with our policy in cases where the 60 day deadline on 4% applications is violated, staff will not automatically terminate the application, but instead staff indicates in the Board write-up that the Board must simultaneously waive the 60 day rule for the application if they choose to approve the transaction. The Board has the discretion to grant or deny the waiver. If the waiver is denied, the application is ineligible under the QAP and the issuance of a Determination Notice for the 4% Credits can not be approved. The applicant did have several deficiencies however they have been cured at this time.*

17. **Opposition:** Safety issues for children walking to school because there are no sidewalks, bike lanes and heavy traffic.  
**Department:** *The safety risk is the same whether this is a multifamily or single family development.*
18. **Opposition:** Do not want a three-story apartment complex at this location.  
**Department:** *The density is within the guidelines for the building standards for the area.*
19. **Opposition:** This will be a fire hazard for the existing neighborhood.  
**Department:** *This development would not increase the risk anymore than any other construction on this site or in the general area.*
20. **Opposition:** This site is too close to the horse racing track which does not seem to be desirable for tenants needing every dollar.  
**Department:** *This is an assumption that a race track in the neighborhood would be a temptation for low income families with no supporting evidence.*
21. **Opposition:** High density apartments will increase crime.  
**Department:** *It does appear that apartments do have higher crime statistics however it strongly depends on the management of the facility. The developer has contracted with a highly experience management company in Texas.*
22. **Opposition:** There are inadequate auditing practices by TDHCA.  
**Department:** *The Department has determined an acceptable monitoring schedule for all developments monitored by TDHCA. All developments have a desk review completed once every year; Tax Credit developments are site monitored every three years; TDHCA Bond issued developments are site monitored every other year.*

23. **Opposition:** Close to landfill and other industrial businesses.  
*Department:* *The risk and unattractive nature is the same whether this is a multifamily or single family development.*
24. **Opposition:** Do not agree with spending our “tax dollars” for this housing.  
*Department:* *These programs are income tax exemptions and credits for investors and are not direct tax “dollars” used for the development. They have the same net effect to the IRS as a mortgage on a personal income tax return.*
25. **Opposition:** The developer did not meet with the neighborhood groups during the second application process as he did with the first application.  
*Department:* *Although meeting with neighborhood groups is encouraged, it is not a requirement of either program.*
26. **Opposition:** This development will have a negative impact on the quality of life of existing residents and decrease property values.  
*Department:* *There are no supporting conclusions that affordable housing negatively affects neighborhoods or property values.*
27. **Opposition:** Renters are not stable residence.  
*Department:* *Persons who rent properties do tend to be more mobile than homeowners.*
28. **Opposition:** Both Mark Bower and Daniel Sereni have been fiscally/financially irresponsible in the past. Mark Bower has previous IRS tax liens, unpaid debts and was allegedly sued for previous financial misconduct. Daniel Sereni previously filed bankruptcy in 1991 and 1996 and his company’s authority to do business was terminated by the Secretary of State.  
*Department:* *Mr. Bower and Mr. Sereni have submitted a written explanation concerning the allegations and previous questionable financial irresponsibility. The Department’s underwriting division completed all due diligence to uncover any wrong doing that would disqualify the borrowers from participating in the programs requested. No debarment or misconduct issues were found.*

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS  
ROLLING CREEK APARTMENTS

PUBLIC HEARING

Cafeteria  
Reed Elementary School  
8700 Tami Renee  
Houston, Texas

September 29, 2005  
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator

ALSO PRESENT:

SHANNON ROTH  
AUDREY MARTIN

*ON THE RECORD REPORTING*  
(512) 450-0342

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P R O C E E D I N G S

MS. MEYER: You have to excuse me. I've caught a cold over the last couple of days. I've been on the road for the past three weeks working with Hurricane Relief. So you have to -- it's catching up with me now I guess.

My name is Robbye Meyer, and I'm with the Texas Department of Housing and Community Affairs. We're here to do a public hearing for the Rolling Creek Apartments, which will be located across the street on North Fairbanks-Houston -- North -- Fairbanks-North Houston, across the street from the school here.

To give a brief summary to kind of give you an idea of what we're going to do tonight, I'm going to do a brief presentation about the programs that are being used for this particular development.

The developer is here, he'll make a few words about the particulars of the development and some things that have changed since the last time we had a public hearing for this particular project.

Then I'll give a brief speech and I'll start the public comment at that time. Once we get through all of the public comment, if you have questions and we still have time, I'll go back and try to answer as many of those



questions as I possibly can. Okay?

For the particular development, what the Texas Department of Housing and Community Affairs does, we have two different programs that are in use here. One is the private activity bond program and one is the housing tax credit program.

The private activity bond program is done by a scoring system. They send in an application, then there's scoring, and we submit our application to the bond review board.

They use the private activity bond program because there's a lower interest rate. It is tax exempt bonds. The tax exemption though is to the investor, it's not the project itself, it is not to the developer. It's to whoever invests in purchasing the bonds.

The housing tax credit program also deals with investors. Investors come in and buy the tax credits and give equity to the development at the very beginning and allow them to charge lower rents to the tenants that will be living there.

In conjunction with both of those programs, it allows the developer and the development community to build a higher quality product, and also have a higher social services coordination within their developments.

So that's the two main projects -- I mean the two main programs that are being used for this particular development.

The tax credit and also the tax exemption to the investors, it's much like the mortgage interest deduction that you take on your tax return every year. It has the same net effect to the IRS. The Department is not loaning out dollars. I know a lot of people get that confused and say that we're loaning out state funds.

But there's not dollars being changed hands within the Texas Department of Housing. We're only the issuer of the bonds. They will be privately owned and privately managed. There'll be a lender involved, a private lender and not the government. And there'll be a syndicator involved with the tax credit piece.

So it's all privately owned, and it's not Section 8 housing, it's not public housing, the government doesn't have anything to do with the running of the facility, it will be private run and managed.

That's the two programs that are involved. I'm going to turn the floor over to Mark Bower, who's the developer for this particular development, let him give you some specifics about the development, and then we'll start public comment shortly thereafter.

MR. BOWER: Hello. I'm Mark Bower, I'm with Cynosure Developers, and we're the developers of this community.

I guess what I want to do is kind of go over again what we tried to do and how we tried to help everybody in the community understand what was going on. We met with three of the different community groups, the ones directly adjacent to our property, and the goal was to help people understand what --

Can't hear me? Hello? Can you hear me now? Hello? There, that's better. Now I can me now. Okay, slower too.

My name's Mark Bower, I'm with Cynosure Developers. We're the developers of the community across the street. I'm just going to kind of go over what we did and what's changed on the community and how it's going to look and what we've done to try to help educate people and let people know what's going on, and look for feedback from the community.

We met with three of the different community groups, the ones directly adjacent to the property. And what we took on first was describe the typical tenant. So there's guidelines, what everyone's heard is what the most amount of income a person can earn, and the we also have

the guidelines of what's the minimum. What does someone have to earn to be able to come in and afford our rents.

We passed out qualification guidelines on what will be used in our properties. People basically have to make three times the rent in earnings, which translated down means -- for example, one bedroom units -- we're going to have 248 units, six one bedroom units.

So someone's got to make a minimum of \$21,000 to be able to live there. And we can only have two people per bedroom, so it's -- and the most they could make is, if there are two people in that room, \$29,000. So you have people making, in a one bedroom, between \$21,000 and \$29,000.

Two bedroom units, we're going to have 104 of those, three bedrooms, 84. So a two bedroom unit, you know, rent's \$706, on the one bedroom it's 589. Rent's \$706 for a two bedroom, so a person's got to make a minimum of \$25,000, and then depending on the size of the family, if it's three or four persons, they can go up to \$36,000.

So you'll see people making 25 to \$36,000 range in the two bedroom. And in the 84 three bedrooms, you'll see -- the rent there is \$813, a minimum income 29,600, the maximum is -- go up to a six person, would be 42,000.

So in those units, you know, roughly between 30 to 42,000 will be the income level of those tenants.

We've tried to kind of paint for people too who makes that's kind of money, and it really is just a broad brush stroke of the average workers. And these are not people that are on welfare. Again, this is not a welfare based program. These are people that have to pay their rent and have qualifications.

We told everybody about Capstone. If you don't know, Capstone Property Management Company is going to be our property managers. They're one of the largest property managers in the state. They're very experienced in affordable housing. They're going to be overseeing this.

They have very strict requirements, which we have in place with them, you know, for checking for criminal backgrounds, anyone that's ever been charged, detained, arrested, or any type of felony offense for sex crimes, assault, weapons, drugs, whether they're convicted or not, they'll not be accepted. And then we search the sex crime database and we won't take anybody that's a sex offender.

So these are the things that -- we gave everyone that came to our meeting copies of this. It will

basically have 248 units, like I said, and a big clubhouse. It'll be a gated community and guarded.

For the tenants it'll -- we're excited about most of what we heard from the people. We heard the standard things about property values and things like that, which we tried to show people this is not that type of tenant, this is not what's going on.

The biggest concern, and the thing we were concerned about is the way the road's going, the entrance.

The city forced us to connect the two roads between the two communities on the north and south of us. They forced us to -- Gatehouse Drive and I think it's called Claire, the new community on the north side -- they forced us to connect those, and obviously everyone's concerned that everyone's just going to drive in and out of their neighborhoods.

At one time -- we don't own the land where Tami Renee goes and goes straight across, so we couldn't get Tami Renee going out there. And so we were going to have to put a drive on the north side. We thought that was -- what we've worked out this summer -- it's with the owner of the land on the corner -- we've gotten a piece of his land and we've got a plat approved with the city, we're going to put a four way stoplight.

And so Tami Renee will basically go straight. And so the logic being, will there be a road going between the two communities? Yes, but there's a straight road with a four way stoplight coming straight off Fairbanks-North Houston that'll go directly into the apartment complex and leave.

So logic tells you that most people will use that. And I've brought a drawing of it if anyone wants to see how that's set up.

What else? You know, we showed people some of the physical attributes, the way we've combined some of the brick, and the other stuff. We've tried for the communities next door, we've moved the building away from the side of the property, put the parking spaces there so people wouldn't feel like there were big buildings in their backyard.

We got top notch, and we tried to pass out -- if we had enough, we passed out CD roms of our contractors, general contractors, Northwest Construction. They've built many, many of these. At some of the community shows we showed slides of the way these things physically look and what quality they are.

And the other things, you know, we talked to people about some of the social services, what we do

provide to our tenants. We -- you know, as most people, two wage earner families, so we're all looking for what do we do with our kids after school, how do we make sure they're taken care of, how do we make sure they get their homework done.

One of the things we've actually changed on our community building is we actually expanded the public areas for the school. We're basically going to provide after school tutoring for free. We've got an interdenominational social -- you know, church based type group that's going to provide those services. We've contracted with them.

They're going -- we've got two big classrooms that have computers, tutors, and basically, you know, help the parents, make sure their kids do a good job in school, and so we're very proud of that.

MALE VOICE: You need to get closer, sir.

MR. BOWER: I'm sorry. Okay.

MALE VOICE: And slow it down.

MR. BOWER: Okay.

MALE VOICE: I'm sitting right here and I can't hear you.

MR. BOWER: I apologize.

Let's see. But, I mean, that's really the



basics of what we have.

MS. MEYER: Everyone, make one correction. In the handout there is -- it says that the development will be presented to the TDHCA on December 8. It's actually on November 13. A possibility it could be -- what?

FEMALE VOICE: November 10.

MS. MEYER: It's October 13, okay.

MS. ROTH: October meeting's the 13.

MS. MEYER: October meeting is the 13, November is the 10th. You're correct. Actually, I'm going to have it posted through the website on this transaction.

Do what now?

FEMALE VOICE: What is the correct date --

MS. MEYER: November 10 is what it is scheduled at right this minute in time. It is scheduled for November 10. All public comment will be due by October 28. And I'm going to post this to the website so you won't -- you'll have it and it'll be correct, and you can -- I'll update anything. If that date changes for any reason, we will send out new notifications saying that the board meeting has changed.

And we have been very cooperative to the legislators -- the legislative branch that is handling this particular district. And we will be notifying them,

if there are any changes to be made for this particular transaction.

MALE VOICE: Slow, sure and slower.

MS. MEYER: Okay. On the very back page of that is my contact information. If you have any questions, if somebody was unable to be at this particular hearing -- and I know a hurricane came through, I've been working on that, so I know it hit -- if anybody can't actually -- if they couldn't be here tonight, they're more than welcome to send me an e-mail.

My address is also on there, they can send it to my address. All public comment up until October 28 will go into the board packet for the TDHCA board to review. And, again, I will update the website so you'll have that information.

When we start public comment, each of you, whoever wants to speak, my associates -- Shannon Roth and Audrey Martin right here with me -- Shannon will up and running the hearing once we start. She'll call your names, you'll have three minutes to make your comments, and we'll go through -- we do have a timer up here. When it goes off, I'm going to ask you to stop your comments at that time and take your seat.

Again, my name is Robbye Meyer, and I'm with

the Texas Department of Housing and Community Affairs, and I would like to proceed with the public hearing. Let the record show that it is 6:58 on Thursday, September 29, 2005. And we are at the Reed Elementary School located at 8700 Tami Renee, Houston in Harris County, Texas.

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

MALE VOICE: We can't hear you, ma'am. You've got to --

MS. MEYER: Okay.

MALE VOICE: -- get closer. I'm sorry. These folks --

MS. MEYER: I'm almost --

MALE VOICE: -- can't hear --

MS. MEYER: -- swallowing this mike here, so --

MALE VOICE: Pull the mike to you. Pull the mike to you.

MS. MEYER: This hearing is required by the Internal Revenue Code. The sole purpose of this hearing is to provide a reasonable opportunity for individuals to express their views regarding the development and the

proposed bond issuance.

No decisions will be made at this hearing. The Department's board is scheduled to meet on November 10. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at the hearing -- at the board meeting on the 10th. And you can also send in written comments to staff up until 5:00 on October 28.

The bonds will be issued as tax exempt multifamily revenue bonds in an aggregate principal amount not to exceed \$14,600,000, and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs.

The proceeds of the bonds will belong to Rolling Creek Apartments, L.P., or a related person or affiliate entity thereof, to finance a portion of the cost of acquiring, constructing and equipping a multifamily rental housing community described as follows:

248 unit multifamily residential rental development to be constructed on approximately 18 acres of land located at 8083 Gatehouse Drive in Harris County, Texas. The proposed multifamily rental housing community will be initially owned and operated by the borrower, or a

related person or affiliate entity thereof.

I'll now open the floor up for public comment.

MS. ROTH: Does anyone have a witness affirmation form they haven't submitted to us yet?

(No response.)

MS. ROTH: Okay.

FEMALE VOICE: Can we turn the podium around so there's a place to put our information --

MS. ROTH: You do have a place right here, ma'am. I mean, we prefer you facing this way.

I'm going to call about three names, and so you can kind of be heading up. That way we can kind of move things along a little faster.

Jolene Featherstone, Nicole Ray, and Rodney Coleman.

FEMALE VOICE: Are they supposed to sign in that they were here? I don't know that everybody has that information that there are sign in sheets in the back.

MS. ROTH: There are sign in sheets in the back. If you have not signed in and would like to do so, please do so before you leave this evening, and we'll collect those before we leave.

There's also witness affirmation forms back there. If you'd like to speak, please fill those out and

bring them up here. And if you decide to speak, we're in the middle, feel free to go ahead and get one and we'll just add you to the list.

MALE VOICE: Before you start, do we have a chance to question the developer --

FEMALE VOICE: At the end of the hearing.

MALE VOICE: At the end of the hearing. Okay.

MS. FEATHERSTONE: What am I going to do, face this way? I talk loud, I don't have a problem with this. I don't mumble, and I talk loud.

Okay, everybody, can you hear me? Okay.

My main concerns, of course, because I'm an elementary school teacher here in the CyFair District, include education.

Oh, am I talking in the wrong one?

MS. ROTH: No, no.

MS. FEATHERSTONE: Hello?

MS. ROTH: No.

MS. FEATHERSTONE: Okay. Sorry. I'm worried about the overcrowding in our schools, and the dropping test scores, and everything else that comes with that. I'm in a school right now further out in the district that at start of school had 1300 kids, now with flood victims, we're up to almost 1400.

I'm teaching in a corner of the library. I can't hear my kids, they can't hear me because there's book fairs going on, there's planetariums in the library, there's all this stuff going on. We have classrooms in closets. It is too crowded.

The district is trying its best to keep up. We're getting portables moved out -- we finally have portables, but anytime it rains the children are soaking wet because we haven't gotten the other part, the roofs put in.

I mean, it's just horrible. The district can't keep up with this. And when we put in more development, it's just going to add to it. Not only that, but it's going to add to your tax dollars because a lot of times you -- with developments such as this, you're going to get lower socio-economic students.

They deserve an education also, but along with that, you need to know that they're probably getting free and reduced lunch, which costs us more tax dollars. They're getting probably tutorial services, extra services like I provide when I'm helping teachers, where I pull out struggling kids, things like that.

All those things cost money. And we want to do that for our students, it's important to -- you know, not

matter what lower -- not matter what socio-economic caste system, whatever you want to call it they're in, I know it's important.

But I'm saying, right now, in this area too, Reed Elementary is having the same type of problems with overcrowding.

You can see up there they were exemplary in '98 or '99. Every year the tests are getting harder and the scores are going down. They're barely recognized at this point. If we keep adding more schools -- I mean, more students, and we don't have the resources to back that up, it's going to cause more problems, and our children are suffering and their education is suffering. And I'm concerned about that.

Also as a flood victim -- I lived in Woodland Trails West -- back in the day of Allison, flooded then in 1998, it is devastating. You've seen all these things. You don't know what it's like till you've lived through it. And I don't have a foot of water in my house.

With this proposed development, I'm concerned that, yes, they do have a nice retention pond, that's great. That's going to help out their tenants. They're probably not going to flood. But without that extra grass and soil and trees there to help with erosion and run off,



where's it going to come? It's going to come right into Terrace Brook, Courtyard Glen and over into this neighborhood here.

I'm just concerned about all these issues, as well as traffic. Traffic's another a big one, because it took me two and a half minutes just to pull out to get here, out off of Summer Tree coming out of the neighborhood. Two and a half minutes. I just sat there and counted.

And that's at 6:00. Well, on -- you know, I know that's traffic time, but if they put that road through, when I go to check my mail on Gatehouse, I'm going to be -- barely miss run down, and more importantly a kid might hit. There's a lot of mailboxes on Gatehouse and it's not a safe place for a road to be cut through.

FEMALE VOICE: Yes.

MS. FEATHERSTONE: Thank you.

MS. ROTH: Nicole Ray.

MS. RAY: Good evening. My name's Nicole Ray. I'm a nine year resident of Woodland Lakes. And I have many concerns about the proposed development, but tonight I'd like to talk about some of the financial concerns that I have regarding it.

There have been multiple federal tax liens

filed against Mr. Bower in Nueces County Clerk's office. We have one, ax 941 for 28,000; tax 1040, 13,000; tax 1040 for 32,000. That was just released 6/30/04. So that looks like that was just paid before the application went in.

Also in the District Clerk's office of Nueces County, this was just filed on July 14, 2005. We've got IRS, 43,748 for Cynosure Properties, old taxes; IRS 2003, 23,000; IRS 2004, 43,000; IRS 2005, 7,500; WHI related notes, 438,000. A whole list of others. And this is a personal debt of Mr. Bowers that totals out to be 820,689, almost a million dollars. That concerns me.

I don't know if any of this is included in his application for this property, but I would hope that it would. I was under the understanding that only 12,000 of this 820,689 was actually included in the financial report. But that is debt as a matter of public record.

Also, Mr. Cereni has filed voluntary Chapter 7 bankruptcy in 1991, and again in 1994 in the Court of Southern District of Texas. He also forfeited his right to do business as Texas Plantations, Inc. for failure to file franchise taxes in 1999. That's as of record of the Secretary of State.

I believe that it looks like Mr. Bower and Mr.

Cereni have already had their tax credits, you know.

I don't like to pay my taxes, but I understand that that's what keeps this country running. The taxes that we pay keep our MUD district, our hospital, utility district, our school districts up and running. And I just don't think that you demonstrated very good financial responsibility to be asking for millions and millions of dollars from the State of Texas.

I believe that the best predictor of future behavior is your past performance, and you just have not demonstrated any type of financial responsibility.

(Pause.)

MS. RAY: And I'd like to urge the board to consider this financial information that I've submitted tonight when they consider their decision before loaning this developer that kind of money.

Thank you very much.

(Pause.)

MS. ROTH: Rodney Coleman, Terry Ryan and Brian Thomas.

MR. COLEMAN: Good evening. My name's Rodney Coleman. All my friends know me as Whip. I've been an area resident here in Woodland Trails for the past 14 years.

First, I'd like to address Mr. Bower, and then I'd like to address the board members.

Mr. Bower, I'd like to read a quote of yours concerning opposition to the Rolling Creek project from the *Houston Chronicle* April 28 of this year. I quote your words, "This is class warfare. These people believe people who make less money are worse than them."

Well, Mr. Bower, if you'd spent any time in our community, you'd see that these people are from a truly multi-racial community of every income level. Forty-five percent of the students in this very school, in the schools that serve our local neighborhoods, are economically disadvantaged, as defined by CyFair ISD.

Your words are an insult to everyone in this room. And I personally take rank exception.

(Pause.)

You have no concern for our community, or for that matter, the residents of your proposed project. Otherwise, you would be building this project in a more suitable location that can serve residents by being in close proximity to medical care facilities, school services, retail establishments, parks, public transportation, and less crowded schools that could provide the best educational opportunities for those

children from that project.

Mr. Bower, you obviously don't care about any of these issues, and are trying to hide behind a cloak, an empty cloak, of self-righteousness.

(Pause.)

MR. COLEMAN: Now I'd like to speak to the board members of the TDHCA to voice my concerns about the overdevelopment of the White Oak High Bayou watershed and the impact it has had, and will continue to have, for the residents of this area.

I can speak to you as an authority on this issue as my family and I have been personally devastated three times in the last seven years by the flooding of our homes. Tropical Storm Frances brought over two feet of water into our home. Afterwards, we were relieved to see a couple of large retention ponds completed in our neighborhood.

And we were feeling pretty secure when Tropical Storm Allison rolled in, only to have three more feet of water pour into our home, as well as the home of my elderly parents in Oakwood Forest.

This really emphasizes the point that land development in the White Oak Bio Water Shed is way ahead of the water shed's ability to handle the runoff.

This brings me here tonight with the question of how a high density housing project covering 25 acres of currently undeveloped land, part of it being wetlands, how would this impact the local water shed?

Well, I guess that answer is obvious to anyone with a lick of common sense. In a new land development, the trade off equation of retention capability and the amount of run off generated, is always a losing proposition for the folks down stream, and that's us.

FEMALE VOICE: That's right. Yes.

MR. COLEMAN: So it seems ludicrous that while government agencies have spent \$150 million --

MS. ROTH: Sir, your time is up.

MR. COLEMAN: Almost done.

MS. ROTH: Can you please wrap it up and take your seat?

MR. COLEMAN: Yes. To buy out one damaged home in our local zip code, this is acknowledgment of a big problem. At the same time, the Texas Department of Community Affairs wants to spend more money so it can flood more homes, so it can buy out more homes and spend more tax dollars.

This just makes no sense. I ask the board to please deny this application.

(Pause.)

MS. ROTH: Terry Ryan, Brian Thomas.

FEMALE VOICE: Excuse me. Can you not call out the names while we're clapping so we hear our names, please.

MR. RYAN: Okay, I'm Terry Ryan. I live over in Rolling Fork. Admittedly I was a little bit ignorant of some of the details of this development, but, I guess really what really kind of makes me upset about this whole idea is why there has to be a whole development for low income people when it would seem much more equitable to all -- everyone concerned, if individual apartments were subsidized.

There's apartment complexes all over the place around here. It would seem like a low income family wouldn't want to be identified as living over in the low income apartments across the street.

Also, I do know from past work experience -- I'm retired now, but low income people, sooner or later, need public transportation. There's no bus transportation on Gessner, the traffic is bumper to bumper during rush hours.

Also Rolling Fork subdivision, which I live in, collects fees for parks and services, and we -- well,

basically our homeowners association enforces minimum standards. I don't know how long this apartment complex can continue. Most of them seem like they run down, witness Spring Branch, witness some places over here on Antone [phonetic].

Also, I'm a little concerned about how this project got started out of the blue. If there's some sort of political funds contributed to state officials such as Governor, Lieutenant Governor, Speaker of the House, somebody high up there. And I'm a little dubious of how these things get off. It seems, like I say, much more equitable to put people individually in existing apartment complexes and subsidize them there.

Another thing is, there is a race track down the road which, you know, where there's gambling and whatnot, and I'm sure that will appeal to people who are low income because they spend all their money gambling.

There's no sidewalks. I see people right now walking in apartment complexes over on Philippine. There's no sidewalks over there. They're walking to Jersey Village High School, they're walking to little convenience stores.

There's no sidewalks, they're walking in ditches. These are young kids. And if these people have



children, they're going to have a very rough time of it here because there's nothing but grass.

And it just seems like a bad idea really, when a much better solution would be to place individuals in apartment complexes where there are other people there besides just low income, and they wouldn't be identified as I live in the low income complex.

Thank you very much.

MS. MEYER: I think -- I didn't actually, when I started this, recognize any of the public officials that are here. I don't know if there's -- I know there is representation here from Representative Gary Elkins' office.

I don't know of anybody else. If there is, if you could raise your hand? Okay.

MALE VOICE: I didn't hear what you said. I didn't hear the question.

MS. MEYER: Well, I was just letting you know that normally I would ask about public officials, if they're here. I only know of one, which is representation from Representative Gary Elkins' office is here.

I was asking if there were any others in the audience that were representing public officials, and there's not. I just want to let you know that there is

representation from Gary Elkins' office.

MALE VOICE: Where?

MALE VOICE: What's your point?

FEMALE VOICE: Yeah, what's the point of bringing this up?

MS. MEYER: No, I was just letting you know that your public officials are here to hear your comments directly.

MALE VOICE: If they'll support it, we'll pull them down. That's their actions. This is very simple.

MS. ROTH: Okay. Brian Thomas, Charles Jackson and Russell Rush.

MR. THOMAS: I'm Brian Thomas, and I have lived in Woodland Lakes since 1999. I'm afraid I'm inadequately prepared as compared to some of my neighbors. Most of the things that I wanted to speak to have already been discussed.

What I would like to mention, it's a small detail now, but I'm concerned about Fairbanks-North Houston already is a very busy thoroughfare. I believe it's very dangerous, highly dangerous. The dump trucks usually go about 60 miles an hour, and, you know, Deputy Bob, Constable Bob can't catch them all.

I'm concerned -- he tries, I know, I see him --

but -- he's a great guy, I know.

But I'm concerned that -- I've heard Mr. Bowers speak that, you know, it sounds like a very nice idea to provide social services, community services for any kind of community, whether it be low income or otherwise. But it seems to me that that would entail eventually some sort of bus service. That's what I would do if I were dictator.

But I think increased bus service on Fairbanks-North Houston would be a tremendous mistake. It would make an already busy thoroughfare much busier. I realize that's a minor concern, but that's about all I'm left with here.

And I would like to leave -- perhaps I'm getting ahead of myself or ahead of this process, but I recall that when the application was first -- and we had a meeting like this many months ago, that the county also had been considering putting in some sort of project like this. It was going to be directly across from Tacata [phonetic] and further on down.

I think we need to be aware that for some reason, perhaps I'm paranoid, but this area might be targeted for this sort of project. I don't know who would do that, why they would do that.

But I think we should also consider that this may not be the last meeting of this type that we have to organize and be concerned with, because perhaps this area's being looked at as, oh, this is a great place to put some affordable housing.

I think, for my one small concern alone, that's incorrect, it would be the wrong thing to do for our community. And other neighbors have spoken much more eloquently than I, as to why this is not a very good idea. I'm sorry.

MR. JACKSON: Good evening. I'm Charles Jackson. I live in Rolling Creek -- excuse me, Rolling --

MALE VOICE: Can't hear you.

MR. JACKSON: -- Fork. Can you hear me now?

MALE VOICE: Yes.

MR. JACKSON: Okay. I'm Charles Jackson. I've live in Rolling Fork for the past five years. Love it over there, want to keep it the same way it is.

I'm here to discuss some of the apparent inconsistencies, or what I think are errors, in the market study that was provided with the application to TDHCA. I mean, you guys all understand we have a Ruth's Chris Steakhouse at Fairbanks-North Houston and 290?

MALE VOICE: No.

MR. JACKSON: Been there? That's one of the small things that's in there, and it's really -- it was humorous. That's the reason I mention that. But we don't have a steakhouse.

I'm sorry. Is that better? Okay. We do not have a Ruth's Chris Steakhouse, and there are other errors in this report. For example, only one HTC project is shown in the area. That's on Philippine, and there are two more, one on West Road and one on Sugar Creek that are not listed in here, but in the same market area.

These HTC properties have gone so far as to give rent concessions after giving someone 60 percent rent reduction in order to keep their places 90 percent occupied or 95 percent occupied. I don't think this project is fiscally responsible.

Apartment rates, according to Apartment Data Services, apartment occupancy rates, according to Apartment Data Services, as of January -- excuse me -- January in 2005 is 85.9 percent. I don't know any business person that wants to come in and say that I'm going to build a house or houses or apartments and have 15 percent unoccupied.

A more recent study in August 2005 indicated the market rate was at 80.4 percent occupancy, nearly 20

percent unoccupied. I don't think it's a good idea to spend this much money on something that's going to have 20 percent unoccupied apartments.

In addition to the two other HTC properties that are in nearby proximity, there are dozens of apartment complexes. We've identified more than 15 of those at this point that offer lower rents than what Rolling Creek is going to offer. If you're looking for a lower income, and this is not a low income project, I think, according to TDHCA, it's a housing tax credit project, and supposedly middle class workers.

But the rents are now lower. The only advantage to this is advantage to the income tax credits that the developers and the investors are going to get.

MALE VOICE: Right.

(Pause.)

MR. JACKSON: The market study appears -- I think that says my time's up -- but the market study appears to be skewed a little bit toward what they want to show and not what's actually in our area, so.

(Pause.)

MS. ROTH: Russell Rush, Phil So, and Kevin Williams.

MR. RUSH: Good evening, fellow neighbors. My

name is Russell Rush. I'm the MUD 23 director and president of MUD 23, which supplies water for Woodland Trails West, Terrace Brook, and Courtyard Glen. My wife and I and family lived in Woodland Trails since 1983 -- '82 rather.

And I'm concerned about the quality of life in our area deteriorating over time. We've been here and seen the flood in 1989, and also Allison. And I've seen it progressively get worse as more and more build up has taken place in our area.

As we provided water for Terrace Brook, we noticed that that area was graded and built up higher, about a foot higher than it was previously. We see more water flooding in -- south towards Woodland Trails West and Courtyard Glen.

And I'm very, very concerned about continued flooding issues as that area's built out more and more. As 25-plus acres is built out we're going to see more and more run off in our area, and I think we have enough flooding as it is. I'm sure most of you would agree that the streets flood, the areas flood.

And I'm sure that Mr. Bower, you can find another area to build this, in a different part of town and still make money and create income for your business.

But we're just very, very concerned about this continued congestion and development and flooding in our area, which I'm sure will get worse if we continue to see more and more build up.

So I'm sure, like you, you don't want to see that happen. So I think we should vote down this project.

Thank you.

(Pause.)

MR. SO: Hi there. I'm Phil So. I live in Courtyard Glen. I've been there just over a year now.

I'd like to raise an issue that concerns me deeply. It's about our local schools. You've heard people who work in our local schools talk about the overcrowded conditions. Well, I'm a kind of facts and figures kind of guy.

We got some information from the CyFair ISD about the various schools, all the statistics. The total number of students -- this is the number of students who are from economically disadvantaged families.

We also went and got information from each school's website in the CyFair District, they talk about their academic performance. Here we go. You can go look this all up yourself.

And I've neatly summarized this. Here I'm



showing -- I know you can't read this, you can look at this afterward if you'd like -- that show the current population, the percentage that are low income, and the percentage of the students that meet the Texas academic standards. Okay?

A different way of expressing this, I've done a little graph. Remember this graph, that red line represents 40 percent of the students being over -- below the poverty line. The schools that are nearest are Frazier, Dean, Reed and Jersey Village. Notice quite a few of them are quite high in the percentage of economically disadvantaged students, and notice that the -- for these schools, the performance is a lot lower.

Not that's our data about our current situation. Them's the facts about what we got here.

Now, according to the TDHCA manual for such developments, Mr. Bower is saying, you know, you've got to have such and such income levels. But in there, there's a nice little section that says you cannot turn away people with Section 8 subsidies and such. Is that not correct?

MS. MEYER: That's from the Fair Housing --

MR. SO: But that's in your manual, isn't it?

MS. MEYER: That's --

MR. SO: Yes.

MS. MEYER: -- Fair Housing.

MR. SO: Okay. Now doing some further research on what other people have found about similar situations, the University of Baltimore, they've done some research where -- here, let's just read it.

The level of poverty school-wide also has an effect on an individual student's achievement, whether or not that student is in poverty. Research shows that all tests scores decline. Okay?

Basically -- I'm just finishing up -- this is your manual, this is your -- yes -- and in there it states a mandate, TDHCA has a important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, therefore providing a better future for all individuals.

It seems that by putting this development here and potentially increasing the number of students in poverty, you're just creating the spiral of poverty. So really it doesn't seem to make sense to continue with this project. I urge the TDHCA not to issue the bonds or the tax credits for this project.

(Pause.)

MS. ROTH: Kevin Williams, Colleen Raye-O'Brien and Leisha Smalley.

MR. WILLIAMS: Hi, I'm Kevin Williams. I live at the back of Woodland Trails West. Proud husband, father, Houstonian, and maybe still a proud Texan, depending on how this turns out.

To the Cynosure developers, some of this may sound like a personal attack, but I mean it in the friendliest way. I went on your site, cynosuregroup.com.

Let me say, I've been warned before not to believe everything I see on the net. If you're going to put up propoganda, try not to make it so transparent.

A quote off your site, "Allowing our projects to be run almost flawlessly from the first sketch until after the first tenants move in." Until after the first tenants move in? That's the point where our problems begin, and get worse from there.

MALE VOICE: Speak into the mike.

FEMALE VOICE: Yes, there you go.

MR. WILLIAMS: Better? Another quote, "And full perimeter fencing with controlled access gates." Is that fencing meant to keep them in, or keep us out? You never know, I might want to steal their welfare check.

Our typical resident -- this is another quote -- "Our typical resident is a teacher, nurse, retail employee, or police officer." Teacher? No, too much

money. Nurse? No, too much money. Retail employee? You mean like grocery store workers? Maybe. By the way, there's only one grocery store within about six miles. And I'm sure they already live somewhere, they do work there.

Let's assume for a minute that this is good all around, good for low income families, good for this area.

Why then is it necessary for the developer to put 100 to 150,000 in the pockets of a lobbyist in Austin? I don't think anybody's been on the Texas Ethics Commission site.

They're listed as putting money in the pockets of Norman F. Newton, a lobbyist in Austin.

The education system, you know, is something that bothers me. I've got two kids. Walk out those doors back there, go around that corner. Those big tan things out there are portable classrooms. The same as you'll find about all the schools in this area.

They're meant to help with school overcrowding. Overcrowding? Hello, McFly? What part of overcrowding do you not understand? This school has even blocked off part of the library to make another classroom, before Katrina that is.

I find it totally insane that we still must argue because this state could not come up with a proper

funding plan for education, but it can line the pockets of fat cat developers to build low income housing. Housing that, by the way, will be filled with tenants who could not get a proper education. Sounds like a vicious cycle to me.

As I said before, I'm a proud father, two girls. A story to the girls at night -- I read them to bed at night -- there were once two little girls. The State of Texas could not care about providing them a quality education, as evidenced by the failure in Austin to fund education. However, there is good news. When they grow up with a substandard education, the state will help provide you with a crime infested slum to live in. Good night, sleep tight.

(Pause.)

MS. ROTH: Colleen Raye-O'Brien, Leisha Smalley, and Phocion Park?

MS. RAYE-O'BRIEN: Hey, neighbors. You all can probably hear my big mouth without the microphone, but I'm going to go ahead and get it up here.

For those that don't know me, I'm a 15 year resident of Rolling Fork. I'm a professional engineer. I've done development here in Harris County for over 20 years. One of my key jobs is evaluating whether or not a

project is appropriate.

Guess what? This one doesn't meet criteria. It's not appropriate for this location. Everybody's heard the reasons, and I kept trying to figure out why in the world is the housing department even considering this.

So I went on their website and I found the 17 key issues, the only issues the board considers relevant.

And I went through them one by one and tried to figure out why in the world they're considering this appropriate.

Okay, their first one they look at is the developer/owner's market study. You've already heard that their boundary lines are a little suspect. And bottom line, if you've got 20 percent vacancy in the existing apartment complexes, why do you need more apartment complexes? That just speaks for itself.

Location. The Rolling Creek Apartments, there are key criteria they look at when they're locating a low income apartment. They don't want it next to a landfill.

Hello? Right over there. They don't want it by sand mining operations. Well, hello. Right over there.

Okay, they want it by mass transportation. Don't have it. Near banks, you know, pharmacies, grocery stores, all of the key and vital things that you need to support your community. We don't have them nearby us and

they don't have a safe way to get to it, other than a -- their own vehicles.

Speaking of vehicles, the roads are already over capacity. But that's farther on on one of things. Compliance history of the developer/owner. Okay, Nicole already spoke to that very clearly. There is -- it's questionable as to whether or not their financial history is acceptable.

Financial feasibility. The only reason this project is feasible is because the state is looking at helping it out. It's obviously not feasible if there's already a 20 percent vacancy rate. These are the highest vacancy rates we've had since the '80s, back when we were going through our little depression here.

Okay, yes, this was before Katrina, but the Katrina victims are temporarily here for the most part. Some of them may stay, but the economic opportunities are going to go back to Louisiana. Not only are they probably going to go back there, because that's where the building's going to be, but so are a lot of other people living in apartment complexes looking for opportunities. So that vacancy rate is probably going to get higher.

Development's proximity to other low income developments. We already have three other low income

developments here in our community, and they're not at capacity.

Availability of adequate public facilities and services. Okay, the storm system here locally, it's severely undersized. Our main thoroughfare has been under -- has been proposed to be widened for over 10 years, Fairbanks. Still isn't widened, traffic continues to increase. It's very dangerous with all of our excavation trucks.

Impact to local schools. The reason the curtains closed is that's now the storage area, because they don't have any place else to put it.

Okay, my time is up. That was only items nine. But let me tell you, out of the 17 items, only three of them were they even close to complying with. The Department's mission statement is, and this is their own mission statement, To help Texans achieve an improved quality of life through the development of better communities.

Guys, this doesn't work. It doesn't work for them, it doesn't work for us. The only people who benefit are the developers and possibly people on staff who have a quota to fill. But this is the wrong location, it's not too late to say, oops, we made a mistake, wrong location,



let's move it.

Thank you.

(Pause.)

MS. ROTH: Leisha Smalley, Phocion Park, and Drew Steinmeyer.

MS. SMALLEY: Sorry, I'm short. I'm not here to talk about a lifestyle of anyone that might be living in these proposed apartments. What I can say is I'm a Rolling Fork resident for 10 years. And I grew up in a housing project of that similar nature, and I got here, not because of it, but to spite it. And it's not something that we need for our community.

We have portables out behind Reed, we have 30-plus portables at Dean Middle School, which coincidentally has 85 percent, roughly, economical disadvantaged attendance, which, to me, represents affordable housing in the neighborhood.

Also, there is the nearest bus stop is within three miles, or over three miles actually. And with no sidewalks, nothing even remotely close to being feasible to walk down the street.

Not to even mention the flooding. I find it unbelievable that a governmental entity would spend money to tear houses down that are flooded, and within the same

decade, build a new project and put funds into that same project. That's unbelievable to me. And I definitely oppose this.

Thank you.

(Pause.)

MS. ROTH: Phocion Park, Drew Steinmeyer, and Knetta Lilly.

MR. PARK: I'm Phocion Park, I live in Woodland Trails West. And you all have already heard from Russell Rush and Kevin Williams from our community, who've spoken to you. I'm just going to make two simple points that have already been made, just kind of underscore them for Mr. Bowers.

Number one, the danger of flooding started in 1998 as a gentleman mentioned with Frances. Then we had it again with Allison, then the tropical storm that was two years after that. These apartments are going to be built up 18 inches higher than the -- our present houses in Courtyard Glen, Woodland Trails West and you know good and well that it's going to enhance the flooding.

Number two, existing -- we've got -- these apartments are 60 percent median income area families that they're appealing to. However, we already -- I was talking to Representative Gary Elkins, I understand an

Aide's here from his office -- but he was out here on a rally on September 17.

And he pointed out to me that within one and a half to two miles of here, we have two already units that are for 60 percent median housing folks. One is approximately over in the area of -- the corner of Wind Fern and Philippine, and the other one is about in the area of Beltway and Fall Brook.

So my point is, there's really two reasons for not locating this here. One, all it's going to do is enhance the flooding of the existing neighborhoods we have, and, number two, it's unnecessary, we already have the affordable housing nearby.

So, Mr. Bowers, I appeal to you on behalf of the citizens here to reconsider and relocate your apartments somewhere else where they really do need 60 percent median income housing.

Thank you.

(Pause.)

MS. ROTH: Drew Steinmeyer, Knetta Lilly, and James Woods.

MR. STEINMEYER: I'm Drew Steinmeyer. I live in Rolling Fork, and I'm here to voice my opposition to this project. You guys already stole my thunder, though.

I share everyone's concerns on the topics spoken about tonight. But when I stop and digest all this information, I come to one simple glaring conclusion. This is the right project, it's just in the wrong place.

I just wanted to -- once again, I oppose this project.

(Pause.)

MS. ROTH: Knetta Lilly, James Woods, and Michael Pierson.

MS. LILLY: My name is Knetta Lilly. I'm a three and a half year resident of Courtyard Glen. I must first say that, Mr. Bowers, you look like you've lost a lot of weight and a lot of hair since the last time we saw you. I guess this project has really stressed you out. But, anyway, I hope you're not sick. Really and truly.

But I am opposed to the issuance of bonds and credits for this for the same reasons everybody else has mentioned about the flooding, the traffic. I'm also concerned about the criminal element. I have worked in the social services system and I know what type of environment those -- these things breed.

I'm also concerned with the developer answering the question, if you don't receive the funds for this project from the state, are you able to proceed at all?

Because if you can still proceed without these funds, I don't know why we're even here.

But if you cannot proceed, then this is a good opportunity for us to voice our concerns. But I want to know from you, if you don't receive these tax credits, are you all able to proceed with this project? And that's it.

(Pause.)

MALE VOICE: Do we have an answer to that?

FEMALE VOICE: Do we?

MS. MEYER: When we get through with public comment.

FEMALE VOICE: Huh?

MR. WOODS: When they get through with public comment.

My name is Jim Woods, and I live in Woodwind Lakes. And I support everything that's been said up to this point. The only thing that I wanted to address was there's one entity that has not weighed in on this issue -- and the reason I bring this up is because I have a four year old daughter that will be starting in this school next year -- and the one entity that is now weighing in on this is the school board.

And I believe -- I was shocked that the school board wouldn't weigh in, and I was also shocked that our

local politicians told us that this board does not care about the influence on our schools. The only thing they were worried about is the flooding. And that's all -- that's the only thing this board was worried about, was the flooding.

And I just want to address the board and say that it ought to be a requirement that you require the school boards to make a statement as to how this influences their schools, because you worry about the animals and you worry about the trees, but you don't worry about the education of our children.

(Pause.)

MS. ROTH: Michael Pierson, Kathleen, I cannot make out your last name, you live on Tami Renee.

MR. PIERSON: Michael Pierson. I live in Rolling Fork. I've been there about 10 years.

I guess I have a little bit of a -- kind of a reverse spin on this somewhat. You know, most of the people here don't -- or didn't grow up with a silver spoon in their mouth. You know, everybody that -- everybody here at one time or another needed help, and myself included.

And that doesn't mean that it needs to be subsidized continuously. And part of my problem with

this, I'm not opposed to low income housing. I'm not real crazy about it being here. But I will -- I do have an exception to when there are income levels -- and let me just say, I know someone personally that's in low income housing. And they will not try to improve themselves because if they do, they'll have to move out and they'll have to -- you know, to me it's a self-defeating prophesy.

It's a self-defeating prophesy to the point where I think that if -- I'm assuming this thing is already a done deal. I hope it's not, but assuming that it is, I would strongly suggest that these candidates that are in this -- on this property have a limited time that they are allowed to live there. A year, six months, whatever, then they have to go.

Because if they have not improved their lifestyle, they need to make room for somebody else that wants that opportunity, and fully well knowing that they have to leave that property, I think, to me, would be an incentive for those people to, you know, step up, man. Step up to the plate.

Also, real quick, I think I have a solution for this problem too. If you go down Fairbanks to Little York and turn left, and you go up to Hollister, those apartments are already built. Those places look like the

ghetto. I mean, there's not one brick on those places, they look like low income housing. Personally, that's where this place needs to be.

Thank you.

(Pause.)

MS. NAFFOUL: My name is Kathleen Naffoul. I've live in Rolling Fork for 28 years, and in Houston for 32 years.

My objection to this project is strictly financial. This developer is asking for \$14,600,000. Divided by 248 apartments, that is \$58,875 per apartment.

And I feel like this is a very excessive amount, and that he must be planning on making a big bundle.

My objection is financial. I feel like the state should investigate why he needs so much money to build one little apartment. \$58,875 for one apartment. I figure he's going to get really, really rich on this, don't you all?

MS. ROTH: Is there anyone else out there who would like to speak but hasn't filled out a form this evening?

I've got yours.

FEMALE VOICE: Okay.

MS. ROTH: Okay, Debra Garza, Lydia Winkfield,



and Helen Huereca.

MS. GARZA: Good evening, I'm Debbie Garza. I live in the Woodland Trails subdivision. And, of course, my opposition is the education. And I speak from the student's point of view. I have two children who attend CyFair.

This school is already at 100 percent capacity. Both of my children are learning disabled. So you're going to bring more children in from an economic background who don't have the services to provide themselves, and they're going to look to the school to provide these, and we've already outgrown this building.

Where are they going to get those services? They can't. They have no way to get anywhere else. They don't have money to provide those children to get a better education. Why are we putting them in a place that's already got it's maximum capacity when there's other schools in other locations that could give them the benefits that they need?

Because from my understanding, having these apartments is to give them a leg up into society to better themselves. If they can't get the services, where are they going to be? Will we need to build another apartment complex next to this one so that their children can stay

there?

I just don't understand this. I had to fight for my daughter to get services at Reed because she's dyslexic. And we're already at 100 percent. So when we add more children, where are the services for them?

Thank you.

MS. ROTH: Lydia Winkfield, Helen Huereca, and John Gorsky.

MS. WINKFIELD: Hi, I'm Lydia Winkfield. Can you hear me? Okay.

I live in Courtyard Glen, been there over 14 years. And I'm opposed to this project. I come from a different perspective. I'm 52 years old, from D.C., and I grew up in a public housing project.

But it was different back then. You had to be interviewed, you had to pass background checks. I'm talking like in the early '60s. And, of course, after the riots, they put everybody in because they needed to be there.

We need to put the elephant out here, and that's the reason why I'm here. I don't consider it a minority issue, or a class issue. I consider it a quality of life and value. And I also consider this an insult. As a person who grew up there, that this is pimping the

poor, and pimping my tax dollars to give someone who's already wealthier than I am more money.

And I will also tell you, my sister is a property manager in Maryland. Section 8 is much different up north than it is here. Once HUD is involved, it is like fighting a dinosaur. She tells me every day that it is hard to get people out of apartments.

And you have to have -- she's five foot three, 120 pounds, and a firebrand. She keeps a bat in her rental office. You have to have -- are you going to have strong people to enforce drug laws, are you going to have strong people to confront a tenant who's a crack user?

I did EAP for a lot -- I'm a psychotherapist, and I know -- and as a social worker -- the neighborhood will go down. It did where I grew, and it will here.

And as a minority, a multi-racial minority but I consider myself Black, I don't consider -- I haven't heard one issue, and I've gone to a lot of these meetings, that it's a racial issue. And that makes me feel proud to standing up here to condemn this project, because it is pimping poor and getting tax dollars.

And we have -- and I'm on Gatehouse. I heard it's going to be changed, and they're going to come through Gatehouse. And believe me, as a social worker who

has worked CPS and gone in the sewer, let me tell you, they bring their friends, they will scheme and they will coast and they will look at your houses.

My development is closer than anyone else. But if you are wealthy, believe me, you will never open up your garage door. I know these people, I know the income level, and they will destroy this area. And it's not racial and it's not class.

They do not -- my sister says, some people don't even know how to use a dishwasher. They put clothes in the dish washer. She has to train people how to live with a dishwasher and air conditioning because they don't have skills in order to do it themselves.

And we have no constables hardly, because they're overworked. And my neighborhood is going to be impacted, so that means more bars on the windows and watching out, because, believe me, they will bring their friends.

(Pause.)

MS. ROTH: Okay, Helen, and the John Gorsky.

MS. HUERECA: Good evening, everyone.

Mr. Bower, I was not going to speak tonight, but after sitting back there and listening to everyone else, and listening to their points, I felt that I had to

come up here because I, up until six months ago, was the person that would have lived in your complex.

I'm recently married, but I was divorced with a child. I do have a college education, but, for different reasons, I have a job that, guess what, I would not qualify to live in your complex. I make too much money. Me, with my daughter.

The people that you're trying to put in there -- isn't that what your pamphlet says that's who it's for? It's for working parents, it's for people that you're trying to help, people that you're trying to subsidize for. I don't qualify -- I wouldn't have qualified. I would not have qualified five years ago. I would not have qualified 10 years ago.

You're not helping the people that need the help. You're helping the people that want a handout. And I agree with everyone else who has said -- I'm sorry, this is a little higher than what I am -- I agree with a lot of things that everyone has said.

Number one, I grew up in a place -- I grew up in Brownsville, Texas. Cameron Park over there is the lowest, the poorest community in the entire United States.

I don't know if you are familiar with that statistic or not.

But let me tell you what happens in the schools when you bring in children that are from a low advantage, or low income. All of the teachers have to rally around the few children that have to make the scores. And what happens to our children? Our children, your children.

Let me tell you what's going to happen to them. The teacher is going to say, okay, class, this is the assignment for today, they're going to pick the two or three smartest children in the class and say, you lead the class, I have to work with this group.

Because regardless of how many kids are in that classroom, if they do not perform, we do not get money for our kids. And that's who needs it, not you. I'm sure you have a nice house, I'm sure your kids went to nice schools. You know who's going to suffer? Your children. Everyone in here.

And I know, because it happened to me. It happened to me for different reasons. It happened to me because of children that came in that couldn't speak English, and it's going to happen here for that reason, and it's going to happen here.

Because those teachers are going to have to rally around the kids to get them to pass those TAAS tests, because if not, you know what, their jobs are on

the line. They're jobs are on the line. And you're -- what you're doing right now, is you're costing more people to lose their jobs if you bring that community in here.

(Pause.)

MS. ROTH: Okay, I just want to -- one more time, no one else wishes to speak? There's no more forms out there?

MALE VOICE: Yes.

MS. ROTH: You do want to speak, sir?

MALE VOICE: Yes.

MS. ROTH: Mr. Gorsky.

MR. GORSKY: Many things were pronounced here, so I will say something completely different point of view. I am opposed because all of these factors which were described. I came to this country as a political refugee from Russia in 1975. And from '79 I was living in this area, first Rolling Fork and then Woodland Lakes since '93.

And so I have expected what was going in Russia, what was going here. Government of Soviet Union was conducting self-destructive policy, and Soviet Union no more, is no more. I see governments in this country conducting the same thing, self-destructive policies. The bank, the worse people they could find, they support them.

In the Black community, according to published results, 80 percent of children born out of wedlock. In the White community, it's 25. And White community is now minority in Texas as you know, it was on the TV.

So I came, I couldn't speak English. I studied English at school, could not. My children could not speak any English. It was no bilingual education, thanks god. So my daughter graduated from Rice University with degree in applied mathematics. Then from Stanford, and then from Yale with masters degrees.

And nobody taught her English. She went to public school. So this is my point, these politicians who support this kind of handouts just for -- to get more votes, they should be voted out --

FEMALE VOICE: Yes.

MR. GORSKY: -- on all the levels.

(Pause.)

MS. ROTH: Okay, Frank?

MR. MARTIN: Yes. I'm sick of these meetings.

I'm sick of seeing you, I'm sick of hearing about the fact that you're still here, and we're still having to come here and hear about this. I mean, why do you want to continuously agitate everybody here that doesn't want you here?



MALE VOICE: Amen.

MR. MARTIN: Why do you want to go someplace where nobody wants you, man? Sometimes you've got to eat your losses. I'm sorry if you've got a lot of money into it, but, man, there's other people to mess with. This isn't the place, man. Go. Go. Get out, man, you're bothering me. I'm tired of it. I've got better things to do. My god, you know.

I mean, I've already been -- it's like just when I think it's over, there's another meeting. It's like why would you -- if you walked into a room and every time you walked in there a hundred people spit in your face, would you keep going in there? I mean, cut it out. Leave. It's over. Go.

(Pause.)

MS. ROTH: Eduardo Garcia and then Cristina Martinez.

MR. GARCIA: My name is Eduardo Garcia, and I have lived in this community for about 20 years. Twenty years ago this was an ideal place. Only one lane on this side, asphalt road, lots of trees, no flood. The houses came, the floods came also. Probably, with the apartments, there will be more floods.

I am a teacher, and I teach in a socially,

economically disadvantaged district. My biggest class contains of 38 students. My smallest class, 29 students. Eighty percent are below poverty level.

I do not condemn these people they are poor. I come from a very poor family. And because of hard work, I became an engineer, and later on a successful family man.

My son was one of the first, or the first student of this elementary school. That was then, when this school was not overcrowded. Bringing the apartments here will probably overcrowd this school.

Now, I would like to address my plea to the representative of the board. I am asking you, ma'am, if you are working for the common good, for the good of the majority of these people, you know what to decide, and that decision is very clear. Refuse the application of that company.

(Pause.)

MS. ROTH: Okay, Cristina Martinez.

MS. MARTINEZ: I don't think I can beat the guy who talked earlier before me when he said to get out.

I'm a resident of Courtyard Glen, and I'm just going to make this short and sweet. The schools are overcrowded; the housing is way on its way to being overcrowded, if it's not already; the traffic, when you

travel on Fairbanks in the morning, you know that it's overcrowded.

When the burden of these problems that are going to come and affect us, our children, the children and their children, when the burden falls, who is going to land on? I don't know. Probably all of us. But I'll tell you what, it's not going to be the builder.

FEMALE VOICE: That's right.

(Pause.)

MS. MEYER: Okay, is there anybody else before I close the public comment?

MALE VOICE: Yes, that I do. Do I just sign --

MS. MEYER: Okay.

MALE VOICE: -- that sheet of paper here?

MS. MEYER: Okay.

MALE VOICE: Do I have to that in order to speak?

MS. MEYER: Uh-huh.

MS. ROTH: Yes.

MS. MEYER: Was there -- I saw a hand back there in back. Is there --

MALE VOICE: It'll be a while --

MS. MEYER: -- anybody else --

MALE VOICE: -- do I have to fill this whole thing out now?

(Pause.)

MS. BRANDON: Mr. Bower, yesterday at the Rolling -- oh, I'm sorry -- my name's Melissa Brandon, and I'm from Courtyard Glen. And yesterday, at the Rolling Fork MUC monthly meeting, two representatives of Cynosure were in attendance to request a commitment from the water board for water and sewage availability at Rolling Creek Apartments.

You previously had a commitment. It expired on August 8. You were told -- you told the board to submit your request -- you were told by the board to submit your request in writing, and an answer will be ready at the next board meeting in October.

You don't have water and sewer commitment. That seems like a pretty important thing when you're trying to build an apartment complex.

The TDHCA rules -- one of the things they consider is compliance history of the developer. You have no history because you have not previously built one of these properties.

But in everything that we have seen, Mr. Bower, you can't get your sign up on time. That seems like a

pretty simple thing to me. Can you all build a sign and put it up on the date you're supposed to?

MALE VOICE: You bet.

MS. BRANDON: That's a pretty simple thing to not be able to comply with. And your commitment for water and sewage was out August 8. That's seems like a pretty important thing. If you cannot comply with the application processes, and the things necessary to build this property, how can we even remotely imagine that you're comply once it's built for another 15 or 30 years?

That's all I have.

(Pause.)

MS. MEYER: Mr. Fensen.

MR. FENSEN: Good evening, everybody. You'll have to excuse the accent, I'm from Denmark. I've been here in Texas almost 14 years. And I think -- is it Mr. Bower -- I think an apology's in order here. It looks as if the whole meeting has become a personal attack on you.

Oh, it seems that the entire meeting has become a personal attack on you. I think the people have lost the focus. This gentleman is only doing what everybody else here in this room would be doing. He's trying to make a lot of money.

I think your focus should rather be on the

people who allows him to do it. If I could do what he's doing, I'd be doing it every day.

MALE VOICE: Yeah.

MR. FENSEN: Your focus needs to be on the decision makers who allows a gentleman like Mr. Bower to do what he does. You cannot fault him, you have to fault the people behind him.

I have had two kids here, I still have one here in the school. It has done a great job despite the odds.

I'd hate to see this get worse. People are already moving out because of the grades over here. You just can't have any more kids here.

You cannot fault Mr. Bower, you have to fault whatever, whoever people who supports whatever he is trying to do. Thank you.

MS. MEYER: Okay, is there anybody else?

(No response.)

MS. MEYER: Okay, I'm going to adjourn the hearing -- we'll do questions, but I'm going to adjourn the hearing, and it is now ten after 8:00.

(Whereupon, at 8:10 p.m., the hearing was concluded.)



MS. MEYER: Now one of the things that was brought up during the hearing, during the public comment, was that this is a done deal. It's not a done deal. It hasn't gone to the TDHCA board yet, and it's not a done deal until it does.

All your comments will be compiled and given to the board. I would like to ask if Ms. Ray or Mr. So are still here. The information that you had, if you would like me to present that to the board so they would have it, I'll be glad to do that. That was the only person I saw with actual information.

Do what now?

MALE VOICE: Do you put all that material, are you supposed to present it on the website?

MS. MEYER: It will -- actually what goes to the board will be on the website seven days prior to the board meeting.

MALE VOICE: We'd like to know -- I'd like to look at that material.

MS. MEYER: Well, you'll have the -- I mean, the whole board package will be on the board -- on our website seven days prior to the board meeting.

FEMALE VOICE: That's the public comment cut off period. Your protests, that's beyond that point,



right? Where you have -- we have a chance. I mean, we have a chance for what these people are doing before our deadline.

MS. MEYER: What? I mean, as far as what the developer is doing, is that what you're saying? Or --

FEMALE VOICE: No, what these people have said.

MS. MEYER: I mean, if they want to give you that information, that's -- I mean, I can get it to you. We're not going to post it to the website until seven days prior to.

Now you can address the board about it if you want to, but I mean, they're speaking on your behalf. I'm just wanting to make sure that the board gets all the information and they had several graphs and drawings and I want to make sure, if they want that presented to the board, that I give that to them, okay.

I just wanted to make sure everyone does understand, it's not a done deal until the board actually votes.

Now we'll take a few questions. Okay.

MALE VOICE: Tell us who's on the board. How many members and what do they [inaudible].

FEMALE VOICE: Yes, who are they?

MS. MEYER: Okay --

MALE VOICE: Who is the board?

MS. MEYER: -- the question is, who are the board members. We have six board members. Our board chair is Beth Anderson, she is a computer consultant, she lives in the Dallas area. We have them all over the state.

Mr. Kent Conine is our vice chair. He also lives in the Dallas area, actually just north of Dallas. And he is a developer. He develops out of state.

MALE VOICE: Does he develop this kind of property?

MS. MEYER: In other states. He's not allowed as long as he's on our board.

Mr. Bogeny is -- actually he's a real estate person here in the Houston area. Shaddrick Bogeny. Mr. Patrick Gordon is an attorney in El Paso. Mayor Salinas is in Mission, Texas, from Mission, Texas down on the boarder. And then Vidal Gonzales is a financial man right outside of San Antonio.

So there's six members. It is a volunteer board. They're appointed by the Governor.

MALE VOICE: Who's your boss?

MS. MEYER: Who do I --

MALE VOICE: Who's your boss?

MS. MEYER: Who do I directly report to?

MALE VOICE: Yes.

MS. MEYER: Is Brooke Boston, the director of multifamily finance.

MALE VOICE: And who's her boss?

MS. MEYER: That would be Ms. Edwina Carrington, which is the executive director.

MALE VOICE: When does it get to the Governor's office is what I want to know.

FEMALE VOICE: Exactly.

MS. MEYER: TDHCA is an exempt issuer. The TDHCA board will make the decision, and we will get a written approval --

MALE VOICE: So you don't report to no one in the State of Texas? You just come in here and run over us and do whatever the hell you want to.

MS. MEYER: No, sir. If that was the case, I wouldn't be here.

MALE VOICE: Okay, but what I'm trying to say is, everybody keeps saying, well, it's a done deal. It's not a done deal. What the hell. You've been told, no, by over 400 people two times in a row. How are you going to vote?

MS. MEYER: Sir, I don't vote. I'm not on the

board.

MALE VOICE: You're not on the board.

MS. MEYER: I am the one that will be presenting it to the board.

MALE VOICE: And would you present it as favorable or not favorable?

MS. MEYER: That's undetermined at this point, because the whole --

MALE VOICE: You haven't seen what went on here?

MS. MEYER: Sir, that's one piece of what the board looks at. So, no, I cannot answer that. I can't answer that question because not everything has been done.

Okay, yes, sir?

MALE VOICE: I'd like to understand how you comprehend the things that have been said, how that plays into your decision making. How will you [inaudible] talk about flooding and things like that. How do you take that in your consideration when people are saying, we already have flooding here [inaudible] just going to compound the problem. You know, do you just take that as what people are saying, or do you go in and really research that more, make sure that you have the facts?

MS. MEYER: Well, there's a lot of third party

reports that are issued that we look at. There is a financial review done on Mr. Bower and Mr. Cereni. That's in our underwriting report, which will be on the website seven days prior to the board meeting.

The Department's staff recommendation to the board is basically is the deal financially feasible. Okay? It is up to the board to take in public comment, and they make the decision on whether the deal moves forward. It's not staff's determination of, you know, what was said and all that. If they ask me questions at the board meeting, I'll answer those questions.

All the public information that's given, you know, will be scrutinized by the board. And they get it a week in advance so that they have the time to do that.

Yes, ma'am?

FEMALE VOICE: Do you report that they have not paid taxes?

MS. MEYER: That would be in the financial review that's done on both of the general partners, yes, ma'am. And that would take into account -- that would be in the feasibility and whether it was recommended to the board or not.

Yes, sir?

MALE VOICE: What is the functional purpose of

the November 10 meeting in Austin?

MS. MEYER: The November 10 meeting is --

MALE VOICE: [inaudible]

MS. MEYER: It's a public meeting, the meeting on November 10. The question was, what is the purpose of that meeting. In that meeting, it's going to be a long agenda, so you'll have to be patient if you show up.

It is a public meeting, they will accept public comment. If you would like to address the board directly, you can do that, just like you did at this hearing here. But you can actually make your public comment directly to the board if you want to do that.

They will make a determination on that transaction, and whether it moves forward or not.

MALE VOICE: Will a decision be made that day based on the evidence --

MS. MEYER: Yes, sir.

MALE VOICE: -- that had previously been presented, plus anything that's been presented that day?

MS. MEYER: Unless the board requests that staff do something additional where --

MALE VOICE: [inaudible]

MS. MEYER: Yes, it could be tabled to the next board meeting if they so --

MALE VOICE: Seven days before that the website will display all the information we talked about?

MS. MEYER: That's correct.

MALE VOICE: All right.

MS. MEYER: Yes, the Thursday prior to the 10th. Do you know what that date is? I don't what the date is.

MALE VOICE: [inaudible]

MS. MEYER: Yes, it --

MALE VOICE: [inaudible] we will be able to see everything he needs to know, to speak, do whatever [inaudible].

MS. MEYER: That will be presented to the board by staff. Now anything that the public shows up with, or anybody else, that's not going to be in there because we don't have it. It'll only have the information that staff is privy to.

FEMALE VOICE: Will they get that tape that you just taped of all of our comments today? Will they listen to --

MS. MEYER: Yes, ma'am. That's what my court reporter has been doing. She is doing a transcription and there will be a written copy of this and it will be actually on the website. You'll be able to read all your

comments.

Yes, sir?

MALE VOICE: What are the odds of this passing?

MS. MEYER: I can't answer that. That's --

MALE VOICE: Out of -- one out ten, out of ten similar situations, how many passed versus don't?

MS. MEYER: It's a 50/50 shot.

MALE VOICE: Just guessing.

MS. MEYER: It's a 50/50 shot. I mean it can go either way. I've seen the board approve them and I've seen the board decline them. They don't give a written statement as to why they decline something. You've got six members voting. So I can't -- I really can't answer that question as to why something was declined.

Yes, ma'am?

FEMALE VOICE: Are there any specific steps that we need to do as the public to get on the agenda at that meeting?

MS. MEYER: If you want to speak at the meeting, you'll do the exact same thing that you did here.

You'll fill out a witness affirmation form and you'll turn it in to the board secretary, Susan Woods, and --

FEMALE VOICE: Do we have to do it prior to --

MS. MEYER: No. No, you can do that at the



board meeting.

FEMALE VOICE: Okay.

MS. MEYER: Yes, sir?

MALE VOICE: Ma'am, you mentioned that there's a developer on the board?

MS. MEYER: Yes, sir, there -- we do have a --

MALE VOICE: And has he applied for similar type programs with the State of Texas?

MS. MEYER: Yes, Mr. Kent Conine, our --

MALE VOICE: Therefore he can disqualify himself from vote?

MS. MEYER: No, he does not do that --

MALE VOICE: So that we can then, in turn --

MS. MEYER: If you would let me answer your question for a second, sir.

MALE VOICE: Go ahead.

MS. MEYER: He does -- he is a developer, and he has applied under the same programs, in other states. He is not allowed to do that in the State of Texas while he is on our board. He can do it in other states.

MALE VOICE: Well, he has --

MALE VOICE: They're the same type of grants but through other states, right?

MS. MEYER: He can apply for tax credits in

other states.

MALE VOICE: So therefore, it would be a conflict of interest, nationally.

MS. MEYER: No, actually he's a very good reference. And if there's anything on feasibility, that there's any question for on a development, he will chew it up. That is the one person on the board that will take all the numbers to heart.

MALE VOICE: I've worked on boards where the Governor [inaudible] that's my motion.

MS. MEYER: Well --

MALE VOICE: Can we, in some way, challenge that through the Governor's office?

MS. MEYER: You can challenge whatever you want to with the Governor's office. He's there for his expertise.

MALE VOICE: [inaudible]

MS. MEYER: Sure.

MALE VOICE: It just seems pretty [inaudible] over each other.

MS. MEYER: Yes, sir.

FEMALE VOICE: Are you telling us the main criteria is the financial feasibility and the flooding doesn't matter, the --

MS. MEYER: No, no, no, no.

FEMALE VOICE: -- transportation doesn't  
matter --

MS. MEYER: As far as the staff recommendation, the board has all those items and plus whatever discretionary items they so choose. But the staff recommendation is based on the feasibility of the development. Because we are completely objective as a staff, okay. We give all the information to the board, the board makes the decision. Staff does not make the decisions for the board.

The recommendation to the board is based on the feasibility of the development, as far as the numbers are concerned, did they pass all the reviews that they were supposed to go through, through compliance, through the financial audit, everything. That's what staff is telling the board. Yes, they did what they were supposed to do, and it's up to the board at that point to make the further decision of whether that particular transaction moves forward or not.

Yes, ma'am?

FEMALE VOICE: I'm very concerned about the fact that most of the board members are not Houstonians. They don't care about us. They don't know what we're

going to go through, they're just seeing numbers, and, you know, papers and whatever. And I don't really think they're going to really be very much concerned about how it's going to be changing our future.

So I have a question for you. We all signed the paper with the opposition or support of this project.

Are they going to see it? Are they really going to validate it?

MS. MEYER: They will have the account of how many were at the hearing --

FEMALE VOICE: I mean, I just want to make sure that I'm not wasting my time here.

MS. MEYER: No, you're not wasting -- well, I would hope you're not wasting your time.

FEMALE VOICE: [inaudible].

MS. MEYER: Okay. Yes, sir?

MALE VOICE: On the tax free bonds, does the State of Texas guarantee those, or what happens in the event of default?

MS. MEYER: That's the lender's responsibility. The state is not -- again, like I stated at the very beginning of the meeting, the state is not loaning the dollars.

MALE VOICE: They don't guarantee those bonds

to the investors?

MS. MEYER: No, sir. The State of Texas, it is not -- we have no liability or obligation.

MALE VOICE: [inaudible] State of Texas.

MS. MEYER: That's correct. There is no liability or obligation to the State of Texas.

MALE VOICE: The last I knew there was some uncertainty about valuations as county property tax. [inaudible] can answer it. Do you know how the project [inaudible] appraised by the county property tax [inaudible], just based taxes like any other property would.

MALE VOICE: It would be appraised at full value.

MALE VOICE: Appraised at full value -- [inaudible].

MALE VOICE: [inaudible]

MS. MEYER: No, he's not seeking a tax abatement, if that's what you're asking. For the property taxes?

MALE VOICE: A lot similar of these types of developments do get very, very low --

MS. MEYER: That's correct. And he has not -- is not seeking a tax abatement for this particular -- this

is not a non-profit organization.

FEMALE VOICE: Well, I just have one question.

MS. MEYER: Yes, ma'am.

FEMALE VOICE: [inaudible] what's the score for the application?

MS. MEYER: It's actually in the board package when we did the inducement. I'll have to look back at it.

FEMALE VOICE: [inaudible]

MS. MEYER: Sure. I'll be glad -- it's actually -- it's still on the website. It was on -- when did we induce, July 27 -- do you remember, was it July --

MALE VOICE: July.

MS. MEYER: It's either the July 14 or 27 board package. If you'll for the --

FEMALE VOICE: [inaudible]

MS. MEYER: Well, that's when they actually induced this application. The other one was back in February or -- January or February. It's in the January -- you can e-mail me and I'll be glad to answer that question for you.

Yes, sir.

FEMALE VOICE: [inaudible]

MS. MEYER: You want the dates of when Mr. Bower met with the community?

FEMALE VOICE: Which --

MALE VOICE: Repeat the question.

MS. MEYER: Okay, the question is, what neighborhood organizations did Mr. Bower meet with, and on what dates. Am I right? You want --

MR. BOWER: I don't remember specifically today, but --

MS. MEYER: Mr. Bower.

MR. BOWER: I don't specifically remember the dates, but we met with the Rolling Fork group in that castle-like looking building. We met with -- and I have a recording of the whole thing, and we have it all typed out to give to the board.

We met with the Courtyard Glen in the tennis courts one night, and we met with another group, the next neighborhood down, they came and met us in this same Rolling Fork building.

FEMALE VOICE: [inaudible]

MR. BOWER: That was in the spring, yes. So I did not do another meeting -- I have not done another meeting --

FEMALE VOICE: [inaudible] and the rich person hearing this [inaudible].

MR. BOWER: But -- I don't remember what --

FEMALE VOICE: These risks were not what was [inaudible].

MR. BOWER: I would have to look at my notes from back then. I don't know. We changed -- the numbers change every year, just like these apartments won't be built for a year, the rents will be different next year probably.

FEMALE VOICE: [inaudible] and are you preparing this 20 percent vacancy [inaudible].

MR. BOWER: The Houston market is not 20 percent vacant. I mean, the Houston market has actually come back very strong. But you have to read the market studies. I mean, so, no, we're not projecting a 20 percent occupancy rate.

MS. MEYER: I'll come back to you. Just let me get some of the other ones.

Yes, sir, in the back, in the blue shirt.

MALE VOICE: Yes, the property here [inaudible] study has identified asbestos over there. Who's going to do the clean up?

MR. BOWER: We have to contract someone to do it. I mean, it has to be cleaned up obviously, so it'll be cleaned up. The general contractor will be responsible for contracting.



MALE VOICE: You haven't made plans, you don't know.

MR. BOWER: No, we haven't planned it. The general contractor is Northwest Construction. They have all the subcontractors that they hire to do the job for us. They know what has to be done.

MALE VOICE: You all don't have [inaudible].

MR. BOWER: I don't hire subcontractors, no, sir. I hire the general contractor.

MALE VOICE: Okay.

MS. MEYER: Yes, sir?

MALE VOICE: These bonds that are being issued. I understand that the money's not coming directly from the state, but these are tax free bonds, right?

MS. MEYER: They're tax exempt bonds, and these are federal programs. These are not state programs. These are federal program, both programs.

MALE VOICE: So in a sense there is money being loaned in tax revenue, so the Government as a whole is going to take some kind of hit with this.

MS. MEYER: That's correct.

MALE VOICE: Secondly, do you have contact information for the board members?

MS. MEYER: It is --

MALE VOICE: Regular mail or e-mail or anything?

MS. MEYER: Right, it's on our website. If you will go the main page, and at the top it says About TDHCA. If you'll click on that, it'll take you to the next page and over to the left hand side it says, Governing board. And actually, you can put it in search and it'll give it to you.

Yes, ma'am.

FEMALE VOICE: I have a question for [inaudible].

MS. MEYER: Okay.

FEMALE VOICE: What I'd like to know, in the two [inaudible] articles that [inaudible] September 25, I understand the allocation of the money being 14.6 million in tax exempt bonds and [inaudible] tax credits. I understand those are [inaudible]. From my reading of the article, you allude or make reference to [inaudible] benefit 20 million for profit. Are you planning to put an additional 20 million into profit?

MR. BOWER: No, it's --

MS. MEYER: Can you repeat the question?

MR. BOWER: So her question was, in the article, basically there's \$14.6 million of bonds, so

that's our debt side of the equation. And then we sell tax credits to another entity that puts in roughly \$6 million for the equity side of the equation. That's how it gets financed. So it's a \$20 million deal, that's --

FEMALE VOICE: Okay. So if you're putting in 20 million [inaudible] it's not you putting it out of your --

MR. BOWER: No, we're borrowing money, we're guaranteeing, we're signing guarantees, we're borrowing so it's no different than anyone else going to the bank. No, it's not out of my pocket.

FEMALE VOICE: Okay. So it's just the two figures --

MR. BOWER: Just those two figures is what -- where the funds come from, yes, ma'am.

MS. MEYER: Yes, ma'am?

FEMALE VOICE: Okay, there are three endangered species that are on that site [inaudible]. And on your market study, Mr. Bower, it says that [inaudible].

MS. MEYER: On the ESA.

FEMALE VOICE: Tell us what that has -- what has been done about that?

MR. BOWER: We got -- it has to do with --

MS. MEYER: Repeat the question.

MR. BOWER: Repeat the question again. Tell me -- it has to do with there's some endangered species, potential endangered species issues, and the bottom line, I don't -- because I'm -- Dan, my other partner, who many of you've seen, does that side of it, but the bottom line, we got a letter that we're cleared on that, that there's not issue with that.

FEMALE VOICE: That what?

MR. BOWER: We do an environmental study, and we got a letter that that's all cleared. So we've got something from the government saying that that's not an issue.

FEMALE VOICE: So they're not endangered species?

MR. BOWER: It's not an issue for us doing that, no.

FEMALE VOICE: So why put out [inaudible].

MR. BOWER: Well, they look at that. They look at everything to see is it possible and what's the issue. You have to read it.

FEMALE VOICE: Who cleared it? Who cleared -- you said you got a letter saying it was clear, who cleared it?

MR. BOWER: I'm not -- you would ask -- if you

want to know about -- the people that supervise that are the engineers, or I'd have to think who we hired.

MS. MEYER: Will you send it to me?

MR. BOWER: Huh?

MS. MEYER: Will you send it to me?

MR. BOWER: Send what?

MS. MEYER: The letter --

FEMALE VOICE: Then why are you [inaudible] the application then if it's been cleared?

MR. BOWER: It's not an issue.

FEMALE VOICE: [inaudible]

MR. BOWER: Because it's not -- and it's not been raised as an issue for us that there's an issue there. If anyone wants -- if the state asks us for information about that, we're happy to provide any information. So we've not been asked to provide --

FEMALE VOICE: Well, in your market study, doesn't it have to be included --

MS. MEYER: Okay --

FEMALE VOICE: -- on your application?

MS. MEYER: Hold on just a second. We haven't gone through the full review process, okay. This is -- we're not quite there yet. That will actually be addressed in the underwriting report. If there is a

letter required, which I know exactly what you -- I read both of them over the last couple of weeks.

So I've already known -- I already know about that and I've already talked to our director of real estate analysis. So he is aware of it. The letter will be requested, and so he will actually have that. It will be addressed in the underwriting report though.

Once I have it in my hot little hand, if you want it, you're welcome -- it'll be public record and you're welcome to have a copy of it.

Yes, ma'am?

FEMALE VOICE: Mr. Bower, the 20 million that we're putting in, that we're actually borrowing, that we're signing a guarantee on, we've heard there was some tax issues, some debt issues and Mr. Cereni's bankruptcy issues.

What happens when you renege on that debt, the \$20 million, what happens to --

MR. BOWER: Well, let's back up real quickly on those things. There are no tax liens, there's old tax liens from being owed in 1996 and some -- in fact, in the old stuff, I paid it, paid the penalties, paid all the interest, that's paid. So the U.S. Government is owed nothing.

The other piece of paper you all quoted from is recent divorce stuff. So somebody -- obviously I just learned that they follow your divorce papers somewhere. But there -- I don't owe the IRS any money, you know, so there are no tax liens, there are no judgments that Cynosure Properties, our company owes.

That form was a paper we fill out when you split community assets and you list all the stuff. Somebody got a piece of a paper that showed stuff there that's all handled. So we don't owe the government money, Dan doesn't -- Dan went bankrupt in 1991. Dan's not -- this is 2005, so it's -- he's not bankrupt, so --

FEMALE VOICE: Okay, but he filed bankruptcy twice, I believe.

MR. BOWER: I don't believe so. I think you're misunderstanding something. As far as I understand, it's only '91.

FEMALE VOICE: I understand, but what does happen to this property if or when this --

MR. BOWER: Yes, I understand, so who's involved in it? There's somebody -- even though the state approved \$14.6 million, then we had to go to the public -- private market and get somebody to go borrow that money on behalf of somebody. So it's just like a bank, they want

to protect their interest.

Then we have to sell the tax credits to somebody. And so here's a person that is a -- that put the other \$6 million in. They have a major interest. So if for some reason we don't do our job, they're not going to lose theirs \$6 million if the place were to fold, you know, that they put in for the investment.

If the place were to fold and be a bad property, they would take it over. They have provisions in our partnership agreement that if we don't do a good job managing it, they can take us out and they can take over and hire another general partner.

So people don't put out that kind of money --

FEMALE VOICE: [inaudible].

MR. BOWER: Do what?

FEMALE VOICE: Would that still have to comply with TDHCA regulations?

MR. BOWER: You bet. Everybody is.

FEMALE VOICE: If that should happen?

MS. MEYER: What -- would what have to --

FEMALE VOICE: Would the property still have to comply to the TDHCA --

MS. MEYER: Oh, yes, ma'am. Yes. There'll be a regulatory agreement/land use restriction agreement



attached to the property. So, yes, ma'am.

MALE VOICE: I have a question.

FEMALE VOICE: I have a question that I want answered. I want to know, if you don't get these bonds, can you proceed with your project?

MR. BOWER: We are not a normal commercial developer. We're -- this is what we do. So we do tax credit projects. This is the only way we're doing it. Whether we could or not is not an issue. This is the way we choose -- this is our business model. It's like, what do you do for a living, this is what we do for a living.

FEMALE VOICE: [inaudible]

MR. BOWER: We're not going to build -- we're not building -- this is the type of business we're building. So this is what we're doing. We're not building regular market rate apartments, we're not in that business.

MS. MEYER: Yes, sir.

MALE VOICE: This handout, I kind of go this late. If I'm correct -- it is correct that the board meets November 10?

MS. MEYER: It meets November -- yes. I corrected that earlier in the meeting.

MALE VOICE: And the public comment deadline is

5:00 p.m. on --

MS. MEYER: October 28.

MALE VOICE: -- October 28.

MS. MEYER: And, again, I am going to post this to the website. And I will keep you updated. I'm not here to surprise you in any way. That's not my intention.

We did have an error in the write up, and I apologize for that. But we will keep you informed. I've got several e-mails from your community. If anything changes whatsoever, we will renotify your community, okay.

FEMALE VOICE: [inaudible]

MS. MEYER: Hang on, I'm trying to get everybody that hasn't asked a question yet.

Yes, ma'am?

FEMALE VOICE: Other than financial gain for other people, how does this benefit our community? What is [inaudible]? I would think compassionate human beings would do things nice for other people [inaudible].

MS. MEYER: Well --

FEMALE VOICE: [inaudible]

MALE VOICE: [inaudible]

MS. MEYER: -- affordable housing, it's a package deal. It's not just putting a roof over somebody's head and give them, you know, a lower rent to

live in. It's a package deal. There's social services that go with that. One of the things that Mr. Bower brought up earlier is that he's having tutoring.

You don't get that on market rate properties. That's one of the better social programs that we have on most of our properties, is they do have tutorials, they do have summer camps to keep them out of your -- running free in your neighborhood, you know, during the summer months.

They have a lot of get togethers and things for kids. Some of our developments have immunizations when they start off the school years. Now, I don't know if that's part of his program. I'm just trying to give you -- it's a total package deal. It's not just a roof over somebody's head. There's a whole thing that goes along with that to help improve their lives.

We also have education classes. Most of our developments have those, adult education classes, computer classes, GED classes for those that haven't, you know, graduated from high school. So it's not just one little item -- it's not just affordable housing, it's not just apartments that they're doing.

There's services that go along with that, and they're required to do those services. I mean, that's part of the program.

Yes, ma'am?

FEMALE VOICE: I just two questions. My first one is, if this does pass [inaudible].

MS. MEYER: It's -- for the community?

FEMALE VOICE: If this does pass, could we appeal this?

MS. MEYER: If -- once TDHCA has voted, that --

FEMALE VOICE: So there's no appeal process?

MS. MEYER: That's it.

FEMALE VOICE: Okay. My second question to you is, obviously I see you have come to [inaudible]. In your opinion, are we going about this correctly, and if we're not, what are some more things that we can do in our favor?

MS. MEYER: You are doing it, just -- I mean, just by participating in the public meeting. Everybody that made their comments. Again, the board will get a complete transcript. I'm not going to cut anything out of that transcript. All the comments that were made here tonight -- they even get what I'm sitting here telling you. So, you know, they can correct me later on if I said something wrong or stupid, and they have on occasion.

But that's -- you know, you're doing -- you're being your public input. If you want to take one more

step further, you can show up at the board meeting and address them publicly, if that's what you want. If you want to direct -- you know, make your comments directly to the board, you are welcome to do that.

Yes, ma'am?

FEMALE VOICE: Ms. Meyer, one thing that wasn't brought up tonight, what is the name of the management company?

MR. BOWER: [inaudible]

FEMALE VOICE: [inaudible] can we have if they fall through with their job?

MS. MEYER: Well, it was mentioned earlier, it's Capstone.

FEMALE VOICE: I didn't -- I'm sorry, I didn't hear that.

MS. MEYER: That's okay. It's Capstone Management. And actually they are a large management company. They will actually -- I mean, you can call and talk to them. They've been very helpful in the past. I know --

MR. BOWER: And their website --

MS. MEYER: Yes, they have a -- and I can send you that information if you'd like. Actually, I think we have some information in the application that has a

brochure from Capstone Management and what they do.

And you're -- I mean, you can contact them and talk to them yourself. They actually manage other properties here in Houston.

Yes, ma'am.

FEMALE VOICE: I don't understand the [inaudible]. How does the [inaudible]. Where do I get the [inaudible] value, do I get [inaudible]. How is it going to affect me [inaudible]?

MS. MEYER: Again -- I'm going to say it again, it's a package deal. And what the Department's mission statement, as somebody read earlier, is to better the lives of the individuals and families of lower incomes. And that's what we try to do, and that's what we're trying to do for the families that are in your area, that are here, that live among you that just need a cheaper place to live.

FEMALE VOICE: If they're here, they already have a house or an apartment, they already someplace to live.

MS. MEYER: And they may be struggling paying that rent, or that mortgage.

FEMALE VOICE: [inaudible]

MS. MEYER: Well, there are a lot of options.

I mean, there's a lot of things that other people can do.  
But I mean, this is one area that we have that, you know,  
they can also have social services to go along with it.

Now, where did he go?

MALE VOICE: I have a question.

MS. MEYER: Yes, sir.

MALE VOICE: [inaudible]

MS. MEYER: Hang on a second, sir, you -- yes,  
sir.

MALE VOICE: I want to get back to the comment  
I made earlier. Can you explain why the process for this  
project [inaudible] study of the impact of this?

MS. MEYER: Well, the school district, the  
superintendent, and the board of directors has a voice to  
weigh in.

MALE VOICE: But they choose not to?

MS. MEYER: I'm not saying whether they choose  
not to or whatever. If it's going to affect a school  
district, then it is the school district's responsibility  
to do that. I mean, they've got to inform us that it is  
going to impact their schools. They have that chance to  
do that. And I don't know whether we've received a letter  
or not, so I can't --

MALE VOICE: Why don't you make it a formal

part of the process? If you're worried about the animals and the trees, why aren't you worried about the education of the children?

MS. MEYER: We send them notification for a reason, sir. We are asking --

MALE VOICE: [inaudible] process.

MS. MEYER: Do what?

MALE VOICE: I'm asking about your process. Why aren't you [inaudible] why don't you require an impact from the school [inaudible].

MS. MEYER: As far as a development requirement? Is that what you're saying?

MALE VOICE: How does that project impact the local schools.

MS. MEYER: That's a consideration.

MALE VOICE: You're worried about the animals, you're not worried about our children.

MS. MEYER: I don't agree with that one bit. And our board looks at that. I mean, they're going to take your comments. They've heard every one of them.

That was one of the reasons why I was asking for the gentleman, whoever had the statistics on the school district, that is -- the reason why I asked for them when I first started this question and answer, you



know, if I can have that information because I would like the board to have it.

If, you know, if nobody wants to supply it, then the board doesn't get it. So -- yes, sir.

FEMALE VOICE: [inaudible] it's going to all come in a packet --

MS. MEYER: Okay.

FEMALE VOICE: -- all that, you'll get it.

MS. MEYER: Very good. Thank you.

Yes, sir.

MALE VOICE: Back when we did this in February [inaudible], after that was over with, I, kind of like a lot of other people here, went back to my life and that was it. Is this a continuation of that, or was that defeated and this is whole new application?

MS. MEYER: No. Well, it's a whole new application because they withdrew, and it was brought up a while ago that the sign wasn't posted on the property in the correct amount of time. So they --

MALE VOICE: They withdrew it themselves?

MS. MEYER: They withdrew their application and have resubmitted.

MALE VOICE: So the board didn't put it down then, it was --

MS. MEYER: No, sir. If the board had already decisioned [sic], then we wouldn't be standing here -- or at least I wouldn't be.

Yes, sir?

MALE VOICE: Somebody asked about the [inaudible], but a comment Mr. Bower made, I think might need clarification [inaudible].

MR. BOWER: I don't -- I can't hear you. I'm sorry. What's your question?

MALE VOICE: Since July 14, 2005, you have paid off the 2003 tax you owed the IRS of 23,000 --

MR. BOWER: Again, you're reading divorce papers that lists personal stuff in it that -- that is not owed to the IRS. So I would tell you again, in a very blanket, clear answer. We do not owe money to the IRS.

FEMALE VOICE: That wasn't the question.

MR. BOWER: So any taxes I've owed have been paid.

FEMALE VOICE: [inaudible]

MALE VOICE: Since July 14, have you paid your taxes [inaudible].

MR. BOWER: I do not owe any taxes to the IRS. Okay? That's pretty plan.

FEMALE VOICE: You just said --

MALE VOICE: [inaudible]

FEMALE VOICE: You just said that this is not a continuation of the first application.

MS. MEYER: Yes, ma'am.

FEMALE VOICE: That this is a new one. So far, his statement that he met with homeowners association is incorrect because that was in February at Courtyard Glen. It was January, February, some time in Courtyard Glen concerning the first application, not this application.

MS. MEYER: Well, I think he was -- I don't --

FEMALE VOICE: [inaudible]

MS. MEYER: -- I don't remember the conversation.

FEMALE VOICE: I believe that's true. All those meetings took place in the winter for the first application. He has not met with homeowners associations for this application.

MS. MEYER: For this particular application? Okay. I'll back up here to the microphone so that the board will be able to hear me.

Your statement is that he met with the homeowners associations on the 2004 application, but he has not met with them for the 2005 application. Do I have that correct?

FEMALE VOICE: He didn't meet with Courtyard Glen.

MS. MEYER: Okay. I just want to make sure it's on the record as what you stated.

MALE VOICE: One more question, I think I mis-spoke about my public statement there. I said [inaudible] Fairbanks-North Houston.

And also one of the things that I mentioned was about why they didn't place these individuals in individual complexes instead of concentration. But I didn't write that down on a sheet of paper. Would that be --

MS. MEYER: Everything that you said in your public comment will be transcribed. It will be written out and the board will have it, they will be able to read it.

MALE VOICE: With the mis-statement about -- I said Gessner I believe. I meant Fairbank-North Houston.

MS. MEYER: That's not -- they'll catch that. My board's pretty quick.

Yes, sir.

MALE VOICE: I just want to touch on something that the lady that was sitting here, and that lady over there touched on. What does this do for our community?

You know, that was a question they asked. And referring to your plan, you know, the annual report, it says that -- in there that the TDHCA is supposed to be promoting community driven projects.

Now my understanding is the board members, none of them live around here. I'm not sure that Mr. Bower is part of our community. Then how does that all fit?

MS. MEYER: Well, Mr. Shaddrick Bogeny, who is a member of our board, does live in the Houston area. Actually, he has been over here personally and driven the area. He is in real estate himself, in the Houston area. He knows the Houston area very well. So, I mean --

MALE VOICE: So as a board member, he's not allowed to promote such projects, so --

MS. MEYER: He's not promoting anything, but he can address the other board members as to what's in the neighborhood, the same way I will. If they ask me questions of, you know, what's across the street, I can tell them, the school is, because we drive the neighborhood whenever we do a site inspection. And I have to do a site inspection on every development that we do.

MALE VOICE: But the words I'm getting at is community driven. So how is this project community driven?

MS. MEYER: Well, I don't know how many times I can answer -- I mean, all I can do is tell you what our mission is and what we try to do.

MALE VOICE: Well, it's in your mission.

MS. MEYER: Well, and that's what we're trying to do is better -- I mean, you're kind of out of this picture in a way, because you're not a lower income family.

MALE VOICE: I'm not a developer.

MS. MEYER: No, because you're not a lower income family, so you wouldn't have the benefits that the particular development itself would benefit you.

MALE VOICE: But as --

MS. MEYER: But it would lower income families that do live in this community.

MALE VOICE: But as [inaudible].

FEMALE VOICE: Some of them are [inaudible].

MALE VOICE: If they are living in our community, they are already living in our community. And in reality, I think my mortgage is less than what he's charging for rent. So -- and I know other people are.

MS. MEYER: And they can choose to live there or not. I mean, it depends on what they're living in now. I can't give you a reason why somebody would live here as

opposed to living someplace else.

MALE VOICE: [inaudible]

MS. MEYER: That's a personal decision, sir.

MALE VOICE: So my question is, what evidence is there that this a community driven project?

FEMALE VOICE: The community's not driving it, is what he's getting at, Robbye. The community doesn't want it, so how [inaudible].

MS. MEYER: I understand that, and that will be taken into consideration by the board.

FEMALE VOICE: The lower income people who live in our area, are here [inaudible] so how is it community driven is what we're all trying to say.

MALE VOICE: I've gone around and circulated petitions, and there are lots of people who said, oh, yes, I used to live in one of those, I don't want one here. So how is it community driven? And that's --

MS. MEYER: Well, that'll be for my board to decide, sir. I mean, that's all I can say. The TDHCA board will make that decision of whether they think it is community driven or not. That's all I can tell you, okay. I'm a staff member, and I will take everything back to the board and give it to them and they will make the decision. I'm not making the determination, sir.

MALE VOICE: But it seems to me like your process is at odds with your mission, because nowhere has community input been asked for to initiate the project. It's my understanding his drawings are all done. Last time, they were ready to start building about a month and a half after the meeting.

I know it doesn't -- it takes a heck of a lot more time to do up the drawings than that, so there is no community input. It's -- as far as the developer's concerned, he's ready to break ground as soon as the TDHCA [inaudible]. So what kind of community input is there?

MS. MEYER: You're doing it right now, sir. And this process actually started for this particular development. I'm not saying for this application, but this development started last fall. Notifications were sent out to neighborhoods, to all elected officials.

And there was -- I mean, that was -- you had an opportunity then to speak up too. The public has had, throughout the whole process on both applications, you've had the opportunity to speak. You're doing it now, and I'm going to take that back to the board. I've told you that.

MALE VOICE: My point is not that he had the opportunity to say, yes or no it should ahead, it's do we



even need him in our community.

MS. MEYER: And that will be determined by the board.

MALE VOICE: It is not determined by us, the residents of the community?

MS. MEYER: Well, if you had all the facts and information, then, you know, you present that to the board at the board meeting, and we'll see what they say.

MALE VOICE: It seems like --

MS. MEYER: But you have to have all the facts and things to go along with it. You can't just, you know, throw a couple of things out there. You've got to given them all the facts and figures that they're going to have from us, from staff.

Yes, ma'am.

FEMALE VOICE: When you said you have driven out in this area and looked around, and that's going to go in your report, whatever, have you driven during traffic time, have you driven when school is out, have you been in our areas when it's flooding, have you done that? Or just --

MS. MEYER: I haven't been here when it's flooding, no. The last time we came to do the hearing, I was in this area and actually that's why I did the site

inspection the first time around. And, yes, it was right when school let out, because I have to check in. So I was at this school, and I was also down at the other end where we actually held the other hearing, so I was in that traffic also.

And, yes, I have -- we've been in traffic this evening because we arrived about 5:15. So, yes, we've been in rush -- we were on Beltway 8 behind a wreck, which I thought we were going to be late for. So, yes, I've been in the traffic, and I understand that.

FEMALE VOICE: More traffic is not going to [inaudible].

MS. MEYER: Are you doing a traffic study on this one?

The developer is paying for a traffic study for this particular development. That will be information that will be available to you, so -- I mean, that's being done.

Yes, sir?

MALE VOICE: So I'd like to ask, Mr. Bower, you said we need to facts to Austin if we show up there. The lobbyist information that I found on the Texas Ethics Commission that you guys basically I guess given money to a lobbyist, Norman F. Newton.

MR. BOWER: I've never heard that name. We hired a lobby company called Bitl, B-I-T-L. There's a guy names Richard Parker who's the guy -- and Chuck Rice, and basically, I don't know any legislators, we don't have any influence with them, and this isn't an influence thing, so we hired them. We paid them \$7,000 a month for about five or six months. That's all the money we spent on lobbyists.

And their job was just to let me go -- like I did to you community groups, because I don't know how to get in the office, and they went and I went and met with the representatives, said this is what we're doing, that was it. I meant, that's all the -- that's what we spent.

I don't know where you got your figures from. I have not spent that kind of money. I've spent I think about, like I said, about 10,000 a month, started in November with a guy named Richard Parker and Chuck Rice, and not spending it anymore because I've met the people and I've showed them my project.

MALE VOICE: And then those are --

MR. BOWER: They're --

MALE VOICE: -- [inaudible]

MR. BOWER: I just told you, we paid that company \$50, \$60,000 probably, something like that, over

five or six months, to let us go -- because I don't know the process, I don't know how to meet -- I know it's important to educate the legislators, and so I did not -- I've never gone into see a legislator.

So we hired a consultant -- basically whether you call them a lobbyist or consultant -- we hired a consultant to teach us and to walk us in and introduce us. And that's what we did, we showed him what we did and we left.

Most of -- it really didn't matter because most all the legislators have written letters against our project, so, you know, it's -- that's all -- that's the only people I've talked to. I've talked to every legislator involved in any projects we're doing. And that's the only people I've talked to.

And these guys took, me there an introduced me, because they know the staff and they knew how to walk us in and say, here, this is one of my clients.

MS. MEYER: Yes, sir?

MALE VOICE: [inaudible].

FEMALE VOICE: [inaudible].

MS. MEYER: Yes, sir.

MALE VOICE: Good points. First, I don't know how you can stand in here and tell a member of the

community that he's not part of the equation. We're all part of the equation because we're members of the community. The gentleman over there [inaudible] you don't really enter into the equation. And I beg to differ. I think all the people in this room enter into the equation.

But my question is, it sounds the more and more you talk, the more and more it sounds like you're not an objective part of this and you're working [inaudible].

(Pause.)

MALE VOICE: [inaudible] if you're working in conjunction with him, and you have access to the board, then [inaudible] access to the board.

MALE VOICE: Absolutely.

MALE VOICE: Yeah.

MS. MEYER: You will see everything that's going to be presented to the board. And I don't see how you can say that, because I ask information that is actually going to go against anything that he has. I've requested that from your community, the school statistics, and whatever Ms. Ray had at the very beginning. She had some other statistics.

I wanted that information to give to the board so that they can make an informed decision. I am an objective party. I don't have a quota, as somebody stated

earlier. I'm a salaried employee. I have no quota, it doesn't -- I don't get anything whether this deal moves forward or it doesn't.

So, I mean, I am an objective person, and you will see that in the board package.

MALE VOICE: Though the more you have spoken, the more and more it sounds like you haven't heard our voices and you want to [inaudible] with the project [inaudible]. You have more control since you have direct access to the board and we don't.

MS. MEYER: You have direct access to the board on November 10. If you want to address the board, you are encouraged to do so. That is your opportunity. If you want to address the board, and you can stand there and see exactly what I say to the board if they ask any questions.

And it depends whether they will or not. You know, they have a week to review the information and if they make a decision when they get there, then they've made it. But you have direct access to the board, actually better than I do. I mean, I can get in contact with them, yes, but so can you. And you have your legislators also.

Yes, sir?

MALE VOICE: Are your financial reviews

[inaudible] seven days prior?

MS. MEYER: Yes, sir.

Yes, ma'am?

FEMALE VOICE: With the state [inaudible], I object to [inaudible]. I do not consider this to be wise use of money in the United States [inaudible], nor the City of Houston because we have too many vacant apartments now. And I consider this to be -- I do, I object to the [inaudible].

MS. MEYER: Duly noted that you -- actually, I don't know if you made actually a public comment earlier about that. But I would encourage you, if you didn't, that you would actually either send that to me in writing so we can make sure that the board can see information.

One last question.

MALE VOICE: Is there any prevention to the development company going through all this process and thinking to themselves, the opposition is too strong, I withdraw right now, and reapply again in six months and we're back here again in six months debating again.

MS. MEYER: That's --

MALE VOICE: So I guess what the question is, if it's defeated, is that parcel of land then protected, or can you get off to another developer and say, yes, I

couldn't get it, but maybe you can. You know, how long are we going to have to do this? Is it going to be a battle of wills?

MS. MEYER: Well, I mean, that -- you're going to have to keep up with your community. If he withdrew the application without the board making a decision, yes, he could resubmit another application.

MALE VOICE: Can he withdraw for any reason and resubmit in three months if he feels the opposition is strong right now, and I'll wait until they're gone on vacation and apply again, and, you know, something --

MS. MEYER: Well, there's 150 day window there. It's kind of hard for everybody to be on vacation for 150 days, but --

MALE VOICE: Well, I'm just making a point. Can he withdraw and then reapply --

MS. MEYER: He can withdraw on any reason that he -- if he chooses to do so, yes. There are also fees that go along with that, so not very many developers do it.

MALE VOICE: What kind of fees?

MS. MEYER: Do what?

MALE VOICE: What kind of -- you said fees that go along with that? What kind of fees are we talking



about?

MS. MEYER: There's application fees, to do a pre-application it's \$7500 to start off with. And then there's a \$10,000 bond application fee when they actually submit their full application if they're allowed to move forward. And then there's \$30 a door for the tax credit application that's submitted at the same time during full application.

MALE VOICE: Thanks.

MS. MEYER: Okay. This is the last question, then I'm going home.

MALE VOICE: [inaudible] question, if the board does reject the application, [inaudible]?

MS. MEYER: Not in the same program year. If he so chose to do it again, yes, he could. Another developer could come right in, right behind him, and take the piece of property and do the same thing.

MALE VOICE: [inaudible].

MS. MEYER: Do what?

MALE VOICE: Can the same developer reapply [inaudible].

MS. MEYER: Well, yes, they can. I wouldn't think it would be a very smart business decision, since the board's already turned it down once. But, you know,

that would be the developer's -- I mean, they can do that. Again, I don't think it would be prudent to do so, but that would -- if it was my money, I wouldn't do it again. You know, if you want my personal opinion on that.

FEMALE VOICE: May I make a statement? I was helping you with the signature -- get signatures back there in the [inaudible] collected, but there are so few people that are remaining, and I know a lot of people didn't sign. So just for the record, you don't have everybody's signatures that attended tonight.

FEMALE VOICE: There were a lot of people that walked in --

FEMALE VOICE: Right. They were [inaudible].

MS. MEYER: Well, I mean --

FEMALE VOICE: That's okay.

MS. MEYER: -- well, they were supposed to have come in that door, so -- I mean -- anyway. Okay. We are done.

(Whereupon, at 9:05 p.m., the hearing was concluded.)

C E R T I F I C A T E

IN RE: Rolling Creek Apartments

LOCATION: Houston, Texas

DATE: September 29, 2005

I do hereby certify that the foregoing pages, numbers 1 through 118, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Sue J. Brindley before the Texas Department of Housing and Community Affairs.

\_\_\_\_\_  
(Transcriber) 10/06/2005  
(Date)

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

BOARD MEETING

Thursday, November 10, 2005  
Waller Creek Office Building  
507 Sabine Street, Room 437  
Austin, Texas

BOARD MEMBERS PRESENT:

BETH ANDERSON, Chair  
SHADRICK BOGANY  
C. KENT CONINE  
PATRICK GORDON  
NORBERTO SALINAS

STAFF:

EDWINA CARRINGTON, Executive Director

Exert of the public comment from Representative  
Gary Elkins

So this now begins the portion of public  
comment before we begin the agenda item. And the first  
witness is Representative Gary Elkins.

MR. ELKINS: Is this thing on? Hello. Can  
everybody hear me?

VOICE: Very little.

MR. ELKINS: Is this thing supposed to be on?

MS. ANDERSON: Yes, sir.

MR. ELKINS: Madam Chair and members, thank you

all for allowing me to speak this morning. And it is good to see some faces behind some names. It is good to see some faces behind some people that I have talked to in the past. And if you will just indulge me just a few little brief comments, just for educational purposes, for some of our constituents that may not know some of these things.

It is that I want to thank each and every one of you for your service and for what you do for the State of Texas. A lot of my constituents may not know that you are volunteers, and that you are appointed, and that your pay is less than the State Legislature's. And so we thank you for that. And we know that you have a noble goal to give affordable housing to the needy constituents of Texas, and we thank you for that.

As you all know, I am here today to voice my opposition to the Rolling Creek project in northwest Harris County. And I have already filed a letter of my objections, along with every other elected official that represents that area. We are strongly opposed to this one project. Now, I want to go on record that we are not opposed to low-income housing. There have been numerous low-income housing projects in our district, and to my knowledge, I don't know if there has been one complaint or one objection to those projects.

It is just that this one is very objectionable. And to kind of give you some background, one of the reasons for the objection is that many of the constituents

in this particular area have been traumatized because of massive flooding. Many of the constituents, I have been told that they are not going to testify today, but they will be here on December 13. Many of them have been flooded three times in the last few years.

And of course the last one was Allison that just did tremendous damage. Yes, a lot of activity has been going on. There has been a lot of Harris County flood control. And the State has been working to try to alleviate the problems with the White Creek Bayou right there. But it is still under construction. And it has never been tested since Alicia. I am sorry, Alicia; Allison. Allison, Katrina, Rita, I can't hardly keep up with them.

Since Allison, there has not been a major flood. So we don't know if what they are doing will work or not. But as you all know, at the last hearing, the public hearing that was conducted in our district, 269 people attended. And 268 were opposed and one just forgot to check the box. And you have a petition of over 2,000 constituents that are opposed to this project.

MS. WOODS: Time.

MS. CARRINGTON: That is okay.

MR. ELKINS: I am sorry.

MS. ANDERSON: Go ahead. I am sorry. We often impose a time limit.

MR. ELKINS: Oh, okay.

MS. ANDERSON: But that is normally when we have more forms than we have. So you may proceed, sir. Thank you. She is just doing what we -- sorry, Susan.

MR. ELKINS: Oh, no problem. We had a -- if you will indulge me for one more second. We had an attorney that came and testified in the hearing a few months ago, against homeowners' associations. You all should thank God that you all don't have to deal with homeowners' associations. This attorney --

MS. ANDERSON: We do.

MR. CONINE: They tend to show up here occasionally, yes.

MR. ELKINS: They show up at the Texas House in front of our Business and Committee Industry constantly and there is never too many kind words about them. We had this one attorney who went on and on and on. And the Chairwoman is going please, bring your comments to a close. He just couldn't go on. You should watch the video if you need a good laugh, you should watch the video of that comment.

Anyway, sorry about getting sidetracked. It is kind of like my mind wandered off, and hasn't returned yet, you know. We have done lots of analyses, and you are going to get some more. In fact, I know that one of the frustrations that we have, and I would like to ask you Board members to help me try to find the solution to this, is that there is these certain type of bonds require

public comments.

And the public gets excited, that if they engage and organize and come out in opposition that their voices will be heard, and that their opposition will mean something. And then we find out that really, their opposition kind of doesn't mean anything, because they are all opposing the project for the wrong reasons. And there is a myriad of reasons why the constituents oppose different projects.

And we find out that in this last one, that really the only objections that are considered for public comment is objections to the issuing of the bonds and not for all the other reasons that they are opposed to this project. And the public just gets -- the public becomes disenfranchised and frustrated but they do everything they do to try to stop a project and then they find out that they objected for all the wrong reasons.

And hopefully, they will -- we have done research. We have done the education to try to inform them on what they should oppose. And hopefully you will consider that.

But the main thing is right now, and here is the most recent study from the Houston apartment association which was conducted by, I guess, the -- some trade group that they are all members of. And right now in Northwest Houston, you will get a copy of this. It is already in your documents. It is an 83-1/2 percent



occupancy rate on a 17-1/2 percent vacancy rate.

This project just does not make economic sense at this time. And you are going to hear in December, and I want to tell you now that I just have been told by some constituents that they have gone around to all of the apartments and done a market analysis of the current rents in the district. And right now, the average rents is in the 67 to 70 cent range for apartments in our neighborhood. And this affordable housing project is going to be -- at least the proposed rents, are 77 cents. So it is not going to -- the people will be able to find more affordable apartments in the area.

And I drive around the district quite a bit and it seems like everywhere I go, that there is new apartments being built. So we are almost like the '80s again, being overbuilt. And that is the last thing that I want to see is a repeat of the 1980s.

Thirdly, there are already affordable housing projects within a two-mile radius. And there was one, actually there is two of them on Philippine. One on Philippine close to Beltway 8 and another one on the corner of Philippine and Wind Fern. And there is another one off of Fall Brook. And those are all within two or three miles of the project.

And then with the -- then the other issue that we have is, is that our schools are just busting at the seams. And you all, I am sure are aware, the Cy-Fair

school district is now the third largest school district in the State of Texas. And it is one of the fastest growing school districts.

As a result of Katrina, Cy-Fair received additional 1,900 students that we were not anticipating receiving. We were anticipating receiving around 4,000 students this year. And as a result of Katrina, we received an additional 1,900 students. I talked to Dr. Anthony, the superintendent of the Cy-Fair school last week, and we still have 1,400 students as a result of Katrina now.

And as you see, that the developer has even responded to the school district analysis, you have that. I think it is on page like 700 or something of that deal -- oh boy, Deborah where is my pages at? Oh here it is right here. Right now the three schools that will be available, that this project would affect would be Frazier, Dean and Jersey Village. Right now, Jersey Village High School is already 115 students overpopulated. The Frazier Elementary School has a capacity, and it has available 23 students.

And by the developer's information, he says that from the project, that 105 students would go into Frazier as a result of this project which pushes it over, almost 85 people over the limit of the school and then additional 60 to Jersey Village High School, which is already 115 overpopulated. And that is just a big concern

that we have, because a lot of us move to the nice area of the suburbs because we want our children to go to nice schools. And quite frankly, we don't want them in mobile homes, which is where they are all at right now; where a lot of them are at these days.

So I am going to kind of conclude my comments there. Those are the main concerns that we have, is that they are already overbuilt. There is low-income rents are really not going to be low-income because they are going to be more than the marketplace already. There is no need for it, because there is plenty of capacity in the area to absorb anyone wanting to move into that area.

And we would just respectfully request that when the time comes for you to cast your vote, you would vote no on this project. And I will be happy to answer any questions, if there is any questions of the members.

MS. ANDERSON: Mayor Salinas?

MR. SALINAS: Is that near the flood plain?

MR. ELKINS: I know that it is very close to where we are going to be retaining a lot of water. It is probably within a half a mile of --

MR. SALINAS: But the project itself is not in the flood plain area?

MR. ELKINS: I don't know the answer to that question. I can find out though. We'll document that for you, sir.

MR. CONINE: I had one question. And this is

very philosophical, and since you are a member the Legislature, it is kind of fun for me to ask it. We constantly hear from constituents in a particular area about the schools being overcrowded.

And my question is how are we to evaluate the local school board, and their effectiveness in delivering and anticipating demand within their school district, and whether their taxing authority is maxed out or not maxed out. How are we as a housing board charged with the issue of putting affordable housing all across the state supposed to react or evaluate local school districts, when it is the school district's board to make sure their school is there, and room for the kids and so forth?

MR. ELKINS: Well, thank you for your question. I hope that you like my answer. You know, the schools are kind of in an awkward position. They do the best they can. I know that I have talked to Dr. Anthony; that Cy-Fair school district comprises about 90 percent of my district. So I have just a little bit of a couple of others. So I focus on Cy-Fair.

Dr. Anthony, because it is fast filling, they do the best they can to make projections. And they are usually pretty good at it. But unexpected events which, you know, I am 50 years old, and this is the first time in my life that I have actually literally seen a city wiped off the face of the earth that I have visited on many, many occasions.

I mean Katrina was just unbelievable. The devastation, I mean, just really annihilating a city. We were not anticipating 1,900 additional students. The schools do the best they can at projecting. And then repeat your question? I am kind of --

MR. CONINE: Well, I understand the one-time significance of an extraordinary event like Katrina or Rita. But we constantly as a housing board hear, when you don't have that in effect, the crowding of schools is an issue, or a reason not to approve a project.

And we are sitting here trying to delegate federal resources on an annual basis. And for us to evaluate the local public school system and whether that particular system has provided or anticipated growth and reacted responsibly to growth, which inevitably is going to happen -- how are we to evaluate that?

MR. ELKINS: Well, I think that this -- I am sure that most, at least Cy-Fair I am sure has a project or a development scheme analysis or some kind of projections of what they are doing, because I mean, they are projecting 4,000 students plus for the next five or six years. That is in their strategic planning for developing new schools. So they are trying to accommodate us.

It is just that we are growing so fast in that area, it is just hard to keep up. And the schools are in kind of an awkward position because the school

districts -- and I have had lots of conversations with them. I have tried to get them to oppose this project. The school districts will not oppose projects as long as taxes are being generated. If it is tax-exempt, or if they applying for an ad valorem exemption, then yes, they will oppose that because they need the revenue.

MR. CONINE: Right.

MR. ELKINS: But right now, in the Cy-Fair school district, it take an average home of I think, \$330,000 is the average home needed to pay for one student in Cy-Fair school district. And so when we bring in housing that is way below that standard, it just puts burden on the rest of us.

MR. CONINE: Is that calculated at the buck fifty rate?

MR. ELKINS: That is calculated at the buck fifty rate, which is where we are at.

MR. CONINE: They are at the max right now?

MR. ELKINS: Yes. And of course you know there is everybody is anxiously or un-anxiously awaiting a Supreme Court decision on whether our school finance program is constitutional or not.

MR. CONINE: Right.

MR. ELKINS: And we will have to deal with that. I know like representatives from San Antonio are begging, please bring us affordable housing.

MR. CONINE: Right.

MR. ELKINS: In San Antonio, they are begging for these projects. And I don't know why the developers are not going where there is a tremendous need, and the Legislature or at least the members of the Legislature are saying come to my district and build an affordable housing project.

MR. CONINE: Our job is of course to respond to demand. We can't generate demand. We respond to it. But thank you for your comments.

I just wanted to engage you a little bit in a dialogue to show you the ripple effect that the school finance issue has on multiple different situations, including affordable housing. And how really important it is, in my viewpoint, that the school finance system and maybe the overall issue of public schools in the State of Texas really needs to be focused on by the Legislature, and hopefully we can provide some relief for these school districts.

MR. ELKINS: I believe that we will be focusing on it, as soon as the Supreme Court gives us an opinion. Thank you.

MR. SALINAS: Is this inside the City of Houston?

MR. ELKINS: No. This is in the county.

MR. SALINAS: In the county. So you are not regulated by any small city there?

MR. ELKINS: No, sir. I am sure it is probably

the Houston ETJ.

MR. SALINAS: So nobody looks at what you are building over there. Nobody --

MR. ELKINS: Well, you know, Houston has no zoning so nobody looks at anything in Houston.

MR. SALINAS: Well, we found that out.

(Several voices simultaneously.)

MR. SALINAS: That is the problem, because every community in the state of Texas has a zoning commission that they go and complain and they stop all of the developments and they find out what needs to be sent to our Board. But when this Board has to be your zoning commission over there in Houston, we have to do almost everything. It is impossible for us to do all that.

MR. ELKINS: Well, you see --

MR. SALINAS: And how many kids you are going to have in this school district, I think you all should have committees. I mean, zoning of some kind, or the County Commissioner's Court, or the City of Houston. You just cannot go out there and build wherever you want to and then people complain and come to us and say well, don't fund that program.

MR. ELKINS: Yes, sir. And you know it takes a charter change to do that. And the City of Houston has presented zoning three times for public ratification and three times it has been overwhelmingly rejected by the public, because quite honestly, the public doesn't want



the politicians controlling the value of their property through zoning laws. And so it has been a big fight and I --

MR. SALINAS: But you do have an appraisal district.

MR. ELKINS: We do have an appraisal district.

MR. SALINAS: Well, those are the guys that control your values.

MR. ELKINS: Well --

MR. SALINAS: Those are the guys we need to control and keep away. And not anybody else.

MR. ELKINS: After the next Legislature, if I have my way, there may not be an appraisal district.

MR. SALINAS: Well, I hope you can do that for us, because it is killing the State of Texas, killing us, and the appraisals. I mean, poor people cannot build an \$80,000 and then find out next year the appraisal district raised it up 25 percent of their values, and then they have to pay taxes on that.

But there is a problem with you guys in Houston. And I don't know how to -- I don't know how this Board is going to -- part of our problem since I have been here, is Houston, because you don't have anything else.

MR. ELKINS: You sound like the Legislature. We are the City of Houston up here.

MR. CONINE: The Nation of Houston.

MR. SALINAS: It is a problem when you have a

lot of kids go into a school district. And I am from the Rio Grande Valley and you can see how many we have that it is a burden for us in the school districts, but we just can't say very much. And we can't just reject anybody.

And we get 1,000 in one school district every year on one school. And they are not from here. They are from Mexico. And I heard in El Paso they give them a bus at the bridge, where they come in and just bus them in. I don't know if it is true or not. But that is just what State Representative Quintanilla said.

But it is a whole -- this is a bigger problem in the border than what you have; about 200 kids. I think the border has a bigger problem. But we have --

MR. ELKINS: I am sure it does.

MS. ANDERSON: We appreciate you being here this morning and engaging in this colloquy with the Mayor and Mr. Conine. You are a good sport.

MR. ELKINS: Thank you all very much.



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

**REQUEST FOR BOARD ACTION  
Multifamily Finance Production**

**Private Activity Bond Program – Waiting List**

**6 Priority 2 Applications**

**6 Total Applications Received for 2006 Waiting List**

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**TABLE OF EXHIBITS**

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<b>TAB 1</b>	<b>TDHCA Board Presentation – December 14, 2005</b>
<b>TAB 2</b>	<b>Summary of Applications</b>
<b>TAB 3</b>	<b>Inducement Resolutions</b>
<b>TAB 4</b>	<b>Prequalification Analysis Worksheets</b>

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Item**

Inducement resolution for Multifamily Housing Revenue Bonds and Authorization for Filing Applications for Private Activity Bond Authority – 2006 Waiting List.

**Requested Action**

Approve the Inducement Resolution to proceed with application submission to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority from the 2006 Private Activity Bond Program for six (6) applications.

**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 available for the 2006 program year. TDHCA will have approximately \$79 million set aside for only TDHCA applicants.

Inducement Resolution 05-096 includes six (6) applications that were received on or before November 7, 2005. These applications will reserve approximately \$13 million in 2006 state volume cap. These applications will be pooled into one (1) bond transaction and therefore only one pre-qualification worksheet is included. Volunteers of America will acquire and rehabilitate each of these properties.

Each application was reviewed, scored and ranked according to the Department's published scoring and threshold criteria. Upon Board approval to proceed, the applications will be submitted to the Texas Bond Review Board for placement on the 2006 Waiting List.

Beverly Place Apartments – The proposed development will be located at 5307 Gulfway Drive, Groves, Jefferson. Demographics for the census tract (0105.00) include AMFI of \$46,376; the total population is 4,045; the percent of population that is minority is 32.51%; the number of owner occupied units is 1,207; the number of renter units is 511 and the number of vacant units is 134. (\*)

Webber Gardens Apartments – The proposed development will be located at 4830 Virgil Street, Fort Worth, Tarrant County. Demographics for the census tract (1062.02) include AMFI of \$23,55; the total population is 3,821; the percent of the population that is minority is 93.72%; the number of owner occupied units is 767; the number renter occupied units is 450 and the number of vacant units is 118. (\*)

Donna Village Apartments – The proposed development will be located at 301 Silver Avenue, Donna, Hidalgo County. Demographics for the census tract (0221.02) include AMFI of \$24,852; the total population is 8,637; the percent of the population that is minority is 92.75%; the number of owner occupied units is 1,664; the number renter occupied units is 611 and the number of vacant units is 817. (\*)

Falfurrias Village Apartments – The proposed development will be located at 898 S. Center Street, Falfurrias, Brooks County. Demographics for the census tract (9502.03) include AMFI of \$21,159; the total population is 5,682; the percent of the population that is minority is 93.37%; the number of owner occupied units is 1,322; the number renter occupied units is 284 and the number of vacant units is 284. (\*)

Royal Palms Apartments – The proposed development will be located at 5601 Royal Palms Street, Houston, Harris County. Demographics for the census tract (3133.00) include AMFI of \$31,327; the total population is 3,204; the percent of the population that is minority is 98.60%; the number of owner occupied units is 669; the number renter occupied units is 465 and the number of vacant units is 122. (\*)

Church Village Apartments – The proposed acquisition/rehabilitation will be located at 2902 Deats Road, Dickinson, Galveston County. Demographics for the census tract (7209.00) include AMFI of \$47,211; the total population is 5,398; the percent of the population that is minority is 40.24%; the number of owner occupied units is 1,105; the number renter occupied units is 833 and the number of vacant units is 158. (\*)

### **Recommendation**

Approve the Inducement Resolution as presented by staff. Staff will present all appropriate information to the Board for a final determination for the issuance of the bonds and housing tax credits during the full application process for one bond issuance.

(\*) Census Information from FFIEC Geocoding for 2005

## Texas Department of Housing and Community Affairs

2006 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
2006-003	Beverly Place Apartments 5307 Gulfway Drive	124	\$ 1,700,000	VOA Texas Beverly Place, L.P. Lee Felgar	Recommend
Priority 2	City: Groves County: Jefferson <i>Acquisition / Rehabilitation</i>	Family	Score - 62	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
2006-004	Donna Village Apartments 301 Silver Avenue	58	\$ 1,700,000	VOA Texas Donna Village, L.P. Lee Felgar	Recommend
Priority 2	City: Donna County: Hidalgo <i>Acquisition / Rehabilitation</i>	Family	Score - 80	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
2006-005	Church Village Apartments 2902 Deats Road	100	\$ 2,100,000	VOA Texas Church Village, L.P. Lee Felgar	Recommend
Priority 2	City: Dickinson County: Galveston <i>Acquisition / Rehabilitation</i>	Family	Score - 84	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
2006-006	Webber Gardens 4830 Virgil Street	120	\$ 3,600,000	VOA Texas Webber Gardens, L.P. Lee Felgar	Recommend
Priority 2	City: Fort Worth County: Tarrant <i>Acquisition / Rehabilitation</i>	Family	Score - 84	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
2006-007	Falfurrias Village 898 South Center Street	50	\$ 1,500,000	VOA Texas Falfurrias Village, L.P. Lee Felgar	Recommend
Priority 2	City: Falfurrias County: Brooks <i>Acquisition / Rehabilitation</i>	Family	Score - 80	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
2006-008	Royal Palms Apartments 5601 Royal Palms St.	126	\$ 2,400,000	VOA Texas Royal Palms, L.P. Lee Felgar	Recommend
Priority 2	City: Houston County: Harris <i>Acquisition / Rehabilitation</i>	Family	Score - 68	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
<b>Totals for Recommended Applications</b>		<b>578</b>	<b>\$ 13,000,000</b>		

## RESOLUTION NO. 05-096

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; 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, very low and extremely low income and families of moderate income (all as defined in the Act); and

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

WHEREAS, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for multifamily residential rental developments (each a “Development” and collectively, the “Developments”) as more fully described in Exhibit A attached hereto. The ownership of each Development 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 Development 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 Development 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 Development will be occupied at all times by eligible tenants, as determined by the Governing Board of the Department (the “Board”) pursuant to the Act (“Eligible Tenants”), that the other requirements of the Act and the Department will be satisfied and that its Development will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

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



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 Development described on Exhibit A attached hereto; and

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

WHEREAS, the Board intends that the issuance of Bonds for any particular Development is not dependent or related to the issuance of Bonds (as defined below) for any other Development and that a separate Application shall be filed with respect to each Development; 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 Development on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD THAT:

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

- (a) each Development is necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) each Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the financing of each Development is a public purpose and will provide a public benefit;
- (d) each Owner is financially responsible; and
- (e) each Development will be undertaken within the authority granted by the Act to 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 Development in an aggregate principal amount not to exceed those amounts, corresponding to each respective Development, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and state law requirements regarding tenancy in each Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that each Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

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

Section 4--Reimbursement. The Department reasonably expects to reimburse 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 Development and listed on Exhibit A attached hereto ("Costs of each respective Development") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing 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 or rehabilitation of its Development; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

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

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of its Development, which Development will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, 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 Development 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 Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 7--The Development. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, 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 Development.

Section 9--Costs of Development. The Costs of each respective Development may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of each respective Development shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other

expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 10--No Commitment to Issue Bonds. Neither the 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, 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 Development will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from 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 Bond Review Board, if required, and the Attorney General.

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

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Development's necessary review and legal documentation for the filing of an Application for the 2006 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

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

Section 16--Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of each respective Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of each respective Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 17--Authorization of Certain Actions. The Department hereby authorizes the filing of and directs the filing of 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 of the State of Texas (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 14th day of December, 2005.

[SEAL]

By: /s/ Elizabeth Anderson  
Elizabeth Anderson, Chair

Attest: /s Kevin Hamby  
Kevin Hamby, Secretary

EXHIBIT "A"

Description of each Owner and its Development

Project Name	Owner	Principals	Amount Not to Exceed
Beverly Place Apartments	VOA Texas Beverly Place, L.P.	VOA Texas Beverly Place GP, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$1,700,000
Costs: (i) acquisition of real property located at 5307 Gulfway Drive, Groves, Jefferson County, Texas; and (ii) the rehabilitation thereon of an approximately 124-unit multifamily residential rental housing project, in the amount not to exceed \$1,700,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Church Village	VOA Texas Church Village, L.P.	VOA Texas Church Village GP, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$2,100,000
Costs: (i) acquisition of real property located at 2902 Deats Road, Dickinson, Galveston County, Texas; and (ii) the rehabilitation thereon of an approximately 100-unit multifamily residential rental housing project, in the amount not to exceed \$2,100,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Donna Village	VOA Texas Donna Village, L.P.	VOA Texas Donna Village GP, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$1,700,000
Costs: (i) acquisition of real property located at 301 Silver Avenue, Donna, Hidalgo County, Texas; and (ii) the rehabilitation thereon of an approximately 58-unit multifamily residential rental housing project, in the amount not to exceed \$1,700,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Falfurrias Village	VOA Texas Falfurrias Village, L.P.	VOA Texas Falfurrias Village GP, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$1,500,000
Costs: (i) acquisition of real property located at 898 South Center Street, Falfurrias, Brooks County, Texas; and (ii) the rehabilitation thereon of an approximately 50-unit multifamily residential rental housing project, in the amount not to exceed \$1,500,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Royal Palms Apartments	VOA Texas Royal Palms, L.P.	VOA Texas Royal Palms GP, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$2,400,000
Costs: (i) acquisition of real property located at 5601 Royal Palms Street, Houston, Harris County, Texas; and (ii) the rehabilitation thereon of an approximately 126-unit multifamily residential rental housing project, in the amount not to exceed \$2,400,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Webber Gardens Apartments	VOA Texas Webber Gardens, L.P.	VOA Texas Webber Gardens GP, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$3,600,000
Costs: (i) acquisition of real property located at 4830 Virgil Street, Fort Worth, Tarrant County, Texas; and (ii) the rehabilitation thereon of an approximately 120-unit multifamily residential rental housing project, in the amount not to exceed \$3,600,000.			

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

**VOA Pool Priority 1B**

Unit Mix and Rent Schedule				
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F. / Rent/S.F.
30% AMI	1BD/1BA	0		0.00
30% AMI	2BD/2BA	0		0.00
30% AMI	3BD/2BA	0		0.00
60% AMI	1BD/1BA	0		0.00
60% AMI	2BD/2BA	0		0.00
60% AMI	3BD/2BA	0		0.00
Totals		578	\$ 3,797,880	475,016 \$ 0.67
Averages			\$ 548	822

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 7,755,000	\$ 13,417	\$ 16.33	0.31
Off-sites	0	0	0.00	0.00
<b>Subtotal Site Costs</b>	<b>\$ 7,755,000</b>	<b>\$ 13,417</b>	<b>\$ 16.33</b>	<b>0.31</b>
Sitework		0	0.00	0.00
Hard Construction Costs	8,229,327	14,238	17.32	0.33
General Requirements (6%)	493,760	854	1.04	0.02
Contractor's Overhead (2%)	164,587	285	0.35	0.01
Contractor's Profit (6%)	493,760	854	1.04	0.02
Construction Contingency	676,163	1,170	1.42	0.03
<b>Subtotal Construction</b>	<b>\$ 10,057,596</b>	<b>\$ 17,401</b>	<b>\$ 21.17</b>	<b>0.40</b>
Indirect Construction	1,048,170	1,813	2.21	0.04
Developer's Fee	2,690,349	4,655	5.66	0.11
Financing	2,106,533	3,645	4.43	0.08
Reserves	1,305,000	2,258	2.75	0.05
<b>Subtotal Other Costs</b>	<b>\$ 7,150,052</b>	<b>\$ 12,370</b>	<b>\$ 15</b>	<b>0</b>
<b>Total Uses</b>	<b>\$ 24,962,648</b>	<b>\$ 43,188</b>	<b>\$ 52.55</b>	<b>1.00</b>

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,624,932	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,054,000	6.00%	30	\$ 867,238
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,821,267	67.7%	\$869,082	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 3,462,449		\$ -	
<b>Total Sources</b>	<b>\$ 24,962,648</b>		<b>\$ 867,238</b>	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 7,624,932	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,100,000	6.00%	30	\$ 870,547
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,775,267	66.0%	\$ 915,082	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 3,462,449		\$ -	
<b>Total Sources</b>	<b>\$ 24,962,648</b>		<b>\$ 870,547</b>	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$3,797,880	\$8.00		
Other Income & Loss	90,480	0.19	157	
Vacancy & Collection	-4.84% (188,280)	-0.40	-326	
Effective Gross Income	\$3,700,080	7.79	6,402	
Total Operating Expenses	\$2,648,189	\$5.57	\$4,582	
Net Operating Income	\$1,051,891	\$2.21	\$1,820	
Debt Service	867,238	1.83	1,500	
Net Cash Flow	\$184,653	\$0.39	\$319	
Debt Coverage Ratio	1.21			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$184,653	\$0.39	\$319	
DCR after TDHCA Fees	1.21			
Break-even Rents/S.F.	0.62			
Break-even Occupancy	92.56%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$3,797,880	\$8.00		
Other Income & Loss	104,040	0.22	180	
Vacancy & Collection	7.50% (292,644)	-0.62	-506	
Effective Gross Income	\$3,609,276	7.60	6,244	
Total Operating Expenses	73.4% \$2,648,189	\$5.57	\$4,582	
Net Operating Income	\$961,087	\$2.02	\$1,663	
Debt Service	870,547	1.83	1,506	
Net Cash Flow	\$90,540	\$0.19	\$157	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$90,540	\$0.19	\$157	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.62			
Break-even Occupancy	92.65%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$262,987	0.55	455
Management Fees	231,180	0.49	400
Payroll, Payroll Tax & Employee Exp.	671,820	1.41	1162
Maintenance/Repairs	122,202	0.26	211
Utilities	733,000	1.54	1268
Property Insurance	172,000	0.36	298
Property Taxes	203,600	0.43	352
Replacement Reserves	173,400	0.37	300
Other Expenses	78,000	0.16	135
Total Expenses	\$2,648,189	\$5.57	\$4,582

Staff Notes/Comments
This is a pooled transaction with 6 separate sites in the same bond transaction.



## **4d**

Discussion and possible modification of administration and servicing fee structure for the Harbors and Plumtree Apartments 501©(3) bond transaction

Information to be provided at a later date.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Item**

Discussion and Possible Approval to apply for Traditional CarryForward, in the Private Activity Bond Program, in an amount not to exceed \$50 million in the State's Disaster Relief Efforts.

**Background**

TDHCA has been requested to create a plan that could help in the disaster relief efforts of the state. The TDHCA staff has determined a possible source of allocation available however certain sections of statute hinder the process for applying for the remaining allocation within the Private Activity Bond Program. The governing statute for the Private Activity Bond Program 1372.070(4), Texas Government Code, states "describe the project".

**Summary**

A waiver would be required in order for TDHCA to participate in the 2005 Traditional CarryForward. The waiver of the site specific requirement in §1372.070(4) will allow the issuer to use the allocation for any site within the twenty-eight counties that are part of the federally declared disaster areas, as a result of Hurricane Rita. The issuer can accept several applications for the allocation amount and if one transaction can not close then the issuer can use another application for the same allocation.

Due to the timing of the issuance of the reservations for CarryForward, this resolution must be approved by the TDHCA Board, signed by the Governor and submitted to the Bond Review Board by December 15, 2005. TDHCA is a Priority 3 issuer under the Traditional CarryForward allocation and therefore the resolution and application must be submitted to the Bond Review Board prior to the start of the issuance of reservations on December 15, 2005 to retain that priority status.

**Recommendation**

Staff recommends the Board approve the application submission for Traditional CarryForward with the above mentioned waiver as a condition to allow TDHCA the flexibility to accept applications from areas that need disaster assistance.

**Resolution No. 05-098**

**RESOLUTION AUTHORIZING THE IMPLEMENTATION OF A PROGRAM TO UTILIZE 2005 PROGRAM YEAR PRIVATE ACTIVITY BOND CARRYFORWARD FOR MULTIFAMILY RESIDENTIAL RENTAL PROJECTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT**

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time (the "Act"), for the purpose, 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) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (i) 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, Section 103 and Section 142 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance qualified residential rental projects shall be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 142(d) of the Code; and

WHEREAS, Section 146(a) of the Code requires that certain "private activity bonds" (as defined in Section 141(a) of the Code) must come within the issuing authority's private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond "State Ceiling" (as defined in Section 146(d) of the Code) applicable to the State for calendar year 2005 is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372 Texas Government Code, as amended (the "Allocation Act"); and

WHEREAS, the Allocation Act provides that the Texas Bond Review Board (the "Bond Review Board") may designate as carryforward the amount of the State Ceiling that is not reserved before December 15 and any amount of the State Ceiling that was reserved before December 15 and becomes available on or after that date because of the cancellation of a reservation ("Carryforward"); and

WHEREAS, the Allocation Act requires the Department, in order to apply for a Carryforward designation, to file an application for carryforward (the “Application for Carryforward”) with the Bond Review Board; and

WHEREAS, the Department desires to approve the filing of an Application for Carryforward with the Bond Review Board in an amount not to exceed \$50,000,000 (the “Carryforward Program”);

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

Section 1 — Approval of Carryforward Program. The Board hereby approves the implementation of the Carryforward Program and authorizes the staff of the Department to solicit applications for participation in the Carryforward Program.

Section 2 — Authorization of Certain Actions. The Board authorizes the Executive Director, the staff of the Department, as designated by the Executive Director, and Bond Counsel to take such actions on its behalf as may be necessary to carry out the purposes of this Resolution, including, without limitation, seeking approval of the Carryforward Program from the Governor’s office.

Section 3 — Purposes of Resolution. The Board has expressly determined and hereby confirms that the implementation of the Carryforward Program in order to facilitate the issuance of qualified residential rental project bonds will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 5 — Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 6 — Notice of Meeting. That written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials 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 14th day of December, 2005.

/s/ Elizabeth Anderson  
Chair, Governing Board

ATTEST:

/s/ Kevin Hamby  
Secretary

(SEAL)

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**December 14, 2005**

**Action Items**

Consideration of one award of a Housing Trust Fund Predevelopment Loan.

**Required Action**

Approve or deny the funding recommendation for Housing Trust Fund Predevelopment Loan.

**Background**

In July 2002 the Department awarded a contract to Texas Community Capital to administer the Housing Trust Fund Predevelopment Loan program. The contract ran through August 2005 and made available approximately \$500,000 for predevelopment loans to nonprofit applicants. Under the contract agreement, Texas Community Capital was responsible for processing applications, underwriting and making recommendations for awards to the Department. Housing Trust Fund staff reviewed the recommendations for consistency with the Department's rules and statutes. At the April, 2005 Board meeting, the Board requested that staff bring all future awards before them for consideration. The Board previously awarded \$208,200 to four applicants. One additional application forwarded by Texas Community Capital is being presented to the Board today, and two final submissions will be presented in January 2006.

**Operation Relief Community Development Corporation (ORCDC) - #853200D**

**Dallas, Dallas County, Requested: \$100,000**

ORCDC is requesting \$100,000 to assist with predevelopment activities for the Frazier Court Development project, located in Dallas, Dallas County, Texas. The development will consist of 40 single-family detached three and four-bedroom homes, ranging between 1,300 and 1,700 square feet. They will be for homeownership. Half of the 40 homes will be sold to families earning 80% or less of the Area Medium Income (AMI) and the remaining 20 units will be sold to families earning 60% or less than AMI. The homes will be marketed to former residents of the Frazier Court Housing complex. ORCDC is also working with area nonprofits and the Real Estate Council to identify qualified homebuyers.

The Frazier Court Housing complex is owned and operated by the Dallas Housing Authority and has seen significant revitalization through a HOPE VI grant from the U.S. Department of Housing and Urban Development. The Dallas Housing Authority is assisting ORCDC by providing a 50 year lease hold estate. As individual homes are sold to low-income homeowners the lease hold will be released. ORCDC has also received \$30,000 in financial assistance through the Real Estate Council, and has made application to the Dallas County Department of Planning and Development for HOME Investment Partnership Program funds.

ORCDC has completed more than 430 units of multifamily housing in six (6) developments, and twelve (12) units for homeownership in the past. The organization has strong leadership and

more than fifteen (15) years of experience in single family and multifamily affordable housing development.

Predevelopment loan funds will be used for environmental studies, engineering fees, consulting and legal fees associated with predevelopment activities. Staff has reviewed the application for threshold criteria and resolved all administrative deficiencies.

### **Recommendation**

Staff recommends that the Board approve an award of \$100,000 for a Housing Trust Fund Predevelopment Loan to Operation Relief Community Development Corporation. The loan will have a term of 2 years at 0% interest. The repayment of the loan will be made out of proceeds from permanent and construction loans, and through the sale of homes. ORCDC will also provide the Department with a lien against the lease hold estate of all 40 lots, which will be released upon repayment of predevelopment funds and sale of the homes to qualified low income persons. Staff believes that the financial position of ORCDC, along with their solid history of successful housing developments support the recommendation for an award.



**Multifamily Finance Division**  
**HTF Predevelopment Loan Program**  
**Recommendation Worksheet**

Application Number:	853200D
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**Applicant Information**

Applicant Name:	Operation Relief Community Development Corp.
Applicant Address:	2010 Grand Ave.
Applicant City, State, Zip	Dallas, TX 75215
Phone/FAX	214-421-5363, 214-421-7098
Email:	shermanlr@yahoo.com
Contact Person:	Sherman Roberts

**Organizational Information**

Organizational Type:	501(c)(3)	Date of Incorp.	1991
Tax ID #:	75-2388693	Number of FTEs:	4
Annual OP Budget:	\$811,899	Total Assets:	\$3,082,821
Year of Service to Target Community:	4		
Comptroller's Cert. of Good Standing:	Yes		

**Development Information**

Project Name:	Fraizer Court Single Family Development
Address:	4900 Hatcher Street

City:	Dallas	County:	Dallas
Census Tract:		Zip:	
Region:	3		
Target Population:	Family	Special Needs:	None
Development Type:	Homeownership	Total No. Of Units:	40



**Affordability Targets**

Enter the number of units set-aside for each affordability target.

30% and Below AMI:		60% and below AMI	20
80% and below AMI	20	Market Rate:	

The proposed development will reserve at least 50% of all units to be funded through predevelopment proceeds to families or individuals earning 60% or less than the AMI.

**Project Description:**

ORCDC is requesting \$100,000 to assist with predevelopment activities for the Frazier Court Development project, located in Dallas, Dallas County, Texas. The development will consist of 40 single-family detached three and four-bedroom homes, ranging between 1,300 and 1,700 square feet. They will be for homeownership. Half of the 40 homes will be sold to families earning 80% or less of the Area Medium Income (AMI) and the remaining 20 units will be sold to families earning 60% or less than AMI. The homes will be marketed to former residents of the Frazier Court Housing complex. ORCDC is also working with area nonprofits and the Real Estate Council to identify qualified homebuyers.

The Frazier Court Housing complex is owned and operated by the Dallas Housing Authority and has seen significant revitalization through a HOPE VI grant from the U.S. Department of Housing and Urban Development. The Dallas Housing Authority is assisting ORCDC by providing a 50 year lease hold estate. As individual homes are sold to low-income homeowners the lease hold will be released. ORCDC has also received \$30,000 in financial assistance through the Real Estate Council, and has made application to the Dallas County Department of Planning and Development for HOME Investment Partnership Program funds.

ORCDC has completed more than 430 units of multifamily housing in six (6) developments, and twelve (12) units for homeownership in the past. The organization has strong leadership and more than fifteen (15) years of experience in single family and multifamily affordable housing development.

**Partnership Information**

The applicant has identified the following persons or entities as partners in the proposed development. Information on these partners or entities was provided with the application and has been reviewed by staff. Applicants are required to have submitted a partnership agreement or memorandum of understanding between them and each of the partners listed in this section.

Partner Name:	Berry Homes Inc.
Contact Name:	
Interest in Development:	Builder
Percent of Financial Interest (if any):	Unknown
Development Experience	At least equal to the number of proposed units.

Partner Name:	Inner-City Development Corporation
Contact Name:	
Interest in Development:	Marketing Agent
Percent of Financial Interest (if any):	unknown
Development Experience	At least equal to the number of proposed units.

Partner Name:	
Contact Name:	
Interest in Development:	
Percent of Financial Interest (if any):	
Development Experience	At least equal to the number of proposed units.

**Development Team Members**

<i>Role</i>	<i>Name/Contact Info</i>	<i>Prior Relationship with Borrower?</i>
General Contractor	Berry Homes, Inc.	Yes
Architect/Designer	Ware Architects	Yes
Development Consultant	Michael Coker	Yes
Property Manager	ORCDC	Yes
Attorney	Sharon Simmons, Esq	Yes
Real Estate Inspector		N/A
Surveyor		N/A
Lender		N/A
Housing Consultant		N/A
Engineer		N/A
Accountant		N/A

**Credit References:**

Name/Relationship	J.P. Morgan/
Contract Information:	Libert Gerst, V.P. (214) 965-2113
Name/Relationship	Walker and Associates/
Contract Information:	Neal A. Walker, CPA (972) 223-9700
Name/Relationship	Home Depot/
Contract Information:	(972) 709-3063

**Loan Recommendation Review****Ability to Pay**

This section represents the organization's ability to generate revenues that exceed expenses, sufficient cash flows to service debts, and meet all internal needs for cash while continuing routine operations. The information needed to support this scoring item is contained in the applicant's audited financial statements, credit reports and other financial documentation.

<b>Score = 3</b>
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Applicant receives a score of 3 if:

- € The applicant's track record of servicing debt is excellent based on credit reports.
- € The applicant's cash flow is sufficient enough to service existing debt and any additional debt incurred by the proposed predevelopment loan.
- € The applicant has commitments for permanent financing has been committed.
- € The applicant has no existing debt.
- € The applicant has provided letter's of credit as collateral.
- € The applicant's borrowing history with the Department is excellent.

Applicant receives a score of 2 if:

- € The applicant has adequate cash flow to service debt.
- € The applicant has a good track record of servicing debt based on recent credit report findings.
- € The applicant has conditional commitments or letters of interest for take-out financing
- € The applicant has applied for permanent financing.
- € The applicant has no existing delinquencies with the Department.

Applicant receives a score of 1 if:

- € The applicant's ability to service debt with cash flow is in question.
- € The applicant has no formal commitments for permanent financing.
- € The applicant has delinquencies or has been through Asset Management workouts within the past year.

Applicant receives a score of 0 if:

- € The applicant has no ability to pay debt service with cash flow.
- € The applicant will have to rely on collateral to repay debt.
- € The applicant has provided no match equity for predevelopment.
- € The applicant has no plan for permanent financing.
- € The applicant has defaulted on loan or other commitments with the Department.

## Capacity and Experience

This scoring item is determined through a review of the applicant's and development partners' previous experience. Staff will use evidence of previous development experience and review of previous awards and contract management from the Department to score this item.

<b>Score = 3</b>
------------------

Applicant receives a score of 3 if:

- € The applicant has developed more than 2x the number of units proposed in the application.
- € The applicant's development partners have developed more than 2x the number of units proposed in the application.
- € The applicant has no evidence of non-compliance on Department contracts for the past five years.
- € The applicant has no evidence of audit finding on Department contracts for the past five years.

Applicant receives a score of 2 if:

- € The applicant has developed at least as many units as proposed in the application.
- € The applicant's development partners have developed more than 2x the number of units proposed in the application.
- € The applicant has no evidence of non-compliance on Department contracts for the past two years.
- € The applicant has no evidence audit findings on Department contracts for the past two years.

Applicant receives a score of 1 if:

- € The applicant has developed at least half as many units as proposed in the application.
- € The applicants development partners have developed at least as many units as proposed in the application.
- € The applicant has no current contracts with pending compliance findings.
- € The applicant has no current unresolved audit findings.

Applicant receives a score of 0 if:

- € The applicant has developed little or no development experience.
- € The applicant's development partners have developed at least as many units as proposed in the application.
- € The applicant has current contracts with the Department that have compliance findings that are less than 90 days old.
- € The applicant has un-resolved audit findings on Department contracts for the past two years.

<b>Loan Grade = 6</b>
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The overall loan represents the likelihood of success. Applicant's must receive a grade of A or B to be recommended for funding. Applicant's scores are based on the following range.

A = score of 6

B = score of 4 or 5

C = score of 2 or 3

D = score of 1 or 0

## Community Impact

This section of the review sheet carries no weight in scoring. The information provided is based on information provided by the applicant and calculations made by staff to determine economic and employment impacts.

<input checked="" type="checkbox"/>	All units will be reserved for low-income (80% or below) persons.
<input type="checkbox"/>	The property will be developed in a census tract with a medium income higher than the state average.
<input type="checkbox"/>	Estimated number of jobs created (ratio used 1:22,500):
<input checked="" type="checkbox"/>	Number of homeownership opportunities created
<input checked="" type="checkbox"/>	The development is located in a neighborhood or community with a revitalization plan.
<input checked="" type="checkbox"/>	Amount of other funding leveraged for predevelopment activities is.

**Risk and Mitigation**

This section should be a narrative from staff of any salient risks and mitigating circumstances that have not been fully discussed previously in this review sheet.

The applicant provided more than sufficient information regarding its ability to ensure repayment through both liens against lease hold estates and operating income to limit the risk of default for this loan. The applicant also has more than sufficient experience in housing development to complete the project.

**Recommendation**

The Program Administrator for the Housing Trust Fund must read and approve all of the information contained previously in this report prior to filling out the next section. The program administrator will be responsible for presenting this information to Directors, and if necessary the Board.

The Program Administrator for the Housing Trust Fund:

- Recommends this application for funding.
- Does not recommend this application for funding.

The loan terms recommended by the program administrator are:

Term of Loan (months)	24 months
Interest Rate (typically 0%)	0%
The loan will	not be fully amortized

The recommendation will be conditioned on the following items.

Subordination agreement and lien against the lease hold estate of all 40 development sites.
Proof of final commitments from construction lenders and other financing partners.
approval of final predevelopment activity budget.

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Administrator's Signature

Date:

**Attachments:**

None

# SINGLE FAMILY FINANCE PRODUCTION DIVISION

## BOARD ACTION REQUEST

December 14, 2005

### Action Items

Consider rule amendments and program guidelines for the 2006 Single Family HOME Investment Partnerships (HOME) Program Funding Cycle.

### Required Action

Approve rule amendments and program guidelines for the 2006 Single Family HOME Funding Cycle for publication in the Texas Register for public comment.

### Background and Recommendations

At the November Board meeting, the Board sought to review the 2006 HOME Program Rules at the December Program's Committee with proposed rule amendments or changes to the program guidelines as they relate to the Single Family HOME Program. The Department believes that some changes will need to be reflected primarily in the guidelines and manuals for the program. To accomplish the stated goals some rules require further revision of the rule under a new round of amendments to the current rules.

Staff proposes three award methodology options, as well as, changes in program guidelines, resulting in rule amendments, for the Board's discussion and consideration. Under all three proposed methodologies, the goals and objectives of the Department are being met. Those applicants serving the lowest income citizens of Texas as applicable per Activity, whose prior performance is satisfactory, who have the highest need, and commit to providing sufficient matching dollars will receive preference in scoring criteria.

### **OVERALL RULE AMENDMENTS**

The proposed overall rule amendments and program changes are listed below.

Staff believes the addition approved at the November Board meeting of §53.53(k), *[a]n applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the applicant's cash reserve obligation or made promises in connection therewith*, is a significant amendment to the 2005 HOME Rules.

Section 53.53(k) is intended to clarify the federal match and conflict of interest requirements of the HOME Program. The new language does not preclude third-party organizations, such as contractors, consultants, or service providers from providing match as long as the third-party organization is not deriving a monetary benefit from the award. Given that a conflict of interest and/or a monetary benefit may arise from an organization under contract from an award, such procured and/or contractually bound organizations are strictly prohibited from providing match. Additionally, a third-party organization may not provide a portion of their services as match and still derive a monetary benefit from the award. It is important to note that any party providing matching contributions cannot bid or be procured by the Administrator of a contract, as this could be considered a conflict of interest and in violation of program rules.

The staff believes this language benefits all applicants and stakeholders, by clarifying the Department's definition and application of the federal rules. Additionally, this new language would help to solve the

issue raised by applicants in the 2005 Single Family HOME Funding Cycle regarding related parties providing cash reserves and match for Applicants' use. The Department intends to eliminate the Cash Reserves component of the application process since it is not required by Federal or State regulations. Applicants will still be strongly encouraged, given the HOME Program is a cost reimbursable program, to make available cash reserves to pay contractors if necessary so as to make available the projects to as many contractors as possible, but this element will not be scored in the selection process.

**Past Performance**

Additionally, to address concerns raised during the 2005 Single Family HOME funding cycle, and to enforce timely commitments and expenditure rates as required by the U.S. Department of Housing and Urban Development (HUD), the following rule amendment is recommended for Board adoption relating to past performance.

§53.62(g) Department may terminate a contract in whole or in part. If Applicant has not achieved substantial progress in performance of a contract within six (6) months of the effective date of this contract, the contract will terminate. The Department will track substantial progress during the initial six (6) month period and throughout the contract term. Substantial progress in contract performance must be satisfactorily completed during the term of the contract as follows:

Type	Term Lapsed	% Committed	% Drawn	% Match
OCC	6 months	Environmental Clearance	N/A	N/A
	12 months	50%	25%	25%
	18 months	100%	50%	50%
	24 months	100%	100%	100%
HBA, HBA/Rehab, ADDI, CFD	6 months	Environmental Clearance	N/A	N/A
	12 months	50%	25%	25%
	18 months	75%	50%	50%
	24 months	100%	100%	100%
TBRA	6 months	Environmental Clearance	N/A	N/A
	12 months	50%	25%	25%
	18 months	75%	50%	50%
	24 months	100%	75%	75%
	30 months	100%	100%	100%

This performance timeline will be enforced by the Portfolio Management and Compliance Division on awarded contracts, but will also be used as a selection scoring criteria in funding 2006 Single Family HOME applications. Administrators not meeting this performance timeline would not only face the possible deobligation of funds under existing contracts, but a score of zero for past poor or unsatisfactory performance as well; thus, resulting in a much less competitive overall score.

Staff recommends Applicants should receive points based on prior awards and performance in accordance with their contracts and Department rules as follows:

HOME Award Status	Points awarded
Applicant has never received a HOME award, <b>OR</b> has received an award prior to 2002 and is 100% committed and expended from contract start date	20 points
Applicant received HOME award in 2002-2003 <b>AND</b> funds are 100% committed AND expended from contract start date	18 points
Applicant received HOME award in 2004: <ul style="list-style-type: none"> <li>• OCC funds are 100% committed <b>AND</b> 50% expended from contract start date</li> <li>• HBA &amp; TBRA funds are 75% committed <b>AND</b> 50% expended from contract start date</li> </ul>	16 points
Applicant received HOME award during 2005 <b>AND</b> Environmental Clearance has been conducted from contract start date	13 points

*\*If unsatisfactory performance exists on ANY prior award (regardless of set aside or Activity), a score of zero points will result.*

Staff believes this performance timeline encourages Administrators to meet their contractual obligations and, if applicable, proactively work with their procured consulting firm in the operation and administration of their contract.

#### ***Contractor Affidavit***

In an effort to further prevent conflicts of interest and possible improper monetary exchanges among contractors, consulting firms, and Administrators, staff proposes that all such participating parties sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that no conflict of interest exists between Administrators and contractors or other interested parties.

*The following amendment to the rules is proposed:*

§53.53(l) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions.

### **PROGRAM GUIDELINE CHANGES**

#### ***Owner Occupied Housing Assistance Contract***

In an effort to more expeditiously commit and expend funds, staff proposes that the contract term for Owner Occupied Housing Assistance (OCC), currently 24 months, be reduced to 18 months. By decreasing the contract term, Administrators will be required to better manage their vendors and contract workload to allow satisfactory performance. Additionally, the Department proposes making an OCC award serving 50% or below Area Median Family Income (AMFI) a five year, zero percent interest, deferred forgivable loan and OCC awards serving above 50% AMFI, zero percent interest, repayable loans for a term of 30 years.

Of those contracts awarded OCC funds in 2005:

- 203 households will be served at 30% or below
- 289 households will be served between 31% and 50%
- 12 households will be served between 51% and 60%
- 20 households will be served between 61% and 80%

Given the proposal above, the majority of OCC funds serve populations at 50% or below AMFI (492 of the 524 households, approximately 94%). The deferred forgivable loan is a much more viable funding



option for low income households, due to their inability to financially repay the debt. This Activity historically serves an elderly population as well, many of whom only receive Social Security Income benefits. Additionally, the Department is charged legislatively with a goal to award a minimum of \$30 million to households whose income is at or below 30% AMFI. Due to the addition of this requirement (Rider 4), those counties whose income is at or below 50% AMFI are scored the same as those serving 30% AMFI. Staff believes capping the deferred forgivable requirement at or below 50% AMFI will help to ensure compliance with this Rider.

Deferred forgivable loans shall be evidenced by a Note and Deed of Trust against the property and shall be repayable upon sale of the home, whether voluntary or involuntary; refinance; or payoff of any superior lien note, if any, or if the home ceases to be the assisted homebuyer's principal residence, whichever is first to occur. Each deferred forgivable loan will be zero percent interest over five years, forgivable at a rate of 20% per year of assisted homeowner occupancy.

Repayable loans will be amortized over a 30 year period of time. Monthly installments shall be due and payable monthly until maturity or loan pay off.

All loans whether deferred forgivable or repayable will be forgiven upon death of the borrower and co-borrower. In the event of sale of the home (voluntary or involuntary), the assisted homeowner will repay the loan balance from the net proceeds of the sale. The net proceeds are the sales price minus superior loan repayment (other than HOME funds).

#### ***Homebuyer Assistance Contract***

The Department proposes providing downpayment and closing cost assistance to eligible first-time homebuyers for the acquisition of affordable single family housing in the amount of \$10,000, regardless of which county the home is located. This assistance will be in the form of a 2<sup>nd</sup> or 3<sup>rd</sup> lien loan. This amount of assistance would mirror the American Dream Downpayment Initiative (ADDI) requirement established by HUD. With the ever increasing purchase price of homes, and extreme need for downpayment funds, the Department believes the maximum cap allowed by HUD should be utilized for any funds falling under the Homebuyer Assistance Activity, not just those accessing ADDI funds. Administrators have the discretion of awarding qualifying homebuyers the full \$10,000 or a lesser amount given their need.

The Portfolio Management and Compliance Division conducted an analysis of the amount of assistance potential homebuyers at 50% AMFI and below would require when purchasing a home in Texas in 2004. This study indicated a need well beyond the current tiered structure of \$5,000, \$7,500, or \$10,000 depending on the county in which the property is located. Due to the Department's limited resources, it is recommended the amount of assistance per homebuyer be capped at \$10,000 across the State.

#### ***Caps for Allowable Costs:***

Administrators receive an amount not to exceed 4% of their award amount for administrative costs used for activities as defined in 24 CFR Section 92.207 and CPD Notice 94-13. Eligible expenses include, but are not limited, to: salaries and wages; staff and overhead; travel expenses; legal, accounting, audit services; public information; and Fair Housing requirements.

In addition to administrative expenses, OCC and HBA/ADDI Administrators are allowed to use 12% and 10% respective of project hard costs as soft costs. TBRA does not have any soft costs associated with this activity. Examples of soft costs include: architectural, engineering or related professional services; work write-ups and cost estimates; building permits; appraisals; contractor fees; temporary relocation costs, affirmative marketing and fair housing information services; environmental review; homebuyer counseling; credit report fees; and inspections for lead-based paint.

If an Administrator procures a consulting firm, typically the administrative funds and soft costs are paid to the consulting firm for their services. The Department would like to recommend the use of caps for soft costs as they relate to match and possibly a cap on construction hard costs. The caps, if adopted, would be based on a statewide average for each individual cost from Program Year 2004. These amounts would be adjusted yearly based on the rate of inflation according to the consumer price index. These caps would be utilized not only in the administration of a contract, but when evaluating match in the application process.

The Department is still in the process of determining the cap limits and suggests once finalized, they be included in the 2006 Single Family HOME Application Guidelines and Policies and Procedures Manual.

### ***Application Deficiency Clarification***

Section 53.58(c) states *if an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both thresholds and/or scoring documentation.*

Currently Administrative Deficiencies are defined as *the absence of information or a document from the application as required in this rule.* In an effort to provide clarification and to limit appeals, staff will publish a list of those items in the application guidelines that fall under the definition of an *Administrative Deficiency.*

## **AWARD METHODOLOGIES**

With the program guidelines changes and proposed rule amendments listed above, the following three award methodologies are proposed for the Board's review. Additionally, rule amendments for threshold and selection criteria will be included. A matrix listing staff's arguments for and against each methodology is included for the Board's review.

### ***Competitive Methodology***

The first scenario proposes continuing to award applicants through a competitive selection process as was used under prior years. Proposed program guideline changes and rule amendments for threshold and selection criteria are suggested. A minimum threshold score will continue to be required.

ARGUMENTS FOR: Under this methodology:

1. The highest qualifying applicant would receive a full or partial funding recommendation.
2. The highest scoring applicants will be rewarded for helping to achieve the Department's goals.
3. Given that full funding requests will be recommended for award in most cases, a greater amount of impact would be achieved in the applicant's community for submitting a more competitive application.
4. Given the proposed changes to the selection criteria and rule amendments, this methodology should be much less controversial.

ARGUMENTS AGAINST: Under this methodology:

1. Fewer applicants would be recommended for funding than under one of the other proposed methodologies.
2. Many deserving applicants may not receive a funding recommendation.
3. Maintains potential for conflict as relatively small differences between scores will likely continue.
4. Some smaller communities may not apply because of inability to reach level of points considered necessary to obtain funding when competing with larger towns.
5. Places emphasis on application process to obtain highest number of points.

In this methodology, only minor amendments to §53.59, Process for Awards, are required for clarification purposes. However, overall program rule guidelines and rule amendments for threshold and selection criteria would be required (see 2006 DRAFT HOME Rule – Competitive Methodology).

### ***Lottery Methodology***

The second scenario proposes the use of a lottery system to award funds. Each applicant would be required to achieve a minimum threshold score before continuing in the lottery process. Each qualifying applicant would have the ability to compete for funds through a random selection process.

ARGUMENTS FOR: Under this methodology:

1. Ensures a random selection process in which qualifying applicants can be recommended for their full, or in some cases partial, funding request.
2. Lowers the threshold encouraging smaller communities who have not previously participated to place applications.
3. Every qualifying applicant has an equal opportunity to receive a funding recommendation.
4. Board appeals may be reduced utilizing this methodology.
5. Random selection could provide a broader dispersal of funds within regions.
6. Because maximum award limits could be made, the greatest amount of impact would be achieved in an applicant's community.

ARGUMENTS AGAINST: Under this methodology:

1. Possibly not awarding the most deserving applicants or those with the greatest need.
2. The Department has not previously used the methodology and therefore may not be aware of potential conflicts.
3. May result in grant consultants soliciting more applicants to increase their odds of being selected; thus creating potential performance issues in the future for the Administrators they represent.
4. Random selection process could create a concentration in dispersal of funds within regions.
5. Because of lower thresholds, items like match and serving the lowest income may not be fully realized if minimum thresholds can be reached without these elements.

In this methodology, amendments to §53.59, Process for Awards, are required. Overall program rule guidelines and rule amendments for threshold and selection criteria would be required (see 2006 DRAFT HOME Rule – Lottery Methodology).

### ***Broader Distribution Methodology***

The third scenario proposes establishing a minimum threshold score; however, rather than receiving a lottery number and competing with other qualifying applicants, every qualifying applicant would receive a partial award recommendation. The recommendation would be pro rated, based on the total number of qualifying applicants' project requests. A minimum award amount may be established to ensure feasibility.

ARGUMENTS FOR: Under this methodology:

1. All qualifying applicants would receive funds to provide assistance in their respective communities, and allows for a greater dispersion of funds from the limited resources available under the HOME Program.
2. More applicants may be encouraged to apply for assistance knowing that if they meet the minimum threshold score, they will receive a partial funding recommendation.
3. Fewer appeals would be likely.

4. In addition to only the reconstruction of homes, this scenario may allow an increased number of homes to be rehabilitated and allow more local contractors to participate that otherwise may not be able to commit to building several homes. This could also shorten the time from award to actually benefit to the individual homeowner.

ARGUMENTS AGAINST: Under this methodology:

1. If reconstruction is the desired program choice, this methodology may limit the ability of applicants to perform this activity due to the anticipated reduction in award amounts. For example, using last year's data, Tenant Based Rental Assistance (TBRA) was largely unaffected. However, Homebuyer Assistance (HBA)/American Dream Downpayment Assistance (ADDI) awards were reduced by approximately 50 and with OCC, in several cases left applicants with insufficient funds to complete one unit, especially in regions with a large number of applicants.
2. Contractors may be less likely to bid on projects where two to four households would be assisted; the economics of scale may not be cost effective.
3. Smaller awards could place administrative burden on Administrators and Department resources as more contracts will need to be created and monitored.
4. More competitive regions could be negatively impacted and could reduce applications in that region. This methodology changes the award from highest scoring applications receiving a recommendation to all applications meeting threshold receiving a possible partial award recommendation.
5. This process creates little incentive to maximize application scoring.
6. Could be a disincentive for outside contractors/vendors to participate in grant application and administration process as smaller awards would mean fewer dollars available for administration.

In this methodology, amendments to §53.59, Process for Awards, are required. Overall program rule guidelines and rule amendments for threshold and selection criteria would be required (see 2006 DRAFT HOME Rule – Broader Distribution Methodology).

### **THRESHOLD & SELECTION CRITERIA**

Regardless of methodology adopted, all activities for 2006 Single Family HOME funds (OCC, HBA, and TBRA) will have a minimum threshold and a maximum score per Activity for each proposed methodology. The matrix below outlines how the minimum threshold score was derived. Applicants need only receive the cumulative minimum threshold score establish per methodology, not the minimum score established per individual selection criteria. The matrix is a reference tool only.

	Points												
	2005	% of Total Score	2006	% of Total Score	Lottery			Competitive			Broader Dist.		
					OCC	HBA	TBRA	OCC	HBA	TBRA	OCC	HBA	TBRA
AHN	7	7%	21	21%	3	3	3	3	3	3	3	3	3
Income	20	20%	20	20%	20	10	20	20	10	20	20	10	20
Previous Award/Performance	4	4%	20	20%	16	16	13	18	18	13	20	20	13
Match	15	15%	20	20%	10	10	10	10	10	10	10	10	10
Specific to Activity	15	15%	10	10%	10	10	5	10	10	5	10	10	5
Forms/Need	15	15%	5	5%	5	5	5	5	5	5	5	5	5
Financial	3	3%	2	2%	2	2	2	2	2	2	2	2	2
PWD	2	2%	2	2%	0	0	2	0	0	2	0	0	2
Cash Reserves	10	10%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Organization Capacity	9	9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total/Minimum Threshold</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>	<b>66</b>	<b>56</b>	<b>60</b>	<b>68</b>	<b>58</b>	<b>60</b>	<b>70</b>	<b>60</b>	<b>60</b>

	Points												
	2005	% of Total Score	2006	% of Total Score	OCC			HBA			TBRA		
					L	C	BD	L	C	BD	L	C	BD
AHN	7	7%	21	21%	3	3	3	3	3	3	3	3	3
Income	20	20%	20	20%	20	20	20	10	10	10	20	20	20
Previous Award/Performance	4	4%	20	20%	16	18	20	16	18	20	13	13	13
Match	15	15%	20	20%	10	10	10	10	10	10	10	10	10
Specific to Activity	15	15%	10	10%	10	10	10	10	10	10	5	5	5
Forms/Need	15	15%	5	5%	5	5	5	5	5	5	5	5	5
Financial	3	3%	2	2%	2	2	2	2	2	2	2	2	2
PWD	2	2%	2	2%	0	0	0	0	0	0	2	2	2
Cash Reserves	10	10%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Organization Capacity	9	9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total/Minimum Threshold</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>	<b>66</b>	<b>68</b>	<b>70</b>	<b>56</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>

	Points						
	2005 CFD	% of Total Score	2006 CFD	% of Total Score	CFD		
					L	C	BD
AHN	7	6%	21	20%	3	3	3
Income	20	18%	20	19%	20	20	20
Previous Award/Performance	4	4%	20	19%	13	13	13
Match	15	14%	20	19%	0	0	0
Specific to Activity	24	22%	14	13%	14	14	14
Forms/Need	15	14%	5	5%	5	5	5
Financial	3	3%	2	2%	2	2	2
PWD	2	2%	2	2%	0	0	0
Cash Reserves	10	9%	n/a	n/a	n/a	n/a	n/a
Organization Capacity	9	8%	n/a	n/a	n/a	n/a	n/a
<b>Total/Minimum Threshold</b>	<b>109</b>	<b>100%</b>	<b>104</b>	<b>100%</b>	<b>57</b>	<b>57</b>	<b>57</b>

Due to the implementation of proposed program guidelines, rule amendments, and the following selection criteria, it is anticipated that higher scores will be more difficult to attain. Since TBRA and CFD is generally accessed by nonprofits, typically undersubscribed, and difficult for applicants to provide match funds, the minimum threshold for these Activities is the same for all proposed methodologies.

The selection criteria point breakdown for each Activity is included in the proposed rule amendments as attached.

## 2006 Proposed Award Methodologies for the Board's Consideration

	Process	Pros	Cons
<b>Competitive</b>	Award applicants in the same manner as in years past, but with program guideline changes.	<ol style="list-style-type: none"> <li>1. The highest qualifying applicant would receive a full or partial funding recommendation.</li> <li>2. The highest scoring applicants will be rewarded for helping to achieve the Department's goals.</li> <li>3. Given that full funding requests will be recommended for award in most cases, a greater amount of impact would be achieved in the applicant's community for submitting a more competitive application.</li> <li>4. Given the proposed changes to the selection criteria and rule amendments, this methodology should be much less controversial.</li> </ol>	<ol style="list-style-type: none"> <li>1. Fewer applicants would be recommended for funding than under one of the other proposed methodologies.</li> <li>2. Many deserving applicants may not receive a funding recommendation.</li> <li>3. Maintains potential for conflict as relatively small differences between scores will likely continue.</li> <li>4. Some smaller communities may not apply because of inability to reach level of points considered necessary to obtain funding when competing with larger towns.</li> <li>5. Places emphasis on application process to obtain highest number of points.</li> </ol>
<b>Lottery</b>	Only applicants meeting or exceeding a minimum score will receive a lottery number. Funds will be recommended in the order in which lottery numbers are drawn, up to the limit of funds available per region, and area type.	<ol style="list-style-type: none"> <li>1. Ensures a random selection process in which qualifying applicants can be recommended for their full, or in some cases partial, funding request.</li> <li>2. Lowers the threshold encouraging smaller communities who have not previously participated to place applications.</li> <li>3. Every qualifying applicant has an equal opportunity to receive a funding recommendation.</li> <li>4. Board appeals may be reduced utilizing this methodology.</li> <li>5. Random selection could provide a broader dispersal of funds within regions.</li> <li>6. Because maximum award limits could be made, the greatest amount of impact could be achieved in an applicant's community.</li> </ol>	<ol style="list-style-type: none"> <li>1. Possibly not awarding the most deserving applicants or those with the greatest need.</li> <li>2. The Department has not previously used the methodology and therefore may not be aware of potential conflicts based on regional requirements</li> <li>3. May result in grant consultants soliciting more applicants to increase their odds of being selected; thus creating potential performance issues in the future for the Administrators they represent.</li> <li>4. Random selection process could create a concentration in dispersal of funds within regions.</li> <li>5. Because of lower thresholds, items like match and serving the lowest income needs may not be fully realized if minimum thresholds can be reached without these elements.</li> </ol>

## 2006 Proposed Award Methodologies for the Board's Consideration

<p><b>Broader Distribution</b></p>	<p>All applicants meeting or exceeding a minimum threshold score, receive a prorated recommendation for award based on the total number of qualifying applicants' project requests.</p>	<ol style="list-style-type: none"> <li>1. All qualifying applicants would receive funds to provide assistance in their respective communities, and allows for a greater dispersion of funds from the limited resources available under the HOME Program.</li> <li>2. More applicants may be encouraged to apply for assistance knowing that if they meet the minimum threshold score, they will receive a partial funding recommendation.</li> <li>3. Fewer appeals would be likely.</li> <li>4. In addition to only the reconstruction of homes, this scenario may allow an increased number of homes to be rehabilitated and allow more local contractors to participate.</li> </ol>	<ol style="list-style-type: none"> <li>1. If reconstruction is the desired program, this methodology could limit the ability of applicants to perform this task.</li> <li>2. Contractors may be less likely to bid on projects where two to four households would be assisted; the economics of scale may not be cost effective.</li> <li>3. Smaller awards could place administrative burden on Administrators and Department resources as more contracts will need to be created and monitored.</li> <li>4. More competitive regions could be negatively impacted and could reduce applications in that region.</li> <li>5. This process creates little incentive to maximize application scoring.</li> <li>6. Could be a disincentive for outside vendors to participate in grant application and administration process as smaller awards would mean fewer dollars available for administration.</li> </ol>
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**2006 HOME Investment Partnership Program (HOME) Rule  
Title 10, Part 1, Chapter 53 Texas Administrative Code**

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**§53.50.Purpose.**

This Chapter clarifies the use and administration of all funds provided to the Texas Department of Housing and Community Affairs (Department) by the United States Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 United States Code §§12701-12839) and HUD regulations at 24 Code of Federal Regulations (CFR) Part 92. The State’s HOME Program is designed to:

- (1) focus on the areas with the greatest housing need described in the State Consolidated Plan;
- (2) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, reconstruction, tenant-based rental assistance, and pre-development loans;
- (3) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and
- (4) provide low, very low, and extremely low income Texans with affordable, decent, safe and sanitary housing.



**§53.51. Definitions.**

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Activity--A form of assistance by which HOME funds are used to provide incentives to develop and support affordable housing and homeownership through acquisition, new construction, reconstruction, and rehabilitation of housing.

(2) Administrative Deficiencies--The absence of information or a document from the application as required in this rule.

(3) Applicant--An eligible entity which is preparing to submit or has submitted an application for HOME funds and is designated in the application to assume contractual liability and legal responsibility as the Recipient executing the written agreement with the Department.

(4) Board--The governing board of the Texas Department of Housing and Community Affairs.

(5) CFR--Code of Federal Regulations.

(6) Colonia--A geographic area located in a county some part of which is within 150 miles of the international border of this state that:

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

(B) Has the physical and economic characteristics of a Colonia, as determined by the Texas Water Development Board.

(7) Community Housing Development Organization (CHDO)--A private nonprofit organization that satisfies the requirements of 24 CFR 92.2 and is certified as such by the Department.

(8) Community Housing Development Organization Pre-Development Loan--A form of assistance in which funds are made available as loans to cover those costs outlined in 24 CFR 92.301.

(9) Competitive Application Cycle--A defined period during which applications may be submitted according to a published Notice of Funding Availability (NOFA). Applications will be reviewed in accordance with the rules for application review published in the NOFA, and application guidelines.

(10) Consolidated Plan--The State Consolidated Plan prepared in accordance with 24 CFR Part 91, which describes the needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs and is subject to approval annually by HUD.

(11) Demonstration Fund--A reserve fund for use alone or in combination and coordination with other programs administered by the Department. This Fund will be available for out of cycle applications, innovative programs brought to the Department for consideration and emergency programs. Additionally, this fund may be used with other programs administered by the Department as outlined in the Consolidated Plan, as approved by the Board.

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

(13) Development--Projects that have a construction component, either in the form of new construction or the rehabilitation of multi-unit or single family residential housing that meet the affordability requirements.

(14) Expenditure--Approved expense evidenced by documentation submitted by the Recipient to the Department for purposes of drawing funds from HUD's Integrated Disbursement and Information System (IDIS) for work completed, inspected and certified as complete, and as otherwise required by the Department.

(15) Family--Includes but is not limited to the following types of families as defined in 24 CFR 5.403:

(A) A family with or without children;

- (B) An elderly family;
  - (C) A near elderly family;
  - (D) A disabled family;
  - (E) A displaced family;
  - (F) The remaining member of a tenant family; or
  - (G) A single person who is not an elderly or displaced person or a person with disabilities or the remaining member of a tenant family.
- (16) Homebuyer Assistance--Down payment, closing costs, and gap financing assistance provided to eligible homebuyers. Minor rehabilitation may be combined with Homebuyer Assistance.
- (17) HOME--The HOME Investment Partnerships Program at 42 United States Code §§12701-12839 and the regulations promulgated thereafter at 24 CFR Part 92.
- (18) Household--One or more persons occupying a housing unit.
- (19) HUD--The United States Department of Housing and Urban Development, or its successor.
- (20) IDIS--Integrated Disbursement and Information System established by HUD.
- (21) Income Eligible Families:
- (A) Low-Income Families--Families whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (B) Very Low-Income Families--Families whose annual incomes do not exceed 50% of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (C) Extremely Low Income Families--Families whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
- (22) Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:
- (A) have separate and specific buildings exclusively for the age restricted units;
  - (B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;
  - (C) have separate and specific entrances, and other appropriate security measures for the age restricted units;
  - (D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;
  - (E) share the same Development site;
  - (F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and
  - (G) meet the requirements of the federal Fair Housing Act
- (23) Match--Eligible forms of non-federal contributions to a program or project in the forms specified in 24 CFR 92.220.
- (24) Neighborhood--As defined by HUD, a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government; except that if the unit of general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

(25) New construction--Any Development not meeting the definition of Rehabilitation or Reconstruction.

(26) NOFA--Notice of Funding Availability, published in the Texas Register.

(27) Nonprofit organization--A public or private organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(C) has a current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application for 501(c) (3) or (c) (4) status cannot be used to comply with the tax status requirement.

(28) Open Application Cycle--A defined period during which applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed. Applications will be reviewed in accordance with the rules for application review published in the NOFA, and/or application guidelines.

(29) Owner-Occupied Housing Assistance--A form of assistance for the purpose of rehabilitating or reconstructing existing owner-occupied housing.

(30) Participating Jurisdiction (PJ)--Any state or unit of general local government, including consortia as specified in 24 CFR 92.101, designated by HUD in accordance with 24 CFR 92.105.

(31) Predevelopment Costs--Reimbursable costs related to a specific eligible housing project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies and legal fees;

(C) Predevelopment costs do not include general operational or administrative costs.

(32) Program--Funds provided in the form of a contract to an eligible Applicant for the purpose of administering more than one Project or assisting more than one household.

(33) Program Income--Gross income received by the Department or program administrators directly generated from the use of HOME funds or matching contributions as further described in 24 CFR 92.2.

(34) Project--A site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking under 24 CFR 92.2.

(35) Recipient--A successful applicant that has been awarded funds by the Department to administer a HOME program, including a State Recipient, Subrecipient, for-profit entity, nonprofit entity, or CHDO.

(36) Reconstruction--The rebuilding of a structure on the same lot where housing is standing at the time of Development Application. HOME funds may be used to build a new foundation or repair an existing foundation. During reconstruction, the number of rooms per unit may change, but the number of units may not.

(37) Rehabilitation--Includes the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction.

(38) Rental Housing Development--A project for the acquisition, new construction, reconstruction or rehabilitation of multi-family or single family rental housing, or conversion of commercial property to rental housing.

(39) Rural Development--A Development located within an area which:

(A) is situated outside the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA);

(B) within the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA), if the statistical area has a population of 20,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for new construction or rehabilitation funding by the Texas-United States Department of Agriculture-Rural Housing Service (TX-USDA-RHS).

(40) Single Family Housing Development--A form of assistance to make funds available to HOME eligible Applicants including non-profit organizations, CHDOs, units of general local government, for-profit housing organizations, sole proprietors and public housing agencies for the purpose of constructing single family affordable housing units for homeownership.

(41) Special Needs--Those individuals or categories of individuals determined by the Department to have unmet housing needs consistent with 42 USC §12701 et seq. and as provided in the Consolidated Plan.

(42) State Recipient--A unit of general local government designated by the Department to receive HOME funds.

(43) Subrecipient--A public agency or nonprofit organization selected by the Department to administer all or a portion of the Department's HOME program. A public agency or nonprofit that receives HOME funds solely as a developer or owner of housing is not a Subrecipient. The Department's selection of a Subrecipient is not subject to the procurement procedures and requirements.

(44) Tenant-Based Rental Assistance (TBRA)--A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance also includes security deposits and utility deposits for rental of dwelling units.

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

### **§53.52.Allocation of Funds**

(a) The Department shall administer all federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12704 et seq.) in accordance with HUD's final HOME rule, 24 CFR Part 92 and Chapter 2306, Texas Government Code. Consistent with the federal HOME rule and the Department annual Consolidated Plan. The HOME program shall:

(1) adopt a goal to apply an aggregate minimum of 25 percent of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income, pursuant to §2306.111(a) of the Texas Government Code;

(2) expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas, pursuant to §2306.111(c) of the Texas Government Code; and

(3) Allocate funds to all urban/exurban areas and rural areas of each uniform state service region consistent with the Department's Regional Allocation Plan, unless funds are reserved for contract-for-deed conversions or for set-asides mandated by state or federal law, or each contract-for-deed allocation or set-aside allocation equals not more than 10 percent of the total allocation of funds for the program year, pursuant to §2306.111(d) of the Texas Government Code.

(b) The Department shall release an annual allocation plan based on the funding allocation outlined in the Department's Consolidated Plan, and consistent with the Chapter 2306 of the Texas Government Code, after a full accounting of available funds has been determined.

**§53.53.Applicant Requirements.**

(a) Eligible Applicant. The following organizations or entities are eligible to apply for HOME eligible activities:

- (1) nonprofit organizations;
- (2) CHDOs;
- (3) units of general local government;
- (4) for-profit entities and sole proprietors; and
- (5) public housing agencies.

(b) Ineligible Applicant: The following violations will cause an Applicant, and any applications they have submitted, to be ineligible:

- (1) previously funded Recipient(s) whose HOME funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to the current funding cycle;
- (2) applicants who have not satisfied all eligibility requirements described in subsection (f) of this section and the NOFA, and application guidelines to which they are responding, and for which Administrative Deficiencies were unresolved (relating to Applicant Requirements);
- (3) Applicants that have failed to make payment on any loans or fee commitments made with the Department;
- (4) applicants that have been otherwise barred by HUD and/or the Department;
- (5) applicant or developer, or their staff, that violate the state's revolving door policy; or
- (6) applicants that may be ineligible in accordance with those requirements at §50.5 of this title, excluding those requirements at §§50.5(a)(5) - (8), (10) and (11) of this Title.

(c) Communication with Department Employees. Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established

under paragraphs (1) - (3) of this subsection. §50.5(b)(7) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.

(1) the communication must be restricted to technical or administrative matters directly affecting the Application;

(2) the communication must occur or be received on the premises of the Department during established business hours; and

(3) a record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication (§2306.1113).

(d) Noncompliance. Each application will be reviewed for its compliance history by the Department, consistent with Chapter 60 of this title. Applications found to be in Material Noncompliance, or otherwise violating the compliance rules of the Department, will be terminated.

(e) Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in 24 CFR Part 92 of the HUD HOME program rules, and any additional items included in the NOFA for rental housing developments.

(f) Limitations on the Size of Developments. Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units.

(g) Eligibility requirements. An Applicant must satisfy each of the following requirements in order to be eligible to apply for HOME funding and as more fully described in the NOFA and application guidelines, when applicable:

(1) provide evidence of its ability to carry out the Program in the areas of financing, acquiring, rehabilitating, developing or managing affordable housing developments;

(2) demonstrate fiscal, programmatic, and contractual compliance on previously awarded Department contracts or loan agreements;

(3) submit any past due audit to the department in a satisfactory format on or before the application deadline, in accordance with §1.3(b) of this Title;

(4) demonstrate reasonable HOME Program expenditure and project performance on contract(s), as determined through program monitoring; and

(5) demonstrate satisfactory performance otherwise required by the Department and set out in the application guidelines.

(h) If indicated by the Department, Recipients must comply with all requirements to utilize the Department's website to provide necessary data to the Department.

(i) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in §1.37 of this title.

(j) Public Notification. Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to lose its "received by date" under open application cycles, or be terminated under competitive application cycles. Applicants must provide notifications to:

- (1) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;
  - (2) all neighborhood organizations whose defined boundaries include the location of the Development;
  - (3) executive officer and Board President of the school district that covers the location of the Development;
  - (4) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and
  - (5) the State Representative and State Senator whose district covers the location of the Development.
- (6) The notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.
- (k) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the applicant's cash reserve obligation or made promises in connection therewith.

(l) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions.

#### **§53.54.Application Limitations.**

An eligible Applicant may apply for several eligible activities provided that the total amount requested does not exceed the funding limits established in this section. The Department reserves the right to reduce the amount requested in an application based on program or project feasibility, underwriting analysis, or availability of funds:

- (1) Award amount for Owner-Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance shall not exceed \$500,000 per Activity, per NOFA, except as may be otherwise allowed by the Board.
- (2) Award amount for Development activities shall not exceed \$3 million, except as may be recommended by staff and otherwise approved by the Board. The Department reserves the right to set maximum loan to value limitations and minimum match requirements on all Development activities.
- (3) Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50% of the CHDO's total annual operating expenses in that fiscal year, or \$50,000, whichever is greater. The Department reserves the right to limit an Applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.
- (4) Per unit subsidy for all HOME-assisted housing may not exceed the per-unit dollar limits established by HUD under §221(d)(3) of the National Housing Act which are applicable to the area in which the housing is located, and published by the Department.
- (5) Award amount for Disaster Relief shall not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board. Only one application per affected unit of general local government may be submitted for each designated disaster. Public housing authorities (PHAs) and Nonprofit organizations may only act as an Applicant, in lieu of the unit of local government, if they are so designated by the affected unit of general local government. Award amount for designated Applicants may not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board.
- (6) Award amount for CHDO Predevelopment Loans may not exceed \$50,000 per application. Applicants may submit only one application per NOFA to cover eligible costs, as defined under §53.54(f) of this title.

**§53.55.Program Activities.**

All eligible applicants that satisfy the requirements of §53.52 may apply for the following Program Activities:

(1) Owner-Occupied Housing Assistance: Assisted homeowners must be income eligible and must occupy the property as their principal residence. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is reconstructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(2) Homebuyer Assistance: HOME funds utilized for Homebuyer Assistance are subject to the Department's recapture provisions as approved by HUD in the Consolidated Plan and as outlined in the application guidelines. The eligible uses for Homebuyer Assistance are down-payment assistance, closing cost assistance, gap financing, and in some instances, rehabilitation. The total assistance provided per eligible homebuyer may not exceed the limits as determined or allowed by the Board or the HOME Final Rule.

(3) Rental Housing Development: Eligible Activities include acquisition, new construction, and rehabilitation. Refinancing or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible. Owners of rental units assisted with HOME funds must comply with income and rent restrictions pursuant to 24 CFR 92.252 and keep the units affordable for a period of time, depending upon the amount of HOME assistance provided. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(4) Tenant-Based Rental Assistance: Provides rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant Based Rental Assistance also includes security and utility deposits for rental of dwelling units. Recipients must comply with 24 CFR 92.209 and 92.216.

(5) Single Family Housing Development: Newly constructed housing must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a). If eligible, an Applicant that applies for Single Family Housing Development may also apply for Homebuyer Assistance.

(6) CHDO Pre-Development Loans: The Department may set-aside up to 10% of the annual CHDO 15% Set-Aside for pre-development loans in accordance with 24 CFR 92.300(c). Applicants for pre-development loans will be required to have a summary description of a proposed Development and be able to show the necessary development experience to apply, as outlined in the NOFA and application guidelines. Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Pre-development loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, the Board may elect to waive pre-development loan repayment, in whole or in part, if there are impediments to a development that the Department determines are reasonably beyond the control of the CHDO.

(7) Set-Asides: other activities deemed eligible under set-asides defined by the Department and outlined in the Consolidated Plan.

**§53.56.Prohibited Activities.**

In accordance with 24 CFR 92.214, HOME funds may not be used to:

(1) Provide project reserve accounts, except as provided in §92.206(d)(5), or operating subsidies;

(2) Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act;



- (3) Provide non-federal matching contributions required under any other Federal program;
- (4) Provide assistance authorized under section 9 of the 1937 Act (Public Housing Capital and Operating Funds);
- (5) Provide assistance to eligible low-income housing under 24 CFR part 248 (Prepayment of Low Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR 248.101;
- (6) Provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under 24 CFR §92.504. However, additional HOME funds may be committed to a project up to one year after project completion (see 24 CFR §92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount established under 24 CFR §92.250;
- (7) Pay for the acquisition of property owned by the participating jurisdiction, except for property acquired by the participating jurisdiction with HOME funds, or property acquired in anticipation of carrying out a HOME project;
- (8) Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds; or
- (9) Pay for any cost that is not eligible under 24 CFR §§92.206 through 92.209.

#### **§53.57.Distribution of Funds.**

In accordance with 24 CFR §92.201(b)(1), the Department makes every effort to distribute HOME funds throughout the state according to the Department's assessment of the geographic distribution of housing needs, as identified in the Consolidated Plan. Funds shall also be allocated in accordance with §2306.111(d) and (g), Texas Government Code. The Department receives HOME funds for areas of the state which have not received Participating Jurisdiction (PJ) status from HUD. Section 2306.111(c) of the Texas Government Code requires the Department to award at least 95% of HOME Program funds to entities in nonparticipating jurisdictions. All funds not set aside under this section shall be used for the benefit of persons with disabilities who live in areas other than nonparticipating areas.

- (1) CHDO Set-Aside. In accordance with 24 CFR §92.300, not less than 15% of the HOME allocation will be set aside by the Department for CHDO eligible activities. CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If an insufficient number of qualified applications are received by the deadline, the Department reserves the right to hold additional competitions in order to meet federal set-aside requirements.
- (2) Special Needs: In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), with a documented history of working with special needs populations and with relevant housing related experience. Applicants may submit applications for eligible activities, as outlined in the Consolidated Plan. If an insufficient number of qualified applications are received, the Department reserves the right to transfer funds remaining in accordance with paragraph (6) of this subsection regarding Redistribution.
- (3) Other Set-Asides. In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), for those eligible activities outlined under Set-Asides.
- (4) Administrative Funds. In accordance with 24 CFR §92.207 up to 10% of the Department's HOME allocation plus 10% of any program income received may be used for eligible and reasonable planning and administrative costs. Administrative and planning costs may be incurred by the Department, State Recipient, Subrecipient, nonprofit entity, or CHDO.

(5) CHDO Operating Expenses. In accordance with 24 CFR §92.208 up to 5% of the Department's HOME allocation may be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Funds, or through a separate application cycle not tied to a specific Activity.

(6) Redistribution. In an effort to commit HOME funds in a timely manner, the Department may reallocate funds set-aside in accordance with the Consolidated Plan, at its own discretion, to other regions or activities if:

(A) the Department fails to receive a sufficient number of applications from a particular region or Activity;

(B) no applications are submitted for a region; or

(C) applications for a region or Activity do not meet eligibility requirements or minimum threshold scores (when applicable), or are financially infeasible as applicable.

(7) Marginal Applications. When the remainder of the allocation within a region is insufficient to completely fund the next ranked application in the region or Activity, it is within the discretion of the Department to:

(A) fund the next ranked application for the partial amount, reducing the scope of the application proportionally;

(B) make necessary adjustments to fully fund the application; or

(C) transfer the remaining funds to other regions or activities.

(8) HOME Demonstration Fund. The Department, with Board approval, may reserve HOME funds to combine and coordinate with other programs administered by the Department as outlined in the Consolidated Plan, or for housing activities the Department is permitted to fund under applicable law.

### **§53.58.Application Process.**

(a) An Applicant must submit a completed application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA, and application guidelines. Applications containing false information and applications not received by the deadline will be disqualified. Disqualified Applicants are notified in writing. All applications must be received by the Department by 5:00 p.m. on the date identified in the NOFA, and application guidelines, regardless of method of delivery.

(b) Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner:

(1) The Department will accept applications on an ongoing basis, until such date when the Department makes notice to the public that the Open Application Cycle has been closed. All applications must be received during business hours (8:00 a.m. to 5:00 p.m.) on any business day. The Department may limit the eligibility of applications in the NOFA, and application guidelines.

(2) Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review.

(A) Phase One will begin as of the received date. Applications not being considered under the CHDO Set-Aside will be passed through to Phase Two upon receipt. Phase One will only entail the review of the CHDO Certification package. The Department will ensure review of these materials and issue notice of any deficiencies on the CHDO Certification package within 30 days of the received date. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Two and will continue

to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase One until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to Phase Two. Applications that have not proceeded out of Phase One within 50 days of the received date will be terminated and must reapply for consideration of funds.

(B) Phase Two will include a review of all application requirements. The Department will ensure review of materials required under the NOFA, and application guidelines and will issue notice of any deficiencies as to threshold and eligibility within 45 days of the date it enters Phase Two. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Three and will continue to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase Two until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies, and of threshold and eligibility requirements will the Application be forwarded to Phase Three. An Application that has not proceeded out of Phase Two within 65 days of the date it entered Phase Two will be terminated and must reapply for consideration of funds. Application submitted for non-development Activities will not go through a Phase Three evaluation.

(C) Phase Three will include a comprehensive review for material noncompliance and financial feasibility by the Department. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended loan terms, the loan or grant amount and any conditions to be placed on the development. The Department will ensure financial feasibility review and issue notice of any required deficiencies for that feasibility review within 45 days of the date it enters Phase Three. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into "Recommended Status" and will continue to be prioritized by their received date. Applications with deficiencies not satisfied within seven business days, will be retained in Phase Three until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon resolution of all deficiencies will the Application be forwarded to the Department's Executive Awards Review and Advisory Committee for recommendation to the Board. Any application that has not finished Phase Three within 65 days of the date it entered Phase Three will be terminated and must reapply for consideration of funds.

(D) Upon completion of the applicable final review Phase, applications will be presented to the Executive Awards Review and Advisory Committee (the Committee). If satisfactory, the Committee will then recommend the award of funds to the Board, as long as HOME funds are still available for this Activity under the applicable NOFA. If the Application is recommended at least 14 days prior to the next Board meeting, it will be placed on the next Board meeting's agenda. If the Application is recommended with less than 14 days before the next Board meeting, the recommendation will be placed on the subsequent month's Board meeting agenda. Applications which are not recommended by the committee will be either returned to Department Staff or terminated.

(E) Because applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an application has completed all phases of its review. In the case that all HOME funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for 90 days in its current phase. If new HOME funds become available, applications will continue onward with their review without losing their received date priority. If HOME funds do not become available within 90 days of the notification, the Applicant will be notified that their application is no longer under consideration. The applicant must reapply to be considered for future funding. If on the date an application is received by the Department, no funds are available under this NOFA, the applicant will be notified that no funds exist under the NOFA and the application will not be processed.

(F) The Department may decline to fund any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any applications which are received, and may decide it is

in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any application.

(c) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both threshold and/or scoring documentation. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. Administrative Deficiencies given to Applications submitted under an Open Application Cycle NOFA will be handled in the manner described under Part B of this Section. Applications submitted under a Competitive Application Cycle NOFA will be treated in the following manner. If Administrative Deficiencies are not cured to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. An Applicant may not change or supplement an application in any manner after the filing deadline, except in response to a direct request from the Department.

(d) Alternative Dispute Resolution Policy. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, and Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

### §53.59.Process for Awards.

(a) The Department will publish a NOFA in the Texas Register and on the Department's website. The NOFA may be published as either an Open or Competitive Application Cycle. The NOFA will establish and define the terms and conditions for the submission of applications, and may set a deadline for receiving applications under a Competitive Application Cycle. The NOFA will also indicate the approximate amount of available funds.

(b) Selection Procedures for non-development Activities such as, Owner Occupied Housing Assistance, Homebuyer Assistance, ~~and~~ Tenant-Based Rental Assistance, and Contract for Deed.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92 and in these rules. Applications that do not comply with such requirements are disqualified. Disqualified Applicants are notified in writing.

~~(2) Applications are ranked from highest scores to lowest in their respective regions or Activity according to HOME Program scores. All funds not subject to the Regional Allocation Formula may be awarded on a first-come, first-serve basis.~~

(3) Applications must meet or exceed a minimum score determined by Department's staff for the respective activities to be considered for funding.

(3) Applications are ranked from highest scores to lowest in their respective regions or Activity according to HOME Program scores. All funds not subject to the Regional Allocation Formula may be awarded on a first-come, first-serve basis.

~~(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a recommendation for partial funding.~~

(54) Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored. Funds will be recommended in the order by ranking score, up to the limit of funds available per Activity and geography type in the region. Should an Activity not have enough qualified Applicants, the funds will be redirected to the next Activity and geography type in the region that had a higher number of qualified Applicants. If sufficient applications are not received in a region, any remaining funds will be redirected to the region with the highest number of qualified Applicants. Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility. Subsequently, the recommendation regarding their application will be made available on the Department's website at least seven calendar days prior to the Board meeting at which the awards may be approved.

(5) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a recommendation for partial funding.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for each Activity.

(7) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

(c) Selection Procedures for Development activities, such as, Single Family Housing Development and Rental Housing Development.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92, and in these rules. Applications that do not comply with HOME requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Housing Developments activities will undergo a review in accordance with §53.58 of this title governing open and competitive application cycles, as appropriate, and as prescribed in the NOFA, and application guidelines.

(3) A site visit will be conducted as part of the HOME Program Development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a partial recommendation for funding.

(5) Each Development application will be notified of its score in writing no later than seven calendar days after all applications received have been scored. Subsequently, the recommendation regarding their application will be made available on the Department's web site at least seven calendar days prior to the Board meeting at which the awards may be approved.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for such Activity.

(7) Even after Board approval for the award of HOME Development Activity funds may be conditional upon a completed loan closing and any other conditions deemed necessary by the Department.

(8) Applicants may appeal staff’s decision regarding their applications in accordance with §1.7 of this title.

**§53.60.General Selection Criteria.**

At a minimum, the following criteria are utilized in evaluating the applications for HOME funds. The applicable criteria are further delineated in the application guidelines and NOFA, which are part of the application package.

(1) Needs Assessment--Whether the proposed project meets the demographic, economic, and special need characteristics of the population residing in the target area and the need that the HOME program is designed to address, using qualitative and quantitative information, market studies, if appropriate, and other source documentation as delineated in the application guidelines, which are part of the application.

(2) Program Design--Whether the proposed project meets the needs identified in the needs assessment, whether the design is complete and whether the project fits within the community setting. Information required includes, but is not limited to: community involvement; support services and resources; scope of program; income and population targeting; marketing, fair housing and relocation plans, as applicable.

(3) Capability of Applicant--Whether the Applicant has the capacity to administer and manage the proposed program/project, demonstrated through previous experience either by the Applicant, cooperating entity or key staff (including other contracted service providers), in program management, property management, acquisition, rehabilitation, construction, real estate finance counseling and training or other activities relevant to the proposed program, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.

(4) Financial Feasibility. Applications for funding will be reviewed for financial feasibility based on the Department’s underwriting standards for development activities and as outlined in the NOFA and application guidelines . The review will be based on the supporting financial data provided by Applicants and third party reports submitted with the application.

**§53.61.Threshold and Selection Criteria for Single Family Non-development Activities**

(a)Applications must meet the minimum threshold score in order to be considered eligible to receive a funding recommendation:

(1) Owner Occupied Housing Assistance, 68 points.

(2) Homebuyer Assistance, 58 points.

(3) Tenant Based Rental Assistance, 60 points.

(4) Contract for Deed, 57 points.

(b)The following selection criteria point breakdown will be utilized when scoring applications:

(1) Affordable Housing Needs Score. Points range from 1 to 7, as published by the Department. The Affordable Housing Needs Score determined for the service area proposed in the application will be multiplied by a factor of 3, for a maximum of 21 points.

(2) Income Targeting. Points will be awarded based on the percentage of total units targeted to specific income levels. Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI.

(A) For Owner Occupied Housing Assistance and Tenant Based Rental Assistance:

(i) 0% to 19.99% of units at 60% AMFI, 0 points;

(ii) 20% to 39.99% of units at 60% AMFI, 2 points;

- (iii) 40% to 59.99% of units at 60% AMFI, 4 points;
- (iv) 60% to 79.99% of units at 60% AMFI, 6 points;
- (v) 80% to 99.99% of units at 60% AMFI, 8 points;
- (vi) 100% of units at 60% AMFI, 10 points;
- (vii) 0% to 19.99% of units at 30% AMFI, an additional 0 points;
- (viii) 20% to 39.99% of units at 30% AMFI, and additional 2 points;
- (ix) 40% to 59.99% of units at 30% AMFI, an additional 4 points;
- (x) 60% to 79.99% of units at 30% AMFI, an additional 6 points;
- (xi) 80% to 99.99% of units at 30% AMFI, an additional 8 points;
- (xii) 100% of units at 30% AMFI, and additional 10 points.

(B) For Homebuyer Assistance and Contract for Deed:

- (i) 0% to 19.99% of units at 80% AMFI, 5 points;
- (ii) 20% to 39.99% of units at 80% AMFI, 4 points;
- (iii) 40% to 59.99% of units at 80% AMFI, 3 points;
- (iv) 60% to 79.99% of units at 80% AMFI, 2 points;
- (v) 80% to 100% of units at 80% AMFI, 1 point;
- (vi) 0% to 9.99% of units at 60% AMFI, an additional 2 points;
- (vii) 10% to 19.99% of units at 60% AMFI, an additional 4 points;
- (viii) 20% to 29.99% of units at 60% AMFI, an additional 6 points;
- (ix) 30% to 39.99% of units at 60% AMFI, an additional 8 points;
- (x) 40% to 49.99% of units at 60% AMFI, an additional 10 points;
- (xi) 50% to 59.99% of units at 60% AMFI, an additional 11 points;
- (xii) 60% to 69.99% of units at 60% AMFI, an additional 12 points;
- (xiii) 70% to 79.99% of units at 60% AMFI, an additional 13 points;
- (xiv) 80% to 89.99% of units at 60% AMFI, an additional 14 points;
- (xv) 90% to 100% of units at 60% AMFI, an additional 15 points.

(3) Previous Award & Past Performance. Applicants will receive points for having received an award and performed in accordance with their contracts and Department rules. If unsatisfactory performance exists on any prior award regardless of set aside or Activity, a score of zero points will result.

(A) Applicant has never received a HOME award, or has received an award prior to 2002 and is 100% committed and expended from contract start date, 20 points;

(B) Applicant received HOME award in 2002-2003 and funds are 100% committed AND expended from contract start date, 18 points;

(C) Applicant received HOME award in 2004, 16 points:

- (i) Owner Occupied Housing Assistance funds are 100% committed and 50% expended from contract start date;
- (ii) Homebuyer Assistance and Tenant Based Rental Assistance funds are 75% committed and 50% expended from contract start date;

(D) Applicant received HOME award during 2005 and Environmental Clearance has been conducted from contract start date, 13 points.

(4) Match. Points will be awarded based on the dollar amount of eligible match as a percentage up to 25% of the requested project funds and the population size to be assisted.

(A) Percentage of Match per Project Request.

(i) 0% to 12.49% of project request, 0 points;

(ii) 12.5% to 15.5% of project request, 6 points;

(iii) 15.51 to 18.5% of project request, 7 points;

(iv) 18.51% to 21.5% of project request, 8 points;

(v) 21.51% to 24.99% of project request, 9 points;

(vi) 25% or greater of project request, 10 points.

(B) Applicants will only receive additional points for population size if providing 12.5% or greater in match.

(A) Population size of 20,001 and above, 0 points;

(B) Population size of 10,001 to 20,000, 2 points;

(C) Population size of 5,001 to 10,000, 4 points;

(D) Population size of 3,001 to 5,000, 6 points;

(E) Population size of 1,501 to 3,000, 8 points;

(F) Population size of 1 to 1,500, 10 points.

(5) Specific to Activity.

(i) Owner Occupied Housing Assistance and Contract for Deed. Local Contractor Letters of Interest. Points will be awarded based on a review of the letters (up to five letters) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed application. To be considered for scoring, the letters must be on the contractor's letterhead, including: the contractor's full name; address, city, state, and zip code; and dated within three months of the application deadline. Maximum of 10 points.

a. The contractor must be headquartered within the regional service area proposed in the application, 2 points per letter for a maximum of 10 points.

b. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area, 1 point per letter for a maximum of 5 points.

(ii) Homebuyer Assistance. Description of Lender Products. Points will be awarded based on a review of the commitment letters (up to three letters) submitted from lenders interested in participating in the Applicant's proposed application. To be considered for scoring, the letters must be on the lender's letterhead, including: name of lender; address, city, state, and zip code; and state the willingness and ability to make affordable loan products available for first-time homebuyers. Letters must be dated within three months of application deadline. 2 points per letter for a maximum of 6 points.

(iii) Homebuyer Assistance and Contract for Deed. Level of Homebuyer Counseling. Points will be awarded based on a review of the documentation submitted describing the level of homebuyer counseling proposed for potential homebuyers. Maximum of 4 points.



- a. Copy of curriculum, 2 points;
  - b. Copy of written agreement with service provider, 1 point;
  - c. Post purchase counseling to be provided, 1 point.
- (iv) Tenant Based Rental Assistance. Self Sufficiency Plan. Points will be awarded based on a review of the documentation submitted describing the Self Sufficiency Plan proposed for potential tenants. Maximum of 5 points.
- a. Description of the services to be provided, 2 points;
  - b. Training schedule, 2 points;
  - c. Copy of written agreement with service provider, 1 point.
- (6) Citizen Forms. Points will be awarded based on the number of completed citizen forms as a percentage of the total units proposed:
- (A) 0% to 9.99% of forms complete, 0 points;
  - (B) 10% to 29.99% of forms complete, 1 point;
  - (C) 30% to 49.99% of forms complete, 2 points;
  - (D) 50% to 69.99% of forms complete, 3 points;
  - (E) 70% to 89.99% of forms complete, 4 points;
  - (F) 90% to 100% of forms complete, 5 points.
- (7) Financial Oversight. Submission of 2004 or 2005 “Independent Auditor’s Report”, 2 points.
- (8) Serving Persons with Disabilities. To be eligible for these points, the Applicant must propose targeting 100% of the units to persons who meet the definition of Persons with Disabilities and have a documented history of working with the disability community, 2 points.

**§53.612. Program Administration.**

- (a) Agreement. Upon approval by the Board, Applicants receiving HOME funds shall enter into, execute, and deliver to the Department all written agreements between the Department and Recipient, including land use restriction agreements and compliance agreements as required by the Department.
- (b) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any HOME written agreement provided that:
- (1) in the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; and
  - (2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award.
  - (3) Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.
- (c) Deobligation.
- (1) The Department reserves the right to deobligate funds in the following situations:
    - (A) Recipient has any unresolved compliance issues on existing or prior contracts with the Department;

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- (B) Recipient fails to set-up programs/projects or expend funds in a timely manner;
- (C) Recipient defaults on any agreement by and between Recipient and the Department;
- (D) Recipient misrepresents any facts to the Department during the HOME application process, award of contracts, or administration of any HOME contract;
- (E) Recipient's inability to provide adequate financial support to administer the HOME contract or withdrawal of significant financial support;
- (F) Recipient is not in compliance with 24 CFR Part 92, or these rules;
- (G) Recipient declines funds; or
- (H) Recipient fails to expend all funds awarded.

(2) The Department, with approval of the Board, may elect to reassign funds following the Deobligation Policy, adopted by the Board on January 17, 2002, in the order prioritized as follows:

- (A) Successful appeals (as allowable under program rules and regulations);
- (B) Disaster Relief (disaster declarations or documented extenuating circumstances such as imminent threat to health and safety);
- (C) Special Needs;
- (D) Colonias; or
- (E) Other projects/uses as determined by the Executive Director and/or Board including the next year's funding cycle for each respective program.

(d) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive 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 good cause, as determined by the Board.

(e) Additional Funds. In the event the Department receives additional funds from HUD, the Department, with Board approval, may elect to distribute funds to other Recipients.

(f) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

(g) Department may terminate a contract in whole or in part. If Applicant has not achieved substantial progress in performance of a contract within six (6) months of the effective date of this contract, the contract will terminate. The Department will track substantial progress during the initial six (6) month period and throughout the contract term. Substantial progress in contract performance must be satisfactorily completed during the term of the contract as follows:

<u>Type</u>	<u>Term Lapsed</u>	<u>% Committed</u>	<u>% Drawn</u>	<u>% Match</u>
<u>OCC</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>100%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>HBA, HBA/Rehab, ADDI</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

<u>TBRA</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>75%</u>	<u>75%</u>
	<u>30 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**§53.623. Community Housing Development Organization (CHDO) Certification.**

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

(1) Applicant--A private nonprofit organization that has submitted a request for certification as a Community Housing Development Organization (CHDO) to the Department. An Applicant for the CHDO set aside must be a CHDO certified by the Department or as otherwise certified or designated as described in subsection (d) of this section.

(2) Articles of Incorporation--A document that sets forth the basic terms of a corporation's existence and is the official recognition of the corporation's existence. The documents must evidence that they have been filed with the Secretary of State.

(3) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the articles of incorporation. Bylaws and amendments to bylaws must be formally adopted in the manner prescribed by the organization's articles or current bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend bylaws.

(4) Community--For urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural areas, "community" is defined as one or several neighborhoods, a town, village, county, or multi-county area, but not the whole state.

(5) Low income--An annual income that does not exceed eighty percent (80%) of the median income for the area, with adjustments for family size, as defined by the U.S. Department of Housing and Urban Development (HUD).

(6) Memorandum of Understanding (MOU)--A written statement detailing the understanding between parties.

(7) Resolutions--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws.

(b) Application Procedures for Certification of CHDO. An Applicant requesting certification as a CHDO must submit an application for CHDO certification in a form prescribed by the Department. The CHDO application must be submitted with an application for HOME funding under the CHDO set-aside, and be recertified on an annual basis. The application must include documentation evidencing the requirements of this subsection.

(1) Applicant must have the following required legal status at the time of application to apply for certification as a CHDO:

(A) Organized as a private nonprofit organization under the Texas Nonprofit Corporation Act or other state not-for-profit/nonprofit statute as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(B) The Applicant must be registered with the Secretary of State to do business in the State of Texas.

(C) No part of the private nonprofit organization's net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(D) The Applicant must have the following tax status:

(i) A current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective while certified as a CHDO; or

(ii) Classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(iii) A private nonprofit organization's pending application for 501(c)(3) or (c)(4) status cannot be used to comply with the tax status requirement under this subparagraph.

(E) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's:

(i) Articles of Incorporation,

(ii) Charter;

(iii) Resolutions; or

(iv) Bylaws.

(F) The Applicant must have a clearly defined service area. The Applicant may include as its service area an entire community as defined in subsection (a)(4) of this section, but not the whole state. Private nonprofit organizations serving special populations must also define the geographic boundaries of its service areas. This subparagraph does not require a private nonprofit organization to represent only a single neighborhood.

(2) An Applicant must have the following capacity and experience:

(A) Conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems" as evidenced by:

(i) notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department;

(ii) certification from a Certified Public Accountant; or

(iii) HUD approved audit summary.

(B) Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

(i) resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds; or

(ii) contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.

(C) Has a history of serving the community within which housing to be assisted with HOME funds is to be located as evidenced by:

(i) statement that documents at least one year of experience in serving the community; or

(ii) for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community; and

(iii) The CHDO or its parent organization must be able to show one year of serving the community prior to the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president or other official of the organization.

(3) An Applicant must have the following organizational structure:

(A) The Applicant must maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in the Applicant's service area. Low-income neighborhoods are defined as neighborhoods where 51 percent or more of the residents are low-income. Residents of low-income neighborhoods do not have to be low income individuals themselves. If a low-income individual does not live in a low-income neighborhood as herein defined, the low-income individual must certify that he qualifies as a low-income individual. This certification is in addition to the affidavit required in clause (ii) of this subparagraph. For the purpose of this subparagraph, elected representatives of low-income neighborhood organizations include block groups, town watch organizations, civic associations, neighborhood church groups, Neighbor Works organizations and any organization composed primarily of residents of a low-income neighborhood as herein defined whose primary purpose is to serve the interest of the neighborhood residents. Compliance with this subparagraph shall be evidenced by:

(i) written provision or statement in the organizations By-laws, Charter or Articles of Incorporation;

(ii) affidavit in a form prescribed by the Department signed by the organization's Executive Director and notarized; and

(iii) current roster of all Board of Directors, including names and mailing addresses. The required one-third low-income residents or elected representatives must be marked on list as such.

(B) The Applicant must provide a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects. The formal process should include a system for community involvement in parts of the private nonprofit organization's service areas where housing will be developed, but which are not represented on its boards. Input from the low-income community is not met solely by having low-income representation on the board. The formal process must be in writing and approved or adopted by the private nonprofit organization, as evidenced by:

(i) organization's By-laws;

(ii) Resolution; or

(iii) written statement of operating procedures approved by the governing body. Statement must be original letterhead, signed by the Executive Director and evidence date of board approval.

(C) A local or state government and/or public agency cannot qualify as a CHDO, but may sponsor the creation of a CHDO. A private nonprofit organization may be chartered by a State or local government, but the following restrictions apply:

(i) The state or local government may not appoint more than one-third of the membership of the organization's governing body;

(ii) The board members appointed by the state or local government may not, in turn, appoint the remaining two-thirds of the board members;

(iii) No more than one-third of the governing board members may be public officials. Public officials include elected officials, appointed public officials, employees of the participating jurisdiction, or employees of the sponsoring state or local government, and individuals appointed by a public official. Elected officials include, but are not limited to, state legislators or any other statewide elected officials. Appointed public officials include, but are not limited to, members of any regulatory and/or advisory boards or commissions that are appointed by a State official;

(iv) Public officials who themselves are low-income residents or representatives do not count toward the one-third minimum requirement of community representatives in subparagraph (A) of this paragraph; and

(v) Compliance with clauses (i)-(iv) of this subparagraph shall be evidenced by:

(I) organization's By-laws;

(II) Charter; or

(III) Articles of Incorporation.

(D) If the Applicant is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the Applicant's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the Applicant's:

(i) By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

(E) An Applicant may be sponsored or created by a for-profit entity provided the for-profit entity's primary purpose does not include the development or management of housing, as evidenced in the for-profit organization's By-laws. If an Applicant is associated or has a relationship with a for-profit entity or entities, the Applicant must prove it is not controlled, nor receives directions from individuals, or entities seeking profit as evidenced by:

(i) organization's By-laws; or

(ii) Memorandum of Understanding (MOU).

(4) Religious or Faith-based Organizations may sponsor a CHDO if the CHDO meets all the requirements of this section. While the governing board of a CHDO sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the faith-based organization may retain control over appointments to the board. If a CHDO is sponsored by a religious organization, the following restrictions also apply:

(A) Housing developed must be made available exclusively for the residential use of program beneficiaries and must be made available to all persons regardless of religious affiliations or beliefs;

(B) A religious organization that participates in the HOME program may not use HOME funds to support any inherently religious activities: such as worship, religious instruction, or proselytizing;

(C) HOME funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Sanctuaries, chapels, or other rooms which a faith-based CHDO uses as its principal place of worship are always ineligible for HOME-funded improvements;

(D) Compliance with clauses (A)-(C) of this subparagraph may be evidenced by:

(i) The Organizations By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

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(c) An application for Community Housing Development Organization (CHDO) Certification will only be accepted if submitted with an application to the Department for HOME funds. If all requirements under this section are met, the Applicant will be certified as a CHDO upon the award of HOME funds by the Department. A new application for CHDO certification must be submitted to the Department with each new application for HOME funds under the CHDO set aside.

(d) If an Applicant submits an application for CHDO certification for a service area that is located in a local Participating Jurisdiction, the Applicant must submit evidence of the local taxing jurisdiction or local Participating Jurisdiction certification or designation of the Applicant as a CHDO.

(e) In the case of an Applicant applying for HOME funds (See 5% Disability requirement at §53.52(a)(2) of this Title) from the Department to be used in a Participating Jurisdiction, where neither the Participating Jurisdiction nor the local taxing entity certifies CHDOs outside of the local HOME application process, the Certification process described in this section applies.

**2006 HOME Investment Partnership Program (HOME) Rule  
Title 10, Part 1, Chapter 53 Texas Administrative Code**

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**§53.50.Purpose.**

This Chapter clarifies the use and administration of all funds provided to the Texas Department of Housing and Community Affairs (Department) by the United States Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 United States Code §§12701-12839) and HUD regulations at 24 Code of Federal Regulations (CFR) Part 92. The State’s HOME Program is designed to:

- (1) focus on the areas with the greatest housing need described in the State Consolidated Plan;
- (2) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, reconstruction, tenant-based rental assistance, and pre-development loans;
- (3) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and
- (4) provide low, very low, and extremely low income Texans with affordable, decent, safe and sanitary housing.



**§53.51. Definitions.**

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Activity--A form of assistance by which HOME funds are used to provide incentives to develop and support affordable housing and homeownership through acquisition, new construction, reconstruction, and rehabilitation of housing.

(2) Administrative Deficiencies--The absence of information or a document from the application as required in this rule.

(3) Applicant--An eligible entity which is preparing to submit or has submitted an application for HOME funds and is designated in the application to assume contractual liability and legal responsibility as the Recipient executing the written agreement with the Department.

(4) Board--The governing board of the Texas Department of Housing and Community Affairs.

(5) CFR--Code of Federal Regulations.

(6) Colonia--A geographic area located in a county some part of which is within 150 miles of the international border of this state that:

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

(B) Has the physical and economic characteristics of a Colonia, as determined by the Texas Water Development Board.

(7) Community Housing Development Organization (CHDO)--A private nonprofit organization that satisfies the requirements of 24 CFR 92.2 and is certified as such by the Department.

(8) Community Housing Development Organization Pre-Development Loan--A form of assistance in which funds are made available as loans to cover those costs outlined in 24 CFR 92.301.

(9) Competitive Application Cycle--A defined period during which applications may be submitted according to a published Notice of Funding Availability (NOFA). Applications will be reviewed in accordance with the rules for application review published in the NOFA, and application guidelines.

(10) Consolidated Plan--The State Consolidated Plan prepared in accordance with 24 CFR Part 91, which describes the needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs and is subject to approval annually by HUD.

(11) Demonstration Fund--A reserve fund for use alone or in combination and coordination with other programs administered by the Department. This Fund will be available for out of cycle applications, innovative programs brought to the Department for consideration and emergency programs. Additionally, this fund may be used with other programs administered by the Department as outlined in the Consolidated Plan, as approved by the Board.

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

(13) Development--Projects that have a construction component, either in the form of new construction or the rehabilitation of multi-unit or single family residential housing that meet the affordability requirements.

(14) Expenditure--Approved expense evidenced by documentation submitted by the Recipient to the Department for purposes of drawing funds from HUD's Integrated Disbursement and Information System (IDIS) for work completed, inspected and certified as complete, and as otherwise required by the Department.

(15) Family--Includes but is not limited to the following types of families as defined in 24 CFR 5.403:

(A) A family with or without children;

- (B) An elderly family;
  - (C) A near elderly family;
  - (D) A disabled family;
  - (E) A displaced family;
  - (F) The remaining member of a tenant family; or
  - (G) A single person who is not an elderly or displaced person or a person with disabilities or the remaining member of a tenant family.
- (16) Homebuyer Assistance--Down payment, closing costs, and gap financing assistance provided to eligible homebuyers. Minor rehabilitation may be combined with Homebuyer Assistance.
- (17) HOME--The HOME Investment Partnerships Program at 42 United States Code §§12701-12839 and the regulations promulgated thereafter at 24 CFR Part 92.
- (18) Household--One or more persons occupying a housing unit.
- (19) HUD--The United States Department of Housing and Urban Development, or its successor.
- (20) IDIS--Integrated Disbursement and Information System established by HUD.
- (21) Income Eligible Families:
- (A) Low-Income Families--Families whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (B) Very Low-Income Families--Families whose annual incomes do not exceed 50% of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (C) Extremely Low Income Families--Families whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
- (22) Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:
- (A) have separate and specific buildings exclusively for the age restricted units;
  - (B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;
  - (C) have separate and specific entrances, and other appropriate security measures for the age restricted units;
  - (D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;
  - (E) share the same Development site;
  - (F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and
  - (G) meet the requirements of the federal Fair Housing Act
- (23) Match--Eligible forms of non-federal contributions to a program or project in the forms specified in 24 CFR 92.220.
- (24) Neighborhood--As defined by HUD, a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government; except that if the unit of general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

(25) New construction--Any Development not meeting the definition of Rehabilitation or Reconstruction.

(26) NOFA--Notice of Funding Availability, published in the Texas Register.

(27) Nonprofit organization--A public or private organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(C) has a current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application for 501(c) (3) or (c) (4) status cannot be used to comply with the tax status requirement.

(28) Open Application Cycle--A defined period during which applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed. Applications will be reviewed in accordance with the rules for application review published in the NOFA, and/or application guidelines.

(29) Owner-Occupied Housing Assistance--A form of assistance for the purpose of rehabilitating or reconstructing existing owner-occupied housing.

(30) Participating Jurisdiction (PJ)--Any state or unit of general local government, including consortia as specified in 24 CFR 92.101, designated by HUD in accordance with 24 CFR 92.105.

(31) Predevelopment Costs--Reimbursable costs related to a specific eligible housing project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies and legal fees;

(C) Predevelopment costs do not include general operational or administrative costs.

(32) Program--Funds provided in the form of a contract to an eligible Applicant for the purpose of administering more than one Project or assisting more than one household.

(33) Program Income--Gross income received by the Department or program administrators directly generated from the use of HOME funds or matching contributions as further described in 24 CFR 92.2.

(34) Project--A site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking under 24 CFR 92.2.

(35) Recipient--A successful applicant that has been awarded funds by the Department to administer a HOME program, including a State Recipient, Subrecipient, for-profit entity, nonprofit entity, or CHDO.

(36) Reconstruction--The rebuilding of a structure on the same lot where housing is standing at the time of Development Application. HOME funds may be used to build a new foundation or repair an existing foundation. During reconstruction, the number of rooms per unit may change, but the number of units may not.

(37) Rehabilitation--Includes the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction.

(38) Rental Housing Development--A project for the acquisition, new construction, reconstruction or rehabilitation of multi-family or single family rental housing, or conversion of commercial property to rental housing.

(39) Rural Development--A Development located within an area which:

(A) is situated outside the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA);

(B) within the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA), if the statistical area has a population of 20,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for new construction or rehabilitation funding by the Texas-United States Department of Agriculture-Rural Housing Service (TX-USDA-RHS).

(40) Single Family Housing Development--A form of assistance to make funds available to HOME eligible Applicants including non-profit organizations, CHDOs, units of general local government, for-profit housing organizations, sole proprietors and public housing agencies for the purpose of constructing single family affordable housing units for homeownership.

(41) Special Needs--Those individuals or categories of individuals determined by the Department to have unmet housing needs consistent with 42 USC §12701 et seq. and as provided in the Consolidated Plan.

(42) State Recipient--A unit of general local government designated by the Department to receive HOME funds.

(43) Subrecipient--A public agency or nonprofit organization selected by the Department to administer all or a portion of the Department's HOME program. A public agency or nonprofit that receives HOME funds solely as a developer or owner of housing is not a Subrecipient. The Department's selection of a Subrecipient is not subject to the procurement procedures and requirements.

(44) Tenant-Based Rental Assistance (TBRA)--A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance also includes security deposits and utility deposits for rental of dwelling units.

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

### **§53.52.Allocation of Funds**

(a) The Department shall administer all federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12704 et seq.) in accordance with HUD's final HOME rule, 24 CFR Part 92 and Chapter 2306, Texas Government Code. Consistent with the federal HOME rule and the Department annual Consolidated Plan. The HOME program shall:

(1) adopt a goal to apply an aggregate minimum of 25 percent of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income, pursuant to §2306.111(a) of the Texas Government Code;

(2) expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas, pursuant to §2306.111(c) of the Texas Government Code; and

(3) Allocate funds to all urban/exurban areas and rural areas of each uniform state service region consistent with the Department's Regional Allocation Plan, unless funds are reserved for contract-for-deed conversions or for set-asides mandated by state or federal law, or each contract-for-deed allocation or set-aside allocation equals not more than 10 percent of the total allocation of funds for the program year, pursuant to §2306.111(d) of the Texas Government Code.

(b) The Department shall release an annual allocation plan based on the funding allocation outlined in the Department's Consolidated Plan, and consistent with the Chapter 2306 of the Texas Government Code, after a full accounting of available funds has been determined.

**§53.53.Applicant Requirements.**

(a) Eligible Applicant. The following organizations or entities are eligible to apply for HOME eligible activities:

- (1) nonprofit organizations;
- (2) CHDOs;
- (3) units of general local government;
- (4) for-profit entities and sole proprietors; and
- (5) public housing agencies.

(b) Ineligible Applicant: The following violations will cause an Applicant, and any applications they have submitted, to be ineligible:

- (1) previously funded Recipient(s) whose HOME funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to the current funding cycle;
- (2) applicants who have not satisfied all eligibility requirements described in subsection (f) of this section and the NOFA, and application guidelines to which they are responding, and for which Administrative Deficiencies were unresolved (relating to Applicant Requirements);
- (3) Applicants that have failed to make payment on any loans or fee commitments made with the Department;
- (4) applicants that have been otherwise barred by HUD and/or the Department;
- (5) applicant or developer, or their staff, that violate the state's revolving door policy; or
- (6) applicants that may be ineligible in accordance with those requirements at §50.5 of this title, excluding those requirements at §§50.5(a)(5) - (8), (10) and (11) of this Title.

(c) Communication with Department Employees. Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established

under paragraphs (1) - (3) of this subsection. §50.5(b)(7) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.

(1) the communication must be restricted to technical or administrative matters directly affecting the Application;

(2) the communication must occur or be received on the premises of the Department during established business hours; and

(3) a record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication (§2306.1113).

(d) Noncompliance. Each application will be reviewed for its compliance history by the Department, consistent with Chapter 60 of this title. Applications found to be in Material Noncompliance, or otherwise violating the compliance rules of the Department, will be terminated.

(e) Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in 24 CFR Part 92 of the HUD HOME program rules, and any additional items included in the NOFA for rental housing developments.

(f) Limitations on the Size of Developments. Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units.

(g) Eligibility requirements. An Applicant must satisfy each of the following requirements in order to be eligible to apply for HOME funding and as more fully described in the NOFA and application guidelines, when applicable:

(1) provide evidence of its ability to carry out the Program in the areas of financing, acquiring, rehabilitating, developing or managing affordable housing developments;

(2) demonstrate fiscal, programmatic, and contractual compliance on previously awarded Department contracts or loan agreements;

(3) submit any past due audit to the department in a satisfactory format on or before the application deadline, in accordance with §1.3(b) of this Title;

(4) demonstrate reasonable HOME Program expenditure and project performance on contract(s), as determined through program monitoring; and

(5) demonstrate satisfactory performance otherwise required by the Department and set out in the application guidelines.

(h) If indicated by the Department, Recipients must comply with all requirements to utilize the Department's website to provide necessary data to the Department.

(i) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in §1.37 of this title.

(j) Public Notification. Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to lose its "received by date" under open application cycles, or be terminated under competitive application cycles. Applicants must provide notifications to:

- (1) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;
  - (2) all neighborhood organizations whose defined boundaries include the location of the Development;
  - (3) executive officer and Board President of the school district that covers the location of the Development;
  - (4) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and
  - (5) the State Representative and State Senator whose district covers the location of the Development.
- (6) The notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.
- (k) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the applicant's cash reserve obligation or made promises in connection therewith.

(l) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions.

#### **§53.54.Application Limitations.**

An eligible Applicant may apply for several eligible activities provided that the total amount requested does not exceed the funding limits established in this section. The Department reserves the right to reduce the amount requested in an application based on program or project feasibility, underwriting analysis, or availability of funds:

- (1) Award amount for Owner-Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance shall not exceed \$500,000 per Activity, per NOFA, except as may be otherwise allowed by the Board.
- (2) Award amount for Development activities shall not exceed \$3 million, except as may be recommended by staff and otherwise approved by the Board. The Department reserves the right to set maximum loan to value limitations and minimum match requirements on all Development activities.
- (3) Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50% of the CHDO's total annual operating expenses in that fiscal year, or \$50,000, whichever is greater. The Department reserves the right to limit an Applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.
- (4) Per unit subsidy for all HOME-assisted housing may not exceed the per-unit dollar limits established by HUD under §221(d)(3) of the National Housing Act which are applicable to the area in which the housing is located, and published by the Department.
- (5) Award amount for Disaster Relief shall not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board. Only one application per affected unit of general local government may be submitted for each designated disaster. Public housing authorities (PHAs) and Nonprofit organizations may only act as an Applicant, in lieu of the unit of local government, if they are so designated by the affected unit of general local government. Award amount for designated Applicants may not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board.
- (6) Award amount for CHDO Predevelopment Loans may not exceed \$50,000 per application. Applicants may submit only one application per NOFA to cover eligible costs, as defined under §53.54(f) of this title.

### **§53.55.Program Activities.**

All eligible applicants that satisfy the requirements of §53.52 may apply for the following Program Activities:

(1) Owner-Occupied Housing Assistance: Assisted homeowners must be income eligible and must occupy the property as their principal residence. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is reconstructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(2) Homebuyer Assistance: HOME funds utilized for Homebuyer Assistance are subject to the Department's recapture provisions as approved by HUD in the Consolidated Plan and as outlined in the application guidelines. The eligible uses for Homebuyer Assistance are down-payment assistance, closing cost assistance, gap financing, and in some instances, rehabilitation. The total assistance provided per eligible homebuyer may not exceed the limits as determined or allowed by the Board or the HOME Final Rule.

(3) Rental Housing Development: Eligible Activities include acquisition, new construction, and rehabilitation. Refinancing or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible. Owners of rental units assisted with HOME funds must comply with income and rent restrictions pursuant to 24 CFR 92.252 and keep the units affordable for a period of time, depending upon the amount of HOME assistance provided. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(4) Tenant-Based Rental Assistance: Provides rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant Based Rental Assistance also includes security and utility deposits for rental of dwelling units. Recipients must comply with 24 CFR 92.209 and 92.216.

(5) Single Family Housing Development: Newly constructed housing must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a). If eligible, an Applicant that applies for Single Family Housing Development may also apply for Homebuyer Assistance.

(6) CHDO Pre-Development Loans: The Department may set-aside up to 10% of the annual CHDO 15% Set-Aside for pre-development loans in accordance with 24 CFR 92.300(c). Applicants for pre-development loans will be required to have a summary description of a proposed Development and be able to show the necessary development experience to apply, as outlined in the NOFA and application guidelines. Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Pre-development loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, the Board may elect to waive pre-development loan repayment, in whole or in part, if there are impediments to a development that the Department determines are reasonably beyond the control of the CHDO.

(7) Set-Asides: other activities deemed eligible under set-asides defined by the Department and outlined in the Consolidated Plan.

### **§53.56.Prohibited Activities.**

In accordance with 24 CFR 92.214, HOME funds may not be used to:

(1) Provide project reserve accounts, except as provided in §92.206(d)(5), or operating subsidies;

(2) Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act;



- (3) Provide non-federal matching contributions required under any other Federal program;
- (4) Provide assistance authorized under section 9 of the 1937 Act (Public Housing Capital and Operating Funds);
- (5) Provide assistance to eligible low-income housing under 24 CFR part 248 (Prepayment of Low Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR 248.101;
- (6) Provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under 24 CFR §92.504. However, additional HOME funds may be committed to a project up to one year after project completion (see 24 CFR §92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount established under 24 CFR §92.250;
- (7) Pay for the acquisition of property owned by the participating jurisdiction, except for property acquired by the participating jurisdiction with HOME funds, or property acquired in anticipation of carrying out a HOME project;
- (8) Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds; or
- (9) Pay for any cost that is not eligible under 24 CFR §§92.206 through 92.209.

#### **§53.57.Distribution of Funds.**

In accordance with 24 CFR §92.201(b)(1), the Department makes every effort to distribute HOME funds throughout the state according to the Department's assessment of the geographic distribution of housing needs, as identified in the Consolidated Plan. Funds shall also be allocated in accordance with §2306.111(d) and (g), Texas Government Code. The Department receives HOME funds for areas of the state which have not received Participating Jurisdiction (PJ) status from HUD. Section 2306.111(c) of the Texas Government Code requires the Department to award at least 95% of HOME Program funds to entities in nonparticipating jurisdictions. All funds not set aside under this section shall be used for the benefit of persons with disabilities who live in areas other than nonparticipating areas.

- (1) CHDO Set-Aside. In accordance with 24 CFR §92.300, not less than 15% of the HOME allocation will be set aside by the Department for CHDO eligible activities. CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If an insufficient number of qualified applications are received by the deadline, the Department reserves the right to hold additional competitions in order to meet federal set-aside requirements.
- (2) Special Needs: In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), with a documented history of working with special needs populations and with relevant housing related experience. Applicants may submit applications for eligible activities, as outlined in the Consolidated Plan. If an insufficient number of qualified applications are received, the Department reserves the right to transfer funds remaining in accordance with paragraph (6) of this subsection regarding Redistribution.
- (3) Other Set-Asides. In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), for those eligible activities outlined under Set-Asides.
- (4) Administrative Funds. In accordance with 24 CFR §92.207 up to 10% of the Department's HOME allocation plus 10% of any program income received may be used for eligible and reasonable planning and administrative costs. Administrative and planning costs may be incurred by the Department, State Recipient, Subrecipient, nonprofit entity, or CHDO.

(5) CHDO Operating Expenses. In accordance with 24 CFR §92.208 up to 5% of the Department's HOME allocation may be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Funds, or through a separate application cycle not tied to a specific Activity.

(6) Redistribution. In an effort to commit HOME funds in a timely manner, the Department may reallocate funds set-aside in accordance with the Consolidated Plan, at its own discretion, to other regions or activities if:

(A) the Department fails to receive a sufficient number of applications from a particular region or Activity;

(B) no applications are submitted for a region; or

(C) applications for a region or Activity do not meet eligibility requirements or minimum threshold scores (when applicable), or are financially infeasible as applicable.

(7) Marginal Applications. When the remainder of the allocation within a region is insufficient to completely fund the next ranked application in the region or Activity, it is within the discretion of the Department to:

(A) fund the next ranked application for the partial amount, reducing the scope of the application proportionally;

(B) make necessary adjustments to fully fund the application; or

(C) transfer the remaining funds to other regions or activities.

(8) HOME Demonstration Fund. The Department, with Board approval, may reserve HOME funds to combine and coordinate with other programs administered by the Department as outlined in the Consolidated Plan, or for housing activities the Department is permitted to fund under applicable law.

### **§53.58.Application Process.**

(a) An Applicant must submit a completed application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA, and application guidelines. Applications containing false information and applications not received by the deadline will be disqualified. Disqualified Applicants are notified in writing. All applications must be received by the Department by 5:00 p.m. on the date identified in the NOFA, and application guidelines, regardless of method of delivery.

(b) Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner:

(1) The Department will accept applications on an ongoing basis, until such date when the Department makes notice to the public that the Open Application Cycle has been closed. All applications must be received during business hours (8:00 a.m. to 5:00 p.m.) on any business day. The Department may limit the eligibility of applications in the NOFA, and application guidelines.

(2) Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review.

(A) Phase One will begin as of the received date. Applications not being considered under the CHDO Set-Aside will be passed through to Phase Two upon receipt. Phase One will only entail the review of the CHDO Certification package. The Department will ensure review of these materials and issue notice of any deficiencies on the CHDO Certification package within 30 days of the received date. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Two and will continue

to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase One until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to Phase Two. Applications that have not proceeded out of Phase One within 50 days of the received date will be terminated and must reapply for consideration of funds.

(B) Phase Two will include a review of all application requirements. The Department will ensure review of materials required under the NOFA, and application guidelines and will issue notice of any deficiencies as to threshold and eligibility within 45 days of the date it enters Phase Two. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Three and will continue to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase Two until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies, and of threshold and eligibility requirements will the Application be forwarded to Phase Three. An Application that has not proceeded out of Phase Two within 65 days of the date it entered Phase Two will be terminated and must reapply for consideration of funds. Application submitted for non-development Activities will not go through a Phase Three evaluation.

(C) Phase Three will include a comprehensive review for material noncompliance and financial feasibility by the Department. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended loan terms, the loan or grant amount and any conditions to be placed on the development. The Department will ensure financial feasibility review and issue notice of any required deficiencies for that feasibility review within 45 days of the date it enters Phase Three. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into "Recommended Status" and will continue to be prioritized by their received date. Applications with deficiencies not satisfied within seven business days, will be retained in Phase Three until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon resolution of all deficiencies will the Application be forwarded to the Department's Executive Awards Review and Advisory Committee for recommendation to the Board. Any application that has not finished Phase Three within 65 days of the date it entered Phase Three will be terminated and must reapply for consideration of funds.

(D) Upon completion of the applicable final review Phase, applications will be presented to the Executive Awards Review and Advisory Committee (the Committee). If satisfactory, the Committee will then recommend the award of funds to the Board, as long as HOME funds are still available for this Activity under the applicable NOFA. If the Application is recommended at least 14 days prior to the next Board meeting, it will be placed on the next Board meeting's agenda. If the Application is recommended with less than 14 days before the next Board meeting, the recommendation will be placed on the subsequent month's Board meeting agenda. Applications which are not recommended by the committee will be either returned to Department Staff or terminated.

(E) Because applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an application has completed all phases of its review. In the case that all HOME funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for 90 days in its current phase. If new HOME funds become available, applications will continue onward with their review without losing their received date priority. If HOME funds do not become available within 90 days of the notification, the Applicant will be notified that their application is no longer under consideration. The applicant must reapply to be considered for future funding. If on the date an application is received by the Department, no funds are available under this NOFA, the applicant will be notified that no funds exist under the NOFA and the application will not be processed.

(F) The Department may decline to fund any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any applications which are received, and may decide it is

in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any application.

(c) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both threshold and/or scoring documentation. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. Administrative Deficiencies given to Applications submitted under an Open Application Cycle NOFA will be handled in the manner described under Part B of this Section. Applications submitted under a Competitive Application Cycle NOFA will be treated in the following manner. If Administrative Deficiencies are not cured to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. An Applicant may not change or supplement an application in any manner after the filing deadline, except in response to a direct request from the Department.

(d) Alternative Dispute Resolution Policy. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, and Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

### **§53.59.Process for Awards.**

(a) The Department will publish a NOFA in the Texas Register and on the Department's website. The NOFA may be published as either an Open or Competitive Application Cycle. The NOFA will establish and define the terms and conditions for the submission of applications, and may set a deadline for receiving applications under a Competitive Application Cycle. The NOFA will also indicate the approximate amount of available funds.

(b) Selection Procedures for non-development Activities such as, Owner Occupied Housing Assistance, Homebuyer Assistance, ~~and~~ Tenant-Based Rental Assistance, and Contract for Deed.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92 and in these rules. Applications that do not comply with such requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Applications ~~are ranked from highest scores to lowest in their respective regions or Activity according to HOME Program scores. All for~~ funds not subject to the Regional Allocation Formula may be awarded on a first-come, first-serve basis. Applicants may also receive a partial recommendation for funding.

(3) ~~Applications-Applications~~ subject to the Regional Allocation Formula must meet or exceed a minimum score determined by Department's staff for the respective activities to be considered for funding.

(4) ~~In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors~~

~~and feasibility of the proposed project identified in the application. Tied Applicants may also receive a recommendation for partial funding. Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored. Only Applicants meeting or exceeding a minimum score will receive a lottery number. Funds will be recommended in the order in which lottery numbers are selected, up to the limit of funds available per Activity and geography type in the region. Should an Activity not have enough qualified Applicants, the funds will be redirected to the next Activity and geography type in the region that had a higher number of qualified Applicants. If sufficient applications are not received in a region, any remaining funds will be redirected to the region with the highest number of qualified Applicants. Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility.~~

~~(5) Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored. Subsequently, the recommendations for funding regarding their application will be made available on the Department's website at least seven calendar days prior to the Board meeting at which the awards may be approved.~~

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for each Activity.

(7) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

(c) Selection Procedures for Development activities, such as, Single Family Housing Development and Rental Housing Development.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92, and in these rules. Applications that do not comply with HOME requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Housing Developments activities will undergo a review in accordance with §53.58 of this title governing open and competitive application cycles, as appropriate, and as prescribed in the NOFA, and application guidelines.

(3) A site visit will be conducted as part of the HOME Program Development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a partial recommendation for funding.

(5) Each Development application will be notified of its score in writing no later than seven calendar days after all applications received have been scored. Subsequently, the recommendation regarding their application will be made available on the Department's web site at least seven calendar days prior to the Board meeting at which the awards may be approved.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for such Activity.

(7) Even after Board approval for the award of HOME Development Activity funds may be conditional upon a completed loan closing and any other conditions deemed necessary by the Department.

(8) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

### **§53.60. General Selection Criteria.**

At a minimum, the following criteria are utilized in evaluating the applications for HOME funds. The applicable criteria are further delineated in the application guidelines and NOFA, which are part of the application package.

(1) Needs Assessment--Whether the proposed project meets the demographic, economic, and special need characteristics of the population residing in the target area and the need that the HOME program is designed to address, using qualitative and quantitative information, market studies, if appropriate, and other source documentation as delineated in the application guidelines, which are part of the application.

(2) Program Design--Whether the proposed project meets the needs identified in the needs assessment, whether the design is complete and whether the project fits within the community setting. Information required includes, but is not limited to: community involvement; support services and resources; scope of program; income and population targeting; marketing, fair housing and relocation plans, as applicable.

(3) Capability of Applicant--Whether the Applicant has the capacity to administer and manage the proposed program/project, demonstrated through previous experience either by the Applicant, cooperating entity or key staff (including other contracted service providers), in program management, property management, acquisition, rehabilitation, construction, real estate finance counseling and training or other activities relevant to the proposed program, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.

(4) Financial Feasibility. Applications for funding will be reviewed for financial feasibility based on the Department's underwriting standards for development activities and as outlined in the NOFA and application guidelines. The review will be based on the supporting financial data provided by Applicants and third party reports submitted with the application.

**§53.61.Threshold and Selection Criteria for Single Family Non-development Activities**

(a)Applications must meet the minimum threshold score in order to be considered eligible to receive a funding recommendation:

(1) Owner Occupied Housing Assistance, 66 points.

(2) Homebuyer Assistance, 56 points.

(3) Tenant Based Rental Assistance, 60 points.

(4) Contract for Deed, 57 points.

(b)The following selection criteria point breakdown will be utilized when scoring applications:

(1) Affordable Housing Needs Score. Points range from 1 to 7, as published by the Department. The Affordable Housing Needs Score determined for the service area proposed in the application will be multiplied by a factor of 3, for a maximum of 21 points.

(2) Income Targeting. Points will be awarded based on the percentage of total units targeted to specific income levels. Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI.

(A) For Owner Occupied Housing Assistance and Tenant Based Rental Assistance:

(i) 0% to 19.99% of units at 60% AMFI, 0 points;

(ii) 20% to 39.99% of units at 60% AMFI, 2 points;

(iii) 40% to 59.99% of units at 60% AMFI, 4 points;

(iv) 60% to 79.99% of units at 60% AMFI, 6 points;

(v) 80% to 99.99% of units at 60% AMFI, 8 points;

(vi) 100% of units at 60% AMFI, 10 points;

(vii) 0% to 19.99% of units at 30% AMFI, an additional 0 points;

- (viii) 20% to 39.99% of units at 30% AMFI, and additional 2 points;
- (ix) 40% to 59.99% of units at 30% AMFI, an additional 4 points;
- (x) 60% to 79.99% of units at 30% AMFI, an additional 6 points;
- (xi) 80% to 99.99% of units at 30% AMFI, an additional 8 points;
- (xii) 100% of units at 30% AMFI, and additional 10 points.

(B) For Homebuyer Assistance and Contract for Deed:

- (i) 0% to 19.99% of units at 80% AMFI, 5 points;
- (ii) 20% to 39.99% of units at 80% AMFI, 4 points;
- (iii) 40% to 59.99% of units at 80% AMFI, 3 points;
- (iv) 60% to 79.99% of units at 80% AMFI, 2 points;
- (v) 80% to 100% of units at 80% AMFI, 1 point;
- (vi) 0% to 9.99% of units at 60% AMFI, an additional 2 points;
- (vii) 10% to 19.99% of units at 60% AMFI, an additional 4 points;
- (viii) 20% to 29.99% of units at 60% AMFI, an additional 6 points;
- (ix) 30% to 39.99% of units at 60% AMFI, an additional 8 points;
- (x) 40% to 49.99% of units at 60% AMFI, an additional 10 points;
- (xi) 50% to 59.99% of units at 60% AMFI, an additional 11 points;
- (xii) 60% to 69.99% of units at 60% AMFI, an additional 12 points;
- (xiii) 70% to 79.99% of units at 60% AMFI, an additional 13 points;
- (xiv) 80% to 89.99% of units at 60% AMFI, an additional 14 points;
- (xv) 90% to 100% of units at 60% AMFI, an additional 15 points.

(3) Previous Award & Past Performance. Applicants will receive points for having received an award and performed in accordance with their contracts and Department rules. If unsatisfactory performance exists on any prior award regardless of set aside or Activity, a score of zero points will result.

(A) Applicant has never received a HOME award, or has received an award prior to 2002 and is 100% committed and expended from contract start date, 20 points;

(B) Applicant received HOME award in 2002-2003 and funds are 100% committed AND expended from contract start date, 18 points;

(C) Applicant received HOME award in 2004, 16 points:

(i) Owner Occupied Housing Assistance funds are 100% committed and 50% expended from contract start date;

(ii) Homebuyer Assistance and Tenant Based Rental Assistance funds are 75% committed and 50% expended from contract start date;

(D) Applicant received HOME award during 2005 and Environmental Clearance has been conducted from contract start date, 13 points.

(4) Match. Points will be awarded based on the dollar amount of eligible match as a percentage up to 25% of the requested project funds and the population size to be assisted.

(A) Percentage of Match per Project Request.

(i) 0% to 12.49% of project request, 0 points;

- (ii) 12.5% to 15.5% of project request, 6 points;
- (iii) 15.51 to 18.5% of project request, 7 points;
- (iv) 18.51% to 21.5% of project request, 8 points;
- (v) 21.51% to 24.99% of project request, 9 points;
- (vi) 25% or greater of project request, 10 points.

(B) Applicants will only receive additional points for population size if providing 12.5% or greater in match.

- (A) Population size of 20,001 and above, 0 points;
- (B) Population size of 10,001 to 20,000, 2 points;
- (C) Population size of 5,001 to 10,000, 4 points;
- (D) Population size of 3,001 to 5,000, 6 points;
- (E) Population size of 1,501 to 3,000, 8 points;
- (F) Population size of 1 to 1,500, 10 points.

(5) Specific to Activity.

(i) Owner Occupied Housing Assistance and Contract for Deed. Local Contractor Letters of Interest. Points will be awarded based on a review of the letters (up to five letters) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed application. To be considered for scoring, the letters must be on the contractor's letterhead, including: the contractor's full name; address, city, state, and zip code; and dated within three months of the application deadline. Maximum of 10 points.

- a. The contractor must be headquartered within the regional service area proposed in the application, 2 points per letter for a maximum of 10 points.
- b. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area, 1 point per letter for a maximum of 5 points.

(ii) Homebuyer Assistance. Description of Lender Products. Points will be awarded based on a review of the commitment letters (up to three letters) submitted from lenders interested in participating in the Applicant's proposed application. To be considered for scoring, the letters must be on the lender's letterhead, including: name of lender; address, city, state, and zip code; and state the willingness and ability to make affordable loan products available for first-time homebuyers. Letters must be dated within three months of application deadline. 2 points per letter for a maximum of 6 points.

(iii) Homebuyer Assistance and Contract for Deed. Level of Homebuyer Counseling. Points will be awarded based on a review of the documentation submitted describing the level of homebuyer counseling proposed for potential homebuyers. Maximum of 4 points.

- a. Copy of curriculum, 2 points;
- b. Copy of written agreement with service provider, 1 point;
- c. Post purchase counseling to be provided, 1 point.

(iv) Tenant Based Rental Assistance. Self Sufficiency Plan. Points will be awarded based on a review of the documentation submitted describing the Self Sufficiency Plan proposed for potential tenants. Maximum of 5 points.

- a. Description of the services to be provided, 2 points;



b. Training schedule, 2 points;

c. Copy of written agreement with service provider, 1 point.

(6) Citizen Forms. Points will be awarded based on the number of completed citizen forms as a percentage of the total units proposed:

(A) 0% to 9.99% of forms complete, 0 points;

(B) 10% to 29.99% of forms complete, 1 point;

(C) 30% to 49.99% of forms complete, 2 points;

(D) 50% to 69.99% of forms complete, 3 points;

(E) 70% to 89.99% of forms complete, 4 points;

(F) 90% to 100% of forms complete, 5 points.

(7) Financial Oversight. Submission of 2004 or 2005 “Independent Auditor’s Report”, 2 points.

(8) Serving Persons with Disabilities. To be eligible for these points, the Applicant must propose targeting 100% of the units to persons who meet the definition of Persons with Disabilities and have a documented history of working with the disability community, 2 points.

**§53.612. Program Administration.**

(a) Agreement. Upon approval by the Board, Applicants receiving HOME funds shall enter into, execute, and deliver to the Department all written agreements between the Department and Recipient, including land use restriction agreements and compliance agreements as required by the Department.

(b) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any HOME written agreement provided that:

(1) in the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; and

(2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award.

(3) Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.

(c) Deobligation.

(1) The Department reserves the right to deobligate funds in the following situations:

(A) Recipient has any unresolved compliance issues on existing or prior contracts with the Department;

(B) Recipient fails to set-up programs/projects or expend funds in a timely manner;

(C) Recipient defaults on any agreement by and between Recipient and the Department;

(D) Recipient misrepresents any facts to the Department during the HOME application process, award of contracts, or administration of any HOME contract;

(E) Recipient's inability to provide adequate financial support to administer the HOME contract or withdrawal of significant financial support;

(F) Recipient is not in compliance with 24 CFR Part 92, or these rules;

(G) Recipient declines funds; or

(H) Recipient fails to expend all funds awarded.

(2) The Department, with approval of the Board, may elect to reassign funds following the Deobligation Policy, adopted by the Board on January 17, 2002, in the order prioritized as follows:

(A) Successful appeals (as allowable under program rules and regulations);

(B) Disaster Relief (disaster declarations or documented extenuating circumstances such as imminent threat to health and safety);

(C) Special Needs;

(D) Colonias; or

(E) Other projects/uses as determined by the Executive Director and/or Board including the next year’s funding cycle for each respective program.

(d) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive 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 good cause, as determined by the Board.

(e) Additional Funds. In the event the Department receives additional funds from HUD, the Department, with Board approval, may elect to distribute funds to other Recipients.

(f) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

(g) Department may terminate a contract in whole or in part. If Applicant has not achieved substantial progress in performance of a contract within six (6) months of the effective date of this contract, the contract will terminate. The Department will track substantial progress during the initial six (6) month period and throughout the contract term. Substantial progress in contract performance must be satisfactorily completed during the term of the contract as follows:

<u>Type</u>	<u>Term Lapsed</u>	<u>% Committed</u>	<u>% Drawn</u>	<u>% Match</u>
<u>OCC</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>100%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>HBA, HBA/Rehab, ADDI</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>TBRA</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>75%</u>	<u>75%</u>
	<u>30 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**§53.623. Community Housing Development Organization (CHDO) Certification.**

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

(1) Applicant--A private nonprofit organization that has submitted a request for certification as a Community Housing Development Organization (CHDO) to the Department. An Applicant for the CHDO set aside must be a CHDO certified by the Department or as otherwise certified or designated as described in subsection (d) of this section.

(2) Articles of Incorporation--A document that sets forth the basic terms of a corporation's existence and is the official recognition of the corporation's existence. The documents must evidence that they have been filed with the Secretary of State.

(3) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the articles of incorporation. Bylaws and amendments to bylaws must be formally adopted in the manner prescribed by the organization's articles or current bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend bylaws.

(4) Community--For urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural areas, "community" is defined as one or several neighborhoods, a town, village, county, or multi-county area, but not the whole state.

(5) Low income--An annual income that does not exceed eighty percent (80%) of the median income for the area, with adjustments for family size, as defined by the U.S. Department of Housing and Urban Development (HUD).

(6) Memorandum of Understanding (MOU)--A written statement detailing the understanding between parties.

(7) Resolutions--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws.

(b) Application Procedures for Certification of CHDO. An Applicant requesting certification as a CHDO must submit an application for CHDO certification in a form prescribed by the Department. The CHDO application must be submitted with an application for HOME funding under the CHDO set-aside, and be recertified on an annual basis. The application must include documentation evidencing the requirements of this subsection.

(1) Applicant must have the following required legal status at the time of application to apply for certification as a CHDO:

(A) Organized as a private nonprofit organization under the Texas Nonprofit Corporation Act or other state not-for-profit/nonprofit statute as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(B) The Applicant must be registered with the Secretary of State to do business in the State of Texas.

(C) No part of the private nonprofit organization's net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(D) The Applicant must have the following tax status:

(i) A current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective while certified as a CHDO; or

(ii) Classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(iii) A private nonprofit organization's pending application for 501(c)(3) or (c)(4) status cannot be used to comply with the tax status requirement under this subparagraph.

(E) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's:

(i) Articles of Incorporation,

(ii) Charter;

(iii) Resolutions; or

(iv) Bylaws.

(F) The Applicant must have a clearly defined service area. The Applicant may include as its service area an entire community as defined in subsection (a)(4) of this section, but not the whole state. Private nonprofit organizations serving special populations must also define the geographic boundaries of its service areas. This subparagraph does not require a private nonprofit organization to represent only a single neighborhood.

(2) An Applicant must have the following capacity and experience:

(A) Conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems" as evidenced by:

(i) notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department;

(ii) certification from a Certified Public Accountant; or

(iii) HUD approved audit summary.

(B) Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

(i) resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds; or

(ii) contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.

(C) Has a history of serving the community within which housing to be assisted with HOME funds is to be located as evidenced by:

(i) statement that documents at least one year of experience in serving the community; or

(ii) for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community; and

(iii) The CHDO or its parent organization must be able to show one year of serving the community prior to the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new

housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president or other official of the organization.

(3) An Applicant must have the following organizational structure:

(A) The Applicant must maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in the Applicant's service area. Low-income neighborhoods are defined as neighborhoods where 51 percent or more of the residents are low-income. Residents of low-income neighborhoods do not have to be low income individuals themselves. If a low-income individual does not live in a low-income neighborhood as herein defined, the low-income individual must certify that he qualifies as a low-income individual. This certification is in addition to the affidavit required in clause (ii) of this subparagraph. For the purpose of this subparagraph, elected representatives of low-income neighborhood organizations include block groups, town watch organizations, civic associations, neighborhood church groups, Neighbor Works organizations and any organization composed primarily of residents of a low-income neighborhood as herein defined whose primary purpose is to serve the interest of the neighborhood residents. Compliance with this subparagraph shall be evidenced by:

(i) written provision or statement in the organizations By-laws, Charter or Articles of Incorporation;

(ii) affidavit in a form prescribed by the Department signed by the organization's Executive Director and notarized; and

(iii) current roster of all Board of Directors, including names and mailing addresses. The required one-third low-income residents or elected representatives must be marked on list as such.

(B) The Applicant must provide a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects. The formal process should include a system for community involvement in parts of the private nonprofit organization's service areas where housing will be developed, but which are not represented on its boards. Input from the low-income community is not met solely by having low-income representation on the board. The formal process must be in writing and approved or adopted by the private nonprofit organization, as evidenced by:

(i) organization's By-laws;

(ii) Resolution; or

(iii) written statement of operating procedures approved by the governing body. Statement must be original letterhead, signed by the Executive Director and evidence date of board approval.

(C) A local or state government and/or public agency cannot qualify as a CHDO, but may sponsor the creation of a CHDO. A private nonprofit organization may be chartered by a State or local government, but the following restrictions apply:

(i) The state or local government may not appoint more than one-third of the membership of the organization's governing body;

(ii) The board members appointed by the state or local government may not, in turn, appoint the remaining two-thirds of the board members;

(iii) No more than one-third of the governing board members may be public officials. Public officials include elected officials, appointed public officials, employees of the participating jurisdiction, or employees of the sponsoring state or local government, and individuals appointed by a public official. Elected officials include, but are not limited to, state legislators or any other statewide elected officials. Appointed public officials include, but are not limited to, members of any regulatory and/or advisory boards or commissions that are appointed by a State official;

(iv) Public officials who themselves are low-income residents or representatives do not count toward the one-third minimum requirement of community representatives in subparagraph (A) of this paragraph; and

(v) Compliance with clauses (i)-(iv) of this subparagraph shall be evidenced by:

(I) organization's By-laws;

(II) Charter; or

(III) Articles of Incorporation.

(D) If the Applicant is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the Applicant's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the Applicant's:

(i) By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

(E) An Applicant may be sponsored or created by a for-profit entity provided the for-profit entity's primary purpose does not include the development or management of housing, as evidenced in the for-profit organization's By-laws. If an Applicant is associated or has a relationship with a for-profit entity or entities, the Applicant must prove it is not controlled, nor receives directions from individuals, or entities seeking profit as evidenced by:

(i) organization's By-laws; or

(ii) Memorandum of Understanding (MOU).

(4) Religious or Faith-based Organizations may sponsor a CHDO if the CHDO meets all the requirements of this section. While the governing board of a CHDO sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the faith-based organization may retain control over appointments to the board. If a CHDO is sponsored by a religious organization, the following restrictions also apply:

(A) Housing developed must be made available exclusively for the residential use of program beneficiaries and must be made available to all persons regardless of religious affiliations or beliefs;

(B) A religious organization that participates in the HOME program may not use HOME funds to support any inherently religious activities: such as worship, religious instruction, or proselytizing;

(C) HOME funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Sanctuaries, chapels, or other rooms which a faith-based CHDO uses as its principal place of worship are always ineligible for HOME-funded improvements;

(D) Compliance with clauses (A)-(C) of this subparagraph may be evidenced by:

(i) The Organizations By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

(c) An application for Community Housing Development Organization (CHDO) Certification will only be accepted if submitted with an application to the Department for HOME funds. If all requirements under this section are met, the Applicant will be certified as a CHDO upon the award of HOME funds by the Department. A new application for CHDO certification must be submitted to the Department with each new application for HOME funds under the CHDO set aside.

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(d) If an Applicant submits an application for CHDO certification for a service area that is located in a local Participating Jurisdiction, the Applicant must submit evidence of the local taxing jurisdiction or local Participating Jurisdiction certification or designation of the Applicant as a CHDO.

(e) In the case of an Applicant applying for HOME funds (See 5% Disability requirement at §53.52(a)(2) of this Title) from the Department to be used in a Participating Jurisdiction, where neither the Participating Jurisdiction nor the local taxing entity certifies CHDOs outside of the local HOME application process, the Certification process described in this section applies.

**2006 HOME Investment Partnership Program (HOME) Rule  
Title 10, Part 1, Chapter 53 Texas Administrative Code**

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**§53.50.Purpose.**

This Chapter clarifies the use and administration of all funds provided to the Texas Department of Housing and Community Affairs (Department) by the United States Department of Housing and Urban Development (HUD) pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 (42 United States Code §§12701-12839) and HUD regulations at 24 Code of Federal Regulations (CFR) Part 92. The State’s HOME Program is designed to:

- (1) focus on the areas with the greatest housing need described in the State Consolidated Plan;
- (2) provide funds for home ownership and rental housing through acquisition, new construction, rehabilitation, reconstruction, tenant-based rental assistance, and pre-development loans;
- (3) promote partnerships among all levels of government and the private sector, including non-profit and for-profit organizations; and
- (4) provide low, very low, and extremely low income Texans with affordable, decent, safe and sanitary housing.



**§53.51. Definitions.**

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Activity--A form of assistance by which HOME funds are used to provide incentives to develop and support affordable housing and homeownership through acquisition, new construction, reconstruction, and rehabilitation of housing.
- (2) Administrative Deficiencies--The absence of information or a document from the application as required in this rule.
- (3) Applicant--An eligible entity which is preparing to submit or has submitted an application for HOME funds and is designated in the application to assume contractual liability and legal responsibility as the Recipient executing the written agreement with the Department.
- (4) Board--The governing board of the Texas Department of Housing and Community Affairs.
- (5) CFR--Code of Federal Regulations.
- (6) Colonia--A geographic area located in a county some part of which is within 150 miles of the international border of this state that:
  - (A) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under §17.921, Water Code; or
  - (B) Has the physical and economic characteristics of a Colonia, as determined by the Texas Water Development Board.
- (7) Community Housing Development Organization (CHDO)--A private nonprofit organization that satisfies the requirements of 24 CFR 92.2 and is certified as such by the Department.
- (8) Community Housing Development Organization Pre-Development Loan--A form of assistance in which funds are made available as loans to cover those costs outlined in 24 CFR 92.301.
- (9) Competitive Application Cycle--A defined period during which applications may be submitted according to a published Notice of Funding Availability (NOFA). Applications will be reviewed in accordance with the rules for application review published in the NOFA, and application guidelines.
- (10) Consolidated Plan--The State Consolidated Plan prepared in accordance with 24 CFR Part 91, which describes the needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs and is subject to approval annually by HUD.
- (11) Demonstration Fund--A reserve fund for use alone or in combination and coordination with other programs administered by the Department. This Fund will be available for out of cycle applications, innovative programs brought to the Department for consideration and emergency programs. Additionally, this fund may be used with other programs administered by the Department as outlined in the Consolidated Plan, as approved by the Board.
- (12) Department--The Texas Department of Housing and Community Affairs.
- (13) Development--Projects that have a construction component, either in the form of new construction or the rehabilitation of multi-unit or single family residential housing that meet the affordability requirements.
- (14) Expenditure--Approved expense evidenced by documentation submitted by the Recipient to the Department for purposes of drawing funds from HUD's Integrated Disbursement and Information System (IDIS) for work completed, inspected and certified as complete, and as otherwise required by the Department.
- (15) Family--Includes but is not limited to the following types of families as defined in 24 CFR 5.403:
  - (A) A family with or without children;

- (B) An elderly family;
  - (C) A near elderly family;
  - (D) A disabled family;
  - (E) A displaced family;
  - (F) The remaining member of a tenant family; or
  - (G) A single person who is not an elderly or displaced person or a person with disabilities or the remaining member of a tenant family.
- (16) Homebuyer Assistance--Down payment, closing costs, and gap financing assistance provided to eligible homebuyers. Minor rehabilitation may be combined with Homebuyer Assistance.
- (17) HOME--The HOME Investment Partnerships Program at 42 United States Code §§12701-12839 and the regulations promulgated thereafter at 24 CFR Part 92.
- (18) Household--One or more persons occupying a housing unit.
- (19) HUD--The United States Department of Housing and Urban Development, or its successor.
- (20) IDIS--Integrated Disbursement and Information System established by HUD.
- (21) Income Eligible Families:
- (A) Low-Income Families--Families whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (B) Very Low-Income Families--Families whose annual incomes do not exceed 50% of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.
  - (C) Extremely Low Income Families--Families whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.
- (22) Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:
- (A) have separate and specific buildings exclusively for the age restricted units;
  - (B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;
  - (C) have separate and specific entrances, and other appropriate security measures for the age restricted units;
  - (D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;
  - (E) share the same Development site;
  - (F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and
  - (G) meet the requirements of the federal Fair Housing Act
- (23) Match--Eligible forms of non-federal contributions to a program or project in the forms specified in 24 CFR 92.220.
- (24) Neighborhood--As defined by HUD, a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government; except that if the unit of general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

(25) New construction--Any Development not meeting the definition of Rehabilitation or Reconstruction.

(26) NOFA--Notice of Funding Availability, published in the Texas Register.

(27) Nonprofit organization--A public or private organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(C) has a current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application for 501(c) (3) or (c) (4) status cannot be used to comply with the tax status requirement.

(28) Open Application Cycle--A defined period during which applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed. Applications will be reviewed in accordance with the rules for application review published in the NOFA, and/or application guidelines.

(29) Owner-Occupied Housing Assistance--A form of assistance for the purpose of rehabilitating or reconstructing existing owner-occupied housing.

(30) Participating Jurisdiction (PJ)--Any state or unit of general local government, including consortia as specified in 24 CFR 92.101, designated by HUD in accordance with 24 CFR 92.105.

(31) Predevelopment Costs--Reimbursable costs related to a specific eligible housing project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies and legal fees;

(C) Predevelopment costs do not include general operational or administrative costs.

(32) Program--Funds provided in the form of a contract to an eligible Applicant for the purpose of administering more than one Project or assisting more than one household.

(33) Program Income--Gross income received by the Department or program administrators directly generated from the use of HOME funds or matching contributions as further described in 24 CFR 92.2.

(34) Project--A site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking under 24 CFR 92.2.

(35) Recipient--A successful applicant that has been awarded funds by the Department to administer a HOME program, including a State Recipient, Subrecipient, for-profit entity, nonprofit entity, or CHDO.

(36) Reconstruction--The rebuilding of a structure on the same lot where housing is standing at the time of Development Application. HOME funds may be used to build a new foundation or repair an existing foundation. During reconstruction, the number of rooms per unit may change, but the number of units may not.

(37) Rehabilitation--Includes the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction.

(38) Rental Housing Development--A project for the acquisition, new construction, reconstruction or rehabilitation of multi-family or single family rental housing, or conversion of commercial property to rental housing.

(39) Rural Development--A Development located within an area which:

(A) is situated outside the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA);

(B) within the boundaries of a primary metropolitan statistical area (PMSA) or a metropolitan statistical area (MSA), if the statistical area has a population of 20,000 or less and does not share a boundary with an urban area; or

(C) in an area that is eligible for new construction or rehabilitation funding by the Texas-United States Department of Agriculture-Rural Housing Service (TX-USDA-RHS).

(40) Single Family Housing Development--A form of assistance to make funds available to HOME eligible Applicants including non-profit organizations, CHDOs, units of general local government, for-profit housing organizations, sole proprietors and public housing agencies for the purpose of constructing single family affordable housing units for homeownership.

(41) Special Needs--Those individuals or categories of individuals determined by the Department to have unmet housing needs consistent with 42 USC §12701 et seq. and as provided in the Consolidated Plan.

(42) State Recipient--A unit of general local government designated by the Department to receive HOME funds.

(43) Subrecipient--A public agency or nonprofit organization selected by the Department to administer all or a portion of the Department's HOME program. A public agency or nonprofit that receives HOME funds solely as a developer or owner of housing is not a Subrecipient. The Department's selection of a Subrecipient is not subject to the procurement procedures and requirements.

(44) Tenant-Based Rental Assistance (TBRA)--A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance also includes security deposits and utility deposits for rental of dwelling units.

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

### **§53.52.Allocation of Funds**

(a) The Department shall administer all federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12704 et seq.) in accordance with HUD's final HOME rule, 24 CFR Part 92 and Chapter 2306, Texas Government Code. Consistent with the federal HOME rule and the Department annual Consolidated Plan. The HOME program shall:

(1) adopt a goal to apply an aggregate minimum of 25 percent of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income, pursuant to §2306.111(a) of the Texas Government Code;

(2) expend at least 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas, pursuant to §2306.111(c) of the Texas Government Code; and

(3) Allocate funds to all urban/exurban areas and rural areas of each uniform state service region consistent with the Department's Regional Allocation Plan, unless funds are reserved for contract-for-deed conversions or for set-asides mandated by state or federal law, or each contract-for-deed allocation or set-aside allocation equals not more than 10 percent of the total allocation of funds for the program year, pursuant to §2306.111(d) of the Texas Government Code.

(b) The Department shall release an annual allocation plan based on the funding allocation outlined in the Department's Consolidated Plan, and consistent with the Chapter 2306 of the Texas Government Code, after a full accounting of available funds has been determined.

### **§53.53.Applicant Requirements.**

(a) Eligible Applicant. The following organizations or entities are eligible to apply for HOME eligible activities:

- (1) nonprofit organizations;
- (2) CHDOs;
- (3) units of general local government;
- (4) for-profit entities and sole proprietors; and
- (5) public housing agencies.

(b) Ineligible Applicant: The following violations will cause an Applicant, and any applications they have submitted, to be ineligible:

- (1) previously funded Recipient(s) whose HOME funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to the current funding cycle;
- (2) applicants who have not satisfied all eligibility requirements described in subsection (f) of this section and the NOFA, and application guidelines to which they are responding, and for which Administrative Deficiencies were unresolved (relating to Applicant Requirements);
- (3) Applicants that have failed to make payment on any loans or fee commitments made with the Department;
- (4) applicants that have been otherwise barred by HUD and/or the Department;
- (5) applicant or developer, or their staff, that violate the state's revolving door policy; or
- (6) applicants that may be ineligible in accordance with those requirements at §50.5 of this title, excluding those requirements at §§50.5(a)(5) - (8), (10) and (11) of this Title.

(c) Communication with Department Employees. Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established

under paragraphs (1) - (3) of this subsection. §50.5(b)(7) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.

(1) the communication must be restricted to technical or administrative matters directly affecting the Application;

(2) the communication must occur or be received on the premises of the Department during established business hours; and

(3) a record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication (§2306.1113).

(d) Noncompliance. Each application will be reviewed for its compliance history by the Department, consistent with Chapter 60 of this title. Applications found to be in Material Noncompliance, or otherwise violating the compliance rules of the Department, will be terminated.

(e) Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in 24 CFR Part 92 of the HUD HOME program rules, and any additional items included in the NOFA for rental housing developments.

(f) Limitations on the Size of Developments. Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units.

(g) Eligibility requirements. An Applicant must satisfy each of the following requirements in order to be eligible to apply for HOME funding and as more fully described in the NOFA and application guidelines, when applicable:

(1) provide evidence of its ability to carry out the Program in the areas of financing, acquiring, rehabilitating, developing or managing affordable housing developments;

(2) demonstrate fiscal, programmatic, and contractual compliance on previously awarded Department contracts or loan agreements;

(3) submit any past due audit to the department in a satisfactory format on or before the application deadline, in accordance with §1.3(b) of this Title;

(4) demonstrate reasonable HOME Program expenditure and project performance on contract(s), as determined through program monitoring; and

(5) demonstrate satisfactory performance otherwise required by the Department and set out in the application guidelines.

(h) If indicated by the Department, Recipients must comply with all requirements to utilize the Department's website to provide necessary data to the Department.

(i) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in §1.37 of this title.

(j) Public Notification. Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to lose its "received by date" under open application cycles, or be terminated under competitive application cycles. Applicants must provide notifications to:

- (1) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;
  - (2) all neighborhood organizations whose defined boundaries include the location of the Development;
  - (3) executive officer and Board President of the school district that covers the location of the Development;
  - (4) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and
  - (5) the State Representative and State Senator whose district covers the location of the Development.
- (6) The notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.
- (k) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the applicant's cash reserve obligation or made promises in connection therewith.

(l) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions.

#### **§53.54.Application Limitations.**

An eligible Applicant may apply for several eligible activities provided that the total amount requested does not exceed the funding limits established in this section. The Department reserves the right to reduce the amount requested in an application based on program or project feasibility, underwriting analysis, or availability of funds:

- (1) Award amount for Owner-Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance shall not exceed \$500,000 per Activity, per NOFA, except as may be otherwise allowed by the Board.
- (2) Award amount for Development activities shall not exceed \$3 million, except as may be recommended by staff and otherwise approved by the Board. The Department reserves the right to set maximum loan to value limitations and minimum match requirements on all Development activities.
- (3) Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50% of the CHDO's total annual operating expenses in that fiscal year, or \$50,000, whichever is greater. The Department reserves the right to limit an Applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.
- (4) Per unit subsidy for all HOME-assisted housing may not exceed the per-unit dollar limits established by HUD under §221(d)(3) of the National Housing Act which are applicable to the area in which the housing is located, and published by the Department.
- (5) Award amount for Disaster Relief shall not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board. Only one application per affected unit of general local government may be submitted for each designated disaster. Public housing authorities (PHAs) and Nonprofit organizations may only act as an Applicant, in lieu of the unit of local government, if they are so designated by the affected unit of general local government. Award amount for designated Applicants may not exceed \$500,000 per State declared disaster, or as may be otherwise allowed by the Board.
- (6) Award amount for CHDO Predevelopment Loans may not exceed \$50,000 per application. Applicants may submit only one application per NOFA to cover eligible costs, as defined under §53.54(f) of this title.

**§53.55.Program Activities.**

All eligible applicants that satisfy the requirements of §53.52 may apply for the following Program Activities:

(1) Owner-Occupied Housing Assistance: Assisted homeowners must be income eligible and must occupy the property as their principal residence. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is reconstructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(2) Homebuyer Assistance: HOME funds utilized for Homebuyer Assistance are subject to the Department's recapture provisions as approved by HUD in the Consolidated Plan and as outlined in the application guidelines. The eligible uses for Homebuyer Assistance are down-payment assistance, closing cost assistance, gap financing, and in some instances, rehabilitation. The total assistance provided per eligible homebuyer may not exceed the limits as determined or allowed by the Board or the HOME Final Rule.

(3) Rental Housing Development: Eligible Activities include acquisition, new construction, and rehabilitation. Refinancing or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible. Owners of rental units assisted with HOME funds must comply with income and rent restrictions pursuant to 24 CFR 92.252 and keep the units affordable for a period of time, depending upon the amount of HOME assistance provided. Housing assisted with HOME funds must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a).

(4) Tenant-Based Rental Assistance: Provides rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant Based Rental Assistance also includes security and utility deposits for rental of dwelling units. Recipients must comply with 24 CFR 92.209 and 92.216.

(5) Single Family Housing Development: Newly constructed housing must meet all applicable codes and standards, as specified in the application guide. In addition, housing that is newly constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances in accordance with 24 CFR 92.251(a). If eligible, an Applicant that applies for Single Family Housing Development may also apply for Homebuyer Assistance.

(6) CHDO Pre-Development Loans: The Department may set-aside up to 10% of the annual CHDO 15% Set-Aside for pre-development loans in accordance with 24 CFR 92.300(c). Applicants for pre-development loans will be required to have a summary description of a proposed Development and be able to show the necessary development experience to apply, as outlined in the NOFA and application guidelines. Predevelopment loan funds may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Pre-development loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, the Board may elect to waive pre-development loan repayment, in whole or in part, if there are impediments to a development that the Department determines are reasonably beyond the control of the CHDO.

(7) Set-Asides: other activities deemed eligible under set-asides defined by the Department and outlined in the Consolidated Plan.

**§53.56.Prohibited Activities.**

In accordance with 24 CFR 92.214, HOME funds may not be used to:

- (1) Provide project reserve accounts, except as provided in §92.206(d)(5), or operating subsidies;
- (2) Provide tenant-based rental assistance for the special purposes of the existing Section 8 program, in accordance with Section 212(d) of the Act;



- (3) Provide non-federal matching contributions required under any other Federal program;
- (4) Provide assistance authorized under section 9 of the 1937 Act (Public Housing Capital and Operating Funds);
- (5) Provide assistance to eligible low-income housing under 24 CFR part 248 (Prepayment of Low Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR 248.101;
- (6) Provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under 24 CFR §92.504. However, additional HOME funds may be committed to a project up to one year after project completion (see 24 CFR §92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount established under 24 CFR §92.250;
- (7) Pay for the acquisition of property owned by the participating jurisdiction, except for property acquired by the participating jurisdiction with HOME funds, or property acquired in anticipation of carrying out a HOME project;
- (8) Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds; or
- (9) Pay for any cost that is not eligible under 24 CFR §§92.206 through 92.209.

**§53.57.Distribution of Funds.**

In accordance with 24 CFR §92.201(b)(1), the Department makes every effort to distribute HOME funds throughout the state according to the Department's assessment of the geographic distribution of housing needs, as identified in the Consolidated Plan. Funds shall also be allocated in accordance with §2306.111(d) and (g), Texas Government Code. The Department receives HOME funds for areas of the state which have not received Participating Jurisdiction (PJ) status from HUD. Section 2306.111(c) of the Texas Government Code requires the Department to award at least 95% of HOME Program funds to entities in nonparticipating jurisdictions. All funds not set aside under this section shall be used for the benefit of persons with disabilities who live in areas other than nonparticipating areas.

- (1) CHDO Set-Aside. In accordance with 24 CFR §92.300, not less than 15% of the HOME allocation will be set aside by the Department for CHDO eligible activities. CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If an insufficient number of qualified applications are received by the deadline, the Department reserves the right to hold additional competitions in order to meet federal set-aside requirements.
- (2) Special Needs: In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), with a documented history of working with special needs populations and with relevant housing related experience. Applicants may submit applications for eligible activities, as outlined in the Consolidated Plan. If an insufficient number of qualified applications are received, the Department reserves the right to transfer funds remaining in accordance with paragraph (6) of this subsection regarding Redistribution.
- (3) Other Set-Asides. In accordance with the Consolidated Plan, funds will be available to eligible Applicants, as defined in §53.52(a) of this title (relating to Applicant Requirements), for those eligible activities outlined under Set-Asides.
- (4) Administrative Funds. In accordance with 24 CFR §92.207 up to 10% of the Department's HOME allocation plus 10% of any program income received may be used for eligible and reasonable planning and administrative costs. Administrative and planning costs may be incurred by the Department, State Recipient, Subrecipient, nonprofit entity, or CHDO.

(5) CHDO Operating Expenses. In accordance with 24 CFR §92.208 up to 5% of the Department's HOME allocation may be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Funds, or through a separate application cycle not tied to a specific Activity.

(6) Redistribution. In an effort to commit HOME funds in a timely manner, the Department may reallocate funds set-aside in accordance with the Consolidated Plan, at its own discretion, to other regions or activities if:

(A) the Department fails to receive a sufficient number of applications from a particular region or Activity;

(B) no applications are submitted for a region; or

(C) applications for a region or Activity do not meet eligibility requirements or minimum threshold scores (when applicable), or are financially infeasible as applicable.

(7) Marginal Applications. When the remainder of the allocation within a region is insufficient to completely fund the next ranked application in the region or Activity, it is within the discretion of the Department to:

(A) fund the next ranked application for the partial amount, reducing the scope of the application proportionally;

(B) make necessary adjustments to fully fund the application; or

(C) transfer the remaining funds to other regions or activities.

(8) HOME Demonstration Fund. The Department, with Board approval, may reserve HOME funds to combine and coordinate with other programs administered by the Department as outlined in the Consolidated Plan, or for housing activities the Department is permitted to fund under applicable law.

### **§53.58.Application Process.**

(a) An Applicant must submit a completed application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA, and application guidelines. Applications containing false information and applications not received by the deadline will be disqualified. Disqualified Applicants are notified in writing. All applications must be received by the Department by 5:00 p.m. on the date identified in the NOFA, and application guidelines, regardless of method of delivery.

(b) Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner:

(1) The Department will accept applications on an ongoing basis, until such date when the Department makes notice to the public that the Open Application Cycle has been closed. All applications must be received during business hours (8:00 a.m. to 5:00 p.m.) on any business day. The Department may limit the eligibility of applications in the NOFA, and application guidelines.

(2) Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review.

(A) Phase One will begin as of the received date. Applications not being considered under the CHDO Set-Aside will be passed through to Phase Two upon receipt. Phase One will only entail the review of the CHDO Certification package. The Department will ensure review of these materials and issue notice of any deficiencies on the CHDO Certification package within 30 days of the received date. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Two and will continue

to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase One until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to Phase Two. Applications that have not proceeded out of Phase One within 50 days of the received date will be terminated and must reapply for consideration of funds.

(B) Phase Two will include a review of all application requirements. The Department will ensure review of materials required under the NOFA, and application guidelines and will issue notice of any deficiencies as to threshold and eligibility within 45 days of the date it enters Phase Two. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Three and will continue to be prioritized by their received date. Applications with deficiencies not cured within seven business days, will be retained in Phase Two until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies, and of threshold and eligibility requirements will the Application be forwarded to Phase Three. An Application that has not proceeded out of Phase Two within 65 days of the date it entered Phase Two will be terminated and must reapply for consideration of funds. Application submitted for non-development Activities will not go through a Phase Three evaluation.

(C) Phase Three will include a comprehensive review for material noncompliance and financial feasibility by the Department. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended loan terms, the loan or grant amount and any conditions to be placed on the development. The Department will ensure financial feasibility review and issue notice of any required deficiencies for that feasibility review within 45 days of the date it enters Phase Three. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into "Recommended Status" and will continue to be prioritized by their received date. Applications with deficiencies not satisfied within seven business days, will be retained in Phase Three until all deficiencies have been addressed/resolved by the Applicant to the Department's satisfaction. Only upon resolution of all deficiencies will the Application be forwarded to the Department's Executive Awards Review and Advisory Committee for recommendation to the Board. Any application that has not finished Phase Three within 65 days of the date it entered Phase Three will be terminated and must reapply for consideration of funds.

(D) Upon completion of the applicable final review Phase, applications will be presented to the Executive Awards Review and Advisory Committee (the Committee). If satisfactory, the Committee will then recommend the award of funds to the Board, as long as HOME funds are still available for this Activity under the applicable NOFA. If the Application is recommended at least 14 days prior to the next Board meeting, it will be placed on the next Board meeting's agenda. If the Application is recommended with less than 14 days before the next Board meeting, the recommendation will be placed on the subsequent month's Board meeting agenda. Applications which are not recommended by the committee will be either returned to Department Staff or terminated.

(E) Because applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an application has completed all phases of its review. In the case that all HOME funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for 90 days in its current phase. If new HOME funds become available, applications will continue onward with their review without losing their received date priority. If HOME funds do not become available within 90 days of the notification, the Applicant will be notified that their application is no longer under consideration. The applicant must reapply to be considered for future funding. If on the date an application is received by the Department, no funds are available under this NOFA, the applicant will be notified that no funds exist under the NOFA and the application will not be processed.

(F) The Department may decline to fund any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any applications which are received, and may decide it is

in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any application.

(c) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both threshold and/or scoring documentation. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. Administrative Deficiencies given to Applications submitted under an Open Application Cycle NOFA will be handled in the manner described under Part B of this Section. Applications submitted under a Competitive Application Cycle NOFA will be treated in the following manner. If Administrative Deficiencies are not cured to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. An Applicant may not change or supplement an application in any manner after the filing deadline, except in response to a direct request from the Department.

(d) Alternative Dispute Resolution Policy. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, and Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

### §53.59.Process for Awards.

(a) The Department will publish a NOFA in the Texas Register and on the Department's website. The NOFA may be published as either an Open or Competitive Application Cycle. The NOFA will establish and define the terms and conditions for the submission of applications, and may set a deadline for receiving applications under a Competitive Application Cycle. The NOFA will also indicate the approximate amount of available funds.

(b) Selection Procedures for non-development Activities such as, Owner Occupied Housing Assistance, Homebuyer Assistance, ~~and~~ Tenant-Based Rental Assistance, and Contract for Deed.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92 and in these rules. Applications that do not comply with such requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Applications ~~are ranked from highest scores to lowest in their respective regions or Activity according to HOME Program scores. All for~~ funds not subject to the Regional Allocation Formula may be awarded on a first-come, first-serve basis. Applicants may also receive a partial recommendation for funding.

(3) ~~Applications~~ Applications subject to the Regional Allocation Formula must meet or exceed a minimum score determined by Department's staff for the respective activities to be considered for funding.

~~(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a recommendation for partial funding. Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored. Only Applicants meeting or exceeding a minimum score will receive a funding recommendation. Funding recommendations will be pro rated, based on the total number of qualifying Applicants' project requests per Activity and geography type in the region. Should an Activity not have enough qualified Applicants, the funds will be redirected to the next Activity and geography type in the region that had a higher number of qualified Applicants. Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility.~~

~~(5) Applicants will be notified of their score in writing no later than seven calendar days after all applications received have been scored.~~ Subsequently, ~~the recommendations for funding regarding their application~~ will be made available on the Department's website at least seven calendar days prior to the Board meeting at which the awards may be approved.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for each Activity.

(7) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

(c) Selection Procedures for Development activities, such as, Single Family Housing Development and Rental Housing Development.

(1) Applications must comply with all applicable HOME requirements or regulations established in 24 CFR Part 92, and in these rules. Applications that do not comply with HOME requirements are disqualified. Disqualified Applicants are notified in writing.

(2) Housing Developments activities will undergo a review in accordance with §53.58 of this title governing open and competitive application cycles, as appropriate, and as prescribed in the NOFA, and application guidelines.

(3) A site visit will be conducted as part of the HOME Program Development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

(4) In event of a tie between two or more Applicants, the Department reserves the right to determine which application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the application. Tied Applicants may also receive a partial recommendation for funding.

(5) Each Development application will be notified of its score in writing no later than seven calendar days after all applications received have been scored. Subsequently, the recommendation regarding their application will be made available on the Department's web site at least seven calendar days prior to the Board meeting at which the awards may be approved.

(6) Applications receiving a favorable staff recommendation are then presented to the Board for approval, pending the availability of HOME funds for such Activity.

(7) Even after Board approval for the award of HOME Development Activity funds may be conditional upon a completed loan closing and any other conditions deemed necessary by the Department.

(8) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

**§53.60.General Selection Criteria.**

At a minimum, the following criteria are utilized in evaluating the applications for HOME funds. The applicable criteria are further delineated in the application guidelines and NOFA, which are part of the application package.

- (1) Needs Assessment--Whether the proposed project meets the demographic, economic, and special need characteristics of the population residing in the target area and the need that the HOME program is designed to address, using qualitative and quantitative information, market studies, if appropriate, and other source documentation as delineated in the application guidelines, which are part of the application.
- (2) Program Design--Whether the proposed project meets the needs identified in the needs assessment, whether the design is complete and whether the project fits within the community setting. Information required includes, but is not limited to: community involvement; support services and resources; scope of program; income and population targeting; marketing, fair housing and relocation plans, as applicable.
- (3) Capability of Applicant--Whether the Applicant has the capacity to administer and manage the proposed program/project, demonstrated through previous experience either by the Applicant, cooperating entity or key staff (including other contracted service providers), in program management, property management, acquisition, rehabilitation, construction, real estate finance counseling and training or other activities relevant to the proposed program, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.
- (4) Financial Feasibility. Applications for funding will be reviewed for financial feasibility based on the Department's underwriting standards for development activities and as outlined in the NOFA and application guidelines . The review will be based on the supporting financial data provided by Applicants and third party reports submitted with the application.

**§53.61.Threshold and Selection Criteria for Single Family Non-development Activities**

(a)Applications must meet the minimum threshold score in order to be considered eligible to receive a funding recommendation:

- (1) Owner Occupied Housing Assistance, 70 points.
- (2) Homebuyer Assistance, 60 points.
- (3) Tenant Based Rental Assistance, 60 points.
- (4) Contract for Deed, 57 points.

(b)The following selection criteria point breakdown will be utilized when scoring applications:

- (1) Affordable Housing Needs Score. Points range from 1 to 7, as published by the Department. The Affordable Housing Needs Score determined for the service area proposed in the application will be multiplied by a factor of 3, for a maximum of 21 points.
- (2) Income Targeting. Points will be awarded based on the percentage of total units targeted to specific income levels. Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI.

(A) For Owner Occupied Housing Assistance and Tenant Based Rental Assistance:

- (i) 0% to 19.99% of units at 60% AMFI, 0 points;
- (ii) 20% to 39.99% of units at 60% AMFI, 2 points;
- (iii) 40% to 59.99% of units at 60% AMFI, 4 points;
- (iv) 60% to 79.99% of units at 60% AMFI, 6 points;

- (v) 80% to 99.99% of units at 60% AMFI, 8 points;
- (vi) 100% of units at 60% AMFI, 10 points;
- (vii) 0% to 19.99% of units at 30% AMFI, an additional 0 points;
- (viii) 20% to 39.99% of units at 30% AMFI, and additional 2 points;
- (ix) 40% to 59.99% of units at 30% AMFI, an additional 4 points;
- (x) 60% to 79.99% of units at 30% AMFI, an additional 6 points;
- (xi) 80% to 99.99% of units at 30% AMFI, an additional 8 points;
- (xii) 100% of units at 30% AMFI, and additional 10 points.

(B) For Homebuyer Assistance and Contract for Deed:

- (i) 0% to 19.99% of units at 80% AMFI, 5 points;
- (ii) 20% to 39.99% of units at 80% AMFI, 4 points;
- (iii) 40% to 59.99% of units at 80% AMFI, 3 points;
- (iv) 60% to 79.99% of units at 80% AMFI, 2 points;
- (v) 80% to 100% of units at 80% AMFI, 1 point;
- (vi) 0% to 9.99% of units at 60% AMFI, an additional 2 points;
- (vii) 10% to 19.99% of units at 60% AMFI, an additional 4 points;
- (viii) 20% to 29.99% of units at 60% AMFI, an additional 6 points;
- (ix) 30% to 39.99% of units at 60% AMFI, an additional 8 points;
- (x) 40% to 49.99% of units at 60% AMFI, an additional 10 points;
- (xi) 50% to 59.99% of units at 60% AMFI, an additional 11 points;
- (xii) 60% to 69.99% of units at 60% AMFI, an additional 12 points;
- (xiii) 70% to 79.99% of units at 60% AMFI, an additional 13 points;
- (xiv) 80% to 89.99% of units at 60% AMFI, an additional 14 points;
- (xv) 90% to 100% of units at 60% AMFI, an additional 15 points.

(3) Previous Award & Past Performance. Applicants will receive points for having received an award and performed in accordance with their contracts and Department rules. If unsatisfactory performance exists on any prior award regardless of set aside or Activity, a score of zero points will result.

(A) Applicant has never received a HOME award, or has received an award prior to 2002 and is 100% committed and expended from contract start date, 20 points;

(B) Applicant received HOME award in 2002-2003 and funds are 100% committed AND expended from contract start date, 18 points;

(C) Applicant received HOME award in 2004, 16 points:

(i) Owner Occupied Housing Assistance funds are 100% committed and 50% expended from contract start date;

(ii) Homebuyer Assistance and Tenant Based Rental Assistance funds are 75% committed and 50% expended from contract start date;

(D) Applicant received HOME award during 2005 and Environmental Clearance has been conducted from contract start date, 13 points.

(4) Match. Points will be awarded based on the dollar amount of eligible match as a percentage up to 25% of the requested project funds and the population size to be assisted.

(A) Percentage of Match per Project Request.

(i) 0% to 12.49% of project request, 0 points;

(ii) 12.5% to 15.5% of project request, 6 points;

(iii) 15.51 to 18.5% of project request, 7 points;

(iv) 18.51% to 21.5% of project request, 8 points;

(v) 21.51% to 24.99% of project request, 9 points;

(vi) 25% or greater of project request, 10 points.

(B) Applicants will only receive additional points for population size if providing 12.5% or greater in match.

(A) Population size of 20,001 and above, 0 points;

(B) Population size of 10,001 to 20,000, 2 points;

(C) Population size of 5,001 to 10,000, 4 points;

(D) Population size of 3,001 to 5,000, 6 points;

(E) Population size of 1,501 to 3,000, 8 points;

(F) Population size of 1 to 1,500, 10 points.

(5) Specific to Activity.

(A) Owner Occupied Housing Assistance and Contract for Deed. Local Contractor Letters of Interest. Points will be awarded based on a review of the letters (up to five letters) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed application. To be considered for scoring, the letters must be on the contractor's letterhead, including: the contractor's full name; address, city, state, and zip code; and dated within three months of the application deadline. Maximum of 10 points.

a. The contractor must be headquartered within the regional service area proposed in the application, 2 points per letter for a maximum of 10 points.

b. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area, 1 point per letter for a maximum of 5 points.

(B) Homebuyer Assistance. Description of Lender Products. Points will be awarded based on a review of the commitment letters (up to three letters) submitted from lenders interested in participating in the Applicant's proposed application. To be considered for scoring, the letters must be on the lender's letterhead, including: name of lender; address, city, state, and zip code; and state the willingness and ability to make affordable loan products available for first-time homebuyers. Letters must be dated within three months of application deadline. 2 points per letter for a maximum of 6 points.

(C) Homebuyer Assistance and Contract for Deed. Level of Homebuyer Counseling. Points will be awarded based on a review of the documentation submitted describing the level of homebuyer counseling proposed for potential homebuyers. Maximum of 4 points.

a. Copy of curriculum, 2 points;

b. Copy of written agreement with service provider, 1 point;



- c. Post purchase counseling to be provided, 1 point.
  - (D) Tenant Based Rental Assistance. Self Sufficiency Plan. Points will be awarded based on a review of the documentation submitted describing the Self Sufficiency Plan proposed for potential tenants. Maximum of 5 points.
    - a. Description of the services to be provided, 2 points;
    - b. Training schedule, 2 points;
    - c. Copy of written agreement with service provider, 1 point.
- (6) Citizen Forms. Points will be awarded based on the number of completed citizen forms as a percentage of the total units proposed:
  - (A) 0% to 9.99% of forms complete, 0 points;
  - (B) 10% to 29.99% of forms complete, 1 point;
  - (C) 30% to 49.99% of forms complete, 2 points;
  - (D) 50% to 69.99% of forms complete, 3 points;
  - (E) 70% to 89.99% of forms complete, 4 points;
  - (F) 90% to 100% of forms complete, 5 points.
- (7) Financial Oversight. Submission of 2004 or 2005 “Independent Auditor’s Report”, 2 points.
- (8) Serving Persons with Disabilities. To be eligible for these points, the Applicant must propose targeting 100% of the units to persons who meet the definition of Persons with Disabilities and have a documented history of working with the disability community, 2 points.

**§53.642. Program Administration.**

- (a) Agreement. Upon approval by the Board, Applicants receiving HOME funds shall enter into, execute, and deliver to the Department all written agreements between the Department and Recipient, including land use restriction agreements and compliance agreements as required by the Department.
- (b) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any HOME written agreement provided that:
  - (1) in the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; and
  - (2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award.
  - (3) Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.
- (c) Deobligation.
  - (1) The Department reserves the right to deobligate funds in the following situations:
    - (A) Recipient has any unresolved compliance issues on existing or prior contracts with the Department;
    - (B) Recipient fails to set-up programs/projects or expend funds in a timely manner;
    - (C) Recipient defaults on any agreement by and between Recipient and the Department;

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(D) Recipient misrepresents any facts to the Department during the HOME application process, award of contracts, or administration of any HOME contract;

(E) Recipient's inability to provide adequate financial support to administer the HOME contract or withdrawal of significant financial support;

(F) Recipient is not in compliance with 24 CFR Part 92, or these rules;

(G) Recipient declines funds; or

(H) Recipient fails to expend all funds awarded.

(2) The Department, with approval of the Board, may elect to reassign funds following the Deobligation Policy, adopted by the Board on January 17, 2002, in the order prioritized as follows:

(A) Successful appeals (as allowable under program rules and regulations);

(B) Disaster Relief (disaster declarations or documented extenuating circumstances such as imminent threat to health and safety);

(C) Special Needs;

(D) Colonias; or

(E) Other projects/uses as determined by the Executive Director and/or Board including the next year's funding cycle for each respective program.

(d) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive 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 good cause, as determined by the Board.

(e) Additional Funds. In the event the Department receives additional funds from HUD, the Department, with Board approval, may elect to distribute funds to other Recipients.

(f) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

(g) Department may terminate a contract in whole or in part. If Applicant has not achieved substantial progress in performance of a contract within six (6) months of the effective date of this contract, the contract will terminate. The Department will track substantial progress during the initial six (6) month period and throughout the contract term. Substantial progress in contract performance must be satisfactorily completed during the term of the contract as follows:

<u>Type</u>	<u>Term Lapsed</u>	<u>% Committed</u>	<u>% Drawn</u>	<u>% Match</u>
<u>OCC</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>100%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>HBA, HBA/Rehab, ADDI</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

<u>TBRA</u>	<u>6 months</u>	<u>Environmental Clearance</u>	<u>N/A</u>	<u>N/A</u>
	<u>12 months</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>
	<u>18 months</u>	<u>75%</u>	<u>50%</u>	<u>50%</u>
	<u>24 months</u>	<u>100%</u>	<u>75%</u>	<u>75%</u>
	<u>30 months</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**§53.6263. Community Housing Development Organization (CHDO) Certification.**

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

(1) Applicant--A private nonprofit organization that has submitted a request for certification as a Community Housing Development Organization (CHDO) to the Department. An Applicant for the CHDO set aside must be a CHDO certified by the Department or as otherwise certified or designated as described in subsection (d) of this section.

(2) Articles of Incorporation--A document that sets forth the basic terms of a corporation's existence and is the official recognition of the corporation's existence. The documents must evidence that they have been filed with the Secretary of State.

(3) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the articles of incorporation. Bylaws and amendments to bylaws must be formally adopted in the manner prescribed by the organization's articles or current bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend bylaws.

(4) Community--For urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural areas, "community" is defined as one or several neighborhoods, a town, village, county, or multi-county area, but not the whole state.

(5) Low income--An annual income that does not exceed eighty percent (80%) of the median income for the area, with adjustments for family size, as defined by the U.S. Department of Housing and Urban Development (HUD).

(6) Memorandum of Understanding (MOU)--A written statement detailing the understanding between parties.

(7) Resolutions--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws.

(b) Application Procedures for Certification of CHDO. An Applicant requesting certification as a CHDO must submit an application for CHDO certification in a form prescribed by the Department. The CHDO application must be submitted with an application for HOME funding under the CHDO set-aside, and be recertified on an annual basis. The application must include documentation evidencing the requirements of this subsection.

(1) Applicant must have the following required legal status at the time of application to apply for certification as a CHDO:

(A) Organized as a private nonprofit organization under the Texas Nonprofit Corporation Act or other state not-for-profit/nonprofit statute as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(B) The Applicant must be registered with the Secretary of State to do business in the State of Texas.

(C) No part of the private nonprofit organization's net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

(i) Charter; or

(ii) Articles of Incorporation.

(D) The Applicant must have the following tax status:

(i) A current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective while certified as a CHDO; or

(ii) Classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(iii) A private nonprofit organization's pending application for 501(c)(3) or (c)(4) status cannot be used to comply with the tax status requirement under this subparagraph.

(E) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's:

(i) Articles of Incorporation,

(ii) Charter;

(iii) Resolutions; or

(iv) Bylaws.

(F) The Applicant must have a clearly defined service area. The Applicant may include as its service area an entire community as defined in subsection (a)(4) of this section, but not the whole state. Private nonprofit organizations serving special populations must also define the geographic boundaries of its service areas. This subparagraph does not require a private nonprofit organization to represent only a single neighborhood.

(2) An Applicant must have the following capacity and experience:

(A) Conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems" as evidenced by:

(i) notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department;

(ii) certification from a Certified Public Accountant; or

(iii) HUD approved audit summary.

(B) Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

(i) resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds; or

(ii) contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.

(C) Has a history of serving the community within which housing to be assisted with HOME funds is to be located as evidenced by:

(i) statement that documents at least one year of experience in serving the community; or

(ii) for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community; and

(iii) The CHDO or its parent organization must be able to show one year of serving the community prior to the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president or other official of the organization.

(3) An Applicant must have the following organizational structure:

(A) The Applicant must maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations in the Applicant's service area. Low-income neighborhoods are defined as neighborhoods where 51 percent or more of the residents are low-income. Residents of low-income neighborhoods do not have to be low income individuals themselves. If a low-income individual does not live in a low-income neighborhood as herein defined, the low-income individual must certify that he qualifies as a low-income individual. This certification is in addition to the affidavit required in clause (ii) of this subparagraph. For the purpose of this subparagraph, elected representatives of low-income neighborhood organizations include block groups, town watch organizations, civic associations, neighborhood church groups, Neighbor Works organizations and any organization composed primarily of residents of a low-income neighborhood as herein defined whose primary purpose is to serve the interest of the neighborhood residents. Compliance with this subparagraph shall be evidenced by:

(i) written provision or statement in the organizations By-laws, Charter or Articles of Incorporation;

(ii) affidavit in a form prescribed by the Department signed by the organization's Executive Director and notarized; and

(iii) current roster of all Board of Directors, including names and mailing addresses. The required one-third low-income residents or elected representatives must be marked on list as such.

(B) The Applicant must provide a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects. The formal process should include a system for community involvement in parts of the private nonprofit organization's service areas where housing will be developed, but which are not represented on its boards. Input from the low-income community is not met solely by having low-income representation on the board. The formal process must be in writing and approved or adopted by the private nonprofit organization, as evidenced by:

(i) organization's By-laws;

(ii) Resolution; or

(iii) written statement of operating procedures approved by the governing body. Statement must be original letterhead, signed by the Executive Director and evidence date of board approval.

(C) A local or state government and/or public agency cannot qualify as a CHDO, but may sponsor the creation of a CHDO. A private nonprofit organization may be chartered by a State or local government, but the following restrictions apply:

(i) The state or local government may not appoint more than one-third of the membership of the organization's governing body;

(ii) The board members appointed by the state or local government may not, in turn, appoint the remaining two-thirds of the board members;

(iii) No more than one-third of the governing board members may be public officials. Public officials include elected officials, appointed public officials, employees of the participating jurisdiction, or employees of the sponsoring state or local government, and individuals appointed by a public official. Elected officials include, but are not limited to, state legislators or any other statewide elected officials. Appointed public officials include, but are not limited to, members of any regulatory and/or advisory boards or commissions that are appointed by a State official;

(iv) Public officials who themselves are low-income residents or representatives do not count toward the one-third minimum requirement of community representatives in subparagraph (A) of this paragraph; and

(v) Compliance with clauses (i)-(iv) of this subparagraph shall be evidenced by:

(I) organization's By-laws;

(II) Charter; or

(III) Articles of Incorporation.

(D) If the Applicant is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the Applicant's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the Applicant's:

(i) By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

(E) An Applicant may be sponsored or created by a for-profit entity provided the for-profit entity's primary purpose does not include the development or management of housing, as evidenced in the for-profit organization's By-laws. If an Applicant is associated or has a relationship with a for-profit entity or entities, the Applicant must prove it is not controlled, nor receives directions from individuals, or entities seeking profit as evidenced by:

(i) organization's By-laws; or

(ii) Memorandum of Understanding (MOU).

(4) Religious or Faith-based Organizations may sponsor a CHDO if the CHDO meets all the requirements of this section. While the governing board of a CHDO sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the faith-based organization may retain control over appointments to the board. If a CHDO is sponsored by a religious organization, the following restrictions also apply:

(A) Housing developed must be made available exclusively for the residential use of program beneficiaries and must be made available to all persons regardless of religious affiliations or beliefs;

(B) A religious organization that participates in the HOME program may not use HOME funds to support any inherently religious activities: such as worship, religious instruction, or proselytizing;

(C) HOME funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Sanctuaries, chapels, or other rooms which a faith-based CHDO uses as its principal place of worship are always ineligible for HOME-funded improvements;

(D) Compliance with clauses (A)-(C) of this subparagraph may be evidenced by:

(i) The Organizations By-laws;

(ii) Charter; or

(iii) Articles of Incorporation.

**2006 DRAFT HOME Rule – Broader Distribution Methodology**

(c) An application for Community Housing Development Organization (CHDO) Certification will only be accepted if submitted with an application to the Department for HOME funds. If all requirements under this section are met, the Applicant will be certified as a CHDO upon the award of HOME funds by the Department. A new application for CHDO certification must be submitted to the Department with each new application for HOME funds under the CHDO set aside.

(d) If an Applicant submits an application for CHDO certification for a service area that is located in a local Participating Jurisdiction, the Applicant must submit evidence of the local taxing jurisdiction or local Participating Jurisdiction certification or designation of the Applicant as a CHDO.

(e) In the case of an Applicant applying for HOME funds (See 5% Disability requirement at §53.52(a)(2) of this Title) from the Department to be used in a Participating Jurisdiction, where neither the Participating Jurisdiction nor the local taxing entity certifies CHDOs outside of the local HOME application process, the Certification process described in this section applies.

# 2006 HOME Single Family Application Score Sheet for

- Owner Occupied Housing Assistance**
- Homebuyer Assistance**
- Tenant Based Rental Assistance**
- Contract for Deed Conversion**

**NOTE: If the Applicant did not pass eligibility requirements, the application should not be scored.**

Scorer's Name: _____	Score: _____
Application Number: _____	Minus Any Deficiency: _____
Applicant Name: _____	Final Score: _____
Region Number: _____	Maximum Score = 100/104 (CFD)
Dollars Requested: _____	Did Applicant meet threshold score of
Units Proposed: _____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Please display any calculations and scoring points to two decimal places.

Scoring Factors		Score
<p><b>AHN Score</b>                      Determine AHN score. Refer to <b>Tab 1, Section 2 of the Uniform Application*</b> for a listing of cities and counties served. Note: If applicant is targeting a city, then the AHN score for that city will be used. If proposing to serve multiple cities or counties, then an average will be taken.</p> <p><b>OCC, HBA, &amp; TBRA Applications must serve either:</b></p> <div style="display: flex; justify-content: flex-end; gap: 20px;"> <input type="checkbox"/> All Rural Areas  <input type="checkbox"/> All Urban/Exurban Areas                 </div>		MAX 21 points
<b>List City(ies) Served</b>	<b>AHN Score (x3)</b>	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
<b>List County(ies) Served</b>	<b>AHN Score (x3)</b>	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
Enter scorer's determined AHN score in right column → → → → → → → → → → → →		

\*Tabs and references are subject to change.



**Income Targeting (for OCC and TBRA only):**

Points will be awarded based on the percentage of total units targeted to specific income levels according to the chart below. Please refer to **Tab 1, Section 4 of the Uniform Application\*** for the Applicant's income targeted units. Calculate the percentage of total units targeted at or below 60% AMFI and **circle** the associated points. If the Applicant is targeting households at 30% AMFI and below, calculate the percentage targeted and add the associated points for targeting households at or below 60% AMFI. No points will be awarded for targeting households between 61-80% AMFI. **Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI. Applicants serving multiple counties including both Rider 4 Eligible Counties and ineligible Rider 4 Counties will be scored on a prorata basis.**

Is the Applicant requesting to serve Rider 4 Eligible Counties  Yes  No  
 If yes, list counties: \_\_\_\_\_

Calculations:	Percentage of total units	60%	30% (or 50% for Rider 4 Eligible Counties)
Units at 61-80%: _____	100%	10 points	+10 points
Units at 51-60%: _____	80% - 99.99%	8 points	+8 points
Units at 31-50%: _____	60% - 79.99%	6 points	+6 points
Units at 0-30%: _____	40% - 59.99%	4 points	+4 points
Total Units: _____	20% - 39.99%	2 points	+2 points
	0% - 19.99%	0 points	0 points

**MAX 20 points**

Enter total points in right column →

**Income Targeting (for HBA and CFD only):**

Points will be awarded based on the percentage of total units targeted to specific income levels according to the chart below. Please refer to **Tab 1, Section 4 of the Uniform Application\*** for the Applicant's income targeted units. Calculate the percentage of total units targeted at applicable AMFI and **circle** the associated points.

Calculations:	Percentage of total units	80%	60%
Units at 80%: _____	90% - 100%	1 point	+15 points
	80% - 89.99%		+14 points
Units at 60%: _____	70% - 79.99%	2 points	+13 points
	60% - 69.99%		+12 points
Total Units: _____	50% - 59.99%	3 points	+11 points
	40% - 49.99%		+10 points
	30% -- 39.99%	4 points	+8 points
	20% - 29.99%		+6 points
	10% - 19.99%	5 points	+4 points
0% - 9.99%	+2 points		

**MAX 20 points**

Enter total points in right column →

\*Tabs and references are subject to change.

**Citizen Forms:**

Points will be awarded based on the number of completed citizen forms as a percentage of the total units proposed according to the chart below. Please refer to **Tab 1, Section 4 of the Uniform Application\*** for the total number of units proposed and **Tab 4\*** for the completed forms. Calculate the percentage of completed citizen forms and **circle** the associated points.

**A citizen form is considered complete when the following blanks are filled with the requested data: type of assistance requested, signature, and date. For OCC a picture of the house must be included to be deemed complete.**

Calculations:

Total Forms: \_\_\_\_\_

Total Units: \_\_\_\_\_

Percentage: \_\_\_\_\_

Number of complete forms/ total proposed units	Points awarded
90% - 100%	5 points
70% - 89.99%	4 points
50% - 69.99%	3 points
30% - 49.99%	2 points
10% - 29.99%	1 point
0% - 9.99%	0 points

**MAX 5 points**

Enter total points in right column → → → → → → → → → → → → → → → → → →

**Financial Oversight:**

Points will be awarded based on the submission of documents under **Tab 8\***. The points should be awarded based solely on the submission of the document as described, not a qualitative review of the documentation.

Description of item	Points awarded
Is the 2004 or 2005 "Independent Auditor's Report" submitted under Tab 8*? <input type="checkbox"/> Yes <input type="checkbox"/> No	2 points

**MAX 2 points**

Enter total points in right column → → → → → → → → → → → → → → → → → →

**Previous HOME Award/Past Performance:**

Points will be awarded based on the chart below. If unsatisfactory performance exists on ANY prior award (regardless of set aside or Activity), a score of zero points will result. **As of the application deadline, pending set-ups and/or pending draws will not be counted.**

HOME Award Status	Points awarded
Applicant has never received a HOME award, <b>OR</b> has received an award prior to 2002 and is 100% committed and expended from contract start date	20 points
Applicant received HOME award in 2002-2003 <b>AND</b> funds are 100% committed <b>AND</b> expended from contract start date	18 points
Applicant received HOME award in 2004: <ul style="list-style-type: none"> <li>OCC funds are 100% committed <b>AND</b> 50% expended from contract start date</li> <li>HBA &amp; TBRA funds are 75% committed <b>AND</b> 50% expended from contract start date</li> </ul>	16 points
Applicant received HOME award during 2005 <b>AND</b> Environmental Clearance has been conducted from contract start date	13 points

**MAX 20 points**

Enter total points in right column → → → → → → → → → → → → → → → → → →

\*Tabs and references are subject to change.

**Match:**

Points will be awarded based on the dollar amount of eligible match as a percentage (up to 25%) of the requested project funds and the population size to be assisted. Please refer to the Applicant's program budget under **Tab 6\*** for match information and verification of firm commitments. Calculate the percentage of eligible match to project funds and **circle** the associated points. Points will only be considered and awarded for match amounts that are both **eligible and verified**. Please refer to the AHN tables to calculate population size.

Calculations and Explanations are required:

Proposed Match: \_\_\_\_\_

Dollars Requested: \_\_\_\_\_

Percentage: \_\_\_\_\_

Applicant will only receive points for population size if supplying 12.50% or more in match.

Percentage of project funds requested	Points awarded
25.00%	10 points
21.51% - 24.99%	9 points
18.51% - 21.50%	8 points
15.51% - 18.50%	7 points
12.50% - 15.50%	6 points
0.00% - 12.49%	0 points

Population Size	Points awarded
1 to 1,500	10 points
1,501 to 3,000	8 points
3,001 to 5,000	6 points
5,001 to 10,000	4 points
10,001 to 20,000	2 points
20,001 and above	0 points

**MAX 20 points**

Enter total points in right column →

Please list match as outlined in Program Budget (Tab 6\*):

Match Code	Donor of Match	Amount of Match	Use of Match	Documentation of Match
<input type="checkbox"/> CASH <input type="checkbox"/> LBRV <input type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other
<input type="checkbox"/> CASH <input type="checkbox"/> LBRV <input type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other
<input type="checkbox"/> CASH <input type="checkbox"/> LBRV <input type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other
<input type="checkbox"/> CASH <input type="checkbox"/> LBRV <input type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other
<input type="checkbox"/> CASH <input type="checkbox"/> LBRV <input type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other
<input type="checkbox"/> CASH <input type="checkbox"/> LBRV <input type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other
<input type="checkbox"/> CASH <input type="checkbox"/> LBRV <input type="checkbox"/> LAND <input type="checkbox"/> LBRP <input type="checkbox"/> INFR <input type="checkbox"/> SWEQ <input type="checkbox"/> SUPP <input type="checkbox"/> RNVL <input type="checkbox"/> SPCM <input type="checkbox"/> WAIV <input type="checkbox"/> COUN				<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other

\*Tabs and references are subject to change.

<p><b>Persons with Disabilities Funds</b></p> <p>To be eligible for these points, the Applicant must propose targeting 100% of the units to persons who meet the definition of Persons with Disabilities. Please refer to <b>Tab 1, Section 4, Part C of the Uniform Application*</b> to verify serving the persons with disability community as well as <b>Tab 7*</b> to verify the Applicant has a documented history of working with the disability community.</p>	<p><b>MAX 2 Points</b></p>
<p>Enter scorer's determined score in right column → → → → → → → → → → → →</p>	

<p><b>Local Contractors Letters of Interest (for OCC and CFD only):</b></p> <p>Points will be awarded based on a review of the letters (<b>up to five letters</b>) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed application. Please refer to <b>Tab 9*</b> for the letters. To be considered for scoring, the letters must be on the contractor's letterhead, including: the contractor's full name; address, city, state, and zip code; and dated within three months prior to the deadline. The contractor must be headquartered within the regional service area proposed in the application. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area. <b>Circle</b> the associated points for each item below and total.</p> <table border="1" data-bbox="172 810 1081 1094"> <thead> <tr> <th data-bbox="172 810 878 873">Type of letter</th> <th data-bbox="878 810 1081 873">Points awarded</th> </tr> </thead> <tbody> <tr> <td data-bbox="172 873 878 936">Letters of Interest <b>within</b> regional service area:</td> <td data-bbox="878 873 1081 936"></td> </tr> <tr> <td data-bbox="172 936 878 968">Enter number of valid letters _____ @ 2 points =</td> <td data-bbox="878 936 1081 968"></td> </tr> <tr> <td data-bbox="172 968 878 1031">Letters of Interest <b>not within</b> regional service area <i>with</i> notarized statement:</td> <td data-bbox="878 968 1081 1031"></td> </tr> <tr> <td data-bbox="172 1031 878 1094">Enter number of valid letters _____ @ 1 point =</td> <td data-bbox="878 1031 1081 1094"></td> </tr> </tbody> </table>	Type of letter	Points awarded	Letters of Interest <b>within</b> regional service area:		Enter number of valid letters _____ @ 2 points =		Letters of Interest <b>not within</b> regional service area <i>with</i> notarized statement:		Enter number of valid letters _____ @ 1 point =		<p><b>MAX 10 points</b></p>
Type of letter	Points awarded										
Letters of Interest <b>within</b> regional service area:											
Enter number of valid letters _____ @ 2 points =											
Letters of Interest <b>not within</b> regional service area <i>with</i> notarized statement:											
Enter number of valid letters _____ @ 1 point =											
<p>Enter total points in right column → → → → → → → → → → → → → → → →</p>											

<p><b>Description of Lender Products (for HBA only):</b></p> <p>Points will be awarded based on a review of the commitment letters (up to three letters) submitted from lenders interested in participating in the Applicant's proposed application. Please refer to <b>Tab 10*</b> for the commitment letters. To be considered for scoring, the letters must be on the lender's letterhead, including: name of lender; address, city, state, and zip code; and state the willingness and ability to make affordable loan products available for first time homebuyers. Letters must be dated within three months of application deadline. <b>Circle</b> the associated points for each item below and total.</p> <table border="1" data-bbox="172 1524 1057 1801"> <thead> <tr> <th data-bbox="172 1524 854 1587">Description of item</th> <th data-bbox="854 1524 1057 1587">Points awarded</th> </tr> </thead> <tbody> <tr> <td data-bbox="172 1587 854 1661">Lender letter submitted Name of lender: _____</td> <td data-bbox="854 1587 1057 1661">2 points</td> </tr> <tr> <td data-bbox="172 1661 854 1734">Lender letter submitted Name of lender: _____</td> <td data-bbox="854 1661 1057 1734">2 points</td> </tr> <tr> <td data-bbox="172 1734 854 1801">Lender letter submitted Name of lender: _____</td> <td data-bbox="854 1734 1057 1801">2 points</td> </tr> </tbody> </table>	Description of item	Points awarded	Lender letter submitted Name of lender: _____	2 points	Lender letter submitted Name of lender: _____	2 points	Lender letter submitted Name of lender: _____	2 points	<p><b>MAX 6 points</b></p>
Description of item	Points awarded								
Lender letter submitted Name of lender: _____	2 points								
Lender letter submitted Name of lender: _____	2 points								
Lender letter submitted Name of lender: _____	2 points								
<p>Enter total points in right column → → → → → → → → → → → → → → → →</p>									

\*Tabs and references are subject to change.

**Level of Homebuyer Counseling (for HBA and CFD only):**

Points will be awarded based on a review of the documentation submitted describing the level of homebuyer counseling proposed for potential homebuyers. Please refer to **Tab 9\*** for the description of the proposed homebuyer counseling. **Circle** the associated points for each item included in the description below and total.

Description of homebuyer counseling includes:	Points awarded
<ul style="list-style-type: none"> <li>• A copy of the curriculum.</li> </ul>	+ 2 points
<ul style="list-style-type: none"> <li>• A copy of the proposed written agreement with service provider, stating counseling will be performed by a certified provider with homebuyers attending a minimum of 8 hours of training. If Applicant is provider, the Applicant must state counseling will be performed by a certified provider with homebuyers attending a minimum of 8 hours of training.</li> </ul>	+ 1 point
<ul style="list-style-type: none"> <li>• Post purchase counseling will be provided.</li> </ul>	+ 1 point

**MAX 4 points**

Enter total points in right column → → → → → → → → → → → → → → → → →

**Self Sufficiency Plan (for TBRA only):**

Points will be awarded based on a review of the documentation submitted describing the Self Sufficiency Plan proposed for potential tenants. Please refer to **Tab 9\*** for the description of the plan. **Circle** the associated points for each item included in the description below and total. Every item should be addressed to receive maximum points.

Description of self sufficiency plan includes:	Points awarded
<ul style="list-style-type: none"> <li>• A description of the services and training to be provided.</li> </ul>	2 points
<ul style="list-style-type: none"> <li>• A training schedule</li> </ul>	2 points
<ul style="list-style-type: none"> <li>• A copy of the proposed written agreement with the service provider.</li> </ul> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> <li>• Applicant is service provider.</li> </ul>	1 point

**MAX 5 points**

Enter total points in right column → → → → → → → → → → → → → → → → →

**Total Points in right-hand column and enter “Final Score” on front page.**

\*Tabs and references are subject to change.

**Division of Policy and Public Affairs**

**BOARD ACTION ITEM  
December 14, 2005**

**Action Item**

*2006 State of Texas Low Income Housing Plan and Annual Report*

**Required Action**

Review and approval of the final *2006 State of Texas Low Income Housing Plan and Annual Report*.

**Background**

The Texas Department of Housing and Community Affairs is required to submit the *State of Texas Low Income Housing Plan and Annual Report* (SLIHP, Plan) annually. The document offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. It reviews TDHCA's housing programs, current and future policies, resource allocation plans to meet state housing needs, and reports on 2005 performance during the preceding fiscal year (September 1, 2004, through August 31, 2005). The document up for action is the final *2006 State of Texas Low Income Housing Plan and Annual Report* that reflects information obtained through the public comment process.

On September 16, 2005, the Board approved the Draft SLIHP. Subsequent to Board approval, the *2006 State of Texas Low Income Housing Plan and Annual Report (Draft for Comment)* was made available for public comment until October 18, 2005. Comment was accepted in writing directly to TDHCA and at 13 hearings held in Lubbock, Abilene, Arlington, Mt. Pleasant, Crockett, Houston, Austin, Temple, San Antonio, Corpus Christi, McAllen, Midland, and El Paso. These hearings were attended by approximately 97 people. An additional Board hearing to gather public comment on the SLIHP was held on Thursday, November 10, 2005 at the TDHCA Headquarters in Austin. See "Attachment A" for summary of and TDHCA staff responses to comments that relate specifically to the SLIHP that received during the public comment period.

As was done last year, the public hearing transcripts and other written comments received during the public comment period were posted to a "TDHCA Consolidated Public Hearings" page on the TDHCA website. This year, a comment tracking table was added so commenters could more easily verify that their comments had been received. The table contained the source of each comment, the comment topic, and the number of the document on the website that contained the comment.

## **Summary of Changes from the 2006 State of Texas Low Income Housing Plan and Annual Report (Draft for Comment)**

The majority of input gathered during the public comment period focused on specific programmatic rules and issues. That comment and any resulting Departmental revisions was handled through the individual funding programs' or divisions' (HOME, Housing Tax Credits, etc.) rule making process. None of those changes affected the Department's overarching goals, polices, and plans contained in the SLIHP.

One issue that received public comment was the need to develop policies that would assist with disaster relief efforts related to Hurricanes Katrina and Rita. The following revisions that relate to the use of HOME and Housing Trust Fund funding for disaster relief were made to the Plan.

The following revision was made to allow funding in PJs for Hurricane Rita disaster relief.

*“Activity associated with disaster relief efforts for victims of Hurricane Rita is an exception to the Section 2306.111(c) funding distribution requirement. On September 20, 2005, Governor Perry issued a proclamation as provided for under Texas Government Code §418.014. This proclamation declared areas impacted by Hurricane Rita to be a disaster area. As part of this declaration, the Governor also invoked the procedures under Texas Government Code §418.016 suspending all rules and regulations that may inhibit prompt response to this threat during the duration of the incident. TDHCA has communicated with the Governor's office that for purposes of specialized Hurricane support, suspension of Texas Government Code §2306.111 (distribution limitations) is necessary. For this waiver to remain in effect, the Governor will need to reaffirm the disaster declaration every thirty days as required by statute.”*

The following text replaced the CHDO set aside description and the added a Disaster Relief set aside to allow CHDO funds to be used for Hurricane Rita disaster relief.

### ***“CHDO Set-Aside***

*In response to Hurricane Rita, on October 4, 2005, HUD released a waiver suspending the 15 percent HOME CHDO set-aside requirement for FY 2005 and FY 2006 HOME allocations. TDHCA has elected to utilize a portion of this CHDO set-aside to assist disaster victims in the 28-county area impacted by the hurricane. The remaining funds from the FY 2006 CHDO set-aside, in addition to unawarded funds from prior year CHDO set-asides including FY 2005 funds and CHDO deobligated funds will be made available in December 2005 for CHDO multifamily development. This amounts to approximately \$10 million that will be made available to CHDOs on a first-come, first-served basis through a notice of funding availability. CHDO Set-Aside developments are owned, developed, or sponsored by the CHDO, and result in the development of affordable rental and homeownership units. Development includes developments that have a construction component, either in the form of new construction or rehabilitation of existing units.*

*In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money.*

### ***Disaster Relief***

*The HUD requirement that a PJ must use 15 percent of its allocation for housing owned, developed, or sponsored by CHDOs [24 CFR 92.301(a)(1)] is suspended by HUD for the FY 2005 and FY 2006 allocations by an October 4, 2005, waiver. Therefore, TDHCA has elected to utilize a portion of these funds to assist disaster victims in the 28-county area impacted by Hurricane Rita. Approximately \$8 million of FY 2005 and FY 2006 funds will be made available through a notice of funding availability to assist homeowners rehabilitate their residences.”*

Additionally, text was added to the HTF Program Plan to reflect that TDHCA has reserved approximately \$1.8 million of the Housing Trust Fund for this purpose.

### ***“Disaster Relief***

*The Department has reserved approximately \$1.8 million in HTF funding for the purpose of supporting disaster relief efforts in fiscal year 2006. The Department’s Board approved the use of HTF funds for this purpose in September 2005. Further details about the disaster relief program will be forth coming in January 2006. Additional funding may be approved for this activity.”*

### **Non Public Comment Changes**

The following change was made to respond to changes in the eligibility requirement for points for local subdivision funding in the 2006 QAP. The comment on “HUDs also has an increased interest...” was also deleted as it seemed extraneous to describe what TDHCA is actually doing to address this issue.

*~~“Over the past few years TDHCA has developed a strong relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials, which represent the public housing authorities of Texas. TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units. Specifically, the HTC Program gives scoring points to applications that will receive development-based housing choice vouchers or rental assistance subsidies through a local public housing authority. Specifically, the HTC Program gives scoring points to applications that are proposing rehabilitation and for which some of the financing of the development includes HOPE VI or HUD capital grant funds. HUD also has an increased interest in seeing state housing agencies work closer with PHAs to plan and implement initiatives to improve public housing.”~~*

Throughout the document, the circumstances under which HOME funds may be used in PJs was clarified. Slight variations of the following text which specifies that the allowable activity is “rental development activities” (as specified in the draft SLIHP) was used:

*“The remaining 5 percent of HOME funds may be expended in a participating jurisdiction (PJ), but only if it funds a rental development that serves persons with disabilities, unless otherwise approved by the Board.”*

The following revision relating to the HOME award to the Home of Your Own Coalition was added to clarify that the award is for program year 2006 and that the funds may be used in PJs.

*“Since 2000, TDHCA has allocated HOME Program funds for the Texas Home of Your Own Program (HOYO), which provides assistance to help persons with disabilities purchase a home. HOYO provides homebuyer education, down payment and closing cost assistance, and architectural barrier removal. In program year 2006, TDHCA will allocate \$500,000 to HOYO. These funds may be used statewide, including in participating jurisdictions.”*



The following information on programs, housing need, and housing resources was updated or added:

- performance targets and data on TDHCA funding and households served was updated;
- statewide and regional funding and housing units from TDHCA and other sources was updated;
- racial composition of households receiving assistance from TDHCA was added;
- TDHCA Regional Allocation Formula and Affordable Housing Need Scores methodologies as approved by the Board were updated;
- public comment and reasoned responses for TDHCA programs and Colonia Action Plan was added;
- approved Texas State Affordable Housing Corporation Action Plan was added;
- Manufactured Housing Division information and goals were added; and
- Lone Star loan program description was added.

A few other minor changes were made to portions of the document for clarification purposes. Careful attention was made to ensure that none of these changes was substantive in nature.

## **ATTACHMENT A: Public Comments on the 2006 SLIHP (Draft for Comment) and the Department's Reasoned Responses**

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[Commenter information is tied to the comment reference number shown in the comment title and in "Table A.1 Commenter Information" at the end of this section.]

### **Use of HOME Funding for Persons in Participating Jurisdictions (1)**

A few comments were made as to the need to use HOME funding in Participating Jurisdictions for tenant based rental assistance for persons with disabilities. The following comment is typical of this suggestion.

*"We...provide relocation assistance for persons with disabilities in nursing facilities, coming out into the community...One of the major barriers is the availability of affordable and accessible housing. What has been extremely helpful in helping these people locate and find decent, adequate, affordable, accessible housing is the use of TBRA vouchers. TDHCA did allocate close to \$4 million, I believe, 2003 allocation that was specific to this purpose. It was not utilized as quickly as hoped. A lot of that had to do with the population and the folks that are providing the services not having housing experience...With this program, (there was no) restriction on utilizing the TBRA vouchers or HOME funds within a participating jurisdiction. That was absolutely essential. Most of the folks that we are relocating are in urban areas. They continue to want to live in urban areas. I think you're also aware that that's where most of the Katrina evacuees are as well. What that does is puts extreme burden onto the housing stock in urban areas..."*

*These contracts relocating people are not going away. The Texas legislature has authorized over the next four years to continue this activity. Right now in our area, we have 41 people in various stages. They're actually pending relocation in the Coastal Bend area. At least 50 percent of them are waiting on housing that they can be able to access. We're fortunate that we do have some TBRA vouchers right now. We have 22, I believe, left in this area. Those will be running out. At that point, we don't know what we're going to have for housing....(It is requested that the limitation of providing) HOME funds only in rural areas outside the participating jurisdiction be lifted."*

**Staff Response:** TDHCA is responsible for distributing HOME funding for the balance of state that does not receive this type of funding directly from HUD as a Participating Jurisdiction. In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5% of its HOME allocation to be awarded to applicants in PJs. Based on the increased capacity of organizations in non-PJ areas as evidenced by an over subscription rate in the 2004 and 2005 application cycles for non rental development activities there appears to be a substantial need for this kind of activity in rural areas. Given the limited amount of available funding, TDHCA will no longer fund non-rental development activity applications in PJ areas. No changes to the SLIHP are suggested.

### **Disaster Relief Policy Development (1, 2)**

A few comments were provided on issues to consider in developing disaster relief programs. These included both using rental assistance for short term help and rental development funding to increase the available housing supply.

*"...I would strongly encourage...lifting that requirement of home funds not being used in the participating jurisdictions. You've got to lift that, because that's where all the Katrina evacuees are. There's very few in the rural areas. They are inner-city folks who have relocated. They'd like to continue to be close to inner- city folks, and we have a lot of that in this area, and every city does. Unfortunately what's going to end up happening is a higher level of blighted living conditions unless money is infused. You could use TBRA vouchers, the HOME Program TBRA vouchers, on a*

*temporary basis. Many of these folks are going to return home. Many may go someplace else, so the TBRA voucher, I would think, would be a good, short-term utilization for housing.*

*Secondly, if you've got some other funding source available such as through the Housing Trust Fund, perhaps that could go into your bricks and sticks, your actual building of additional housing stock, because we are going to see in Corpus Christi -- I guarantee you we're going to run up against, There ain't no more housing, or there is no more housing in Corpus Christi that not only the Katrina evacuees but our local folks who have been on waiting lists for so, so long with the public housing, with Section 8 housing."*

*"The City of Corpus Christi is an entitlement -- has entitlement HOME allocation, CDBG and ESG. Many times those dollars had to be spread out amongst -- what? -- 30, 40 agencies. They may have good programs, but there's not enough money...I believe that the State of Texas should (consider sharing resources for entitlement areas for) disaster-related activit(ies). We're talking about a housing stock that needs to be brought up to standards. We're talking about a nonexistent housing stock for emergency shelter type of activity for those evacuees. Lets us(e) some of these dollars to build ...apartments... We're talking about an 18-month period here, so if the State could redirect some of those dollars to this effort that we're having locally here... We could probably do a lot of good stuff, good things. So I'm suggesting,...like a million dollars, you know, for example. Right. Sure. It's a lot of money. But still there's a need out there. We talk about 130 families still without shelter, without homes, and we don't want to (re)place it with the homeless situation."*

**Staff Response:** TDHCA is has reserved \$1.8 million of the Housing Trust Fund for this purpose and is considering the use of other resources to address disaster relief needs in the future. No changes to the SLIHP are suggested.

### **Transportation Issues (1, 3)**

A few comments were provided on the need to provide incentives to ensure that rental developments are built in areas that have good access to public transportation.

*"While you're not directly involved...with the ability to extend the transit system, I think that that is something that is -- that just further defines where people will have to find homes or residences."*

*"It's true all around Corpus Christi, that transportation is very, very critical for a lot of folks that are transit-dependent; they don't have cars. When you give credit for transportation on your applications, one of the things I've noticed is people have a choice of taking that 5 points there or 5 points over here. Very often when they're looking at people with disabilities, what they think most likely many of them, the developers think, Well, let's see; these people use special transit services, so therefore, having a bus stop may not be that important. I can get another 5 points over here. So the incentive may not truly be incentivizing the developers to put developments near transportation outlets. People with disabilities can use regular transportation if it's accessible. They don't need to have special transit services. The primary reason they have that is because there is no public transportation that is accessible or the sidewalks aren't accessible or whatever, whatever, on and on. But I think as you look at incentives, realize that it may not fully cover what the reality is that's going on."*

**Staff Response:** Given the competitive nature of the programs it is thought that the selection criteria points provide an incentive for applicants to consider transportation and a variety of other area amenities when choosing sites. No changes to the SLIHP are suggested.

### **Public Comment Administration (4, 5)**

A couple of general comments were made on the process and scheduling of the public comment period and Departmental responses.

*"I think that having a face-to-face contact with the people who not only run the programs but also write them, the procedures and the policies, is great. It's really very good. It's very reassuring. I think that we need to follow on the next phase. How can we get some feedback as to whether some of these comments get anyplace? What's the chances of getting some of these policies and procedures changed, and what do we need to do, particularly for organizations like ours that -- we're an advocate organization, and we are committed to see that these programs reach the populations that we serve. So it's very important for us to know what feedback we can get, and hopefully that these will be not only the first contact, but maybe some community roundtables, some further discussion, so that together we can find some solutions to these very, very severe crises that we're facing and the people we serve face."*

*"...Many of the programs...directly affect the county. Not necessarily the city of El Paso, because the city of El Paso is an entitlement area, and they receive their funds directly. And maybe for the next time we have these hearings, we should do these hearings out there in the county. Maybe the city of Socorro or other areas that are directly affected by your funding in the programs...I speak for many nonprofits that are out there, and that sometimes transportation is an issue, and I know for many residents that should be benefiting from these programs, transportation is a big issue."*

**Staff Response:** TDHCA continues to refine the public comment process. As was done last year, the public hearing transcripts were posted to a "TDHCA Consolidated Public Hearings" page on the TDHCA website. Additionally, all written comment was scanned and posted to the site as well. This year, a comment tracking table was added so commenters could more easily verify that their comments had been received. The table contained the source of each comment, the comment topic, and the number of the document on the website that contained the comment. For all of the items taken for public comment, TDHCA provides reasoned responses to each comment.

In 2006, TDHCA will research the possible use of telephone and video conference technology to help provide effective and ongoing interaction across the state. This will be of increasing importance given the increasing costs of transportation. No changes to the SLIHP are suggested.

### **Fair Housing (5)**

A comment was made as to the need to increase affirmatively furthering fair housing efforts.

*"We're a civil rights, nonprofit organization that's funded by HUD to affirmatively further fair housing. We work along the U.S.-Mexico border; we cover the four border states. In El Paso we have our main office, and we'll be opening an office in McAllen next year, and one in New Mexico the end of this year. Our main focus is to -- and mission is to promote fair housing, to enforce our fair housing laws. And the border faces a lot of discrimination. Believe it or not, the last 14 months we've investigated close to 38 fair housing complaints. Just yesterday we got a charge on an individual that was discriminating using CDBG funds. He used close to \$430,000 to rehab a property, and he was discriminating against families with children. That's happening every day along the U.S.-Mexico border. Under federal law, every agency that receives federal funds, like the HOME Program and CDBG they're required to affirmatively further fair housing. And to comply with this requirement, an agency may go from doing a poster contest to actual funding programs of enforcement or education and outreach. Before coming here, I contacted the TDHCA and ORCA to see exactly what they're doing to -- for the fair housing. And they've been participating in community affairs, they've been distributing information, which is good. But it's more than that, it's more than educating the public. People know their rights, but what's going to happen next, who's going to enforce the law? We're the only enforcement agency, between Arizona and Brownsville, within 150 miles from the border. So our resources are limited. In the State of Texas, ORCA and TDHCA need to allocate funding to enforce*

*these laws. It's very unfortunate that people that are receiving federal funds to open up opportunities for affordable housing are doing the opposite."*

**Staff Response:** TDHCA will be working to update its affirmative housing plan in 2006. This process will involve a committee of interested parties to help provide guidance. At the time this process begins, an invitation to participate on this committee will be offered to a wide variety of organizations such as the commentator. No changes to the SLIHP are suggested.

### **Policies to Assist Persons with Disabilities**

One commenter provided a number of suggestions on policies to improve the provision of assistance to persons with disabilities. (6)

*"...The lack of accessible affordable housing for people with disabilities has always been a major barrier to independence...We have four major recommendations (to assist with this issue).*

*First of them is for creation of a program to provide housing and utility deposit assistance for people with disabilities on a cross-disability basis. Currently, that is available only through HOPWA....All persons with disabilities can benefit from programs that will permit them to obtain or retain permanent housing. Having programs in place with deposits will give more people the opportunity to live independently in the community.*

*We would direct all TDHCA funds to banks and other financial institutions that have proven active in community reinvestment and development efforts, not just based on size. TDHCA can take a more proactive role in community development and rehabilitation if they reward both big and small banks that work to support their communities rather than just to enrich themselves.*

*We support the development of pilots throughout the state for land reassembly and redevelopment, similar to Houston, and an urban homesteading pilot program...Programs that permit tax delinquent properties and land to be occupied serve the public interest more effectively than leaving the properties as uncared for vacant eyesores. Using land banking and allowing people to obtain permanent housing through homesteading will create more stable, vibrant neighborhoods to benefit all Texans.*

*We ask for use of community block development grants and other HUD monies to assure wheelchair accessibility to emergency shelters and facilities. There are no shelters in this area that identify themselves as wheelchair accessible. While many organizations would like to have access, they have limited funds for anything not related to daily operation. After Hurricane Katrina and then, with Hurricane Rita, people with disabilities were shoved into nursing homes and assisted living facilities. If the temporary shelters were available, it would be easier for evacuees to move into the community. Now that these individuals are in institutions, they will have to prove that they do not belong in such restrictive environments."*

**Staff Response:** Currently, TDHCA does not have funding available for pilot programs for special purposes like land banking, community development activities, and renter assistance deposits. Funding from the Emergency Shelter Grants Program could be used to help address facility accessibility issues. No changes to the Plan are suggested.

Another commenter requested continuing current HOME and HTF program activities that improve the provision of assistance to persons with disabilities. (7)

*“I am here in support of the continuation of the Department’s commitment to Texas Home of Your Own program. The HOYO program continues to expand opportunities for home ownership among a greatly underserved population. Low income persons with disabilities, TDHCA has been a partner since 1996. It has been a great partnership. We have served over 250 homeowners. We want and need this partnership to continue, because it really does benefit all of us, and we appreciate that it continues to be in the plan.”*

*“We also want to express our support for the Housing Trust Fund capacity building program as well as the predevelopment program. These programs have supported UCP Texas in our recent efforts to provide affordable, accessible and integrated rental housing.”*

*“Opportunities for people with disabilities, our first project which is a partnership with Tekoa Partners...This project could not have happened without you all’s support and the ability to help us learn how to do HUD 8-11 project...”*

*“We want to express our appreciation for your demonstrated commitment to providing housing for people with disabilities, and in an integrated setting. And that is what we are talking about when you are talking about rental. And we want to thank the Department staff that continue to work to see that people with disabilities have equal access to housing opportunities. And we look forward to a continued partnership...”*

**Staff Response:** As the funding activities discussed in the comment were included in the draft SLIHP, no changes are suggested.

**Table A.1 Commenter Information**

Comment Number	Person and Organization	Source
1	Judy Telge, Accessible Communities & Coastal Bend Affordable Housing Committee	Corpus Christi Hearing
2	Rudy Cantu, Nueces County Community Action Agency	Corpus Christi Hearing
3	Martha Sotomayor, Latino Education Project	Corpus Christi Hearing
4	Dottie Adair, San Patricio County Affordable Housing Committee	Corpus Christi Hearing
5	Anibal Olague, Border Fair Housing and Economic Justice Center	El Paso Hearing
6	Tony Koosis, Houston Center for Independent Living	Houston Hearing
7	Jean Langendorf, United Cerebral Palsy of Texas	Austin Board Hearing



# 2006 State of Texas Low Income Housing Plan and Annual Report

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December 2005



*Costa Biscaya Apartments, San Antonio, TX*



**2006 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT**

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## **SECTION 1: INTRODUCTION**

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

The Texas Department of Housing and Community Affairs (TDHCA, Department, Agency) is the State's lead agency responsible for affordable housing. TDHCA is also responsible for administering a wide variety of community affairs, energy assistance, and colonia programs and activities.

### **INSTITUTIONAL STRUCTURE**

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs. The Department's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant (CDBG) and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). However, TDHCA, through an interagency contract with ORCA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

### **AGENCY MISSION AND CHARGE**

TDHCA's mission is as follows: To help Texans achieve an improved quality of life through the development of better communities.

TDHCA accomplishes this mission by administering a variety of housing and community affairs programs. A primary function of TDHCA is to act as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

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

(a) The legislature finds that:

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

## *Introduction*

*Texas Department of Housing and Community Affairs*

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

TDHCA's services address a broad spectrum of housing and community affairs issues that include homebuyer assistance, the rehabilitation of single family and multifamily units, rental assistance, the new construction of single family and multifamily housing, special needs housing, transitional housing, and emergency shelters. Community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance.

TDHCA is primarily a pass-through funding agency and most programs, excluding many Community Affairs programs, award funds through a formal competitive process. As such, it distributes funds to entities that in turn provide assistance to households in need at the local level. This distribution is done using a number of techniques.

- Almost all housing development, rehabilitation, and rental assistance related funding is awarded through formal competitive Request for Proposals (RFP) and Notice of Funding Availability (NOFA) processes.
- First time homebuyer and down payment assistance is allocated through a network of participating lenders.
- Community Affairs' funds are predominantly allocated through a network of community based organizations who receive their funding on an annual, ongoing basis.

Funding sources for the services listed above include the US Department of Housing and Urban Development (HUD), US Treasury Department, US Department of Health and Human Services, and US Department of Energy, and State of Texas general revenue funds. With this funding, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

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

## **ADMINISTRATIVE STRUCTURE**

Agency programs are grouped into three categories: Single Family Finance Production, Multifamily Finance Production, and Community Affairs. In addition, TDHCA includes the following divisions: Administrative Support; Bond Finance; Financial Administration; Information Systems; Internal Audit; Legal Services; Portfolio Management and Compliance; Real Estate Analysis; the Division of Policy and Public Affairs; and the Office of Colonia Initiatives. The Manufactured Housing Division is administratively attached to TDHCA, though it is an independent entity with its own governing board.

The following table outlines TDHCA's programs. For more detailed program information, please see "TDHCA Program Plans" in the Action Plan section of this document.

Activity	Program	Program Description	Eligible Households
Multifamily Development	HOME Rental Housing Set-Asides (HOME)	Loans and grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Trust Fund (HTF)	Loans and grants for rental housing development, predevelopment, and capacity building	<80% AMFI
	Housing Tax Credit (HTC)	Tax credits to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Bond (MFB)	Loans to finance the development of affordable rental housing	<60% AMFI
Rental Assistance	HOME Tenant-Based Rental Assistance	Loans and grants for entities to provide tenant-based rental assistance for two years	<80% AMFI
	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain areas	<50% AMFI
Single Family Development	HOME CHDO Set-Aside	Loans and grants for CHDOs to construct single family housing and offer down payment assistance	<80% AMFI
	Colonia Model Subdivision	Loans for CHDOs to develop residential subdivisions as an alternative to colonias	<60% AMFI
Home Purchase Assistance and Home Repair Assistance	HOME Homebuyer Assistance	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	Texas First Time Homebuyer	Low-interest loans for first time homebuyers to purchase a home	<115% AMFI
	Grant Assistance	Grants in conjunction with the First Time Homebuyer Program for down payment and closing costs	<60% AMFI
	Mortgage Credit Certificate	Annual tax credit based on the interest paid on the homebuyer's mortgage loan	<115% AMFI
	Lone Star Loan	Market-rate loans with second liens for down payment assistance	<115% AMFI
	Texas Bootstrap Loan	Funds entities to offer owner-builder loans programs	<60% AMFI
	Contract for Deed Conversion Initiative	Facilitates colonia-resident ownership by converting contracts for deed into traditional mortgages	<60% AMFI
	HOME Owner-Occupied Housing Assistance	Loans and grants for entities to provide home repair assistance	<80% AMFI
Homebuyer Education	Colonia Consumer Education Services	Homebuyer education offered through Colonia Self-Help Centers and OCI field offices	<115% AMFI (All)
	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	<115% AMFI (All)
Community Affairs Activities	Community Services Block Grant (CSBG)	Funds local agencies to provide essential services and poverty programs	<50% AMFI
	Emergency Shelter Grants (ESGP)	Funds entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)
	Community Food and Nutrition (CFNP)	Distributes surplus food commodities and supports feedings	<80% AMFI
	Comprehensive Energy Assistance (CEAP)	Funds local agencies to offer energy education, financial assistance, and HVAC replacement	<50% AMFI
	Weatherization Assistance (WAP)	Funds local agencies to provide minor home repairs to increase energy efficiency	<50% AMFI
Manuf. Housing	Manufactured Housing Division	Regulates the manufactured housing industry. Licenses manufactured housing professionals, titles homes, inspects homes, and investigates manufactured housing complaints.	All

## **2006 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT**

The *2006 State of Texas Low Income Housing Plan and Annual Report* (SLIHP, Plan) is prepared annually in accordance with §2306.072–2306.0724 of the Texas Government Code (TGC). This statute requires that TDHCA provide a comprehensive statement of activities in the preceding year, an overview of statewide housing needs, and a resource allocation plan to meet the state's housing needs. It offers policy makers, affordable housing providers, and local communities a comprehensive reference on statewide housing need, housing resources, and performance-based funding allocations. The format is intended to help these entities measure housing needs, understand general housing issues, formulate policies, and identify available resources. As such, the Plan is a working document whose annual changes reflect input received throughout the year.

The Plan is organized into eight sections:

- *Introduction*: An overview of TDHCA and the Plan
- *Annual Report*: A comprehensive statement of activities for 2005, including performance measures, actual numbers served, and a discussion of TDHCA's Strategic Plan goals
- *Housing Analysis*: An analysis of statewide and regional demographic information, housing characteristics, and housing needs
- *TDHCA Action Plan*: A description of TDHCA's initiatives, resource allocation plans, program descriptions, and goals
- *Public Participation*: Information on the Plan preparation and a summary of public comment
- *Colonia Action Plan*: A biennial plan for 2006–2007 which discusses housing and community development needs in the colonias, describes TDHCA's policy goals, summarizes the strategies and programs designed to meet these goals, and describes projected outcomes to support the improvement of living conditions of colonia residents
- *Texas State Affordable Housing Corporation (TSAHC) Plan*: This section outlines TSAHC's plans and programs for 2006, and is included in accordance with legislation
- *Appendix*: Includes TDHCA's enabling legislation and a glossary of selected terms

Because the information required to comply with the Plan's legislative requirements is rather extensive, the report is presented as a collection of separate publications. This allows the consumer to receive specific information in a format that is cost-effective for both TDHCA and its consumers through lower printing and distribution costs. TDHCA produces the following publications in compliance with §2306.072–2306.0724 TGC:

- *State of Texas Low Income Housing Plan and Annual Report*
- *Basic Financial Statements and Operating Budget*: Produced by TDHCA's Financial Administration Division and fulfill §2306.072(c)(2)
- *TDHCA Program Guide*: A description of TDHCA's housing programs and other state and federal housing and housing-related programs, which fulfills §2306.0721(c)(4) and §2306.0721(c)(10)
- *TDHCA Housing Sponsor Report*: A report that provides property and occupant profiles of developments that have received assistance from TDHCA, which fulfills §2306.072(c)(6), §2306.072(c)(8), and §2306.0724

## **SECTION 2: ANNUAL REPORT**

The Annual Report required by §2306.072 of the Texas Government Code includes the following sections:

- TDHCA's Operating and Financial Statements
- *Statement of Activities*: Describes TDHCA activities during the preceding year that worked to address housing and community service needs
- *Statement of Activities by Region*: Describes TDHCA activities by region
- *Participation in TDHCA Programs*: Discusses efforts to ensure that individuals of low income and their community-based institutions participate in TDHCA programs
- *Citizen Participation in Program Planning*: Discusses affirmative efforts to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process
- *Fair Housing Sponsor Report*: Describes fair housing opportunities offered by TDHCA's multifamily development inventory
- *Analysis of the Distribution of Tax Credits*: Provides an analysis of the sources, uses, and geographic distribution of housing tax credits
- *Average Rents Reported by County*: Provides a summary of the average rents reported by the TDHCA multifamily inventory

## **OPERATING AND FINANCIAL STATEMENTS**

TDHCA's *Operating Budgets* and *Basic Financial Statements* are prepared and maintained by the Financial Administration Division. For copies of these reports, contact Bill Dally, Chief of Agency Administration, at (512) 475-3801, or visit <http://www.tdhca.state.tx.us/finan.htm>.

## STATEMENT OF ACTIVITIES

This section of the Plan summarizes TDHCA's activities and achievements during the preceding FY year through a detailed analysis of the following:

- TDHCA's performance in addressing the housing needs of low, very low, and extremely low income households
- The ethnic and racial composition of individuals and families who received TDHCA assistance
- TDHCA's progress in meeting its housing and community services goals

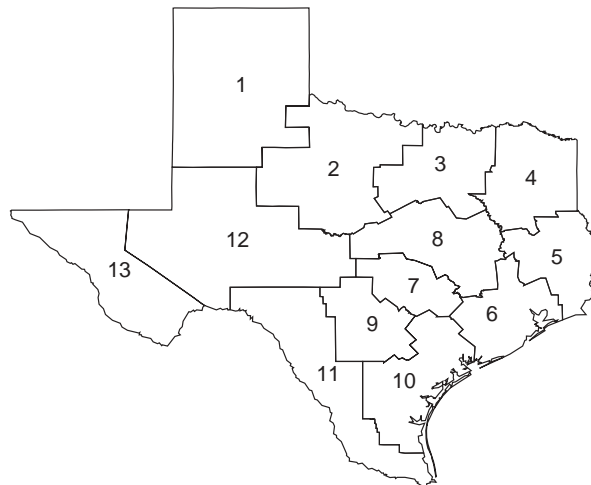


Figure 2.1 State Service Regions

This analysis is provided at the State level and within each of the 13 service regions TDHCA uses for planning purposes (see Figure 2.1). For general information about each region, including housing needs and housing supply, please see the Housing Analysis section of this document.

## FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY ACTIVITY AND PROGRAM

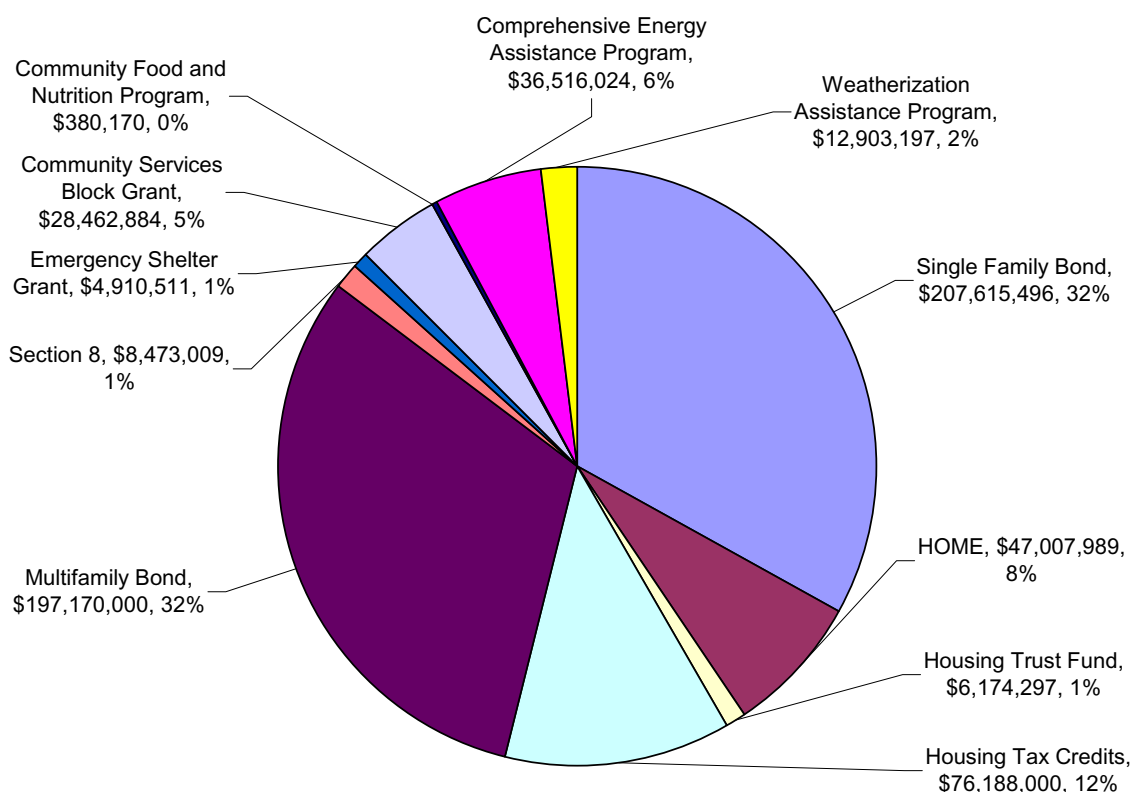
For the state and each region, a description of funding allocations, amounts committed, target numbers, and actual number of persons or households served for each program is provided. Along with the summary performance information, data on the following activity subcategories is provided.

- Renter
  - New Construction activities support multifamily development, such as the funding of developments, capacity building, and predevelopment funding.
  - Rehabilitation Construction activities support the acquisition, rehabilitation, and preservation of multifamily units.
  - Tenant Based Assistance is direct rental payment assistance.
- Owner
  - Single family development includes funding for housing developers, nonprofits, or other housing organizations to support the development of single family housing.
  - Single family financing and homebuyer assistance helps households purchase a home, through such activities as mortgage financing, and down payment assistance.
  - Single family owner-occupied assistance helps existing homeowners who need home rehabilitation and reconstruction assistance.
- Community services includes supportive services, energy assistance, and homeless assistance activities.

In FY 2005, TDHCA received \$? in total funds. Almost all of this funding was from federal sources, percent of the total. TDHCA committed \$625,801,577 in funding for activities that predominantly benefited extremely low, very low, and low income families and individuals. Figure 2.2 shows the distribution of this funding by program activity.

**Figure 2.2 FY 2005 Total Funding by Program**

Total Funds Committed: \$625,801,577



**Figure 2.3 TDHCA Funding and Households/Persons Served by Activity FY 2005, All Activities**

Household Type	Activity	Committed Funds	# of Households/Persons Served*	% of Committed Funds	% of Households/Persons Served
Renter	New Construction	\$254,020,221	18,806	44%	4%
	Rehab. Construction	\$34,243,285	4,798	6%	1%
	Tenant Based Assistance	\$10,738,854	1,955	2%	0%
Owner	Financing & Down Payment	\$218,932,374	2,639	38%	1%
	Rehabilitation Assistance	\$24,694,057	488	4%	0%
	Supportive Services	\$28,843,054	311,405	5%	60%
	Energy Related	\$49,419,221	89,434	9%	17%
	Homeless Services	\$4,910,511	93,396	1%	18%
Total Committed for All Activities		\$625,801,577	522,921		
Total Funding Received FY 2005:		\$?			
Targeted Number to be Served:			534,188		
Percent of Target:			98%		

\*Includes ESGP and CSBG, which serve individuals



**Figure 2.4 TDHCA Funding and Households/Persons Served by Program, FY 2005**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$6,347,650	218	\$1,585,700	747	\$63,916,871	14,804	\$182,170,000	3,037	\$0	0
	Rehab. Construction	\$0	0	\$5,815,559	727	\$1,156,597	274	\$12,271,129	3,546	\$15,000,000	251	\$0	0
	Tenant Based Assistance	\$0	0	\$2,265,845	207	\$0	0	\$0	0	\$0	0	\$8,473,009	1,748
Owner	Financing & Down Payment	\$207,615,496	1,898	\$7,884,878	613	\$3,432,000	128	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$24,694,057	488	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$207,615,496	1,898	\$47,007,989	2,253	\$6,174,297	1,149	\$76,188,000	18,350	\$197,170,000	3,288	\$8,473,009	1,748
Targeted Number to be Served:			1,770		2,300		1,686		10,763		1,999		2,200
Percent of Target:			107%		98%		68%		170%		164%		79%
Total Funding Received FY 2005:		\$171,168,179		\$44,687,663		\$2		\$76,188,000		\$197,170,000		\$7,817,645	

Community Services Activities		ESG*		CSBG*		CFNP**		CEAP		WAP	
Household Type	Activity	Committed Funds	# of Individuals Served	Committed Funds	# of Individuals Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
	Supportive Services	\$0	0	\$28,462,884	311,405	\$380,170		\$0	0	\$0	0
	Energy Related	\$0	0	\$0	0	\$0	-	\$36,516,024	84,018	\$13,044,010	5,416
	Homeless Services	\$4,910,511	93,396	\$0	0	\$0	-	\$0	0	\$0	0
Total for All Activities		\$4,910,511	93,396	\$28,462,884	311,405	\$380,170	-	\$36,516,024	84,018	\$13,044,010	5,416
Targeted Number to be Served:			132,000		308,000		N/A		69,736		3,734
Percent of Target:			71%		101%		N/A		120%		145%
Total Funding Received FY 2005:		\$5,154,498		\$30,514,311		\$380,170		\$36,516,024		\$13,849,446	

\*Number of Individuals Served and Targeted Number to be Served is individuals, not households.

\*\*CFNP funds are not directly allocated to the household level.

**Office of Colonia Initiatives (OCI)**

Activity	Committed Funds	# of Households Served
Owner Financing & Down Payment	\$3,432,000	120
Contract for Deed	\$2,589,600	46
Total for All Activities	\$6,021,600	166

\*OCI funds and households are included in the "Housing Activities" programs data from which the OCI activity are funded.

## FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY INCOME GROUP

The SLIHP uses the following subcategories to refer to the needs of households or persons within specific income groups.

- Extremely Low Income (ELI): 0% to 30% area median family income (AMFI)
- Very Low Income (VLI): 31% to 60% (AMFI)
- Low Income (LI): 61% to 80% (AMFI)
- Moderate Income and Up (MI): >80% (AMFI)

The vast majority of households and individuals served through CEAP, WAP, ESGP, and CFNP earn less than 30 percent area median family income. However, federal tracking of assistance from these programs is based on poverty guidelines, which do not translate easily to an AMFI equivalent. For conservative reporting purposes, assistance in these programs is reported in the VLI category.

The distribution of the Department's housing resources in fiscal year 2005 showed a clear prioritization of assistance to individuals and households with the lowest incomes; see Figure 2.5. The vast majority of households served by the Department were classified as extremely low, very low, and low income.

Figure 2.5: FY 2005 Total Funding by Income Level

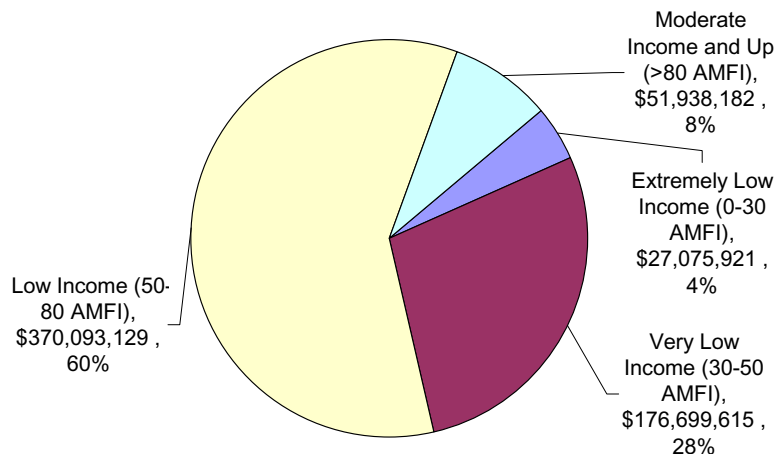
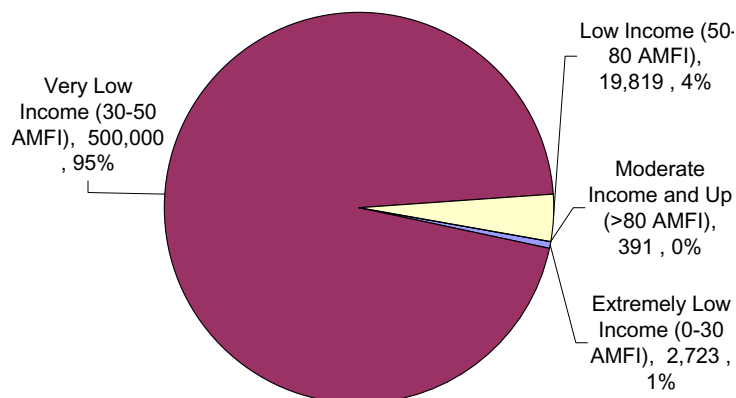


Figure 2.6: FY 2005 Total Households Served by Income Level



**Figure 2.7: TDHCA Funding and Households/Persons Served by Income Category FY 2005**

All Activities

Income Type	Committed Funds	# of Households or Individuals Served*	% of Committed Funds	% of Households or Individuals Served
Extremely Low Income (0-30 AMFI)	\$27,075,921	2,723	4.3%	.5%
Very Low Income (30-50 AMFI)	\$176,699,615	500,000	28.2%	95.6%
Low Income (50-80 AMFI)	\$370,093,129	19,819	59.1%	3.8%
Moderate Income and Up (>80 AMFI)	\$51,938,182	391	8.3%	0.1%
<b>Total for All Incomes</b>	<b>\$625,806,847</b>	<b>522,933</b>		

\*Includes ESG and CSBG which are allocated to individuals.

Housing Activities

Income Type	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	\$2,740,008	39	\$12,030,895	418	\$342,197	83	\$4,681,424	788	\$-	-	\$7,281,397	1,395
Very Low Income (30-50 AMFI)	\$34,479,185	431	\$23,128,734	787	\$240,939	93	\$14,922,440	3,755	\$19,590,000	346	\$1,165,531	353
Low Income (50-80 AMFI)	\$118,461,745	1,038	\$11,848,360	1,048	\$5,591,162	973	\$56,584,139	13,807	\$177,580,000	\$27,723	\$27,723	11
Moderate Income and Up (>80 AMFI)	\$51,934,558	390	\$-	-	\$-	-	\$-	-	\$-	-	\$3,624	1
<b>Total for All Incomes</b>	<b>\$207,615,496</b>	<b>1,898</b>	<b>\$47,007,989</b>	<b>2,253</b>	<b>\$6,174,298</b>	<b>1,149</b>	<b>\$76,188,003</b>	<b>18,350</b>	<b>\$197,170,000</b>	<b>3,288</b>	<b>\$8,478,275</b>	<b>1,760</b>

Community Services Activities

Income Type	ESG*		CSBG*		CFNP***		CEAP		WAP	
	Committed Funds	# of Individuals Served	Committed Funds	# of Individuals Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	\$-	-	\$-	-	\$-	-	\$-	-	\$-	-
Very Low Income (30-50 AMFI)	\$4,910,511	93,396	\$28,462,884	311,405	\$380,170	-	\$36,516,024	84,018	\$12,903,197	5,416
Low Income (50-80 AMFI)	\$-	-	\$-	-	\$-	-	\$-	-	\$-	-
Moderate Income and Up (>80 AMFI)	\$-	-	\$-	-	\$-	-	\$-	-	\$-	-
<b>Total for All Incomes</b>	<b>\$4,910,511</b>	<b>93,396</b>	<b>\$28,462,884</b>	<b>311,405</b>	<b>\$380,170</b>	<b>-</b>	<b>\$36,516,024</b>	<b>84,018</b>	<b>\$12,903,197</b>	<b>5,416</b>

\* Number of Individuals Served and Targeted Number to be Served is individuals, not households.

\*\*CFNP funds are not directly allocated to the household level.

Office of Colonia Initiatives

Income Type	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	\$-	-
Very Low Income (30-50 AMFI)	\$6,021,600	166
Low Income (50-80 AMFI)	\$-	-
Moderate Income and Up (>80 AMFI)	\$-	-
<b>Total for All Incomes</b>	<b>\$6,021,600</b>	<b>166</b>

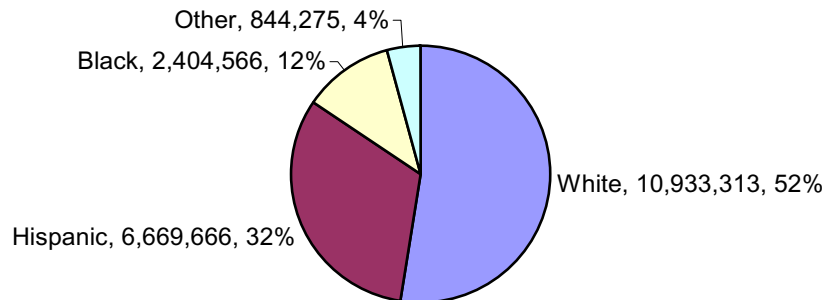
## RACIAL COMPOSITION OF HOUSEHOLDS RECEIVING ASSISTANCE

As required by legislation, TDHCA reports on the racial composition of individuals and families receiving assistance. Using 2000 US Census data, TDHCA has delineated the racial composition of the population into four categories: White, Hispanic, Black, and Other. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races. Households assisted through each TDHCA program or activity have been delineated according to these categories. Regional analyses of this racial data are included in the Statement of Activities by Uniform State Service Region section that follows. Please note that the population racial composition charts examine individuals, while the many program racial composition charts examine households.

Information is included for Multifamily Programs, HOME Program single family activities, Single Family Bond, Housing Trust Fund single family activities, and Section 8. The Weatherization Assistance Program, Comprehensive Energy Assistance Program, Community Services Block Grant program, and Emergency Shelter Grants Program allocate funding to several entities with service areas that span across two or more regions, so, racial data for these programs is reported by entity. Office of Colonia Initiatives programs are reported under the funding source: HOME Program for Contract for Deed loans, Single Family Bond for some Contract for Deed and Texas Bootstrap Loan Program loans, and the Housing Trust Fund for Texas Bootstrap loans. No racial data is reported for the Community Food and Nutrition Program.

**Figure 2.8: Racial Composition of the State of Texas**

20,851,820 Total Individuals



Source: 2000 US Census

### *Multifamily Programs*

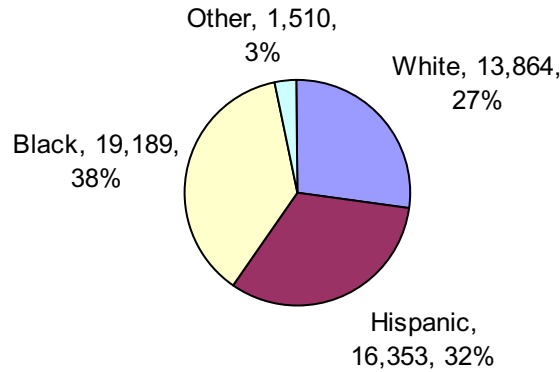
Multifamily data is collected from the 2005 Fair Housing Sponsor Report, which TDHCA-funded housing developments submit to TDHCA every year. The report includes information about the property, including the racial composition of tenants residing at the property, as of a specific date, December 31, of each year. The 2005 report is a snapshot of property characteristics as of December 31, 2004. Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

It should be noted that the Housing Sponsor Report does not report on or represent all units financed by TDHCA. Some reports submitted describe properties under construction, which do not have occupied units, some properties did not submit a report, or some properties did not accurately fill out the report.

Statewide, of reports received, only 24 percent of the unit data reported by TDHCA-monitored properties could be used in this analysis. Because of the relatively low percentage of usable data, this chart may not accurately represent the racial distribution of the units. TDHCA is working to increase the quantity and quality of data reported.

**Figure 2.9: State Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**

50,916 Total Households



### **HOME Program Single Family Activities**

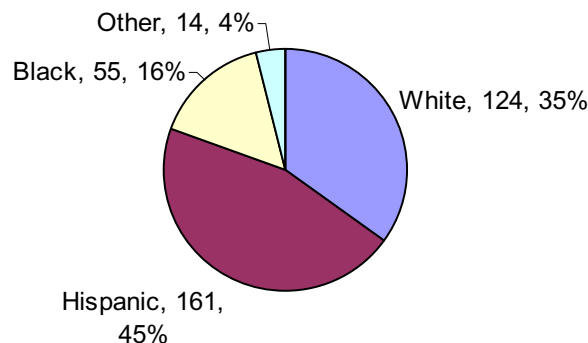
The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

The following charts depict the racial composition of households receiving assistance through Homebuyer Assistance, which includes HOME-funded Contract for Deed loans and homebuyer assistance combined with rehabilitation; Owner-Occupied Home Repair; and Tenant-Based Rental Assistance from September 1, 2004, through August 31, 2005 (FY 2005). Because of this reporting period, data will include households served under contracts originally awarded in previous years.

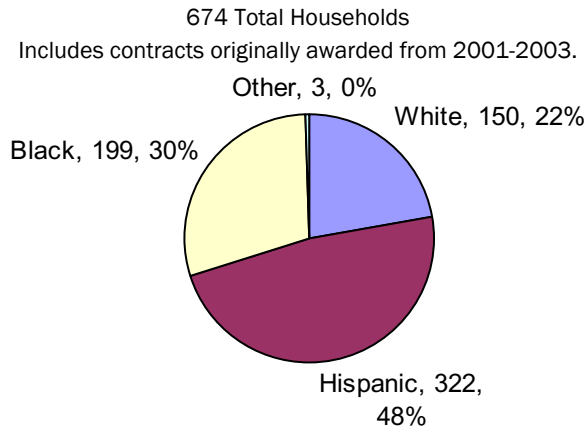
**Figure 2.10: State Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

354 Total Households

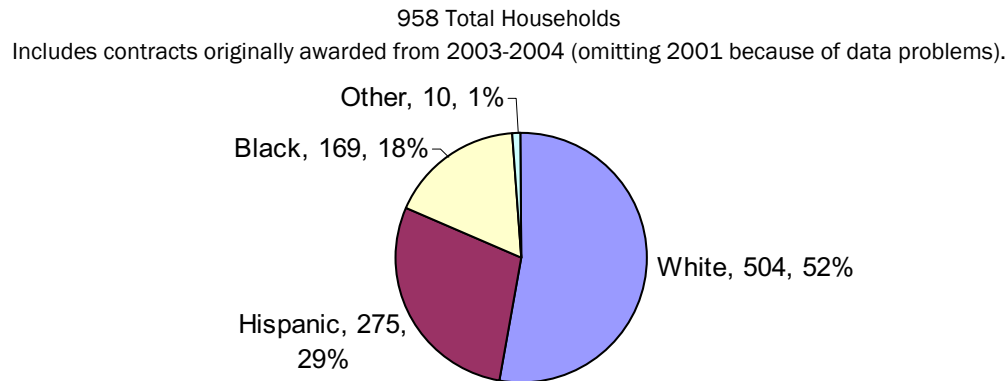
Includes contracts originally awarded from 2000-2004.



**Figure 2.11: State Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**



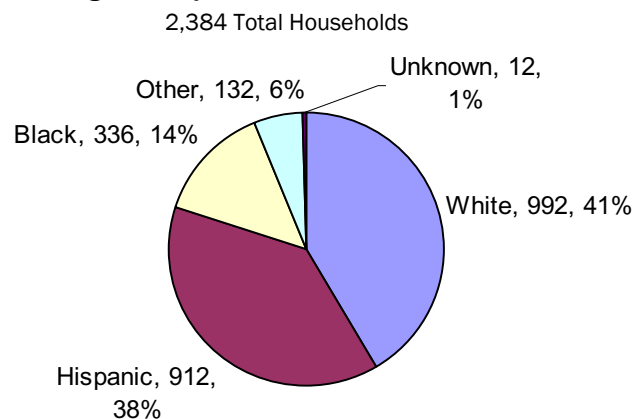
**Figure 2.12: State Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**



**Single Family Bond**

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program), the Mortgage Credit Certificate Program, and Contract for Deed of Texas Bootstrap loans that were made with bond funds in FY 2005.

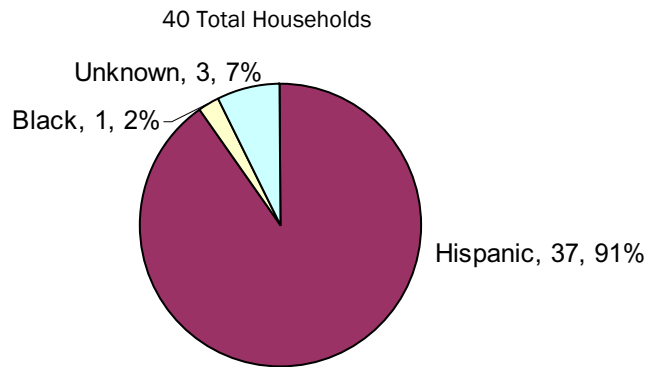
**Figure 2.13: State Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**



### Housing Trust Fund Single Family Activities

In addition to multifamily activities, the Housing Trust Fund also provides funding for the Texas Bootstrap Loan Program, which is administered through the TDHCA Office of Colonia Initiatives. The following chart depicts those Bootstrap loans that were funded in FY 2005. All loans were made in Regions 3, 11, and 13.

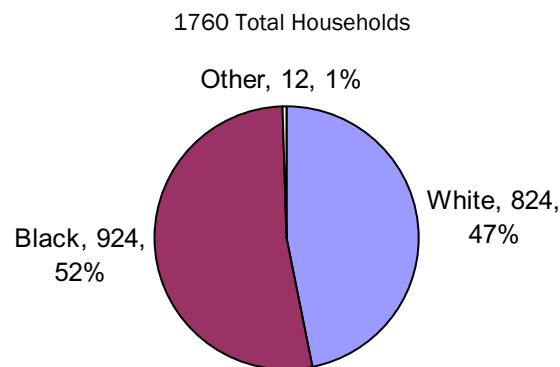
**Figure 2.14: State Racial Composition of Households Receiving Housing Trust Fund (Bootstrap) Assistance, FY 2005**



### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only shows White, Black, and Other because Hispanic households were not differentiated.

**Figure 2.15: State Racial Composition of Households Receiving Section 8 Assistance, FY 2005**

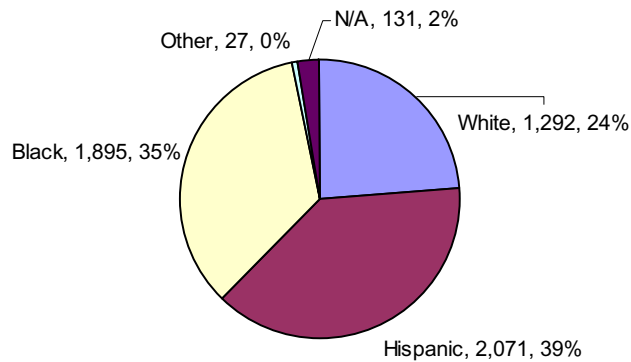


**Weatherization Assistance Program**

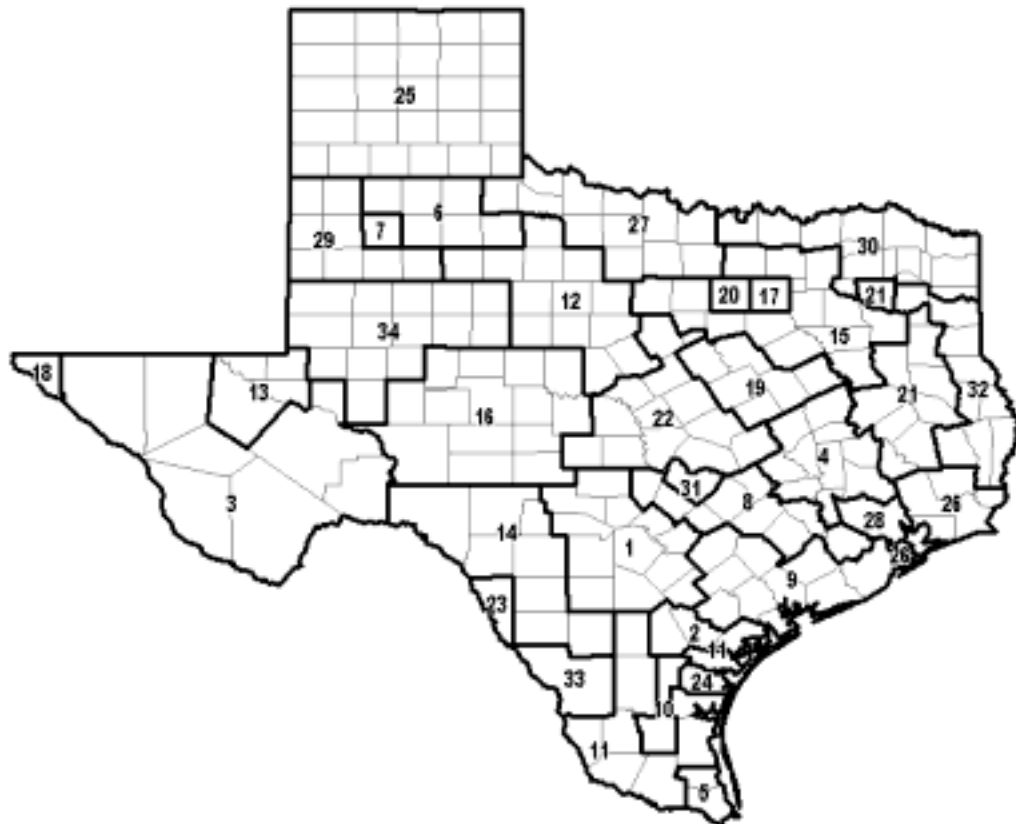
The Weatherization Assistance Program (WAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, WAP racial composition data for FY 2005 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

**Figure 2.16: State Racial Composition of Households Receiving WAP Assistance, FY 2005**

5,416 Total Households



**Figure 2.17: State WAP Subcontractor Service Areas, FY 2005**





**Figure 2.18: State Racial Composition of Households Receiving  
WAP Assistance by Subcontractor, FY 2005**

# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other	N/A
1	ALAMO AREA COUNCIL OF GOVERNMENTS	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	\$607,745	278	74	179	20	0	5
2	BEE COMMUNITY ACTION AGENCY	Bee, Live Oak, Refugio	\$33,230	20	3	13	4	0	0
3	BIG BEND COMMUNITY ACTION COMMITTEE	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	\$196,876	74	8	66	0	0	0
4	BRAZOS VALLEY COMMUNITY ACTION AGENCY	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	\$146,116	146	53	19	44	1	29
5	CAMERON-WILLACY COS. COMM PROJECTS	Cameron, Willacy	\$254,414	80	2	78	0	0	0
6	CAPROCK COMMUNITY ACTION ASS'N	Crosby, Dickens, Floyd, Hale, King, Motley	\$244,979	87	18	58	11	0	0
7	CITY OF LUBBOCK	Lubbock	\$35,804	42	8	22	11	1	0
8	COMBINED COMMUNITY ACTION	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	\$159,495	79	23	17	33	0	6
9	COMMUNITY ACTION COMMITTEE OF VICTORIA	Aransas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	\$226,149	114	72	29	13	0	0
10	COMMUNITY ACTION CORP. OF SOUTH TEXAS	Brooks, Jim Wells	\$254,630	105	4	97	1	0	3
11	COMMUNITY ACTION COUNCIL OF SOUTH TEXAS	Duval, Hidalgo, Jim Hogg, Kenedy, Kleberg, McMullen, San Patricio, Starr, Zapata	\$642,574	334	7	321	2	0	4
12	COMMUNITY ACTION PROGRAM	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton	\$154,022	79	50	16	11	0	2
13	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	\$71,158	27	2	25	0	0	0
14	COMMUNITY SERVICES AGENCY OF SOUTH TEX	Dimmit, Edwards, Kinney, La Salle, Real, Uvalde, Val Verde, Zavala	\$181,660	136	1	135	0	0	0
15	COMMUNITY SERVICES	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	\$548,223	171	106	6	52	1	6
16	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Coleman, Concho, Crocket, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	\$128,799	66	17	46	3	0	0
17	DALLAS COUNTY DEPT. OF HUMAN SERVICES	Dallas	\$764,746	412	60	74	276	2	0
18	EL PASO CAP-PROJECT BRAVO, INC.	El Paso	\$420,379	208	7	182	11	8	0
19	EOAC OF PLANNING REGION XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	\$337,982	184	93	19	66	1	5
20	FORT WORTH, CITY OF, GRANT ADMIN.	Tarrant	\$337,999	294	58	66	167	3	0
21	GREATER EAST TEXAS COMM. ACTION (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	\$267,741	189	74	10	101	0	4

**Figure 2.18: State Racial Composition of Households Receiving  
WAP Assistance by Subcontractor, FY 2005 (cont.)**

# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other	N/A
22	HILL COUNTRY COMM'Y ACTION ASS'N	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	\$358,606	202	139	39	7	3	14
23	MAVERICK COUNTY HUMAN SERVICES DEPT.	Maverick	\$327,445	189	0	188	0	1	0
24	NUECES COUNTY CAA	Nueces	\$77,134	68	4	48	15	0	1
25	PANHANDLE COMMUNITY SERVICES	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	\$278,525	116	45	55	15	1	0
26	PROGRAMS FOR HUMAN SERVICES	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	\$1,344,127	443	27	30	357	0	29
27	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	\$184,423	96	73	11	8	2	2
28	SHELTERING ARMS SENIOR SVCS	Harris	\$642,130	565	17	44	489	1	14
29	SOUTH PLAINS CAA	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	\$151,772	99	23	57	12	0	7
30	TEXOMA COUNCIL OF GOVERNMENTS	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	\$62,753	224	137	5	80	2	0
31	TRAVIS COUNTY	Travis	\$187,571	80	28	27	25	0	0
32	TRI-COUNTY COMMUNITY ACTION, INC	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	\$151,147	77	19	3	55	0	0
33	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	\$65,704	41	0	41	0	0	0
34	WEST TEXAS OPPORTUNITIES	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	\$155,225	91	40	45	6	0	0
	<b>WAP Total</b>	<b>State</b>	<b>\$10,559,282</b>	<b>5,416</b>	<b>1,292</b>	<b>2,071</b>	<b>1,895</b>	<b>27</b>	<b>131</b>

### *Comprehensive Energy Assistance Program*

The Comprehensive Energy Assistance Program (CEAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, CEAP racial composition data for FY 2005 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Figure 2.19: State Racial Composition of Households Receiving CEAP Assistance, FY 2005  
84,018 Total Households

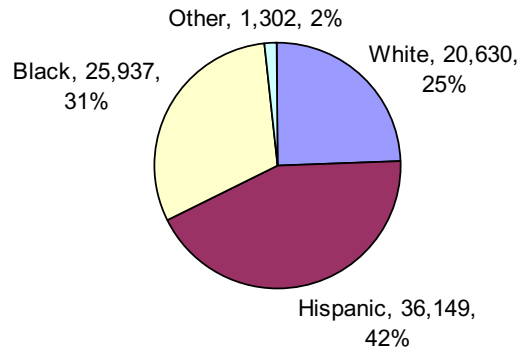
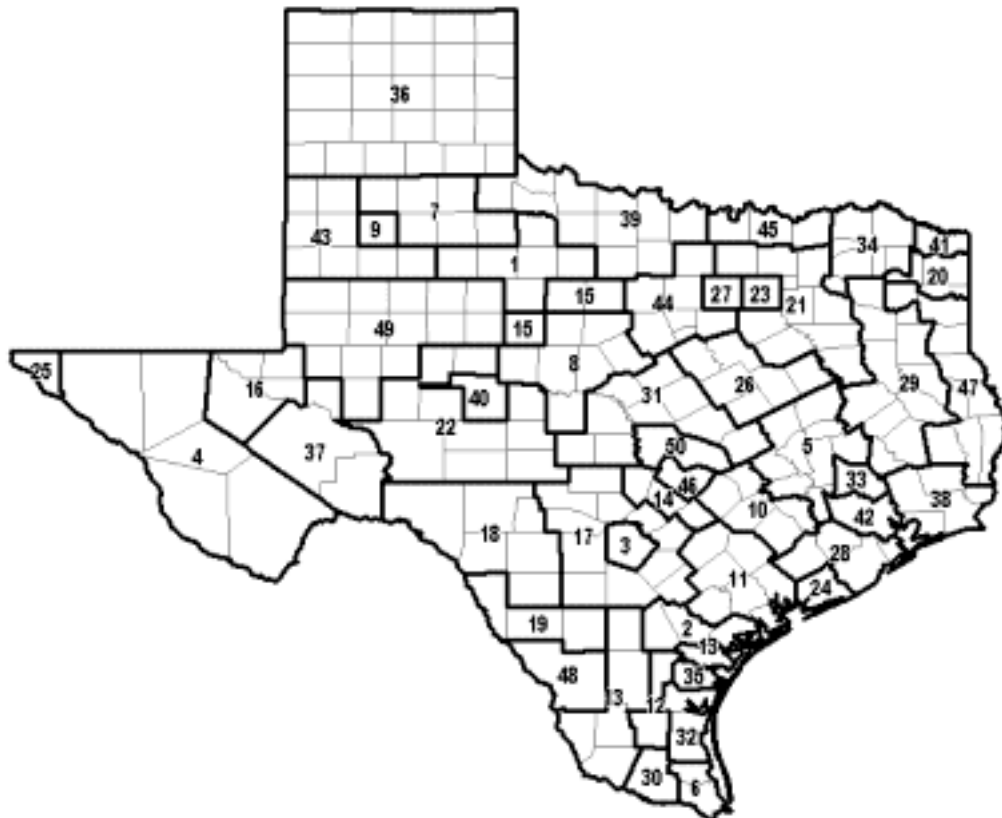


Figure 2.20: State CEAP Subcontractor Service Areas, FY 2005



**Figure 2.21: State Racial Composition of Households Receiving  
CEAP Assistance by Subcontractor, FY 2005**

# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other
1	ASPERMONT SMALL BUSINESS DEVELOPMENT	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	\$113,095	243	114	96	33	0
2	BEE COMMUNITY ACTION AGENCY	Bee, Live Oak, Refugio	\$208,914	933	149	725	54	5
3	BEXAR COUNTY DEPARTMENT OF COMMUNITY RCS	Bexar	\$1,362,970	2,456	192	1,814	426	24
4	BIG BEND COMMUNITY ACTION COMMITTEE, INC	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	\$361,963	1,074	109	960	3	2
5	BRAZOS VALLEY COMMUNITY ACTION AGENCY	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington	\$627,736	1,871	478	173	1,215	5
6	CAMERON-WILLACY COS. COMM PROJECTS, INC.	Cameron, Willacy	\$1,227,797	4,715	89	4,588	35	3
7	CAPROCK COMMUNITY ACTION ASS'N, INC.	Crosby, Dickens, Floyd, Hale, King, Motley	\$467,171	1,405	307	915	181	2
8	CENTRAL TEXAS OPPORTUNITIES, INC.	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels	\$406,380	807	603	157	41	6
9	CITY OF LUBBOCK	Lubbock	\$422,410	925	245	338	339	3
10	COMBINED COMMUNITY ACTION, INC	Austin, Bastrop, Colorado, Fayette, Lee	\$296,884	814	192	114	508	0
11	COMMUNITY ACTION COMMITTEE OF VICTORIA	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria	\$565,846	1,508	447	643	417	1
12	COMMUNITY ACTION CORP. OF SOUTH TEXAS	Brooks, Jim Wells	\$251,206	593	19	571	2	1
13	COMMUNITY ACTION COUNCIL OF SOUTH TEXAS	Duval, Jim Hogg, McMullen, San Patricio, Starr, Zapata	\$653,595	1,926	58	1,836	32	0
14	COMMUNITY ACTION INC. OF HAYS, CALDWELL	Blanco, Caldwell, Hays	\$150,091	366	132	123	109	2
15	COMMUNITY ACTION PROGRAM, INC	Shackelford, Stephens, Taylor	\$438,243	1,002	467	324	203	8
16	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	\$354,887	969	64	840	60	5
17	COMMUNITY COUNCIL OF SOUTH CENTRAL TEXAS	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	\$812,026	2,472	633	1,679	146	14
18	COMMUNITY COUNCIL OF SOUTHWEST TEXAS	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	\$435,060	1,334	69	1,237	9	19
19	COMMUNITY SERVICES AGENCY OF SOUTH TEXAS	Dimmit, LaSalle, Maverick	\$399,273	635	7	628	0	0
20	COMMUNITY SERVICES OF NORTHEAST TEXAS	Camp, Cass, Marion, Morris	\$109,168	400	124	5	270	1
21	COMMUNITY SERVICES	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	\$849,091	1,988	1,015	172	770	31
22	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton	\$336,560	816	315	490	7	4
23	DALLAS COUNTY DEPT. OF HUMAN SERVICES	Dallas	\$2,280,930	3,854	477	240	3,059	78
24	ECONOMIC ACTION COMMITTEE OF GULF COAST	Matagorda	\$77,751	178	19	24	135	0
25	EL PASO CAP-PROJECT BRAVO	El Paso	\$1,310,286	4,623	159	4,257	163	44
26	EOAC OF PLANNING REGION XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	\$611,803	1,414	552	121	736	5
27	FORT WORTH, CITY OF, GRANT ADMIN.	Tarrant	\$1,480,969	3,111	741	539	1,800	31

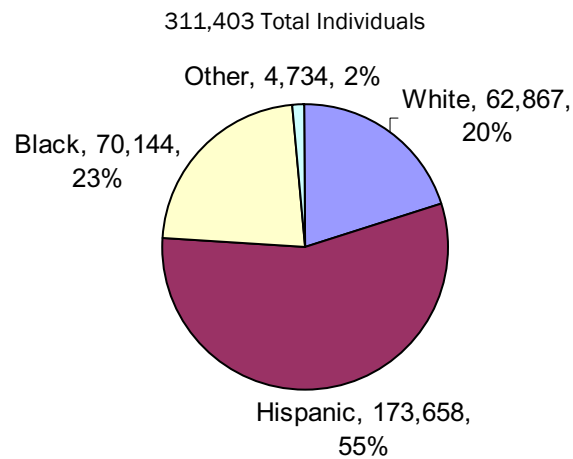
**Figure 2.21: State Racial Composition of Households Receiving CEAP Assistance  
by Subcontractor, FY 2005 (cont.)**

# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other
28	GALVESTON COUNTY COMM ACTION COUNCIL	Brazoria, Fort Bend, Galveston, Wharton	\$621,030	1,778	342	332	1,086	18
29	GREATER EAST TEXAS COMM. ACTION (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	\$1,119,928	3,782	1,351	161	2,252	18
30	HIDALGO COUNTY COMMUNITY SERVICES AGENCY	Hidalgo	\$952,964	3,692	19	3,644	26	3
31	HILL COUNTRY COMM'TY ACTION ASS'N	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	\$874,326	1,870	1,107	361	378	24
32	KLEBERG COUNTY HUMAN SERVICES	Kenedy, Kleberg	\$260,708	405	16	313	74	2
33	MONTGOMERY COUNTY EMERGENCY ASSISTANCE	Montgomery	\$453,920	1,799	1,111	104	569	15
34	NORTHEAST TEXAS OPPORTUNITIES	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	\$385,852	1,008	548	24	436	0
35	NUECES COUNTY CAA	Nueces	\$682,657	1,252	95	1,006	147	4
36	PANHANDLE COMMUNITY SERVICES	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	\$1,132,816	3,805	1,721	1,482	602	0
37	PECOS COUNTY COMMUNITY ACTION AGENCY	Crane, Pecos, Terrell	\$253,197	607	22	580	0	5
38	PROGRAMS FOR HUMAN SERVICES	Chambers, Hardin, Jefferson, Liberty, Orange	\$1,290,891	1,589	473	23	1,014	79
39	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	\$632,412	1,413	952	161	282	18
40	SAN ANGELO/TOM GREEN COUNTY HEALTH DEPT	Tom Green	\$105,145	350	134	182	32	2
41	SENIOR CITIZENS SERVICES OF TEXARKANA	Bowie	\$206,697	383	105	2	275	1
42	SHELTERING ARMS SENIOR SVCS	Harris	\$4,228,874	8,484	832	1,009	5,853	790
43	SOUTH PLAINS CAA	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	\$373,523	1,134	198	767	167	2
44	TEXAS NEIGHBORHOOD SERVICES	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	\$337,280	1,234	1,053	107	68	6
45	TEXOMA COUNCIL OF GOVERNMENTS	Cooke, Fannin, Grayson	\$415,316	580	387	10	183	0
46	TRAVIS COUNTY	Travis	\$672,229	1,216	712	129	371	4
47	TRI-COUNTY COMMUNITY ACTION	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	\$652,655	1,384	468	12	903	1
48	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	\$321,490	664	0	663	1	0
49	WEST TEXAS OPPORTUNITIES, INC	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	\$811,013	2,410	728	1,312	360	10
50	WILLIAMSON-BURNET CO. OPPORTUNITIES	Burnet, Williamson	\$260,137	747	480	156	105	6
	<b>CEAP Total</b>	<b>State</b>	<b>\$ 33,657,164</b>	<b>84,018</b>	<b>20,630</b>	<b>36,149</b>	<b>25,937</b>	<b>1,302</b>

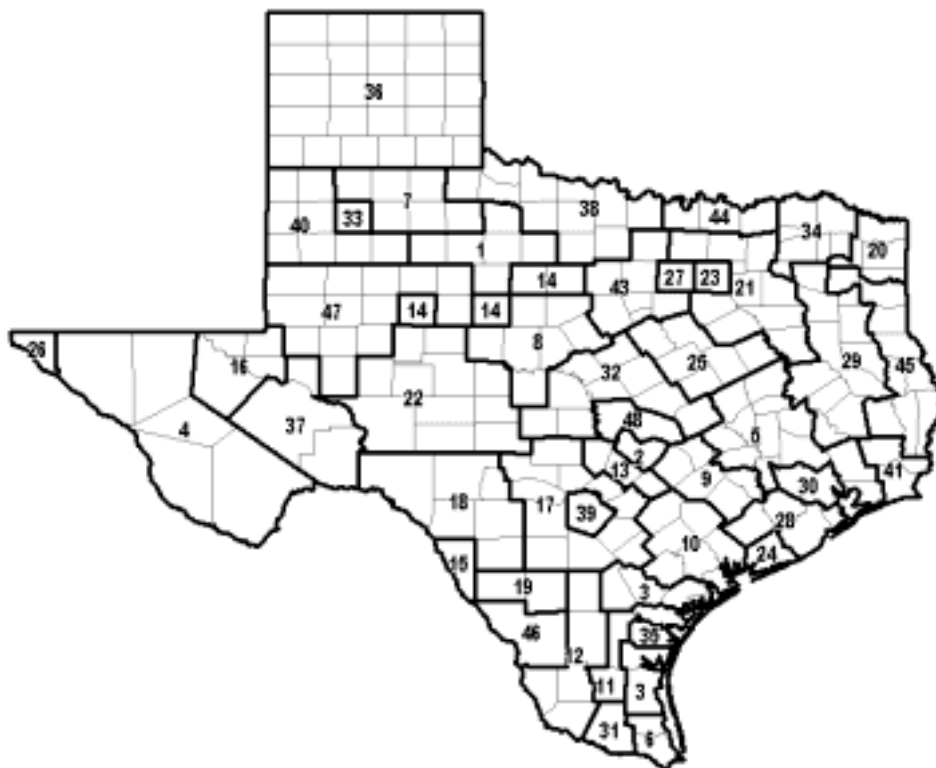
**Community Services Block Grant Program**

The Community Services Block Grant Program (CSBG) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. In addition, some CSBG subcontractors have been awarded funding for special projects that overlap existing service areas. Because of this, CSBG racial composition data for FY 2005 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

**Figure 2.22: State Racial Composition of Individuals Receiving CSBG Assistance, FY 2005**



**Figure 2.23: State CSBG Subcontractor Service Areas, FY 2005**



**Figure 2.24: State Racial Composition of Individuals Receiving  
CSBG Assistance by Subcontractor, FY 2005**

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
1	Aspermont Small Business Development Center, Inc.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	\$132,863	967	339	481	132	15
2	Austin, City of, Health and Human Services Department	Travis	\$785,559	17,110	3,765	7,655	5,269	421
3	Bee Community Action Agency	Aransas, Bee, Kenedy, Kleberg, Live Oak, Refugio	\$247,531	3,842	765	2,678	323	76
4	Big Bend Community Action Committee, Inc.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	\$153,275	3,071	195	2,852	8	16
5	Brazos Valley Community Action Agency	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington	\$850,364	7,904	2,500	2,478	2,792	134
6	*Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	\$1,017,261	16,891	176	16,671	42	2
7	Caprock Community Action Association, Inc.	Crosby, Dickens, Floyd, Hale, King, Motley	\$186,672	4,617	686	3,498	413	20
8	Central TX Opportunities, Inc.	Brown, Callahn, Coleman, Comanche, Eastland, McCulloch, Runnels	\$229,267	1,811	1,228	477	89	17
9	Combined Community Action, Inc.	Austin, Bastrop, Colorado, Fayette, Lee	\$199,402	1,417	355	192	858	12
10	Community Action Committee of Victoria TX	Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Victoria	\$316,960	5,851	1,349	3,206	1,282	14
11	Community Action Corporation of South TX	Brooks, Jim Wells, San Patricio	\$154,163	1,847	70	1,757	18	2
12	Community Action Council of South TX	Duval, Jim Hogg, McMullen, Starr, Zapata	\$347,930	5,007	57	4,909	30	11
13	Community Action Inc., of Hays, Caldwell and Blanco Counties	Blanco, Caldwell, Hays	\$214,988	1,129	362	549	191	27
14	Community Action Program, Inc.	Mitchell, Shackelford, Stephens, Taylor	\$221,401	2,329	913	933	466	17
15	*Community Action Social Services & Education	Maverick	\$236,720	2,648	14	2,618	0	16
16	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	\$178,924	1,691	158	1,409	120	4
17	*Community Council of South Central TX, Inc.	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	\$629,822	8,604	2,028	6,171	361	44
18	*Community Council of Southwest TX, Inc.	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	\$375,815	4,845	214	4,551	44	36
19	*Community Services Agency of South TX	Dimmit, La Salle	\$148,064	1,203	4	1,198	1	0
20	Community Services of Northeast TX, Inc.	Bowie, Cass, Marion, Morris, Camp	\$275,293	2,530	1,052	200	1,249	29
21	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	\$864,411	6,586	3,059	876	2,475	176
22	Concho Valley Community Action Agency	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green	\$267,107	1,419	496	877	41	5

**Figure 2.24: State Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, FY 2005 (cont.)**

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
23	Dallas Urban League	Dallas	\$2,107,364	9,032	905	2,511	5,464	152
24	Economic Action Committee of The Gulf Coast	Matagorda	\$132,863	761	126	218	401	16
25	EOAC of Planning Region XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	\$524,237	5,221	1,498	625	3,047	51
26	El Paso Community Action Program, Project BRAVO, Inc.	El Paso	\$1,345,457	12,658	346	11,922	299	91
27	Fort Worth, City of, Parks & Community Services Department	Tarrant	\$1,102,360	29,100	3,559	15,056	9,908	577
28	Galveston County Comm. Action Council, Inc.	Brazoria, Fort Bend, Galveston, Wharton	\$710,048	6,194	1,079	1,387	3,553	175
29	Greater East TX Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	\$992,160	13,052	4,686	1,033	7,151	182
30	Gulf Coast Community Services Association	Harris	\$3,725,302	12,739	846	5,504	6,206	183
31	*Hidalgo County Community Svcs. Agency	Hidalgo	\$1,466,642	15,819	116	15,666	27	10
32	Hill Country Community Action Association, Inc.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	\$451,193	3,836	1,869	833	1,020	114
33	Lubbock, City of, Community Development Department	Lubbock	\$373,922	176	54	74	44	4
34	Northeast TX Opportunities, Inc.	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	\$253,022	2,729	1,440	154	1,038	97
35	Nueces County Community Action Agency	Nueces	\$535,575	2,667	176	2,148	287	56
36	Panhandle Community Services	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	\$623,768	17,421	7,481	7,659	2,212	69
37	Pecos County Community Action Agency	Crane, Pecos, Terrell	\$132,863	1,341	58	1,250	8	25
38	Rolling Plains Management Corporation	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	\$332,700	2,928	1,758	485	603	82
39	San Antonio, City of, Community Action Division	Bexar	\$1,975,218	24,784	2,186	18,549	3,849	200
40	South Plains Community Action Association, Inc.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	\$211,142	3,911	628	2,818	437	28
41	Southeast TX Regional Planning Commission	Hardin, Jefferson, Orange	\$574,217	3,722	1,396	190	2,053	83



**Figure 2.24: State Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, FY 2005 (cont.)**

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
42	TX Homeless Network	Statewide	\$44,100	0	0	0	0	0
43	TX Neighborhood Services	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	\$343,005	4,080	3,386	462	208	24
44	Texoma Council of Governments	Cooke, Fannin, Grayson	\$220,712	1,573	1,062	34	462	15
45	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	\$421,038	5,963	2,466	78	3,367	52
46	Webb County Community Action Agency	Webb	\$456,227	4,649	5	4,640	3	1
47	West TX Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Nolan, Scurry, Upton	\$687,255	6,841	1,651	4,226	918	46
48	Williamson-Burnet County Opportunities, Inc.	Burnet, Williamson	\$182,887	2,700	1,438	765	451	46

\*These counties receive some additional funding to fund specialized activities for a few counties that fall outside their service area.

The following organizations receive funding to assist with special activities in counties that fall within the boundaries of the above described subrecipients.

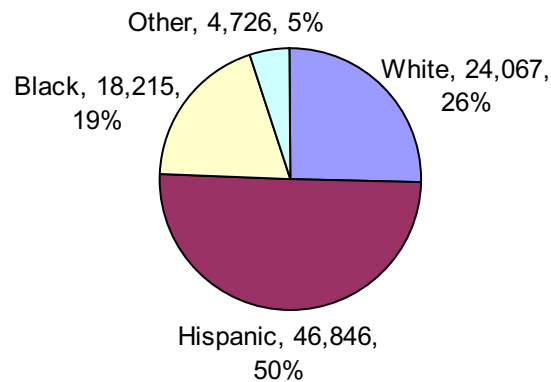
Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
Alabama-Coushatta Indian Reservation	Polk, Tyler	\$61,953	260	7	0	2	251
Asociacion Pro Servicios Sociales	Jim Hogg, Starr, Webb, Zapata	\$107,478	1,399	0	1,399	0	0
Dallas Inter-Tribal Center	Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall	\$111,574	1,107	53	90	42	922
Guadalupe Economic Services Corporation	Bailey, Briscoe, Castro, Cochran, Crosby, Deaf Smith, Dickens, Floyd, Garza, Hale, Hall, Hockley, Lamb, Lubbock, Lynn, Motley, Parmer, Swisher, Terry, Yoakum	\$183,722	9,012	2,802	5,310	878	22
Kickapoo Traditional Tribe of Texas	Maverick	\$49,630	66	0	0	0	66
San Patricio County CAA	San Patricio	\$156,459	77	5	70	2	0
Sin Fronteras Organizing Project	El Paso	\$109,980	2,266	0	2,266	0	0
<b>CSBG Total</b>	<b>State</b>	<b>\$28,739,865</b>	<b>311,403</b>	<b>62,867</b>	<b>173,658</b>	<b>70,144</b>	<b>4,734</b>

### ***Emergency Shelter Grants Program***

The Emergency Shelter Grants Program (ESGG) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions, or multiple subcontractors serve the same area. Because of this, ESGP racial composition data for FY 2005 is listed according to subcontractor. Racial composition for the state is available, but is unavailable at the regional level.

**Figure 2.25: State Racial Composition of Individuals Receiving  
ESGP Assistance, FY 2005**

93,854 Total Individuals



**Figure 2.26: State Racial Composition of Individuals Receiving  
ESGP Assistance by Subcontractor, FY 2005**

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Hispanic	Black	Other
ABILENE HOPE HAVEN, INC.	Taylor	\$80,000	990	628	193	137	32
ADVOCACY OUTREACH	Bastrop, Lee, Fayette, Colorado	\$144,000	1,258	399	630	189	40
ADVOCACY RESOURCE CENTER FOR HOUSING	Hidalgo	\$68,000	425	0	420	0	5
AMISTAD FAMILY VIOLENCE AND RAPE CRISIS	Edwards, Kinney, Val Verde	\$98,000	402	23	367	5	7
ARLINGTON LIFE SHELTER	Tarrant	\$76,726	1,348	684	81	548	35
CATHOLIC CHARITIES OF THE DIOCESE OF BEA	Jefferson	\$44,500	82	28	10	40	4
CATHOLIC CHARITIES, ARCHDIOCESE OF SAN A	Bexar	\$66,667	710	71	543	83	13
CENTER AGAINST FAMILY VIOLENCE, INC.	El Paso	\$43,415	967	47	884	31	5
CHILD CRISIS CENTER OF EL PASO	El Paso	\$45,000	941	76	765	59	41
CITY OF AMARILLO	Potter, Randall	\$106,579	5,067	3,204	711	922	230
CITY OF BROWNSVILLE	Cameron	\$260,000	22,169	417	21,632	73	47
CITY OF BRYAN	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Washington	\$83,200	1,198	512	178	492	16
CITY OF DENTON	Denton	\$61,115	266	105	74	87	0
COLLIN INTERVENTION TO YOUTH	Collin	\$65,000	196	93	33	52	18
COMAL COUNTY EMERGENCY CHILDRENS SHELTER	Comal	\$49,465	121	25	72	21	3
COMAL COUNTY FAMILY VIOLENCE SHELTER	Comal	\$43,000	1,348	741	512	24	71
COMPASSION MINISTRIES OF WACO, INC.	McLennan	\$30,000	487	240	105	110	32
CONNECTIONS INDIVIDUAL AND FAMILY SERVICES	Aransas, Atascosa, Bastrop, Bee, Caldwell, Comal, Frio, Goliad, Gonzales, Guadalupe, Karnes, Lee, Live Oak, McMullen, Refugio, San Patricio, Wilson, Zavala	\$65,000	189	72	96	20	1
CORPUS CHRISTI HOPE HOUSE	Nueces	\$30,000	246	77	140	25	4
CORPUS CHRISTI METRO MINISTRIES	Nueces, Aransas, Bee, San Patricio, Kleberg, Jim Wells	\$80,000	4,000	1,428	2,059	449	64
COVENANT HOUSE TEXAS	Harris	\$65,000	2,135	583	364	1,132	56
CROSS CULTURE EXPERIENCES	McLennan	\$57,070	385	145	79	100	61
DALLAS JEWISH COALITION, INC.	Dallas	\$39,394	231	47	33	140	11

**Figure 2.26: State Racial Composition of Individuals Receiving  
ESGP Assistance by Subcontractor, FY 2005 (cont.)**

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Hispanic	Black	Other
DEPELCHIN CHILDREN'S CENTER	Harris	\$56,848	118	3	26	87	2
DRISKILL HALFWAY HOUSE, INC.	Montgomery, Liberty, Walker	\$30,300	296	197	68	30	1
EAST TEXAS CRISIS CENTER, INC.	Henderson, Rusk, Smith, Van Zandt, Wood	\$64,149	409	261	68	46	34
FAMILIES IN CRISIS, INC.	Bell, Coryell, Hamilton	\$56,806	586	176	129	240	41
FAMILY GATEWAY, INC.	Dallas	\$75,000	489	68	35	344	42
FAMILY SERVICES OF SOUTHEAST TEXAS, INC.	Hardin, Jasper, Jefferson, Newton, Orange, Tyler	\$44,662	447	178	37	210	22
FAMILY VIOLENCE PREVENTION SERVICES, INC	Atascosa, Bandera, Baxar, Caldwell, Comal, Dimmitt, Frio, Gillespie, Guadalupe, Hays, Kerr, Medina, Uvalde, Williamson, Wilson	\$36,258	1,230	168	831	115	116
FIRST STEP OF WICHITA FALLS, INC.	Archer, Baylor, Childress, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	\$30,000	997	666	200	99	32
FOCUSING FAMILIES	Waller, Austin, Washington, Grimes, Harris	\$34,343	216	104	85	20	7
FORT BEND COUNTY WOMEN'S CENTER, INC.	Fort Bend, Harris	\$56,200	511	93	232	141	45
GRAYSON COUNTY JUVENILE ALTERNATIVES, IN	Grayson, Fannin, Cooke	\$54,867	129	81	16	26	6
GRAYSON COUNTY SHELTER, INC.	Grayson	\$60,000	271	196	11	51	13
HAYS-CALDWELL WOMEN'S CENTER	Hays, Caldwell	\$35,844	405	103	217	25	60
HOPE, INC.	Briscoe, Castro, Floyd, Hale, Hall, Swisher	\$64,525	311	204	55	31	21
HOPE'S DOOR	Collin	\$71,952	460	214	78	120	48
HOUSTON AREA WOMEN'S CENTER	Harris	\$65,000	6,568	1,038	3,758	1,455	317
KILGORE COMMUNITY CRISIS CENTER	Gregg, Harrison, Panola, Rusk	\$78,402	2,142	879	190	1,017	56
LA POSADA HOME, INC.	El Paso	\$45,000	160	9	140	3	8
LEGAL AID OF NORTHWEST TEXAS	Tarrant	\$61,907	195	79	30	84	2
MARY MCLEOD BETHUNE DAY NURSERY, INC.	Nueces, Bee, San Patricio, Jim Wells, Kleberg, Live Oak	\$61,827	153	46	71	36	0
MIDLAND FAIR HAVENS, INC.	Midland	\$60,000	1,155	358	439	350	8
MONTGOMERY COUNTY HOMELESS COALITION	Montgomery	\$162,500	1,104	634	186	205	79
NEW BEGINNING CENTER	Dallas	\$58,140	824	257	345	175	47
NORTHWEST ASSISTANCE MINISTRIES	Harris and Montgomery	\$65,000	160	25	23	111	1
OPPORTUNITY CENTER FOR THE HOMELESS	El Paso	\$65,000	2,628	570	1,815	208	35
PANHANDLE CRISIS CENTER, INC.	Hansford, Lipscomb, Ochiltree	\$38,571	317	173	132	0	12
PECAN VALLEY REGIONAL DOMESTIC VIOLENCE	Brown	\$41,863	312	192	104	12	4
PROMISE HOUSE, INC.	Dallas	\$64,865	235	52	43	139	1
S.E.A.R.C.H.	Harris	\$160,000	4,171	690	1,284	1,787	410
SABINE VALLEY CENTER	Gregg, Harrison, Marion, Panola, Rusk, Upshur	\$45,947	36	29	0	7	0
SAFE PLACE	Travis	\$37,488	958	238	404	171	145
SAFE PLACE OF THE PERMIAN BASIN	Midland, Ector	\$92,500	1,577	677	715	128	57
SAFE PLACE, INC.	Dallam, Hartley, Moore, Sherman	\$48,750	225	75	143	2	5
SAN ANTONIO METROPOLITAN MINISTRY, INC.	Bexar	\$65,000	4,542	2,767	819	703	253
SETON HOME	Bexar	\$36,258	97	39	46	12	0

**Figure 2.26: State Racial Composition of Individuals Receiving  
ESGP Assistance by Subcontractor, FY 2005 (cont.)**

<b>Contractor</b>	<b>County Served</b>	<b>FY 2005 Funding</b>	<b>Total Individuals</b>	<b>White</b>	<b>Hispanic</b>	<b>Black</b>	<b>Other</b>
SPECIAL HEALTH RESOURCES FOR TEXAS, INC.	Gregg	\$39,584	143	45	8	90	0
STAR OF HOPE MISSION	Harris	\$65,000	7,036	885	723	3,758	1,670
TEXAS HOMELESS NETWORK	Statewide	\$55,200	0	0	0	0	0
THE BRIDGE OVER TROUBLED WATERS, INC.	Harris	\$60,000	289	54	183	40	12
THE CHILDREN'S SHELTER	Bexar	\$38,898	1,155	124	865	120	46
THE FAMILY PLACE	Dallas	\$67,000	1,067	221	345	423	78
THE WOMEN'S HOME	Harris, Fort Bend, Montgomery, Galveston	\$64,000	111	67	4	39	1
WESLEY COMMUNITY CENTER	Harris	\$64,968	506	64	119	321	2
WESTSIDE HOMELESS PARTNERSHIP	Harris	\$64,511	57	19	20	16	2
WINTERGARDEN WOMEN'S SHELTER, INC.	Dimmit, La Salle, Maverick, Zavala	\$100,000	695	11	659	0	25
WOMEN'S SHELTER OF EAST TEXAS, INC.	Angelina, Houston, Nacogdoches, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity	\$127,200	1,327	790	174	310	53
WOMEN'S SHELTER OF SOUTH TEXAS	Aransas, Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, Live Oak, McMullen, Nueces, Refugio, San Patricio	\$61,827	1,545	506	867	68	104
YMCA OF METROPOLITAN DALLAS	Collin, Dallas, Denton, Ellis, Rockwall	\$64,275	223	86	38	94	5
YWCA EL PASO DEL NORTE REGION	El Paso	\$49,297	105	11	85	7	2
<b>ESGP Total</b>	<b>State</b>	<b>\$4,748,663</b>	<b>93,854</b>	<b>24,067</b>	<b>46,846</b>	<b>18,215</b>	<b>4,726</b>

## **PROGRESS IN MEETING TDHCA HOUSING AND COMMUNITY SERVICES GOALS**

The goals, strategies, and objectives established in the Legislative Appropriations Act, the TDHCA *Strategic Plan*, and the *State of Texas Consolidated Plan*, guide TDHCA's annual activities through the establishment of objective performance measures. TDHCA's resulting goals are as follows:

- 1: INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT, AND AFFORDABLE HOUSING FOR VERY LOW, LOW, AND MODERATE INCOME PERSONS AND FAMILIES**
- 2: PROMOTE IMPROVED HOUSING CONDITIONS FOR EXTREMELY LOW, VERY LOW, AND LOW INCOME HOUSEHOLDS BY PROVIDING INFORMATION AND TECHNICAL ASSISTANCE.**
- 3: IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.**
- 4: ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.**
- 5: PROTECT THE PUBLIC BY REGULATING THE MANUFACTURED HOUSING INDUSTRY IN ACCORDANCE WITH STATE AND FEDERAL LAWS.**
- 6: TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO EXTREMELY LOW INCOME HOUSEHOLDS.**
- 7: TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW INCOME HOUSEHOLDS.**
- 8: PROVIDE CONTRACT FOR DEED CONVERSIONS FOR FAMILIES WHO RESIDE IN A COLONIA AND EARN 60 PERCENT OR LESS OF THE APPLICABLE AREA MEDIAN FAMILY INCOME**
- 9: WORK TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS THROUGH FUNDING, RESEARCH, AND POLICY DEVELOPMENT EFFORTS.**

To avoid duplication of information, progress made towards meeting those goals, the upcoming year's goals, and information on TDHCA's actual performance in satisfying in FY 2005 goals and strategies is provided in Section IV: Action Plan.

## **STATEMENT OF ACTIVITIES BY UNIFORM STATE SERVICE REGION**

This section describes TDHCA's FY 2005 activities by Uniform State Service Region. The regional tables do not include information for WAP, CEAP, ESGP, CSBG, and CFNP because figures are not available at the regional level. Additionally, Office of Colonia Initiatives program figures are reported with the funding source, e.g., most contract for deed conversions are reported under HOME Program homebuyer assistance.

As required by legislation, TDHCA reports on the racial composition of individuals and families receiving assistance. Regional Information is included for Multifamily Programs, HOME Program single family activities, Single Family Bond, and Section 8.Housing Trust Fund single family activities (Bootstrap Loan Program loans) served only three regions in FY 2005, regions 3, 11, and 13, so regional tables are not included. Additionally, Weatherization Assistance Program, Comprehensive Energy Assistance Program, Community Services Block Grant program, and Emergency Shelter Grants Program figures are not reported by region, so regional tables are not included. For more information on racial reporting and these program categories, please see "Racial Composition of Households Receiving Assistance" under Statement of Activities.

**REGION 1**

TDHCA allocated \$3,826,608 in the region in FY 2005. Multifamily development accounted for the largest amount of this total: 62 percent. Low income households received the highest percentage of funding: 55 percent.

**Figure 2.27: Region 1 Funding and Households/Persons Served by Activity, FY 2005**  
All Housing Programs

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$2,362,621	369	62%	93%
	Rehab. Construction	\$0	0	0%	0%
	Tenant Based Assistance	\$0	0	0%	0%
Owner	Financing & Down Payment	\$131,137	2	3%	1%
	Rehabilitation Assistance	\$1,332,850	25	35%	6%
Total for All Activities		\$3,826,608	396		

**Figure 2.28: Region 1 Funding and Households/Persons Served by Income Category, FY 2005**  
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	\$254,794	40	7%	10%
Very Low Income (30-50 AMFI)	\$1,374,693	26	36%	7%
Low Income (50-80 AMFI)	\$2,107,827	329	55%	83%
Moderate Income and Up (>80 AMFI)	\$89,294	1	2%	0%
Total for All Incomes	\$3,826,608	396		

**Figure 2.29: Region 1 Funding and Households/Persons Served by Program, FY 2005  
By Housing Activity**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$0	52	\$0	0	\$2,362,621	369	\$0	0	\$0	0
	Rehab. Construction	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Owner	Financing & Down Payment	\$131,137	2	\$0	239	\$0	0	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$1,332,850	86	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$131,137	2	\$1,332,850	377	\$0	0	\$2,362,621	369	\$0	0	\$0	0

**Figure 2.30: Region 1 Funding and Households/Persons Served by Program, FY 2005  
By Income Category**

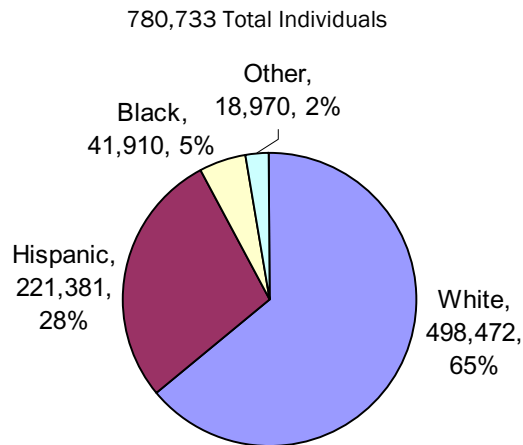
Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)		\$0	0	\$0	0	\$0	0	\$254,794	40	\$0	0	\$0	0
Very Low Income (30-50 AMFI)		\$41,843	1	\$1,332,850	25	\$0	0	\$0	0	\$0	0	\$0	0
Low Income (50-80 AMFI)		\$0	0	\$0	0	\$0	0	\$2,107,827	329	\$0	0	\$0	0
Moderate Income and Up (>80 AMFI)		\$89,294	1	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$131,137	2	\$1,332,850	25	\$0	0	\$2,362,621	369	\$0	0	\$0	0



### Racial Composition of Households Receiving Assistance in Region 1

Based on 2000 US Census data, Region 1 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

**Figure 2.31: Racial Composition of Region 1**

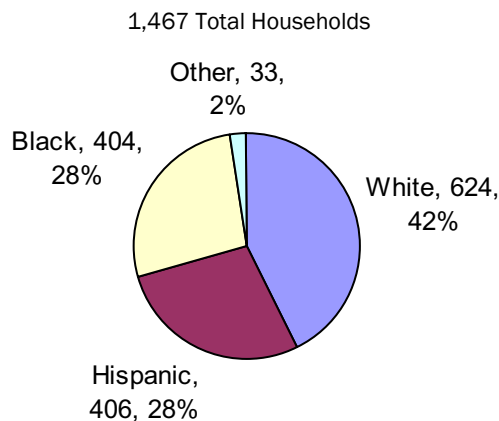


Source: 2000 US Census

### Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.32: Region 1 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**



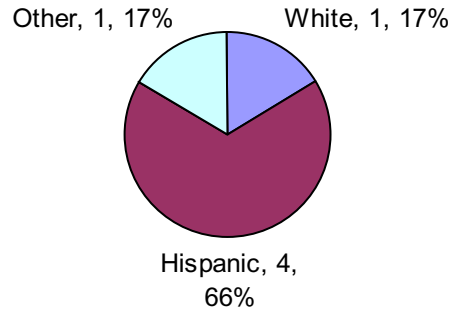
### HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.33: Region 1 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

6 Total Households

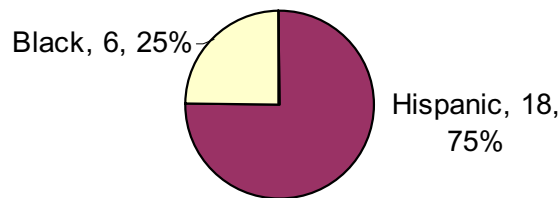
Includes contracts originally awarded from 2003.



**Figure 2.34: Region 1 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

24 Total Households

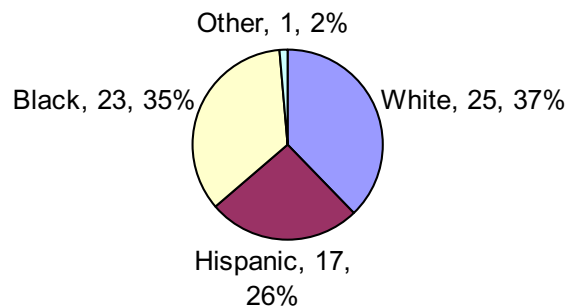
Includes contracts originally awarded from 2003.



**Figure 2.36: Region 1 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

66 Total Households

Includes contracts originally awarded from 2003 (omitting 2001 because of data problems).

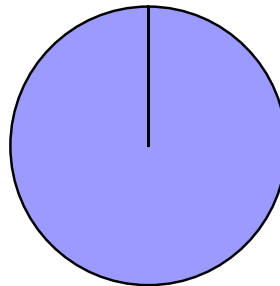


### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) in FY 2005.

**Figure 2.37: Region 1 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**

2 Total Households



White, 2, 100%

### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.38: Region 1 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**

0 Total Households

No Section 8 funds were expended in Region 1 in FY 2005.

**REGION 2**

TDHCA allocated \$3,640,180 in the region in FY 2005. Multifamily new construction accounted for the largest amount of this total: 36 percent. Low income households received the highest percentage of funding: 54 percent.

**Figure 2.39: Region 2 Funding and Households/Persons Served by Activity, FY 2005**

**All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$1,304,463	213	36%	64%
	Rehab. Construction	\$30,658	39	1%	12%
	Tenant Based Assistance	\$139,830	42	4%	13%
Owner	Financing & Down Payment	\$1,103,886	19	30%	6%
	Rehabilitation Assistance	\$1,061,343	20	29%	6%
Total for All Activities		\$3,640,180	333		

**Figure 2.40: Region 2 Funding and Households/Persons Served by Income Category, FY 2005**

**All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$409,323	59	11%	18%
Very Low Income (30-50 AMFI)	\$1,182,695	29	32%	9%
Low Income (50-80 AMFI)	\$1,983,176	244	54%	73%
Moderate Income and Up (>80 AMFI)	\$64,986	1	2%	0%
Total for All Incomes	\$3,640,180	333		

**Figure 2.41: Region 2 Funding and Households/Persons Served by Program, FY 2005  
By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$0	0	\$138,000	77	\$1,166,463	136	\$0	0	\$0	0
	Rehab. Construction	\$0	0	\$0	0	\$0	0	\$30,658	39	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$139,830	42
Owner	Financing & Down Payment	\$1,103,886	19	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$1,061,343	20	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$1,103,886	19	\$1,061,343	20	\$138,000	77	\$1,197,121	175	\$0	0	\$139,830	42

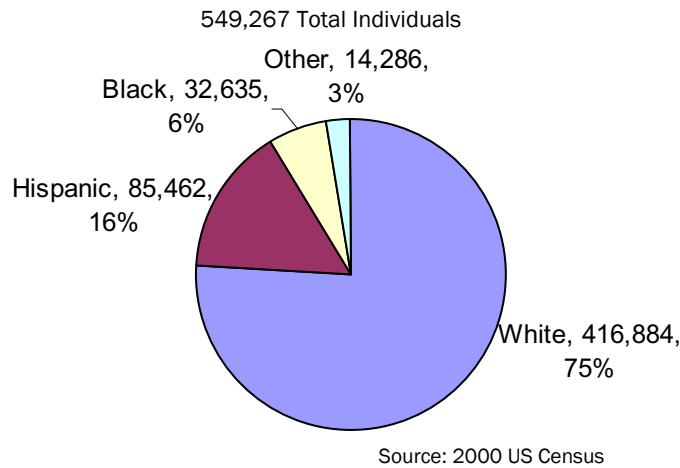
**Figure 2.42: Region 2 Funding and Households/Persons Served by Program, FY 2005  
By Income Category**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)		\$82,348	1	\$71,343	2	\$14,338	8	\$120,049	14	\$0	0	\$121,245	34
Very Low Income (30-50 AMFI)		\$174,110	3	\$990,000	18	\$0	0	\$0	0	\$0	0	\$18,585	8
Low Income (50-80 AMFI)		\$782,442	14	\$0	0	\$123,662	69	\$1,077,072	161	\$0	0	\$0	0
Moderate Income and Up (>80 AMFI)		\$64,986	1	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$1,103,886	19	\$1,061,343	20	\$138,000	77	\$1,197,121	175	\$0	0	\$139,830	42

**Racial Composition of Households Receiving Assistance in Region 2**

Based on 2000 US Census data, Region 2 has the following racial breakdown. “Hispanic” includes all races that specified “Hispanic” as a category. “Other” includes races other than “White” and “Black” as well as individuals with two or more races.

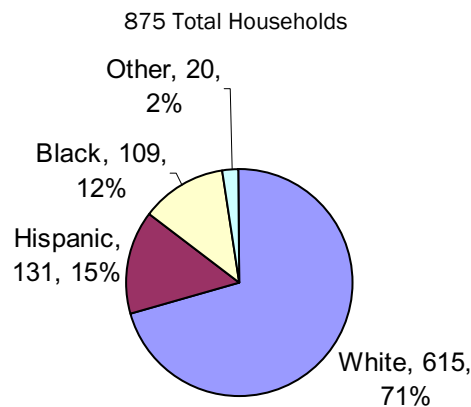
**Figure 2.43: Racial Composition of Region 2**



**Multifamily Programs**

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.44: Region 2 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**



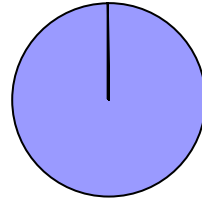
**HOME Program Single Family Activities**

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.45: Region 2 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

5 Total Households

Includes contracts originally awarded in 2003.



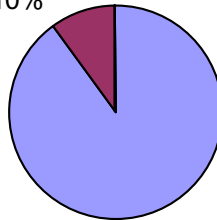
White, 5, 100%

**Figure 2.46: Region 2 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

10 Total Households

Includes contracts originally awarded in 2003.

Hispanic, 1,  
10%



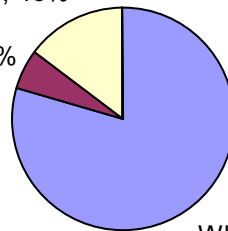
White, 9, 90%

**Figure 2.47: Region 2 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

34 Total Households

Includes contracts originally awarded in 2004.

Black, 5, 15%  
Hispanic, 2, 6%

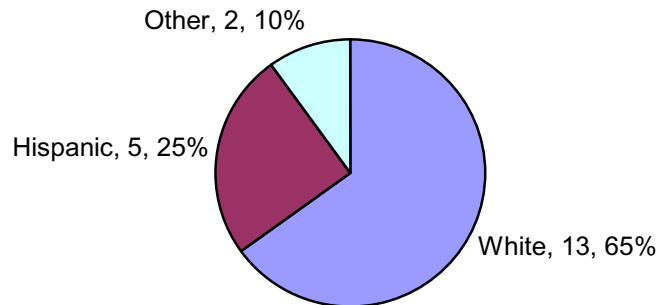


White, 27, 79%

### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and Mortgage Credit Certificate Program in FY 2005.

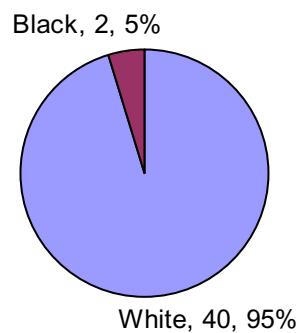
**Figure 2.48: Region 2 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**  
20 Total Households



### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.49: Region 2 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**  
42 Total Households





**REGION 3**

TDHCA allocated \$187,511,949 in the region in FY 2005. Multifamily new construction accounted for the largest amount of this total: 60 percent. Low income households received the highest percentage of funding: 77 percent.

**Figure 2.50: Region 3 Funding and Households/Persons Served by Activity, FY 2005**  
**All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$113,355,337	6,015	60%	74%
	Rehab. Construction	\$18,430,966	1,169	10%	14%
	Tenant Based Assistance	\$3,202,927	453	2%	6%
Owner	Financing & Down Payment	\$48,830,231	446	26%	5%
	Rehabilitation Assistance	\$3,692,488	73	2%	1%
Total for All Activities		\$187,511,949	8,156		

**Figure 2.51: Region 3 Funding and Households/Persons Served by Income Category, FY 2005**  
**All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$6,811,071	572	4%	7%
Very Low Income (30-50 AMFI)	\$21,963,872	2,085	12%	26%
Low Income (50-80 AMFI)	\$144,114,428	5,387	77%	66%
Moderate Income and Up (>80 AMFI)	\$14,622,578	112	8%	1%
Total for All Incomes	\$187,511,949	8,156		

**Figure 2.52: Region 3 Funding and Households/Persons Served by Program, FY 2005**  
**By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
		Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Household Type	Activity												
Renter	New Construction	\$0	0	\$3,000,000	96	\$800,000	190	\$17,055,337	4,320	\$92,500,000	1,409	\$0	0
	Rehab. Construction	\$0	0	\$600,000	40	\$0	0	\$2,830,966	878	\$15,000,000	251	\$0	0
	Tenant Based Assistance	\$0	0	\$923,122	78	\$0	0	\$0	0	\$0	0	\$2,279,805	375
Owner	Financing & Down Payment	\$48,006,231	406	\$200,000	20	\$624,000	20	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$3,692,488	73	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$48,006,231	406	\$8,415,610	307	\$1,424,000	210	\$19,886,303	5,198	\$107,500,000	1,660	\$2,279,805	375

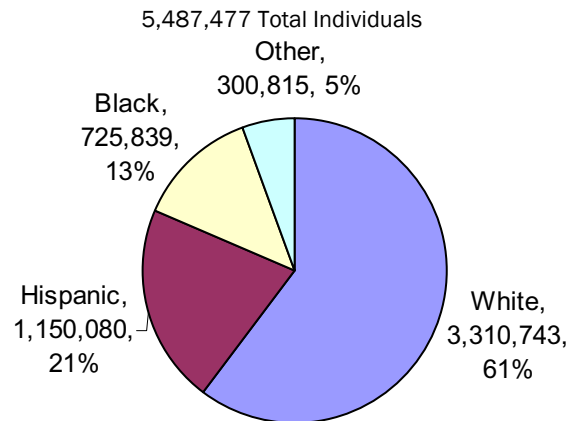
**Figure 2.53: Region 3 Funding and Households/Persons Served by Program, FY 2005**  
**Housing Activities**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
		Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Income Type													
Extremely Low Income (0-30 AMFI)		\$369,264	5	\$3,498,125	94	\$135,000	19	\$908,327	158	\$0	0	\$1,900,355	296
Very Low Income (30-50 AMFI)		\$3,912,354	41	\$3,605,591	120	\$0	0	\$7,027,200	1,730	\$7,050,000	118	\$368,727	76
Low Income (50-80 AMFI)		\$29,102,035	248	\$1,311,894	93	\$1,289,000	191	\$11,950,776	3,310	\$100,450,000	1,542	\$10,723	3
Moderate Income and Up (>80 AMFI)		\$14,622,578	112	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$48,006,231	406	\$8,415,610	307	\$1,424,000	210	\$19,886,303	5,198	\$107,500,000	1,660	\$2,279,805	375

### Racial Composition of Households Receiving Assistance in Region 3

Based on 2000 US Census data, Region 3 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

**Figure 2.54: Racial Composition of Region 3**

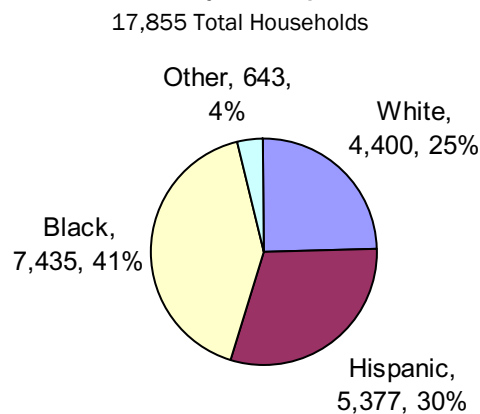


Source: 2000 US Census

### Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.55: Region 3 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**



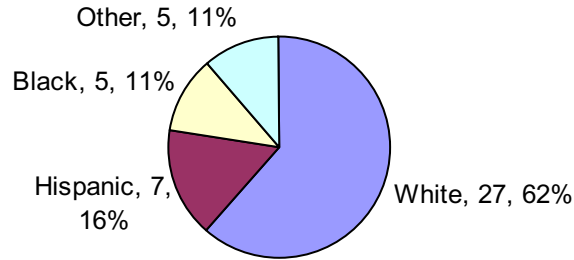
### HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.56: Region 3 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

44 Total Households

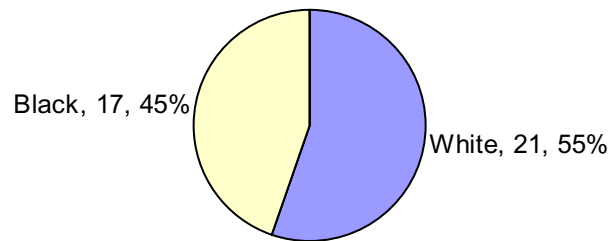
Includes contracts originally awarded from 2001-2004.



**Figure 2.57: Region 3 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

38 Total Households

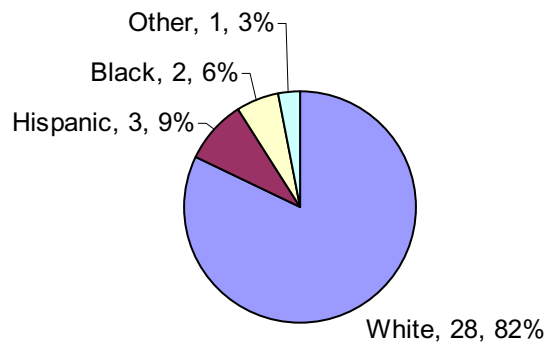
Includes contracts originally awarded in 2003.



**Figure 2.58: Region 3 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

34 Total Households

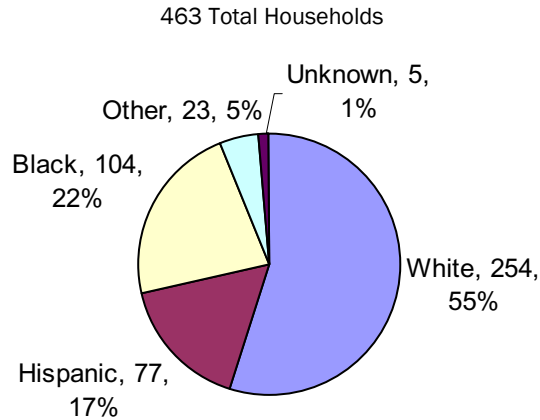
Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).



### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program), the Mortgage Credit Certificate Program, and Contract for Deed of Texas Bootstrap loans that were made with bond funds in FY 2005.

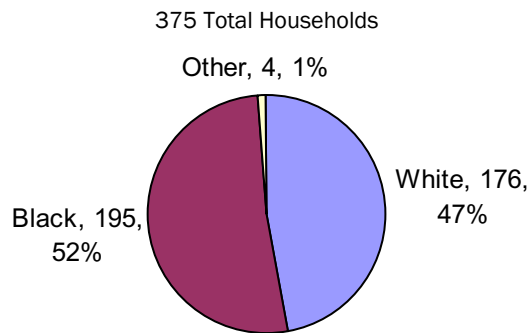
**Figure 2.59: Region 3 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**



### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.60: Region 3 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**



**REGION 4**

TDHCA allocated \$5,498,439 in the region in FY 2005. Owner occupied rehabilitation assistance accounted for the largest amount of this total: 52 percent. Very low income households received the highest percentage of funding: 65 percent.

**Figure 2.61: Region 4 Funding and Households/Persons Served by Activity, FY 2005**  
Housing Activities

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$2,041,669	251	37%	70%
	Rehab. Construction	\$469,110	48	9%	13%
	Tenant Based Assistance	\$0	0	0%	0%
Owner	Financing & Down Payment	\$124,502	6	2%	2%
	Rehabilitation Assistance	\$2,863,158	53	52%	15%
Total for All Activities		\$5,498,439	358		

**Figure 2.62: Region 4 Funding and Households/Persons Served by Income Category, FY 2005**  
All Housing Programs

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$124,107	16	2%	4%
Very Low Income (30-50 AMFI)	\$3,559,158	133	65%	37%
Low Income (50-80 AMFI)	\$1,815,174	209	33%	58%
Moderate Income and Up (>80 AMFI)	\$0	0	0%	0%
Total for All Incomes	\$5,498,439	358		

**Figure 2.63: Region 4 Funding and Households/Persons Served by Program, FY 2005**  
**By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$0	0	\$0	0	\$2,041,669	251	\$0	0	\$0	0
	Rehab. Construction	\$0	0	\$385,000	24	\$0	0	\$84,110	24	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Owner	Financing & Down Payment	\$78,876	1	\$45,626	5	\$0	0	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$2,863,158	53	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$78,876	1	\$3,293,784	82	\$0	0	\$2,125,779	275	\$0	0	\$0	0

**Figure 2.65: Region 4 Funding and Households/Persons Served by Program, FY 2005**  
**By Income Category**

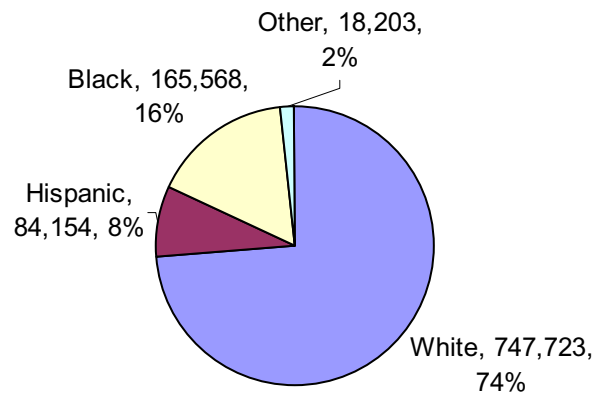
Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)		\$0	0	\$0	0	\$0	0	\$124,107	16	\$0	0	\$0	0
Very Low Income (30-50 AMFI)		\$0	0	\$2,863,158	53	\$0	0	\$696,000	80	\$0	0	\$0	0
Low Income (50-80 AMFI)		\$78,876	1	\$430,626	29	\$0	0	\$1,305,672	179	\$0	0	\$0	0
Moderate Income and Up (>80 AMFI)		\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$78,876	1	\$3,293,784	82	\$0	0	\$2,125,779	275	\$0	0	\$0	0

**Racial Composition of Households Receiving Assistance in Region 4**

Based on 2000 US Census data, Region 4 has the following racial breakdown. “Hispanic” includes all races that specified “Hispanic” as a category. “Other” includes races other than “White” and “Black” as well as individuals with two or more races.

**Figure 2.66: Racial Composition of Region 4**

1,015,648 Total Individuals



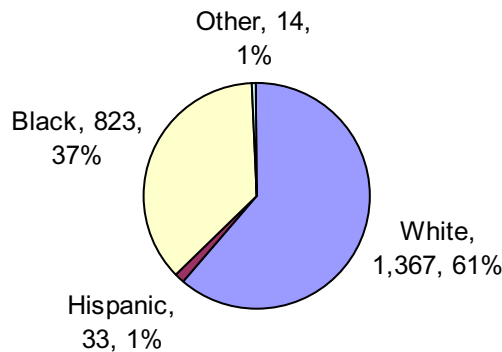
Source: 2000 US Census

**Multifamily Programs**

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.67: Region 4 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**

2,237 Total Households



**HOME Program Single Family Activities**

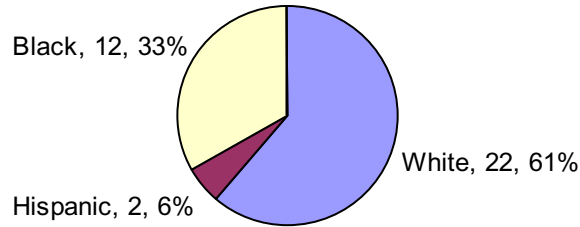
The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.



**Figure 2.68: Region 4 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

36 Total Households

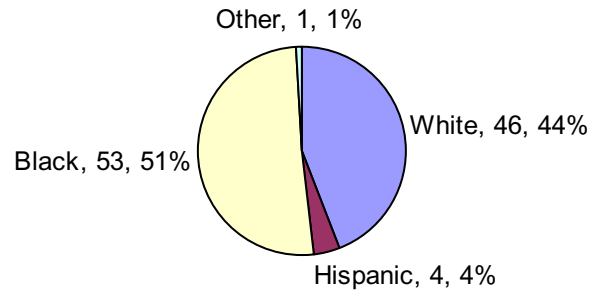
Includes contracts originally awarded from 2001-2004.



**Figure 2.69: Region 4 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

104 Total Households

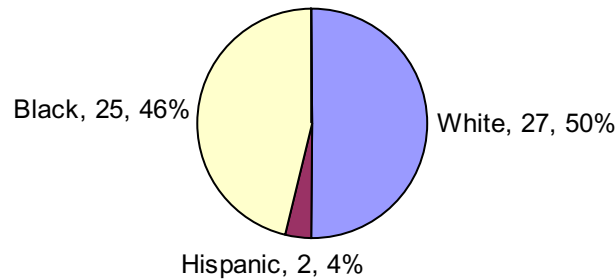
Includes contracts originally awarded in 2003.



**Figure 2.70: Region 4 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

54 Total Households

Includes contracts originally awarded in 2004 (omitting 2001 because of data problems).

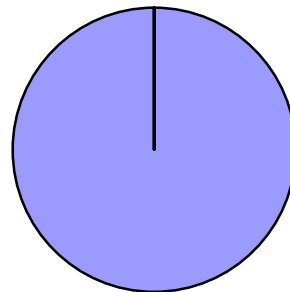


### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) in FY 2005.

**Figure 2.71: Region 4 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**

1 Total Household



White, 1, 100%

### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.72: Region 4 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**

0 Total Households

No Section 8 funds were expended in Region 4 in FY 2005.

**REGION 5**

TDHCA allocated \$31,011,152 in the region in FY 2005. Multifamily development accounted for the largest amount of this total: 90 percent. Very Low income households received the highest percentage of funding: 51 percent.

**Figure 2.73: Region 5 Funding and Households/Persons Served by Activity, FY 2005**  
**All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$28,012,343	1,106	90%	
	Rehab. Construction	\$568,190	62	2%	
	Tenant Based Assistance	\$306,062	30	1%	
Owner	Financing & Down Payment	\$117,810	6	0%	
	Rehabilitation Assistance	\$2,006,747	40	6%	
Total for All Activities		\$31,011,152	1,244		

**Figure 2.74: Region 5 Funding and Households/Persons Served by Income Category, FY 2005**  
**All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$401,016	34	1%	3%
Very Low Income (30-50 AMFI)	\$15,728,380	569	51%	46%
Low Income (50-80 AMFI)	\$14,813,947	640	48%	51%
Moderate Income and Up (>80 AMFI)	\$67,810	1	0%	0%
Total for All Incomes	\$31,011,152	1,244		

**Figure 2.75: Region 5 Funding and Households/Persons Served by Program, FY 2005**  
**By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$0	0	\$0	0	\$2,932,343	650	\$25,080,000	456	\$0	0
	Rehab. Construction	\$0	0	\$502,366	31	\$0	0	\$65,824	31	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$306,062	30	\$0	0	\$0	0	\$0	0	\$0	0
Owner	Financing & Down Payment	\$67,810	1	\$50,000	5	\$0	0	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$2,006,747	40	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$67,810	1	\$2,865,175	106	\$0	0	\$2,998,167	681	\$25,080,000	456	\$0	\$0

**Figure 2.76: Region 5 Funding and Households/Persons Served by Program, FY 2005**  
**By Income Category**

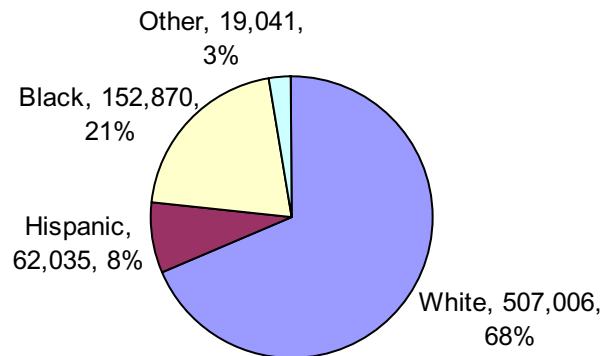
Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type		Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)		\$0	0	\$277,300	14	\$0	0	\$123,716	20	\$0	0	\$0	0
Very Low Income (30-50 AMFI)		\$0	0	\$2,252,244	82	\$0	0	\$936,136	259	\$12,540,000	228	\$0	0
Low Income (50-80 AMFI)		\$0	0	\$335,631	10	\$0	0	\$1,938,316	402	\$12,540,000	228	\$0	0
Moderate Income and Up (>80 AMFI)		\$67,810	1	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$67,810	1	\$2,865,175	106	\$0	0	\$2,998,167	681	\$25,080,000	456	\$0	0

### Racial Composition of Households Receiving Assistance in Region 5

Based on 2000 US Census data, Region 5 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

**Figure 2.77: Racial Composition of Region 5**

740,952 Total Individuals



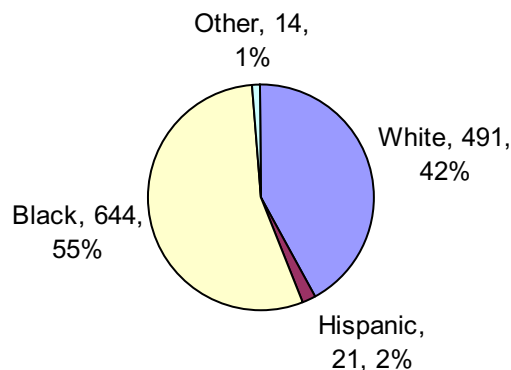
Source: 2000 US Census

### Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.78: Region 5 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**

50,916 Total Households



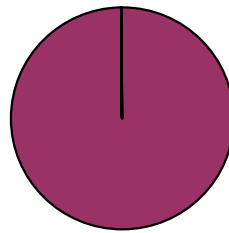
### HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.79: Region 5 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

1 Total Household

Includes contracts originally awarded in 2003.

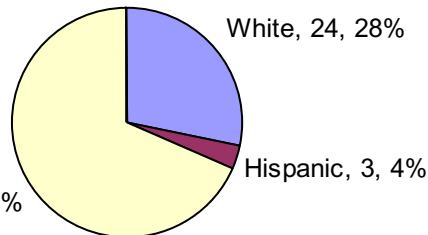


Hispanic, 1,  
100%

**Figure 2.80: Region 5 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

85 Total Households

Includes contracts originally awarded in-2003.



Black, 58, 68%

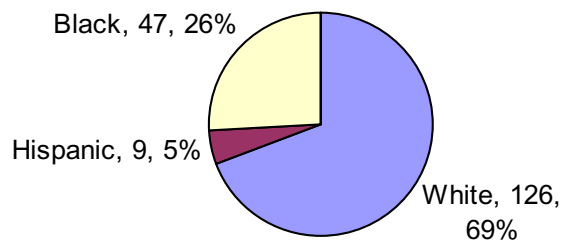
White, 24, 28%

Hispanic, 3, 4%

**Figure 2.81: Region 5 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

182 Total Households

Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).



Black, 47, 26%

Hispanic, 9, 5%

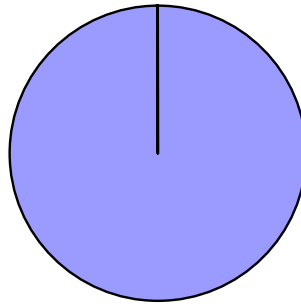
White, 126,  
69%

### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) in FY 2005.

**Figure 2.82: Region 5 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**

1 Total Household



White, 1, 100%

### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.83: Region 5 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**

0 Total Households

No Section 8 funds were expended in Region 5 in FY 2005.

**REGION 6**

TDHCA allocated \$83,901,965 in the region in FY 2005. Multifamily development accounted for the largest amount of this total: 67 percent. Low income households received the highest percentage of funding: 75 percent.

**Figure 2.84: Region 6 Funding and Households/Persons Served by Activity, FY 2005****All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$56,258,897	4,925	67%	66%
	Rehab. Construction	\$5,633,737	1,296	7%	17%
	Tenant Based Assistance	\$5,327,823	1,062	6%	14%
Owner	Financing & Down Payment	\$13,152,678	171	16%	2%
	Rehabilitation Assistance	\$3,528,830	64	4%	1%
Total for All Activities		\$83,901,965	7,518		

**Figure 2.85: Region 6 Funding and Households/Persons Served by Income Category, FY 2005****All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$9,051,841	1,247	11%	17%
Very Low Income (30-50 AMFI)	\$7,045,562	1,359	8%	18%
Low Income (50-80 AMFI)	\$62,957,311	4,873	75%	65%
Moderate Income and Up (>80 AMFI)	\$4,847,252	39	6%	1%
Total for All Incomes	\$83,901,965	7,518		



**Figure 2.86: Region 6 Funding and Households/Persons Served by Program, FY 2005**  
**By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$0	0	\$350,000	192	\$15,008,897	4,051	\$40,900,000	682	\$0	0
	Rehab. Construction	\$0	0	\$2,485,000	418	\$0	0	\$3,148,737	878	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$508,458	51	\$0	0	\$0	0	\$0	0	\$4,819,365	1,011
Owner	Financing & Down Payment	\$12,652,678	111	\$500,000	60	\$0	0	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$3,528,830	64	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$12,652,678	111	\$7,022,288	593	\$350,000	192	\$18,157,634	4,929	\$40,900,000	682	\$4,819,365	1,020

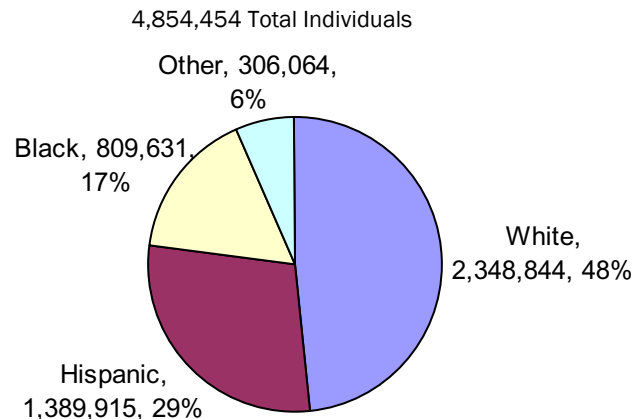
**Figure 2.87: Region 6 Funding and Households/Persons Served by Program, FY 2005**  
**By Income Category**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type		Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)		\$69,451	1	\$3,131,440	106	\$36,458	20	\$1,382,914	241	\$0	0	\$4,431,578	879
Very Low Income (30-50 AMFI)		\$793,753	12	\$1,233,592	137	\$0	0	\$4,651,054	1,087	\$0	0	\$367,163	123
Low Income (50-80 AMFI)		\$6,945,846	60	\$2,657,256	350	\$313,542	172	\$12,123,667	3,601	\$40,900,000	682	\$17,000	8
Moderate Income and Up (>80 AMFI)		\$4,843,628	38	\$0	0	\$0	0	\$0	0	\$0	0	\$3,624	1
Total for All Incomes		\$12,652,678	111	\$7,022,288	593	\$350,000	192	\$18,157,634	4,929	\$40,900,000	682	\$4,819,365	1,011

**Racial Composition of Households Receiving Assistance in Region 6**

Based on 2000 US Census data, Region 6 has the following racial breakdown. “Hispanic” includes all races that specified “Hispanic” as a category. “Other” includes races other than “White” and “Black” as well as individuals with two or more races.

**Figure 2.88: Racial Composition of Region 6**

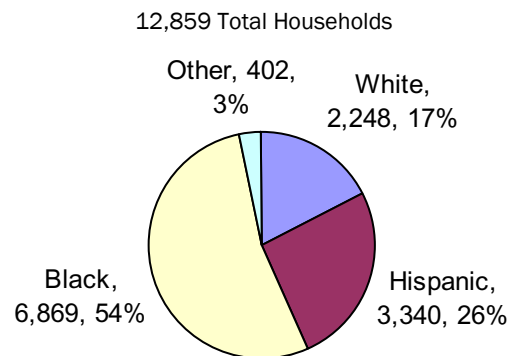


Source: 2000 US Census

**Multifamily Programs**

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.89: Region 6 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**



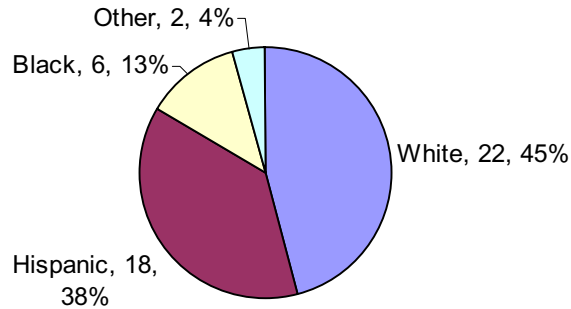
**HOME Program Single Family Activities**

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.90: Region 6 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

48 Total Households

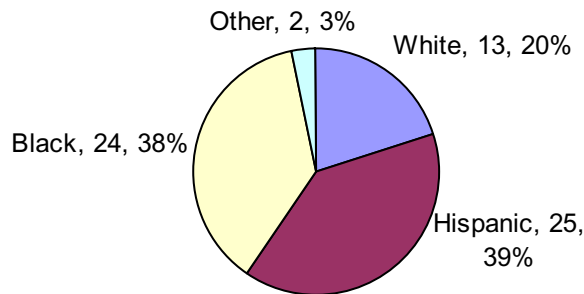
Includes contracts originally awarded from 2003-2004.



**Figure 2.91: Region 6 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

64 Total Households

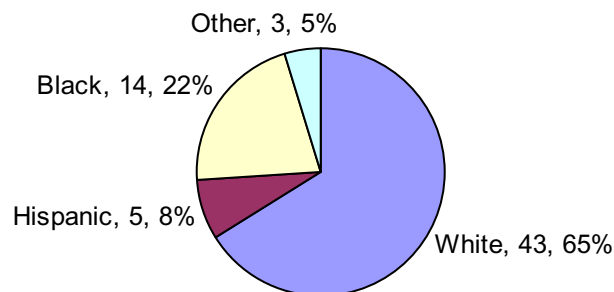
Includes contracts originally awarded in 2003.



**Figure 2.92: Region 6 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

65 Total Households

Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).

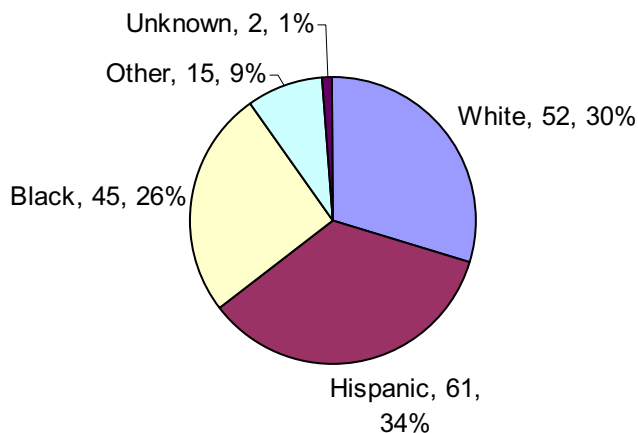


### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

**Figure 2.93: Region 6 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**

175 Total Households

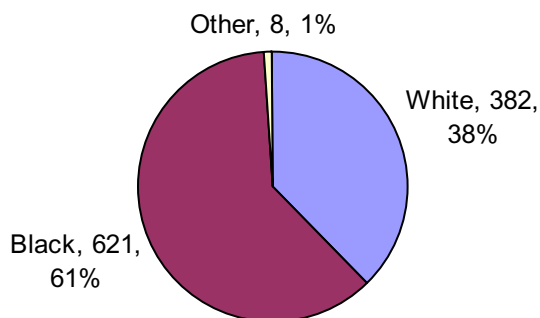


### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.94: Region 6 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**

1,011 Total Households



**REGION 7**

TDHCA allocated \$114,177,168 in the region in FY 2005. Financing and down payment assistance accounted for the largest amount of this total: 94 percent. Low income households received the highest percentage of funding: 59 percent.

**Figure 2.95: Region 7 Funding and Households/Persons Served by Activity, FY 2005**  
**All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$3,400,819	275	3%	16%
	Rehab. Construction	\$2,222,049	404	2%	24%
	Tenant Based Assistance	\$698,482	122	1%	7%
Owner	Financing & Down Payment	\$107,026,490	853	94%	51%
	Rehabilitation Assistance	\$829,328	16	1%	1%
Total for All Activities		\$114,177,168	1,670		

**Figure 2.96: Region 7 Funding and Households/Persons Served by Income Category, FY 2005**  
**All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$3,693,584	191	3%	11%
Very Low Income (30-50 AMFI)	\$18,882,635	236	17%	14%
Low Income (50-80 AMFI)	\$67,039,638	1,075	59%	64%
Moderate Income and Up (>80 AMFI)	\$24,561,312	168	22%	10%
Total for All Incomes	\$114,177,169	1,670		

**Figure 2.97: Region 7 Funding and Households/Persons Served by Program, FY 2005**  
**By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$1,500,000	30	\$17,700	6	\$1,883,119	239	\$0	0	\$0	0
	Rehab. Construction	\$0	0	\$786,446	140	\$932,010	190	\$503,593	74	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$207,332	22	\$0	0	\$0	0	\$0	0	\$491,150	100
Owner	Financing & Down Payment	\$106,811,990	823	\$214,500	30	\$0	0	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$829,328	16	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$106,811,990	823	\$3,537,606	238	\$949,710	196	\$2,386,712	313	\$0	0	\$491,150	100

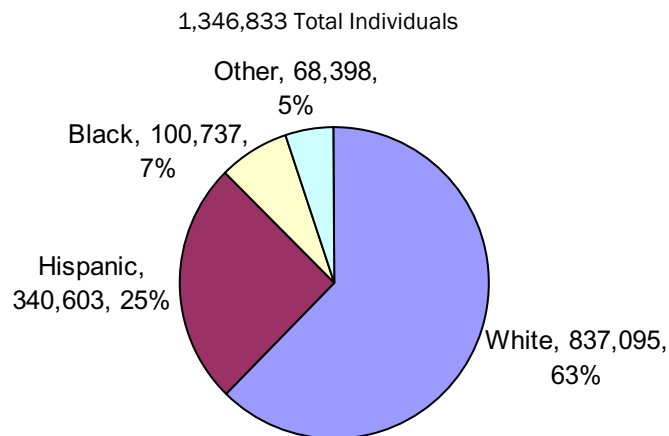
**Figure 2.98: Region 7 Funding and Households/Persons Served by Program, FY 2005**  
**By Income Category**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)		\$1,447,712	13	\$1,515,305	60	\$115,901	26	\$231,867	30	\$0	0	\$382,799	62
Very Low Income (30-50 AMFI)		\$17,550,869	155	\$1,128,087	27	\$24,358	5	\$70,970	11	\$0	0	\$108,351	38
Low Income (50-80 AMFI)		\$63,252,097	487	\$894,214	151	\$809,452	165	\$2,083,875	272	\$0	0	\$0	0
Moderate Income and Up (>80 AMFI)		\$24,561,312	168	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$106,811,990	823	\$3,537,606	238	\$949,711	196	\$2,386,712	313	\$0	0	\$491,150	100

### Racial Composition of Households Receiving Assistance in Region 7

Based on 2000 US Census data, Region 7 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

**Figure 2.99: Racial Composition of Region 7**

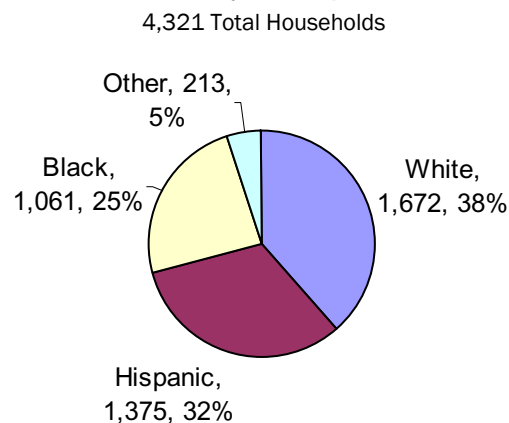


Source: 2000 US Census

### Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.100: Region 7 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**



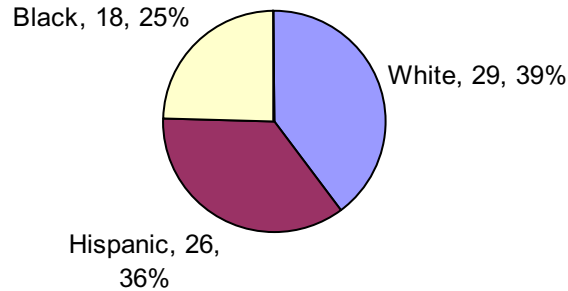
### HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.101: Region 7 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

73 Total Households

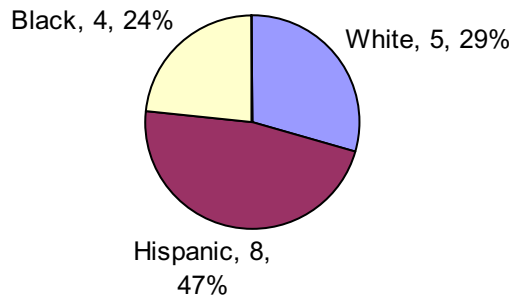
Includes contracts originally awarded from 2001-2003.



**Figure 2.102: Region 7 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

17 Total Households

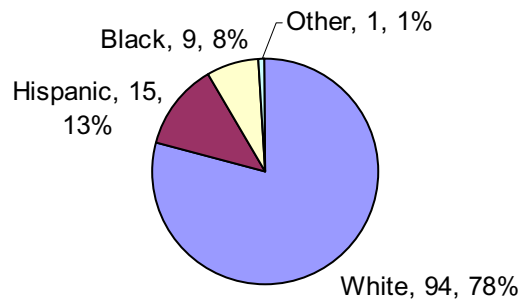
Includes contracts originally awarded from 2001-2003.



**Figure 2.103: Region 7 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

119 Total Households

Includes contracts originally awarded from 2003-2004.

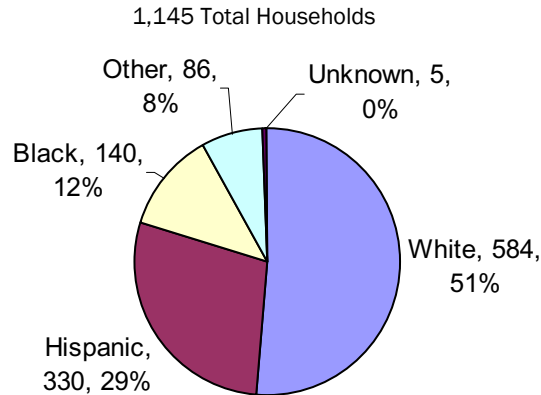




### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

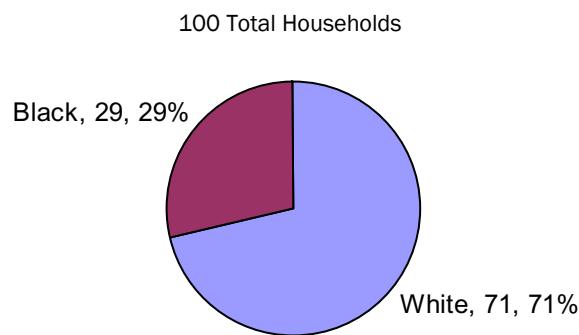
**Figure 2.104: Region 7 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**



### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.105: Region 7 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**



**REGION 8**

TDHCA allocated \$13,561,114 in the region in FY 2005. Financing and downpayment assistance accounted for the largest amount of this total: 66 percent. Low income households received the highest percentage of funding: 52 percent.

**Figure 2.106: Region 8 Funding and Households/Persons Served by Activity, FY 2005****All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$2,096,144	298	15%	36%
	Rehab. Construction	\$1,195,594	194	9%	24%
	Tenant Based Assistance	\$306,252	99	2%	12%
Owner	Financing & Down Payment	\$8,951,145	212	66%	26%
	Rehabilitation Assistance	\$1,011,979	19	7%	2%
Total for All Activities		\$13,561,114	822		

**Figure 2.107: Region 8 Funding and Households/Persons Served by Income Category, FY 2005****All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$322,264	59	2%	7%
Very Low Income (30-50 AMFI)	\$2,782,237	297	21%	36%
Low Income (50-80 AMFI)	\$7,070,738	439	52%	53%
Moderate Income and Up (>80 AMFI)	\$3,385,876	27	25%	3%
Total for All Incomes	\$13,561,115	822		

**Figure 2.108: Region 8 Funding and Households/Persons Served by Program, FY 2005  
By Housing Program**

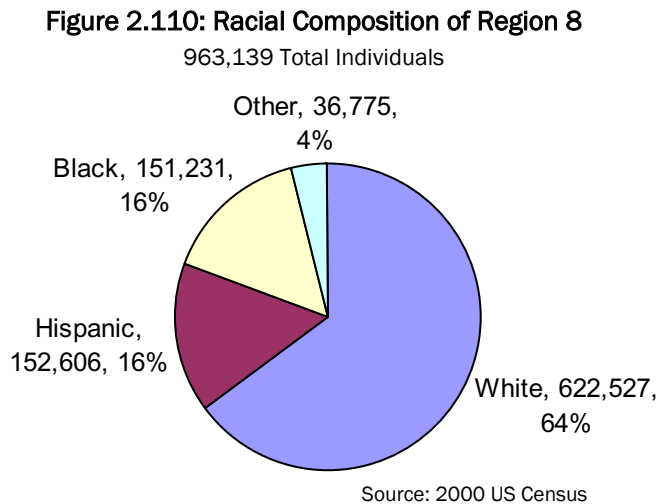
Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$0	0	\$0	0	\$2,096,144	298	\$0	0	\$0	0
	Rehab. Construction	\$0	0	\$771,083	58	\$132,743	58	\$291,768	78	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$306,252	99
Owner	Financing & Down Payment	\$7,220,745	69	\$1,200,000	118	\$530,400	25	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$1,011,979	19	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$7,220,745	69	\$2,983,062	195	\$663,143	83	\$2,387,912	376	\$0	0	\$306,252	99

**Figure 2.109: Region 8 Funding and Households/Persons Served by Program, FY 2005  
By Income Category**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)		\$0	0	\$0	0	\$0	0	\$243,881	35	\$0	0	\$78,383	24
Very Low Income (30-50 AMFI)		\$318,051	6	\$1,783,062	77	\$132,743	58	\$320,512	81	\$0	0	\$227,869	75
Low Income (50-80 AMFI)		\$3,516,818	36	\$1,200,000	118	\$530,400	25	\$1,823,520	260		0	\$0	0
Moderate Income and Up (>80 AMFI)		\$3,385,876	27	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$7,220,745	69	\$2,983,062	195	\$663,143	83	\$2,387,913	376	\$0	0	\$306,252	99

### ***Racial Composition of Households Receiving Assistance in Region 8***

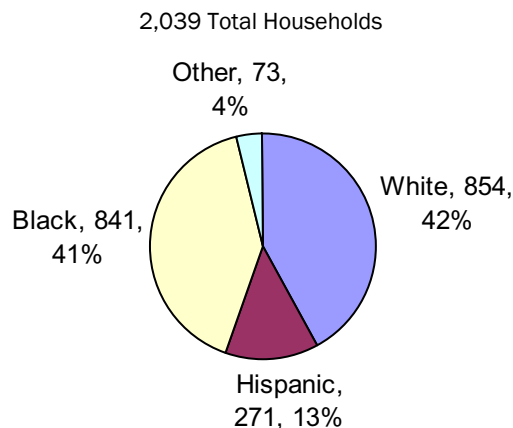
Based on 2000 US Census data, Region 8 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.



### **Multifamily Programs**

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.111: Region 8 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**



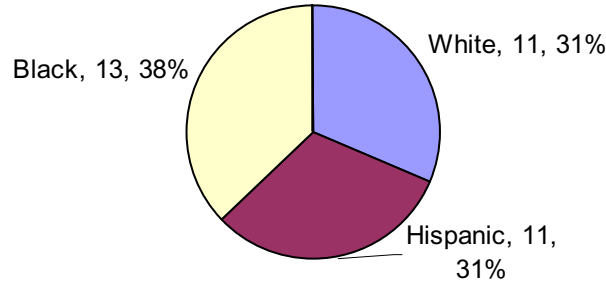
### **HOME Program Single Family Activities**

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.112: Region 8 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

35 Total Households

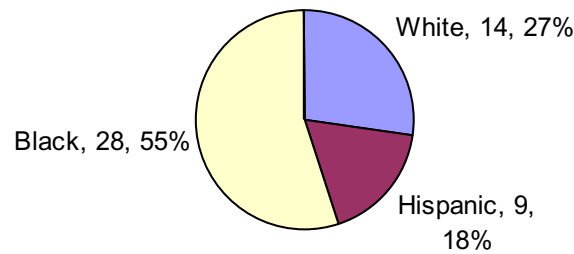
Includes contracts originally awarded from 2001-2003.



**Figure 2.113: Region 8 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

51 Total Households

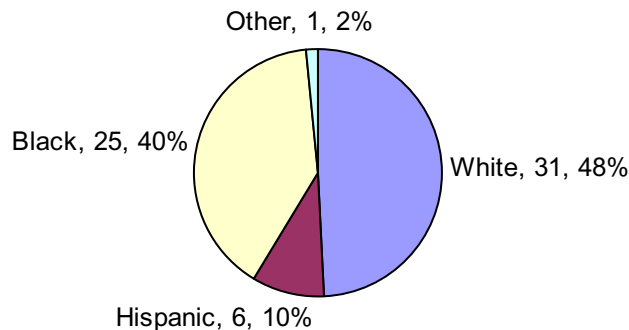
Includes contracts originally awarded in 2003.



**Figure 2.114: Region 8 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

63 Total Households

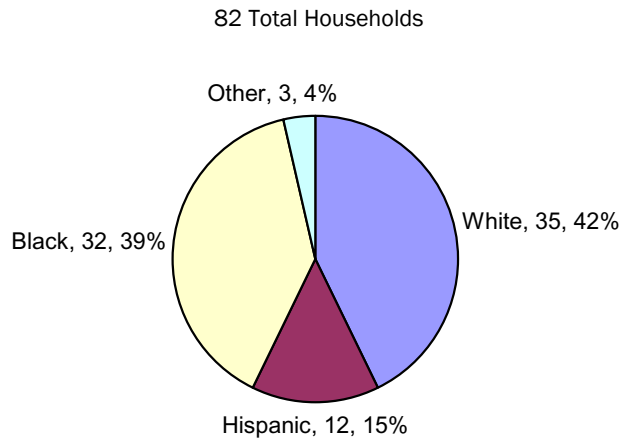
Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).



### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

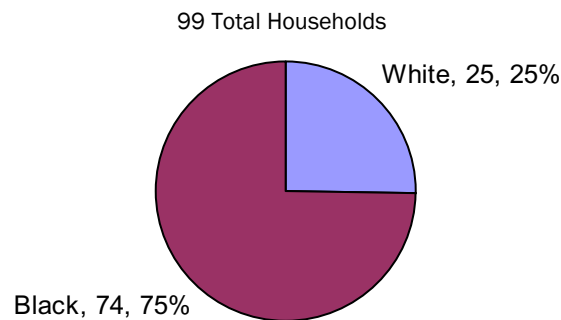
**Figure 2.115: Region 8 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**



### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.116: Region 8 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**



**REGION 9**

TDHCA allocated \$44,800,808 in the region in FY 2005. Multifamily development accounted for the largest amount of this total: 78 percent. Low income households received the highest percentage of funding: 90 percent.

**Figure 2.117: Region 9 Funding and Households/Persons Served by Activity, FY 2005**  
**All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$34,778,399	3,461	78%	81%
	Rehab. Construction	\$2,123,815	598	5%	14%
	Tenant Based Assistance	\$488,454	96	1%	2%
Owner	Financing & Down Payment	\$6,501,828	65	15%	2%
	Rehabilitation Assistance	\$908,312	27	2%	1%
Total for All Activities		\$44,800,808	4,248		

**Figure 2.118: Region 9 Funding and Households/Persons Served by Income Category, FY 2005**  
**All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$1,515,573	162	3%	4%
Very Low Income (30-50 AMFI)	\$1,171,728	241	3%	6%
Low Income (50-80 AMFI)	\$40,195,249	3,828	90%	90%
Moderate Income and Up (>80 AMFI)	\$1,918,258	16	4%	0%
Total for All Incomes	\$44,800,808	4,247		

**Figure 2.119: Region 9 Funding and Households/Persons Served by Program, FY 2005  
By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$0	0	\$0	0	\$11,088,399	2,971	\$23,690,000	490	\$0	0
	Rehab. Construction	\$0	0	\$0	0	\$0	0	\$2,123,815	598	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$227,078	16	\$0	0	\$0	0	\$0	0	\$261,376	80
Owner	Financing & Down Payment	\$6,501,828	65	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$908,312	27	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$6,501,828	65	\$1,135,390	43	\$0	0	\$13,212,214	3,569	\$23,690,000	490	\$261,376	80

**Figure 2.120: Region 9 Funding and Households/Persons Served by Program, FY 2005  
By Income Category**

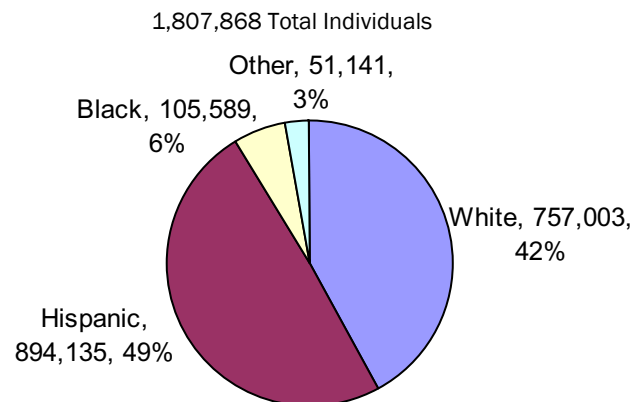
Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type		Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
	Extremely Low Income (0-30 AMFI)	\$115,252	1	\$779,488	27	\$0	0	\$376,030	69	\$0	0	\$244,803	65
	Very Low Income (30-50 AMFI)	\$599,711	9	\$119,216	6	\$0	0	\$436,228	211	\$0	0	\$16,573	15
	Low Income (50-80 AMFI)	\$3,868,607	39	\$236,686	10	\$0	0	\$12,399,956	3,289	\$23,690,000	490	\$0	0
	Moderate Income and Up (>80 AMFI)	\$1,918,258	16	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$6,501,828	65	\$1,135,390	43	\$0	0	\$13,212,214	3,569	\$23,690,000	490	\$261,376	80



### Racial Composition of Households Receiving Assistance in Region 9

Based on 2000 US Census data, Region 9 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

**Figure 2.121: Racial Composition of Region 9**

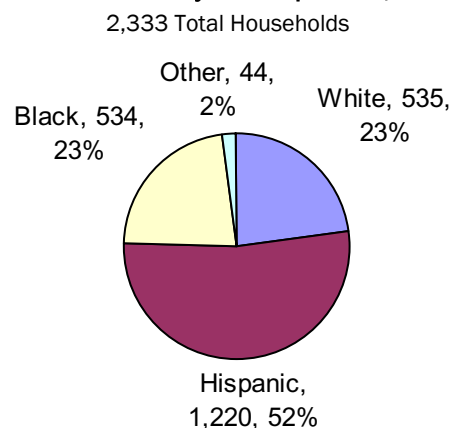


Source: 2000 US Census

### Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.122: Region 9 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**



### HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.123: Region 9 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

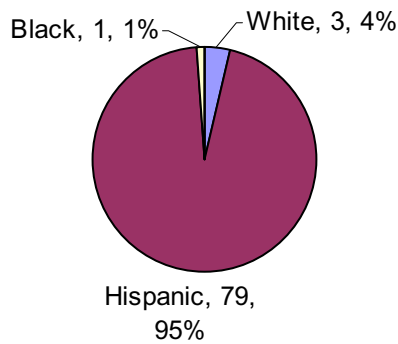
0 Total Households

No HOME Homebuyer Assistance loans were made during FY 2005 in Region 9.

**Figure 2.124: Region 9 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

83 Total Households

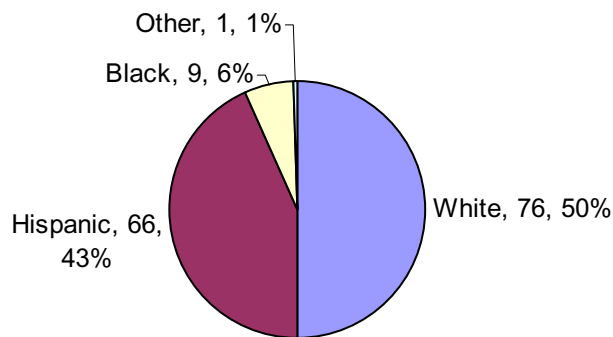
Includes contracts originally awarded in 2003.



**Figure 2.125: Region 9 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

152 Total Households

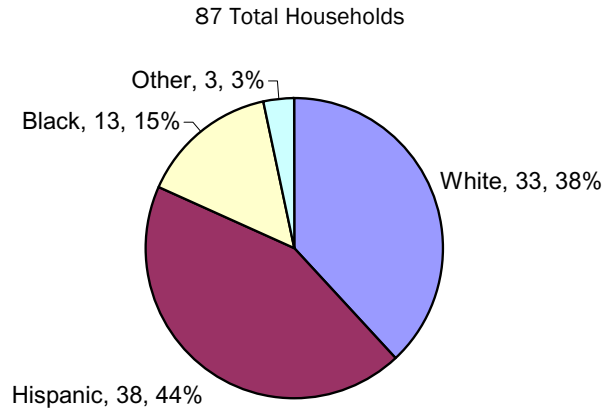
Includes contracts originally awarded from 2003-2004.



### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

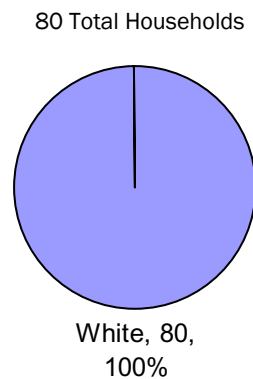
**Figure 2.126: Region 9 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**



### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.127: Region 9 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**



**REGION 10**

TDHCA allocated \$6,787,430 in the region in FY 2005. Multifamily development accounted for the largest amount of this total: 33 percent. This was closely followed by financing and down payment assistance with 31 percent of the total funds. Low income households received the highest percentage of funding: 57 percent.

**Figure 2.128: Region 10 Funding and Households/Persons Served by Activity, FY 2005****All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$2,235,999	678	33%	72%
	Rehab. Construction	\$737,847	154	11%	16%
	Tenant Based Assistance	\$81,930	22	1%	2%
Owner	Financing & Down Payment	\$2,102,615	55	31%	6%
	Rehabilitation Assistance	\$1,629,039	30	24%	3%
Total for All Activities		\$6,787,430	939		

**Figure 2.129: Region 10 Funding and Households/Persons Served by Income Category, FY 2005****All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$678,130	56	10%	6%
Very Low Income (30-50 AMFI)	\$1,881,710	75	28%	8%
Low Income (50-80 AMFI)	\$3,844,482	805	57%	86%
Moderate Income and Up (>80 AMFI)	\$383,108	3	6%	0%
Total for All Incomes	\$6,787,430	939		

**Figure 2.130: Region 10 Funding and Households/Persons Served by Program, FY 2005  
By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$0	0	\$280,000	282	\$1,955,999	396	\$0	0	\$0	0
	Rehab. Construction	\$0	0	\$0	0	\$0	0	\$737,847	154	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$81,930	22
Owner	Financing & Down Payment	\$1,003,415	16	\$600,000	23	\$499,200	16	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$1,629,039	30	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$1,003,415	16	\$2,229,039	53	\$779,200	298	\$2,693,846	550	\$0	0	\$81,930	22

**Figure 2.131: Region 10 Funding and Households/Persons Served by Program, FY 2005  
By Income Category**

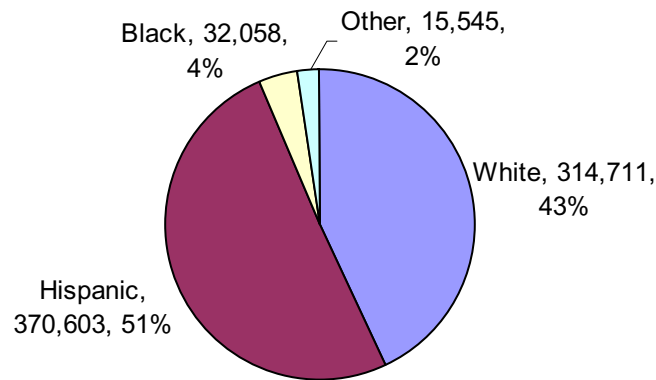
Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
	Extremely Low Income (0-30 AMFI)	\$50,564	2	\$364,039	7	\$0	0	\$229,055	38	\$0	0	\$34,472	9
	Very Low Income (30-50 AMFI)	\$144,755	6	\$1,644,167	38	\$45,330	18	\$0	0	\$0	0	\$47,458	13
	Low Income (50-80 AMFI)	\$424,988	5	\$220,833	8	\$733,870	280	\$2,464,791	512	\$0	0	\$0	0
	Moderate Income and Up (>80 AMFI)	\$383,108	3	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$1,003,415	16	\$2,229,039	53	\$779,200	298	\$2,693,846	550	\$0	0	\$81,930	22

**Racial Composition of Households Receiving Assistance in Region 10**

Based on 2000 US Census data, Region 10 has the following racial breakdown. “Hispanic” includes all races that specified “Hispanic” as a category. “Other” includes races other than “White” and “Black” as well as individuals with two or more races.

**Figure 2.132: Racial Composition of Region 10**

732,917 Total Individuals



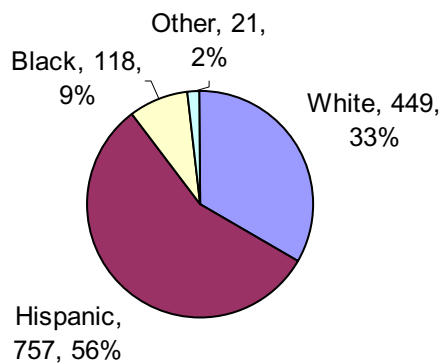
Source: 2000 US Census

**Multifamily Programs**

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.133: Region 10 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**

50,916 Total Households



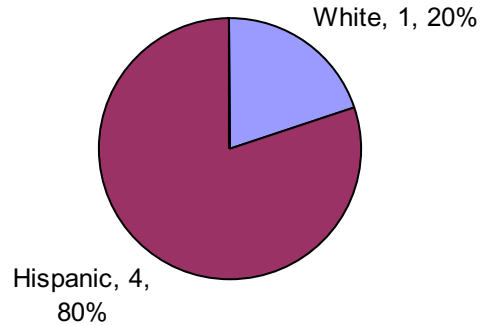
**HOME Program Single Family Activities**

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.134: Region 10 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

5 Total Households

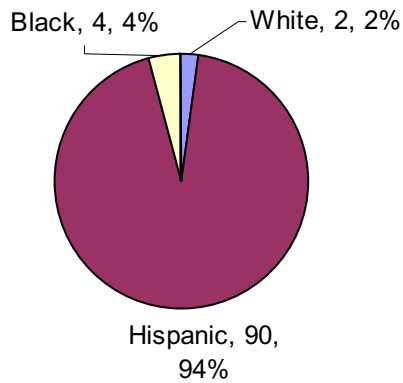
Includes contracts originally awarded from 2000-2003.



**Figure 2.135: Region 10 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

96 Total Households

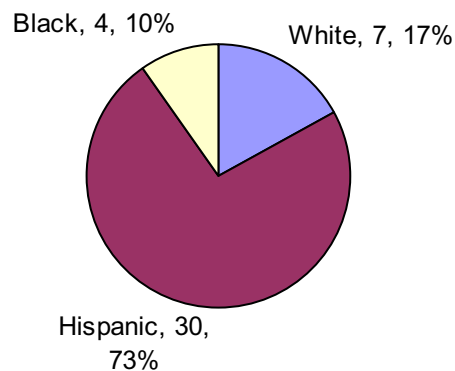
Includes contracts originally awarded from 2001-2003.



**Figure 2.136: Region 10 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

41 Total Households

Includes contracts originally awarded from 2003-2004.

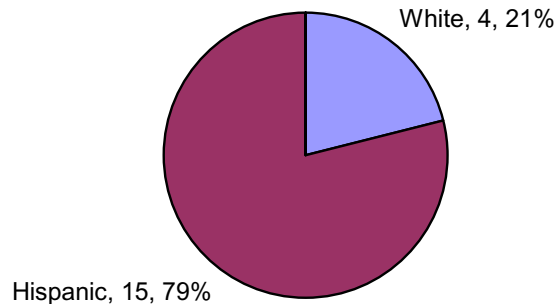


### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

**Figure 2.137: Region 10 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**

19 Total Households

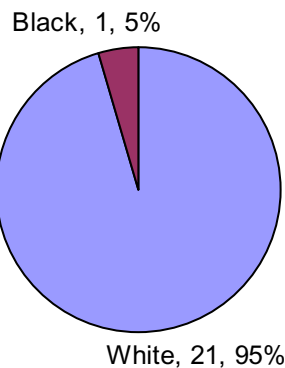


### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.138: Region 10 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**

22 Total Households





**REGION 11**

TDHCA allocated \$26,109,159 in the region in FY 2005. Financing and down payment assistance accounted for the largest amount of this total: 59 percent. Low income households received the highest percentage of funding: 46 percent.

**Figure 2.139: Region 11 Funding and Households/Persons Served by Activity, FY 2005**  
**All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$4,892,175	572	19%	36%
	Rehab. Construction	\$1,582,454	480	6%	30%
	Tenant Based Assistance	\$35,982	7	0%	0%
Owner	Financing & Down Payment	\$15,427,221	460	59%	29%
	Rehabilitation Assistance	\$4,171,327	86	16%	5%
Total for All Activities		\$26,109,159	1,605		

**Figure 2.140: Region 11 Funding and Households/Persons Served by Income Category, FY 2005**  
**All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$2,309,247	165	9%	10%
Very Low Income (30-50 AMFI)	\$10,498,228	434	40%	27%
Low Income (50-80 AMFI)	\$12,106,959	992	46%	62%
Moderate Income and Up (>80 AMFI)	\$1,194,725	14	5%	1%
Total for All Incomes	\$26,109,159	1,605		

**Figure 2.141: Region 11 Funding and Households/Persons Served by Program, FY 2005  
By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$1,675,000	52	\$0	0	\$3,217,175	520	\$0	0	\$0	0
	Rehab. Construction	\$0	0	\$0	0	\$0	0	\$1,582,454	480	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$35,982	7
Owner	Financing & Down Payment	\$11,795,069	194	\$2,789,752	239	\$842,400	27	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$4,171,327	86	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$11,795,069	194	\$8,636,079	377	\$842,400	27	\$4,799,629	1,000	\$0	0	\$35,982	7

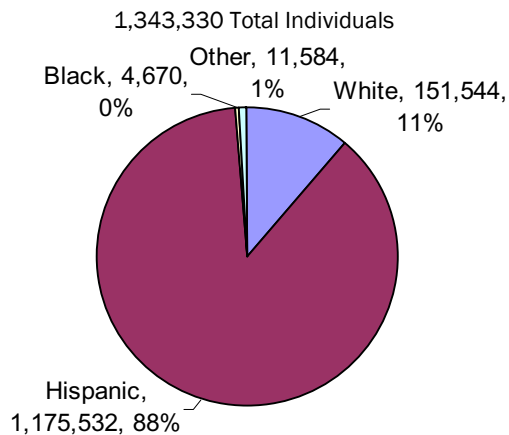
**Figure 2.142: Region 11 Funding and Households/Persons Served by Program, FY 2005  
By Income Category**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type		Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)		\$262,535	8	\$1,612,559	82	\$0	0	\$402,577	69	\$0	0	\$31,576	6
Very Low Income (30-50 AMFI)		\$5,862,540	109	\$4,158,095	119	\$0	0	\$473,187	205	\$0	0	\$4,406	1
Low Income (50-80 AMFI)		\$4,475,269	63	\$2,865,425	176	\$842,400	27	\$3,923,865	726	\$0	0	\$0	0
Moderate Income and Up (>80 AMFI)		\$1,194,725	14	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$11,795,069	194	\$8,636,079	377	\$842,400	27	\$4,799,629	1,000	\$0	0	\$35,982	7

### Racial Composition of Households Receiving Assistance in Region 11

Based on 2000 US Census data, Region 11 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

**Figure 2.143: Racial Composition of Region 11**

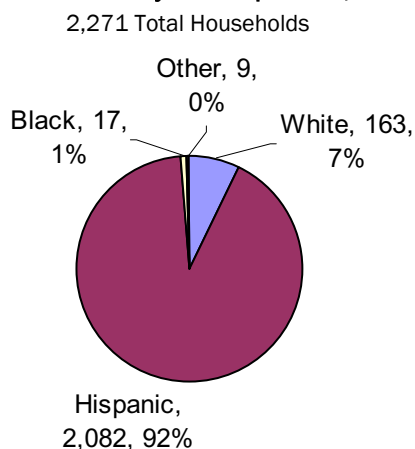


Source: 2000 US Census

### Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.144: Region 11 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**



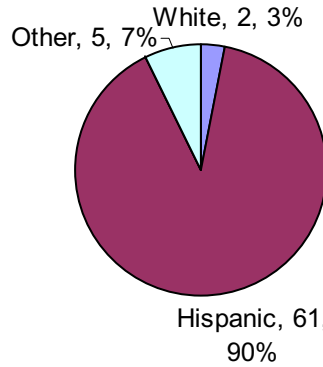
### HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.145: Region 11 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

68 Total Households

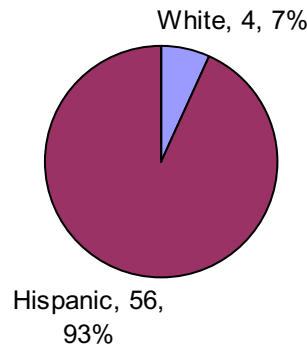
Includes contracts originally awarded from 2000-2004.



**Figure 2.146: Region 11 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

60 Total Households

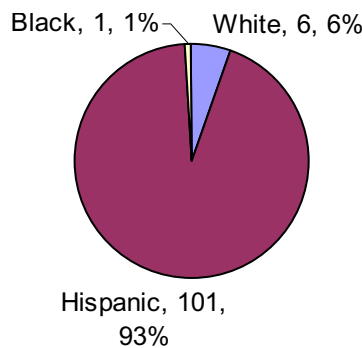
Includes contracts originally awarded in 2003.



**Figure 2.147: Region 11 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

108 Total Households

Includes contracts originally awarded from 2003-2004 (omitting 2001 because of data problems).

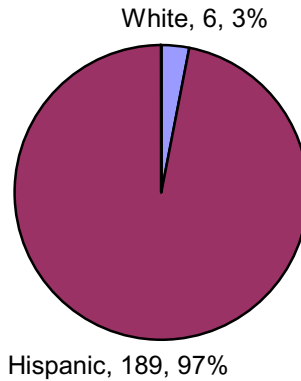


### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

**Figure 2.148: Region 11 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**

195 Total Households

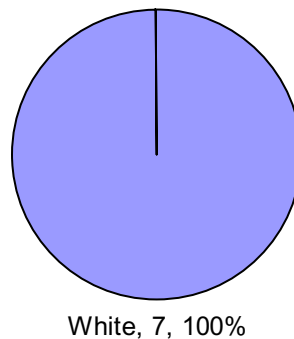


### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.149: Region 11 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**

7 Total Households



**REGION 12**

TDHCA allocated \$3,375,575 in the region in FY 2005. Owner occupied rehabilitation assistance accounted for the largest amount of this total: 38 percent. Very low income households received the highest percentage of funding: 41 percent.

**Figure 2.150: Region 12 Funding and Households/Persons Served by Activity, FY 2005**

**All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$380,433	47	11%	13%
	Rehab. Construction	\$1,109,072	264	33%	70%
	Tenant Based Assistance	\$62,585	24	2%	6%
Owner	Financing & Down Payment	\$540,000	14	16%	4%
	Rehabilitation Assistance	\$1,283,485	26	38%	7%
Total for All Activities		\$3,375,575	375		

**Figure 2.151: Region 12 Funding and Households/Persons Served by Income Category, FY 2005**

**All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$719,671	35	21%	9%
Very Low Income (30-50 AMFI)	\$1,394,580	62	41%	17%
Low Income (50-80 AMFI)	\$1,261,324	278	37%	74%
Moderate Income and Up (>80 AMFI)	\$0	0	0%	0%
Total for All Incomes	\$3,375,575	375		

**Figure 2.152: Region 12 Funding and Households/Persons Served by Program, FY 2005  
By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$0	0	\$0	0	\$380,433	47	\$0	0	\$0	0
	Rehab. Construction	\$0	0	\$285,664	16	\$51,344	16	\$772,064	232	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$62,585	24
Owner	Financing & Down Payment	\$0	0	\$540,000	14	\$0	0	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$1,283,485	26	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$0	0	\$2,109,149	56	\$51,344	16	\$1,152,497	279	\$0	0	\$60,177	24

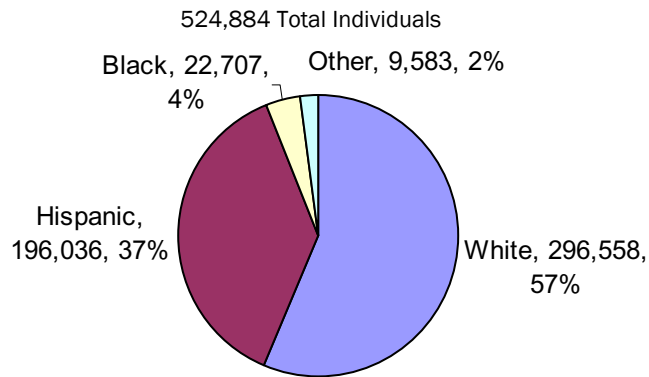
**Figure 2.153: Region 12 Funding and Households/Persons Served by Program, FY 2005  
By Income Category**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type		Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)		\$0	0	\$663,485	15	\$0	0	\$0	0	\$0	0	\$56,186	20
Very Low Income (30-50 AMFI)		\$0	0	\$1,304,248	34	\$38,508	12	\$45,425	12	\$0	0	\$6,399	4
Low Income (50-80 AMFI)		\$0	0	\$141,416	7	\$12,836	4	\$1,107,072	267	\$0	0	\$0	0
Moderate Income and Up (>80 AMFI)		\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$0	0	\$2,109,149	56	\$51,344	16	\$1,152,497	279	\$0	0	\$62,585	24

**Racial Composition of Households Receiving Assistance in Region 12**

Based on 2000 US Census data, Region 12 has the following racial breakdown. “Hispanic” includes all races that specified “Hispanic” as a category. “Other” includes races other than “White” and “Black” as well as individuals with two or more races.

**Figure 2.154: Racial Composition of Region 12**

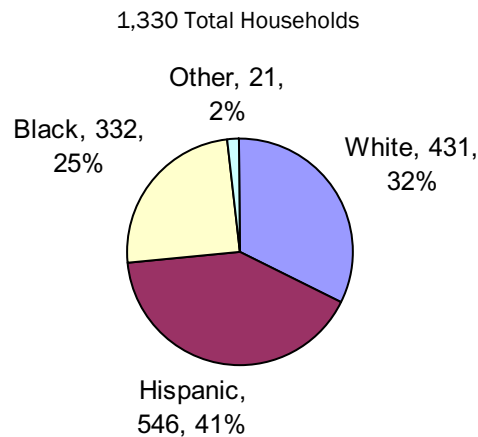


Source: 2000 US Census

**Multifamily Programs**

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.155: Region 12 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**



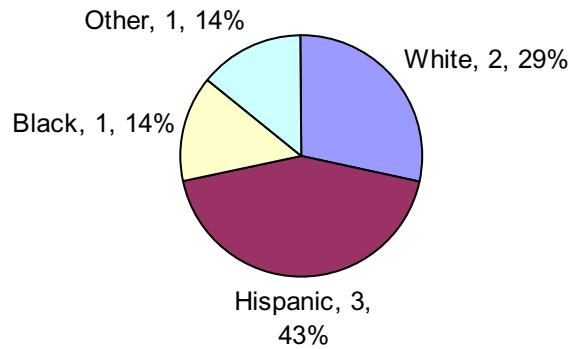
**HOME Program Single Family Activities**

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.



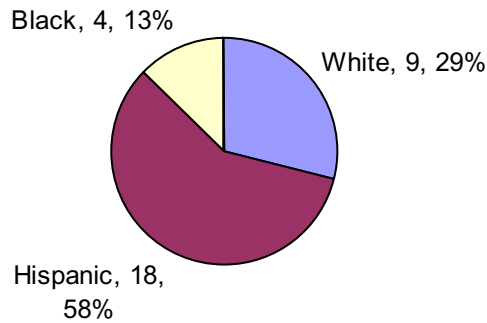
**Figure 2.156: Region 12 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

7 Total Households  
Includes contracts originally awarded from 2001-2003.



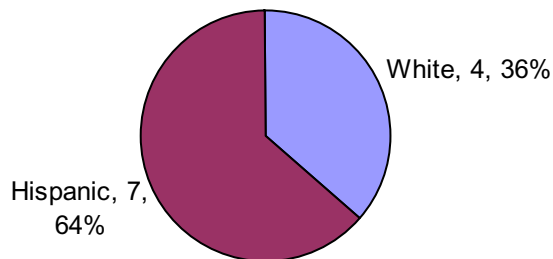
**Figure 2.157: Region 12 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

31 Total Households  
Includes contracts originally awarded in 2003.



**Figure 2.158: Region 12 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

11 Total Households  
Includes contracts originally awarded from 2003-2004.



### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program), the Mortgage Credit Certificate Program, and Contract for Deed of Texas Bootstrap loans that were made with bond funds in FY 2005.

**Figure 2.159: Region 12 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**

0 Total Households

No Single Family Bond loans were made during FY 2005 in Region 12

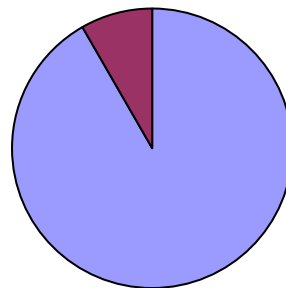
### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.160: Region 12 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**

24 Total Households

Black, 2, 8%



White, 22, 92%

**REGION 13**

TDHCA allocated \$18,432,510 in the region in FY 2005. Financing and down payment assistance accounted for the largest amount of this total: 81 percent. Low income households received the highest percentage of funding: 58 percent.

**Figure 2.161: Region 13 Funding and Households/Persons Served by Activity, FY 2005**  
**All Housing Programs**

Household Type	Activity	Committed Funds	# of Households Served	% of Committed Funds	% of Households Served
Renter	New Construction	\$2,900,922	596	16%	58%
	Rehab. Construction	\$139,793	90	1%	9%
	Tenant Based Assistance	\$93,793	10	1%	1%
Owner	Financing & Down Payment	\$14,922,831	330	81%	32%
	Rehabilitation Assistance	\$375,171	9	2%	1%
Total for All Activities		\$18,432,510	1,035		

**Figure 2.162: Region 14 Funding and Households/Persons Served by Income Category, FY 2005**  
**All Housing Programs**

Income Type	Committed Funds	# of Households Served	% of Committed Funds	% Households Served
Extremely Low Income (0-30 AMFI)	\$785,300	87	4%	8%
Very Low Income (30-50 AMFI)	\$6,061,351	219	33%	21%
Low Income (50-80 AMFI)	\$10,782,876	720	58%	70%
Moderate Income and Up (>80 AMFI)	\$802,983	9	4%	1%
Total for All Incomes	\$18,432,510	1,035		

**Figure 2.163: Region 13 Funding and Households/Persons Served by Program, FY 2005  
By Housing Program**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Household Type	Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Renter	New Construction	\$0	0	\$172,650	40	\$0	0	\$2,728,272	556	\$0	0	\$0	0
	Rehab. Construction	\$0	0	\$0	0	\$40,500	10	\$99,293	80	\$0	0	\$0	0
	Tenant Based Assistance	\$0	0	\$93,793	10	\$0	0	\$0	0	\$0	0	\$0	0
Owner	Financing & Down Payment	\$12,241,831	191	\$1,745,000	99	\$936,000	40	\$0	0	\$0	0	\$0	0
	Rehabilitation Assistance	\$0	0	\$375,171	9	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Activities:		\$12,241,831	191	\$2,386,614	158	\$976,500	50	\$2,827,565	636	\$0	0	\$0	0

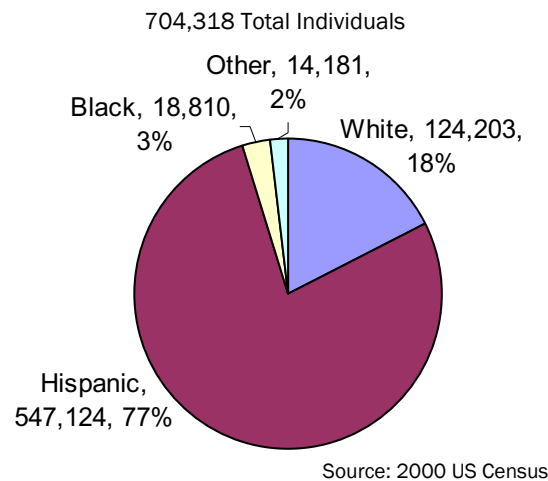
**Figure 2.164: Region 13 Funding and Households/Persons Served by Program, FY 2005  
By Income Category**

Housing Activities		SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Income Type		Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)		\$342,882	8	\$117,811	11	\$40,500	10	\$284,107	58	\$0	0	\$0	0
Very Low Income (30-50 AMFI)		\$5,081,199	89	\$714,424	51	\$0	0	\$265,728	79	\$0	0	\$0	0
Low Income (50-80 AMFI)		\$6,014,767	85	\$1,554,379	96	\$936,000	40	\$2,277,730	499	\$0	0	\$0	0
Moderate Income and Up (>80 AMFI)		\$802,983	9	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Total for All Incomes		\$12,241,831	191	\$2,386,614	158	\$976,500	50	\$2,827,565	636	\$0	0	\$0	0

### Racial Composition of Households Receiving Assistance in Region 13

Based on 2000 US Census data, Region 13 has the following racial breakdown. "Hispanic" includes all races that specified "Hispanic" as a category. "Other" includes races other than "White" and "Black" as well as individuals with two or more races.

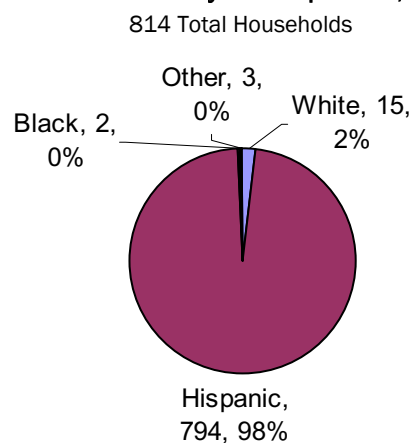
**Figure 2.165: Racial Composition of Region 13**



### Multifamily Programs

Multifamily properties receive funding through one or a combination of the following TDHCA programs: Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnerships Program, and Multifamily Bond Program.

**Figure 2.166: Region 13 Racial Composition of Households Residing In TDHCA-Funded Multifamily Developments, December 2004**



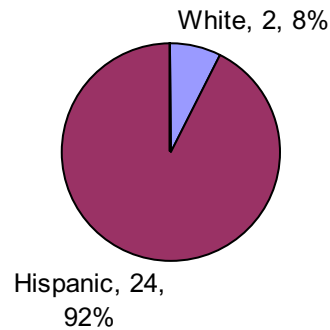
### HOME Program Single Family Activities

The HOME Investment Partnerships Program funds four basic activities: Rental Development, Homebuyer Assistance, Owner-Occupied Housing Assistance, and Tenant-Based Rental Assistance. Rental Development units are included with the multifamily activities described above.

**Figure 2.167: Region 13 Racial Composition of Households Receiving HOME Homebuyer Assistance, FY 2005**

26 Total Households

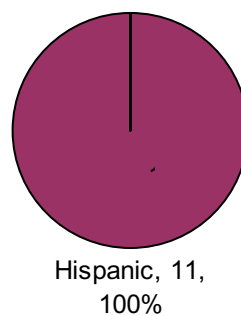
Includes contracts originally awarded from 2003-2004.



**Figure 2.168: Region 13 Racial Composition of Households Receiving HOME Owner-Occupied Home Repair, FY 2005**

11 Total Households

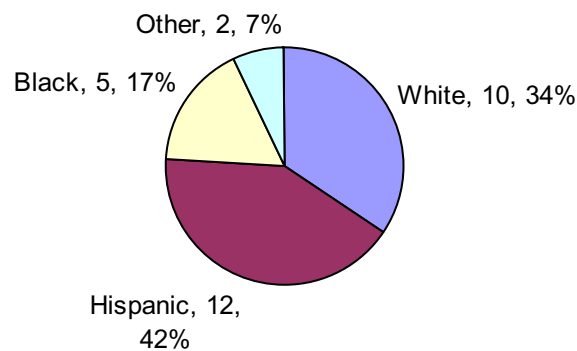
Includes contracts originally awarded in 2003.



**Figure 2.169: Region 13 Racial Composition of Households Receiving HOME Tenant-Based Rental Assistance, FY 2005**

29 Total Households

Includes contracts originally awarded in 2004.

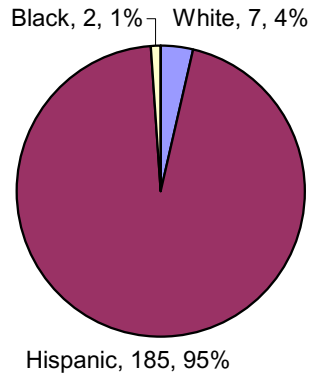


### Single Family Bond

Single Family Bond includes households served through the First Time Homebuyer Program (including those that received assistance through the Grant Assistance Program) and the Mortgage Credit Certificate Program in FY 2005.

**Figure 2.170: Region 13 Racial Composition of Households Receiving Single Family Bond Assistance, FY 2005**

194 Total Households



### Section 8

The Section 8 Housing Choice Voucher Program funds tenant-based rental assistance directly to households. The following chart shows the racial composition of households that received Section 8 rental payment assistance from September 1, 2004, through August 31, 2005. Because of reporting differences, this chart only includes White, Black, and Other.

**Figure 2.171: Region 13 Racial Composition of Households Receiving Section 8 Assistance, FY 2005**

0 Total Households

No Section 8 funds were expended in Region 13 in FY 2005.

## PARTICIPATION IN TDHCA PROGRAMS

TDHCA continually works to increase statewide participation in its programs. Because TDHCA is primarily a pass-through funding agency, most funding, except that awarded through many Community Affairs programs, is typically distributed through a formal competitive process. Therefore, it is incumbent upon TDHCA to increase the public's awareness of available funding opportunities so that its funds will reach those in need at the local level. Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, TDHCA staff participate in informational workshops and conferences across the state to share information with organizations that are unfamiliar with TDHCA programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact the TDHCA for further technical assistance in accessing TDHCA programs.
- The TDHCA *Program Guide* provides a comprehensive, statewide housing resource guide for both individuals and organizations across the state. The *Program Guide* provides a list of housing and housing-related programs operated by TDHCA, HUD, and other federal and state agencies.
- The TDHCA website, through its provision of timely information to consumers, has become one of TDHCA's most successful marketing tools.
- A comprehensive database, including public housing authorities (PHAs), community development housing organizations (CHDOs), community development corporations (CDCs), area agencies on aging (AAAs), homebuyer education providers, local governments, and other community-based organizations, is used to streamline TDHCA efforts to inform interested parties of available funding, public hearings, and other activities.
- TDHCA establishes or serves on a wide variety of committees and workgroups, which serve as valuable resources to gather input from people working at the local level. These groups share information on affordable housing needs and available resources and help TDHCA to prioritize these needs.



## **CITIZEN PARTICIPATION IN PROGRAM PLANNING**

TDHCA values and relies on community input to direct resources to meet its goals and objectives. In an effort to provide the public with an opportunity to more effectively give input on TDHCA's policies, rules, planning documents, and programs, TDHCA has consolidated its public hearings. Each year there will be one hearing per Uniform State Service Region that will cover all TDHCA programs. An additional Board hearing is held annually so that citizens may provide comment directly to the Board members. Staff is available at each hearing to answer questions and lend technical assistance to attendees. In addition to these 13 hearings, individual program sections hold various hearings and program workshops throughout the year.

TDHCA ensures that all programs follow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. A database has been developed that includes citizen and nonprofit organizations, local governments, state legislators, public housing authorities, and local public libraries so that, when a public hearing or public comment period is scheduled, all interested parties are notified. Additionally, pertinent information is posted in the *Texas Register*, in *Breaking Ground* (the TDHCA newsletter), on TDHCA's website, in several association newsletters, and in the newspapers that are local to the hearing location. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, email, and, in some cases, directly at the TDHCA website.

For information on the citizen participation process for the *2006 State of Texas Low Income Housing Plan and Annual Report*, please see Section 5: Public Participation.

## **HOUSING SPONSOR REPORT ANALYSIS**

TDHCA requires that housing developments of 20 units or more that receive financial assistance from TDHCA submit an annual housing sponsor report. This report includes the contact information for each property, the total number of units, the number of accessible units, the rents for units by type, the racial composition information for the property, the number of units occupied by individuals receiving supported housing assistance, the number of units occupied delineated by income group, and a statement as to whether there have been fair housing violations at the property. This information depicts the property information as of a specific date, December 31, of each year.

Because of the extensive nature of the information, TDHCA has elected to provide this report under a separate cover: the TDHCA *Housing Sponsor Report* (HSR). The HSR includes an analysis of the collected information, as well as the information submitted by each property. In addition, in fulfillment of §2306.072(c)(8), the HSR contains a list of average rents by Texas county, based on housing sponsor report responses from TDHCA-funded properties.

For more information and a copy of this report, please contact the TDHCA Division of Policy and Public Affairs at (512) 475-3976 or visit <http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm>.

## **GEOGRAPHIC DISTRIBUTION OF HOUSING TAX CREDITS**

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to encourage the development and preservation of affordable rental housing. The Internal Revenue Code authorizes a state HTC volume cap based on a per capita amount of the state population. Tax credits are also awarded independently of the volume cap to developments with tax-exempt bond financing. These two credit types are typically referred to as the 9% and 4% HTCs respectively. Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its 9 % HTCs to the 13 Uniform State Service Regions it uses for planning purposes. Because the HTCs represent the State's most significant source of financing for multifamily development and to help review the allocation of HTCs under the RAF, this section of the Plan discusses the geographical distribution of HTCs.

For FY 2005, TDHCA had \$42,575,583 credits to allocate through the 9% application process. This amount was comprised of the annual volume cap, recaptured credits, and \$531,375 from the national pool of unused credits from other states. Over the course of the year, the total amount of credits approved by the Board, including forward commitments was \$45,218,474. At the July 27, 2005, TDHCA Board meeting, 81 applications were approved for 9% HTCs totaling \$42,175,273. Any remaining 2005 credit authority will be allocated to applicants on the 2005 waiting list. Alternately, if the credit balance meets the IRS de minimus requirements, it may be rolled into the 2006 credit ceiling. Under either scenario, TDHCA will be eligible to receive credits from the national pool of unused credits. The 4% awards, which are approved by the Board throughout the year, totaled \$30,969,526 for FY 2005. Information on these awards, as well as the entire HTC inventory, can be found on the HTC Program's web page at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us). Figures 2.172 and 2.173 are maps of the FY 2005 9% and 4% awards.

As can be seen by the differences in the distribution patterns in figures 2.9 and 2.10, the 4% credits work more effectively in larger metropolitan areas of the state. Besides one development in Georgetown (Region 7) and Corpus Christi (Region 11), the remaining 4% developments were concentrated in three regions of the state.

Figure 2.172 FY 2005 9% HTC Awards by Place

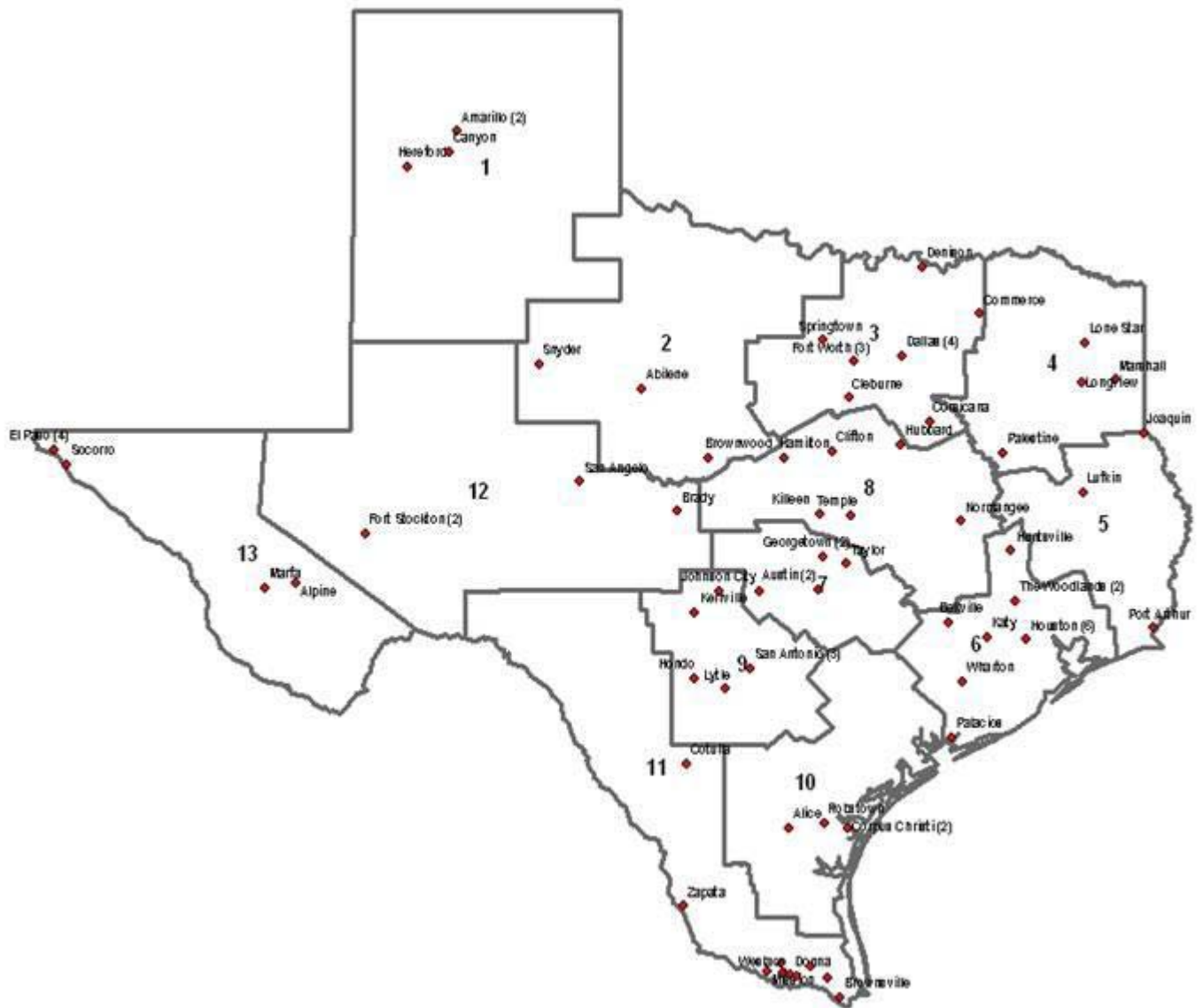
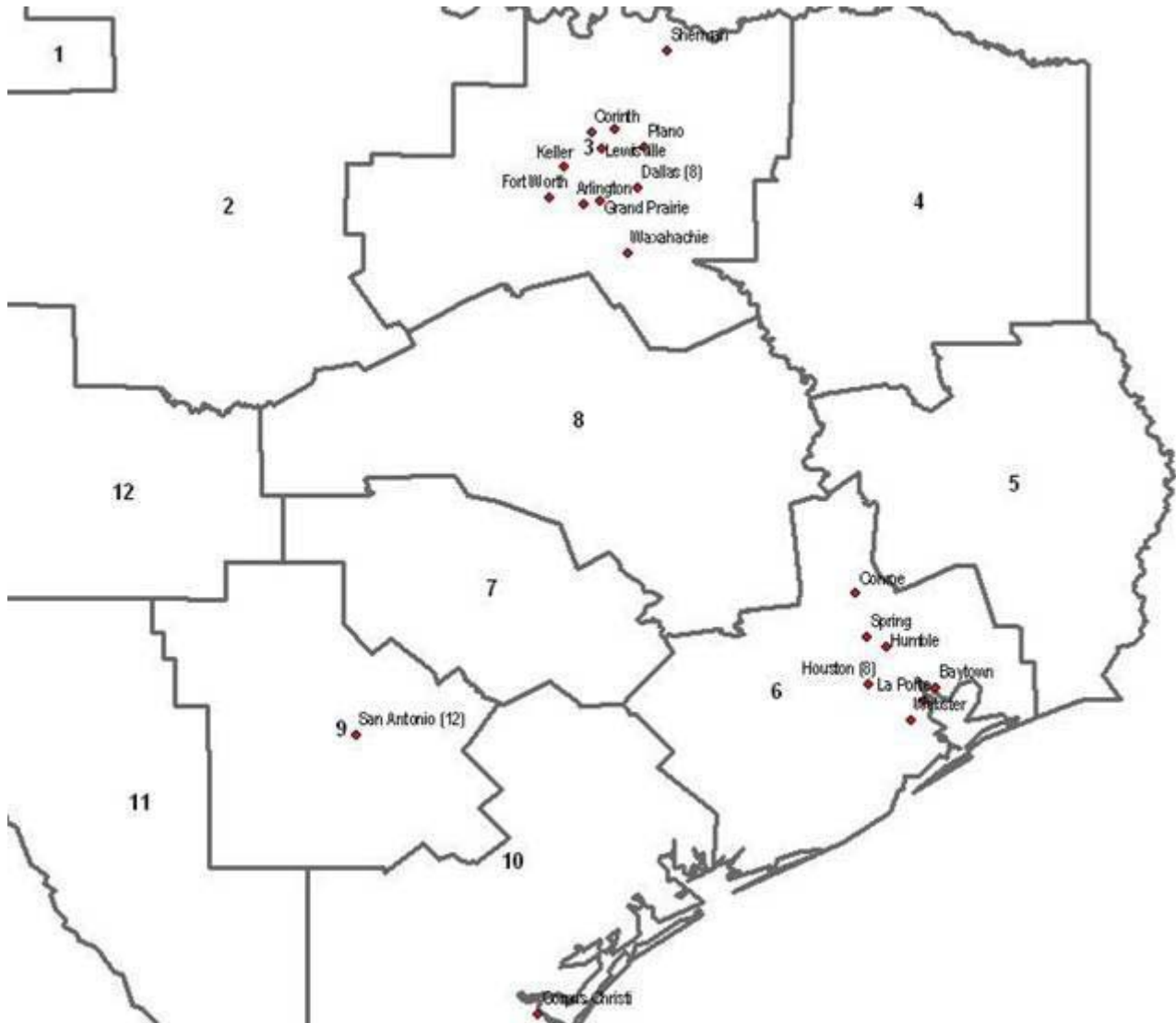


Figure 2.173 FY 2005 4% HTC Awards by Place



## DISTRIBUTION OF TDHCA HOUSING TAX CREDIT AWARDS (HTC) 2005

The following charts show the distribution of TDHCA's 4% and 9% HTC awards for 2005. The racial composition of each census tract containing 2005 HTC award units was compared with the racial composition of the county in which the tract is located. In addition, the income level of each census tract receiving an award was compared with the income level of the county in which the tract is located.

Awards were made within the following counties: Anderson, Angelina, Atascosa, Austin, Bell, Bexar, Blanco, Bosque, Brewster, Brown, Cameron, Collin, Dallas, Deaf Smith, Denton, El Paso, Grayson, Gregg, Hamilton, Harris, Harrison, Hays, Hidalgo, Hill, Jefferson, Jim Wells, Johnson, Kerr, LaSalle, Leon, McCulloch, Matagorda, Medina, Montgomery, Morris, Navarro, Nueces, Parker, Pecos, Potter, Presidio, Randall, Scurry, Shelby, Tarrant, Taylor, Tom Green, Travis, Walker, Wharton, Williamson, and Zapata.

### *Methodology*

#### **Racial Characteristics**

The percentage racial composition was delineated as follows: "White," "Hispanic," "Black," and "Other Race." Starting with Census 2000, the question on race asks respondents to report the race or races they consider themselves to be. For the purpose of this study:

- "White" represents persons who indicated that they were non-Hispanic and "White" only.
- "Black" represents person who indicated that they were non-Hispanic and "Black" only.
- "Other Race" population information was calculated by subtracting persons who indicated that they were "White Only" or "Black Only" from the reported non-Hispanic population total.
- The Census treats "Hispanic origin" and race as separate and distinct concepts with separate questions being asked on race and Hispanic origin. The question on Hispanic origin asks respondents if they are Spanish, Hispanic, or Latino. Thus, Hispanics may actually be of any race. However, due to significant observed differences in poverty and income levels between Hispanic and non-Hispanic populations, "Hispanic" was treated as a distinct "race" for this study.

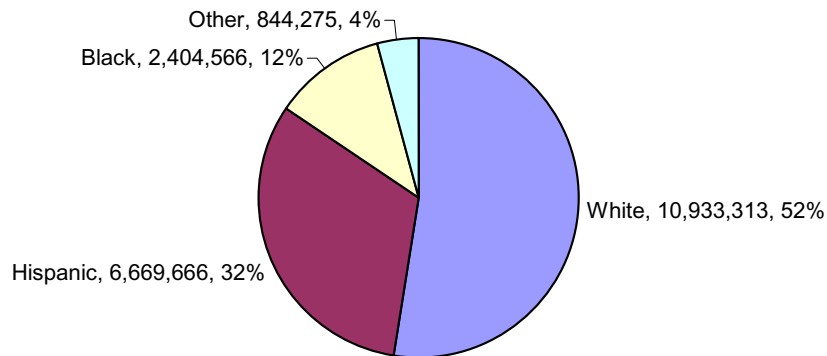
After determining which race comprised the largest percentage of the county's population, each census tract was categorized as a "Majority" or "Minority" tract. Majority tracts are those in which the race that comprised the highest percentage of the county population had an equal or greater percentage at the tract level. The "Majority" and "Minority" units in each county were then totaled to determine the percentage distribution. It should be noted that "White" was not always the majority county population. For example, in the San Antonio and El Paso areas, the Hispanic population comprised the majority county population.

#### **Income Characteristics**

The median family income (MFI) of each tract awarded units was compared with the low income threshold of the county containing those tracts. A county's low income threshold was calculated as 60 percent of the MFI for the county. That is, tracts with an MFI that is less than 60 percent of the county's MFI are considered low income tracts. Tracts with an MFI that is greater than or equal to 60 percent of the county's MFI are considered non-low income tracts.

**Figure 2.174: State Racial Distribution by Individuals, 2000**

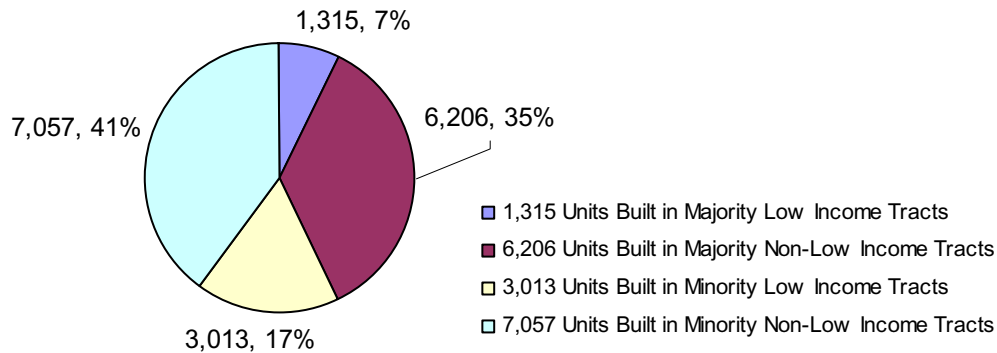
20,851,820 Total Individuals



Source: 2000 Census

**Figure 2.175: Total 2005 HTC Unit Distribution by Census Tract Racial Characteristics\***

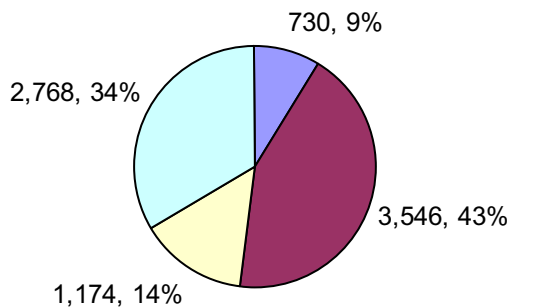
17,591 Total Units



- 1,315 Units Built in Majority Low Income Tracts
- 6,206 Units Built in Majority Non-Low Income Tracts
- 3,013 Units Built in Minority Low Income Tracts
- 7,057 Units Built in Minority Non-Low Income Tracts

**Figure 2.176 Total 2005 HTC 4% Unit Distribution by Census Tract Racial Characteristics\***

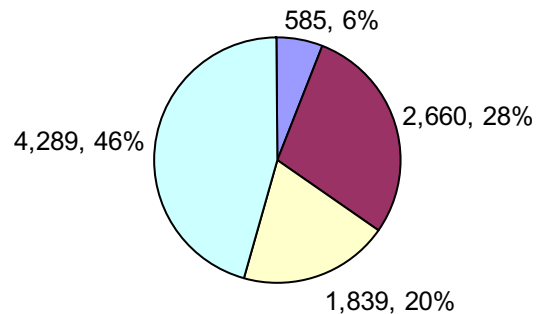
8,218 Total Units



- 730 Units Built in Majority Low Income Tracts
- 3,546 Units Built in Majority Non-Low Income Tracts
- 1,174 Units Built in Minority Low Income Tracts
- 2,768 Units Built in Minority Non-Low Income Tracts

**Figure 2.177 Total 2005 HTC 9% Unit Distribution by Census Tract Racial Characteristics\***

9,373 Total Units



- 585 Units Built in Majority Low Income Tracts
- 2,660 Units Built in Majority Non-Low Income Tracts
- 1,839 Units Built in Minority Low Income Tracts
- 4,289 Units Built in Minority Non-Low Income Tracts

\*Units built in majority tracts are those located in tracts in which the race that comprises the highest percentage of the county's population has a percentage that is equal to or greater than that of the county.

## EFFECT OF THE TWO TIMES PER CAPITA RULE

There are a number of conditions that affect an application site's eligibility for Housing Tax Credits. One of these conditions relates to the previous development of housing tax credits within a place or county. The specific requirement as stated in §2306.6703. Ineligibility for consideration is that an application will be ineligible if:

*"(4) the development is located in a municipality or, if located outside a municipality, a county that has more than twice the state average of units per capita supported by housing tax credits or private activity bonds, unless the applicant:*

*(A) has obtained prior approval of the development from the governing body of the appropriate municipality or county containing the development; and*

*(B) has included in the application a written statement of support from that governing body referencing this section and authorizing an allocation of housing tax credits for the development."*

As of the close of the State fiscal year on August 31, 2005, the following municipalities had more than twice the state average of units per capita supported by housing tax credits or private activity bonds. It should be noted that this list is subject to periodic revisions with changes in the HTC property inventory and in the population estimates used for the per capita calculation.

Alamo	Commerce	Grapeland	Martindale	Santa Rosa
Albany	Conroe	Greenville	Mathis	Seagoville
Alpine	Corinth	Groveton	McKinney	Seven Points
Alto	Cotulla	Hemphill	Meadows Place	Shepherd
Anthony	Crockett	Hempstead	Menard	Somerset
Azle	Dallas	Hereford	Mercedes	Somerville
Baird	Dayton	Hillsboro	Mount Vernon	Sonora
Balcones Heights	De Kalb	Hitchcock	Nacogdoches	Sour Lake
Bandera	Decatur	Hondo	Navasota	South Houston
Bastrop	Denton	Honey Grove	Normangee	Springtown
Bellville	DeSoto	Hubbard	Orange Grove	St. Jo
Big Sandy	Detroit	Hughes Springs	Ozona	Sweeny
Boerne	Dilley	Humble	Palacios	Tatum
Bogata	Donna	Ingleside	Palestine	Terrell
Brackettville	Dripping Springs	Jacinto City	Pearsall	Three Rivers
Brenham	Eastland	Jefferson	Pflugerville	Timpson
Brownwood	Edcouch	Jersey Village	Pittsburg	Tomball
Bryson	Edgewood	Joaquin	Port Arthur	Troup
Bullard	Eldorado	Johnson City	Port Isabel	Valley View
Burnet	Electra	Katy	Port Lavaca	Venus
Caldwell	Elgin	Keene	Prairie View	Waller
Calvert	Elkhart	Kirbyville	Queen City	Wallis
Cameron	Ennis	La Villa	Quinlan	Waxahachie
Carrizo Springs	Eules	Laguna Vista	Refugio	Webster
Castroville	Evant	Lake Dallas	Rhame	Willis
Cedar Park	Fort Stockton	Lancaster	Rio Hondo	Wills Point
Chandler	Fowlerton	Lexington	Rockport	Yantis
Cleburne	Frankston	Little Elm	Runge	
Cleveland	Fredericksburg	Livingston	Rusk	
Clifton	Georgetown	Llano	San Augustine	
Clint	Godley	Lone Star	San Marcos	
Coldspring	Goliad	Madisonville	Sanger	
Colorado City	Grandview	Marble Falls	Santa Anna	



## Annual Report

### Distribution of Housing Tax Credits

Of the 1,510 municipalities in Texas, 159 (10.5 percent) had more than twice the per capita number of units. Of the 159 municipalities listed, 128 are rural (11 percent of rural municipalities) and 31 are urban/exurban (9 percent of urban/exurban municipalities).

The following counties had more than twice the state average of units per capita supported by housing tax credits or private activity bonds: Armstrong, Crockett, Deaf Smith, La Salle, Sutton, and Waller.

Figure 2.178 provides the funding distribution of FY 2005 awards by region. The table shows that there were only minor differences in the targeted 9% HTC distribution under the RAF and the actual HTC distribution. Again, as was the case with the maps, it is clear that the 4% HTCs have a limited geographic distribution.

**Figure 2.178 FY 2005 HTC Awards by Region**

Region	All HTCs	% of All HTCs	4% HTCs	% of 4% HTCs	9% HTCs	% of 9% HTCs	Targeted 9% Distribution Under RAF	Difference b/w Actual and Targeted
1	2,362,621	3.1%	-	0.0%	2,362,621	5.2%	4.3%	0.9%
2	1,197,121	1.6%	-	0.0%	1,197,121	2.6%	2.8%	-0.2%
3	19,886,303	26.1%	10,793,369	34.9%	9,092,934	20.1%	18.4%	1.7%
4	2,125,779	2.8%	-	0.0%	2,125,779	4.7%	5.0%	-0.3%
5	2,998,167	3.9%	1,740,623	5.6%	1,257,544	2.8%	3.0%	-0.2%
6	18,157,634	23.8%	8,643,019	27.9%	9,514,615	21.0%	19.5%	1.5%
7	2,386,712	3.1%	-	0.0%	2,386,712	5.3%	7.0%	-1.7%
8	2,387,912	3.1%	-	0.0%	2,387,912	5.3%	6.0%	-0.7%
9	13,212,214	17.3%	9,206,516	29.7%	4,005,698	8.9%	8.1%	0.8%
10	2,693,846	3.5%	585,999	1.9%	2,107,847	4.7%	5.0%	-0.3%
11	4,799,629	6.3%	-	0.0%	4,799,629	10.6%	12.9%	-2.3%
12	1,152,497	1.5%	-	0.0%	1,152,497	2.5%	3.0%	-0.5%
13	2,827,565	3.7%	-	0.0%	2,827,565	6.3%	5.2%	1.1%
Total	76,188,000	100.0%	30,969,526	100.0%	45,218,474	100.0%	100.0%	0.0%

## **SECTION 3: HOUSING ANALYSIS**

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

### **DATA SOURCES AND LIMITATIONS**

The information provided in this section should be considered within the context of its limitations. The Department recognizes that an undistorted assessment of housing need can be found only at the local level based on the direct experience of local households. The following issues should be considered when reviewing the information contained in this report:

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

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

The CHAS database classifies households into five relative income categories based on reported household income, the number of people in the household, and geographic location. These income categories are used to reflect income limits that define eligibility for HUD's major assistance programs, as well as for other housing programs, such as the Housing Tax Credit Program. Households are classified into income groups by comparing reported household income to HUD-Adjusted Median Family Income (HAMFI). The income limits are calculated by household size for each metropolitan area and non-metropolitan county in the United States and its territories. They are based on HUD estimates of median family income with several adjustments as required by statute. The income classifications are extremely low income, very low income, low income, moderate income, and above 95 percent of HAMFI.<sup>1</sup>

The income limits for metropolitan areas may not be less than limits based on the state non-metropolitan median family income level and must be adjusted accordingly. Income limits must be also adjusted for family size and may be adjusted for areas with unusually high or low family income or housing-cost-to-income relationships.

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<sup>1</sup> The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.

## *Housing Analysis*

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### *Data Sources and Limitations*

Unit affordability compares housing cost to local area HAMFI. Affordable units are defined as units for which a household would pay no more than 30 percent of its income for rent and no more than two and one-half times its annual income to purchase. Since HUD's adjusted median family incomes are estimated for a family of four, affordability levels are also adjusted to control for various-sized units based on the number of people that could occupy a unit without overcrowding. This adjustment is made by multiplying the threshold described above by 75 percent for a 0–1 bedroom unit, 90 percent for a two bedroom unit, and 104 percent for a 3+ bedroom unit.

Homeless figures are taken from 2000 Census group quarters population and type tables, contained in Census 2000 Summary File 1. Group quarters type designations include institutional quarters, which include correctional facilities, hospitals, and juvenile institutions, as well as noninstitutional quarters, which include military quarters, group homes, dormitories, and other situations. Based on the Definitions of Subject Characteristics contained in the Technical Documentation for *Summary File 1: 2000 Census of Population and Housing* published by the US Census Bureau, TDHCA has elected to use “other noninstitutional group quarters” and “other nonhousehold living situations” census figures to represent the homeless population in each region. “Other noninstitutional group quarters” counts individuals in shelters for abused women, soup kitchens, mobile food vans, and other targeted nonsheltered outdoor locations where there is evidence of human occupation. “Other nonhousehold living situations” counts individuals with no usual home residing in hostels and YMCAs who were not counted in other tabulations.

The US Census also completed a special tabulation, Emergency and Transitional Shelter Population: 2000, based on metropolitan areas with 100 or more people in emergency and transitional shelters. It must be noted that this data only refers to metropolitan areas with 100 or more people in shelters, so is not a comprehensive picture of the total population living in shelters. In the region sections of this document, if the Census counted individuals living in emergency shelters in a metropolitan area that is located in the region, those figures are provided.

It must be emphasized that the regional estimates of the homeless populations are not comprehensive. The various definitions of homeless and methods in counting the homelessness make definitive tabulations difficult. The Texas Interagency Council for the Homeless estimates that about 200,000 people, or 1 percent of the state's population, are homeless.<sup>2</sup> The Census figures for individuals living in “other noninstitutional group quarters” and “other nonhousehold living situations” count only 28,377 individuals statewide.

The needs assessment data is augmented with additional information from the perspective of local officials, where available. In 2004, there was a series of Regional Advisory Committee (RAC) meetings held across the state to address regional planning issues. In March 2003, TDHCA conducted the 2003 State of Texas Community Needs Survey. This survey was designed to provide a better understanding of housing and community development needs, issues, and problems at the state, regional, and local levels. The survey gave local officials, who are most familiar with the unique characteristics of their communities, a voice in determining how Texas's affordable housing, supportive service, and community development needs can be most effectively addressed. TDHCA plans to conduct a new survey in 2006.

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<sup>2</sup> Texas Interagency Council for the Homeless, “Key Facts,” <http://www.tich.state.tx.us/facts.htm> (accessed August 18, 2005).

## STATE OF TEXAS

The state level housing analysis includes information on demographics, special needs populations, and affordable housing need indicators. Department plans reflect this statewide information as well as the consideration of affordable housing assistance from various sources.

### DEMOGRAPHIC CHARACTERISTICS

Texas is one of the fastest growing states in the nation. According to recent Census data, Texas population expanded by nearly a quarter (22.8 percent) between 1990 and 2000, far exceeding the national growth average of 13.2 percent for the same decade. The increase in state population by 3,865,310 persons was the largest of any decade in Texas history. More than one of every nine persons added to the population of the United States in the 1990s was added in Texas.<sup>3</sup>

#### *Projected Population Change and Implications for Housing Need*

Looking at long-term demographic projections, it is clear that the demand for affordable and subsidized housing will increase in the coming years.

- The present state population of 20.9 million is expected to surge to 50.4 million by 2040.
- The Anglo population will account for only 3.9 percent of net population growth from 2000 to 2040, meaning that more than 96 percent of the total net increase in Texas population between 2000 and 2040 will be due to the non-Anglo population.
- Anglo population is expected to grow by 10.4 percent between 2000 and 2040, while blacks are expected to increase by 65.0 percent and Hispanics by 348.7 percent.
- The population is becoming older: the median age will increase from 32.3 in 2000 to 38.3 in 2040. The percentage of the population that was 65 or older was 9.9 percent in 2000 but will increase to 20 percent by 2040.
- Growth in the number of households, projected at 162.1 percent over the period 2000-2040, will outstrip population growth: 142.6 percent during the same period.

Expected housing demand is directly linked to projected changes in population characteristics. The current ethnic shift is significant because of the substantial differences between the races in terms of income level. The absolute difference in median household income between Anglos and Blacks was \$13,602 in 1989, but \$17,857 in 1999; and the Anglo-Hispanic difference was \$12,242 in 1989, but \$17,289 in 1999. Similarly, the poverty rates of 23.4 percent for Blacks and 25.4 percent for Hispanics were still roughly three times as high as the 7.8 percent of persons in poverty among Anglos. Because of these disparities, households in Texas will become poorer over the coming decades unless the relationship between ethnicity and income somehow changes.<sup>4</sup>

A correlation also exists between income and age. According to the 2000 Census, 13.1 percent of Texans age 65 and older live below the poverty level. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing. Approximately 30 percent of all elderly households spend more than 30 percent of their income on housing, while 14 percent spend more than 50 percent of their

<sup>3</sup> Information for the Housing Analysis comes from the 2000 US Census except where noted otherwise.

<sup>4</sup> Texas A&M University, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of the Population Change for the Future of Texas*, by Steve H. Murdock, Steve White, Md. Nazrul Hoque, Beverly Pecotte, Xiuhong You, and Jennifer Balkan (College Station, TX: Department of Rural Sociology, December 2002).

## *Housing Analysis*

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### *State of Texas*

income on housing. These statistics take on new urgency when considered alongside the anticipated upsurge in the state's elderly population.

Not only will the demographics of the population be changing, but so will its needs. The faster growth in number of households than in total population is a reflection of the large number of non-Anglos who will enter household-formation ages during this time period. More young families mean an increased demand for housing.<sup>5</sup>

### ***Poverty and Income***

According to the 2000 Census, Texas has the eighth highest overall poverty rate in the nation, with a rate of 15.4 percent compared to the national rate of 12.4 percent. Poverty conditions along the Texas-Mexico border warrant special attention. Parts of the region, like McAllen-Edinburg-Mission, suffer from an unemployment rate double that of the state's (12 percent vs. 6.1 percent) and less than half of state's per capita income average. Fifteen counties along the border have a poverty rate of at least 25 percent, almost double the national average. Conditions are particularly acute in the colonias, unincorporated areas along the Texas-Mexico border lacking infrastructure and decent housing. It is estimated that 43 percent of colonia residents live below the poverty level.

The poverty rate for all family households in Texas, different from the overall poverty rate, is expected to increase from the 2000 figure of 11.4 percent to 15.4 percent by 2040.<sup>6</sup> The primary reasons for this are the rapid growth of present minority populations and the dominance in the economy of low-paying, particularly service-industry, jobs.<sup>7</sup> While manufacturing and mining continue to decline, Texas ranked third in the nation in 2003 for service industry job creation. In 2002 the top two most common jobs in Texas were retail salesperson and cashier. Of course, these occupations are not high-paying. According to US Bureau of Labor Statistics data, eight of the top ten most common jobs in Texas earn incomes that fall at least \$10,000 below the state median income of \$33,770. Considering this fact, the existing income imbalance is clear.

Many families who rely on these low-wage occupations for a living find it difficult to cover all essential expenses. According to a study by the Center for Public Policy Priorities, "a significant proportion of families throughout the state struggle paycheck-to-paycheck to make ends meet." The study examined a typical family's fundamental expenses, such as housing, food, child care, medical costs, transportation, taxes, etc., and compared the total bill to typical wages earned in the 27 Texas Metropolitan Statistical Areas. The study asserts that a family of four in Texas requires a household hourly income of \$18 to \$22 per hour (depending on the metro area in which the family lives) to simply meet its most basic needs. In a majority of Texas metro areas, however, half of the total employment is in occupations with a median wage under \$10 per hour.<sup>8</sup>

Furthermore, expected economic growth will not necessarily lift the lowest income groups. The Texas Comptroller's Economic Update predicts that the fastest growing sector of the state economy over the

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<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas* (Austin, TX: Center for Public Policy Priorities, September 2002).

<sup>8</sup> Ibid.

next decade will be largely in industries requiring specialized education and skills. These industries include high tech communications, engineering, and research. While this progress may buoy state growth figures, it is unlikely to raise many low income families, who may not have the necessary education or training, from their current positions.

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

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

Figure 3.1: Households by Income Group in Texas, 2000

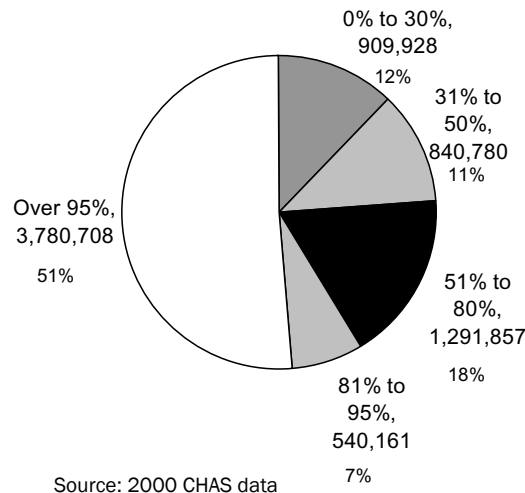


Figure 3.1 indicates the 2000 distribution of households by income group across Texas by number and percentage. A total of 41 percent of all households are in the low income range (0 to 80 percent of HAMFI). Meeting the needs of this large portion of the state’s households is TDHCA’s primary focus.

### AFFORDABLE HOUSING NEED

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

Figure 3.2: Households with Housing Need by Income Group

		Renter Households			Owner Households		
		At Least One Problem	Total Households	Percent with At Least One Problem	At Least One Problem	Total Households	Percent with At Least One Problem
0-30% AMFI	Elderly Households	59,065	95,130	62.1%	100,876	151,597	66.5%
	Small Related	162,308	204,534	79.4%	76,492	102,443	74.7%
	Large Related	63,879	69,467	92.0%	39,256	44,325	88.6%
	Other Households	133,429	183,124	72.9%	39,368	59,120	66.6%
	<b>Total Households</b>	<b>418,681</b>	<b>552,255</b>	<b>75.8%</b>	<b>255,992</b>	<b>357,485</b>	<b>71.6%</b>
31-50% AMFI	Elderly Households	36,578	61,305	59.7%	62,920	168,088	37.4%
	Small Related	133,605	180,725	73.9%	79,006	240,138	32.9%
	Large Related	58,132	67,274	86.4%	53,907	104,329	51.7%
	Other Households	102,090	127,074	80.3%	24,401	68,290	35.7%
	<b>Total Households</b>	<b>330,405</b>	<b>436,378</b>	<b>75.7%</b>	<b>220,234</b>	<b>406,282</b>	<b>54.2%</b>
51-80% AMFI	Elderly Households	19,934	47,527	41.9%	41,173	210,720	19.5%
	Small Related	98,014	250,309	39.2%	121,204	282,336	42.9%
	Large Related	57,987	81,881	70.8%	81,842	132,264	61.9%
	Other Households	79,147	210,629	37.6%	35,978	79,867	45.0%
	<b>Total Households</b>	<b>255,082</b>	<b>590,346</b>	<b>43.2%</b>	<b>280,197</b>	<b>705,187</b>	<b>39.7%</b>
81-95% AMFI	Elderly Households	3,638	13,761	26.4%	9,883	78,918	12.5%
	Small Related	18,310	91,694	20.0%	40,150	147,881	27.2%
	Large Related	14,142	24,917	56.8%	25,542	53,828	47.5%
	Other Households	11,784	90,223	13.1%	14,049	40,543	34.7%
	<b>Total Households</b>	<b>47,874</b>	<b>220,595</b>	<b>21.7%</b>	<b>89,624</b>	<b>321,170</b>	<b>27.9%</b>
More Than 95% AMFI	Elderly Households	8,169	54,143	15.1%	23,454	497,428	4.7%
	Small Related	43,853	400,026	11.0%	131,939	1,749,473	7.5%
	Large Related	35,490	74,662	47.5%	92,229	360,855	25.6%
	Other Households	17,060	338,469	5.0%	34,919	303,446	11.5%
	<b>Total Households</b>	<b>104,572</b>	<b>867,300</b>	<b>12.1%</b>	<b>282,541</b>	<b>2,911,202</b>	<b>9.7%</b>
Total Households	Elderly Households	127,384	399,250	31.9%	238,306	1,345,057	17.7%
	Small Related	456,090	1,583,378	28.8%	448,791	2,971,062	15.1%
	Large Related	229,630	547,831	41.9%	292,776	988,377	29.6%
	Other Households	343,510	1,293,029	26.6%	148,715	699,981	21.2%
	<b>Total Households</b>	<b>1,156,614</b>	<b>3,823,488</b>	<b>30.3%</b>	<b>1,128,588</b>	<b>5,829,914</b>	<b>19.4%</b>

Source: 2000 CHAS data

**Physical Inadequacy (Lack of Kitchen and Plumbing Facilities)**

The measure of physical inadequacy available from the CHAS database tabulation of the 2000 Census is the number of units lacking complete kitchen and/or plumbing facilities. While this is not a complete measure of physical inadequacy, the lack of plumbing and/or kitchen facilities can serve as a strong indication of one type of housing inadequacy. Figure 3.3 demonstrates that among the physically inadequate housing units for households under 80 percent of HAMFI, 44 percent are affordable to extremely low income households.

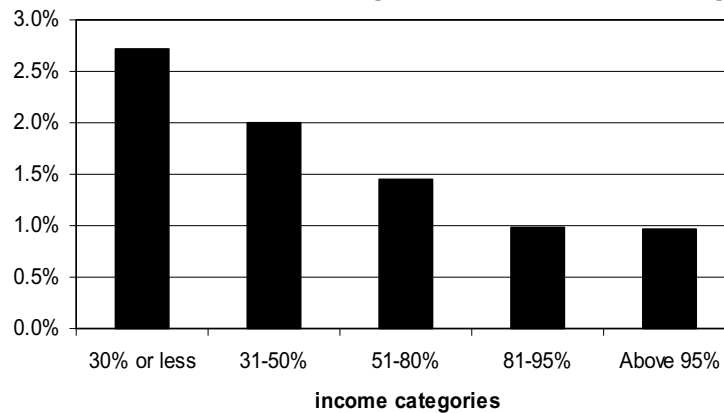
**Figure 3.3: Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000**

	Number	Percent
0% to 30%	25,817	44%
31% to 50%	15,907	27%
51% to 80%	16,341	28%
<b>Total</b>	<b>58,065</b>	<b>100%</b>

Source: 2000 CHAS data

Slightly more than 1 percent of all renter households in Texas lack complete kitchen or plumbing facilities. The following table shows the distribution of this problem by income group. Households in the lowest income group, less than 30 percent HAMFI, have the highest incidence of physically inadequate housing.

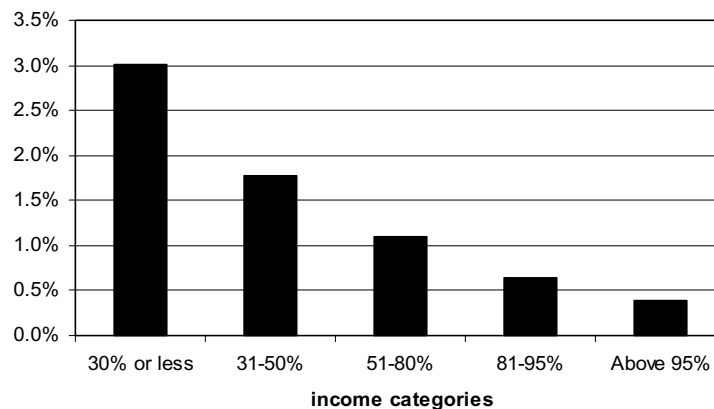
**Figure 3.4: Renter-Occupied Units Lacking Complete Kitchen/Plumbing by Percent**



Source: 2000 CHAS data

As is the case with renter households, inadequate kitchen and plumbing is a greater problem for the lowest income categories of owner households. A full 3 percent of owner households earning below 30 percent HAMFI lack full kitchen or plumbing facilities.

**Figure 3.5: Owner-Occupied Units Lacking Complete Plumbing/Kitchen by Percent**



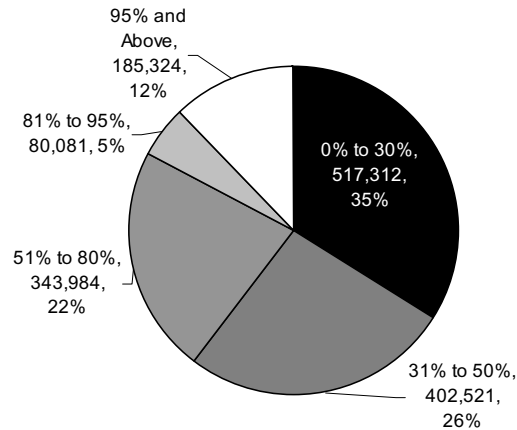
Source: 2000 CHAS data



**Excess Housing Cost Burden**

An excess cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. When so much is spent on housing, other basic household needs may suffer. Figure 3.6 shows the number and percentage of households with excess housing cost burden by income group.

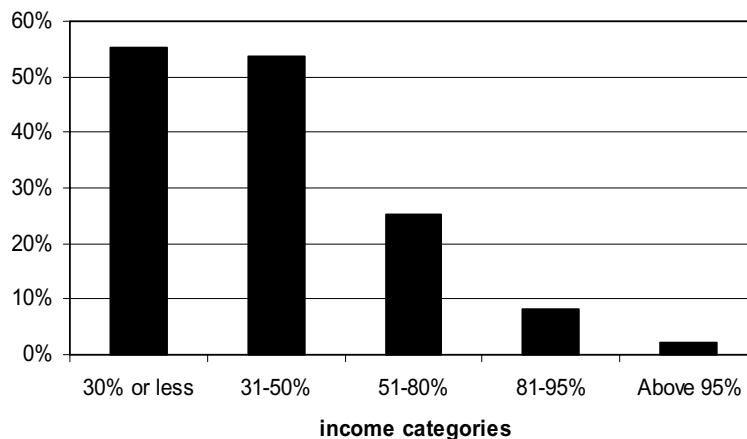
**Figure 3.6: Excess Housing Cost Burden by Income Group, 2000**



Source: 2000 CHAS Data

As the following graph shows, a majority of renter households in the lowest two income categories, totaling more than 540,000 households, is burdened by paying an excess portion of income toward housing. This is much greater than in the highest income category, above 95 percent HAMFI, where only 2.2 percent of households experience the problem.

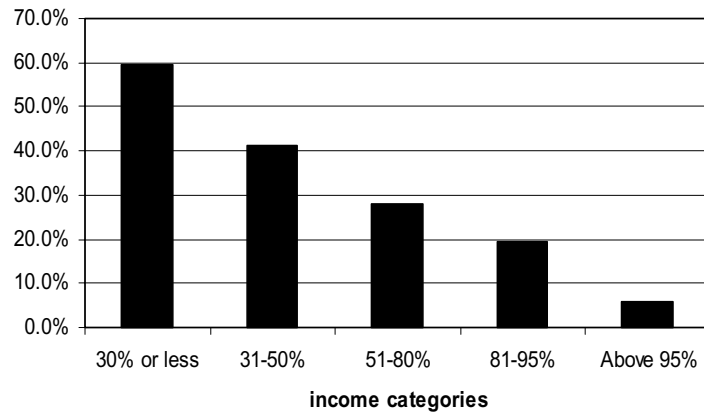
**Figure 3.7: Renter Households with Excess Housing Cost Burden (>30% of Income) by percent**



Source: 2000 CHAS data

As shown in the following graph, excess housing cost burden affects 59.3 percent of owner households in the lowest income category. This figure, representing a majority, is much higher than the 5.7 percent of households affected in the highest income category. The graph illustrates the direct correlation between owner income category and a owner household’s likelihood of experiencing this problem.

Figure 3.8: Owner Households with Excess Housing Cost Burden (>30% of Income) by percent

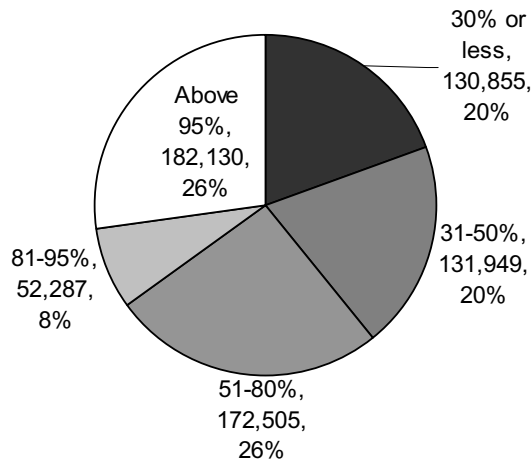


Source: 2000 CHAS data

**Overcrowding**

Overcrowded housing conditions occur when a residence accommodates more than one person per room. Overcrowding may indicate a general lack of affordable housing in a community where households have been forced to share space, either because other housing units are not available or because the units available are too expensive. Figure 3.9 shows the incidence of overcrowded households by income group.

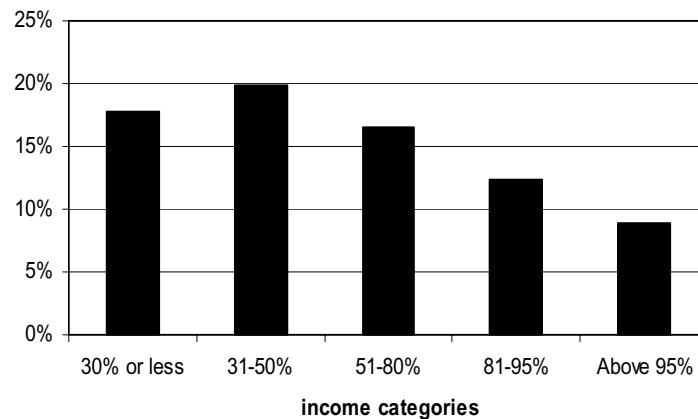
Figure 3.9: Overcrowded Households by Income Group, 2000



Source: 2000 CHAS Database

Lower income renter households experience overcrowded conditions more frequently than higher income households. Almost 18 percent of renter households in the extremely low income category and 19.9 percent of renter households in the low income category are afflicted by overcrowding.

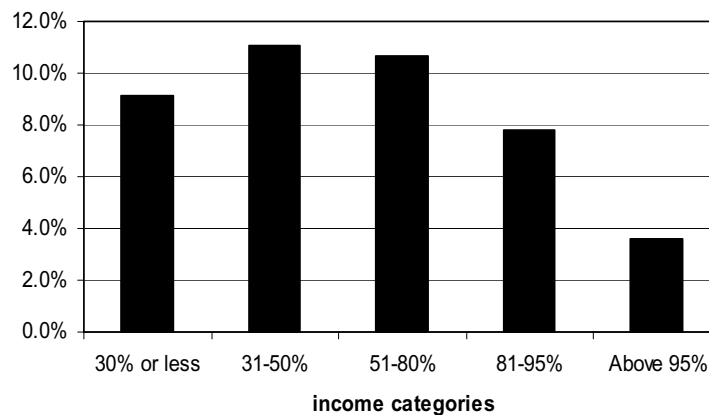
Figure 3.10: Renter Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

Lower income owner households also experience overcrowded conditions more frequently than higher income owner households. More than 21 percent of owner households earning less than 50 percent HAMFI live in overcrowded conditions compared to 11.4 percent of owner households over 80 percent HAMFI.

Figure 3.11: Owner Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

### Housing Availability and Affordability

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. Because higher income households often reside in units that could be affordable to the lowest income households, there are fewer units available at a cost that is affordable to lower income households. For example, as shown in Figure 3.12, 1.4 million households that have incomes greater than 80 percent AMFI occupy units that would be affordable to households at 0-50 percent AMFI. Households in this category can afford units in any of the defined affordability categories. Therefore, non-low income households often limit the supply of affordable housing units available to low income households.

Figure 3.12 describes the housing market interaction of various income groups and housing costs. The table shows the income classifications of the occupants of housing units. The table also illustrates the housing market mismatch between housing units and income groups. For example, very low income households (0-50 percent of HAMFI) account for only about one-third of all the occupants of housing that is affordable to them. All low income households (0-80 percent of HAMFI) make up only 48 percent of all households occupying housing affordable to them. This table illustrates housing market mismatches as well as an implicit excessive cost burden for those households that are residing in units beyond their affordability category.

**Figure 3.12**  
**Occupied Affordable Housing Units by Income Group of Occupant, 2000**  
*by percentage of HAMFI*

<b>Number of Renter units</b>	<b>Total</b>	<b>50% or less</b>	<b>51-80%</b>	<b>Above 80%</b>
Affordable to 0-50% HAMFI	1,112,083	588,198	246,476	277,409
Affordable to 51-80% HAMFI	1,245,842	346,703	301,491	597,648
Affordable to >80% HAMFI	305,135	52,391	41,485	211,259

<b>Percent of Renter units</b>	<b>Total</b>	<b>50% or less</b>	<b>51-80%</b>	<b>Above 80%</b>
Affordable to 0-50% HAMFI	100.0%	52.9%	22.2%	24.9%
Affordable to 51-80% HAMFI	100.0%	27.8%	24.2%	48.0%
Affordable to >80% HAMFI	100.0%	17.2%	13.6%	69.2%

<b>Number of Owner units</b>	<b>Total</b>	<b>50% or less</b>	<b>51-80%</b>	<b>Above 80%</b>
Affordable to 0-50% HAMFI	2,099,253	549,469	458,002	1,091,782
Affordable to 51-80% HAMFI	1,331,792	136,016	165,496	1,030,280
Affordable to >80% HAMFI	1,266,738	78,725	81,390	1,106,623

<b>Percent of Owner units</b>	<b>Total</b>	<b>50% or less</b>	<b>51-80%</b>	<b>Above 80%</b>
Affordable to 0-50% HAMFI	100.0%	26.2%	21.8%	52.0%
Affordable to 51-80% HAMFI	100.0%	10.2%	12.4%	77.4%
Affordable to >80% HAMFI	100.0%	6.2%	6.4%	87.4%

<b>Number of Total units</b>	<b>Total</b>	<b>50% or less</b>	<b>51-80%</b>	<b>Above 80%</b>
Affordable to 0-50% HAMFI	3,211,336	1,137,667	704,478	1,369,191
Affordable to 51-80% HAMFI	2,577,634	482,719	466,987	1,627,928
Affordable to >80% HAMFI	1,571,873	131,116	122,875	1,317,882

<b>Percent of Total units</b>	<b>Total</b>	<b>50% or less</b>	<b>51-80%</b>	<b>Above 80%</b>
Affordable to 0-50% HAMFI	100.0%	35.4%	21.9%	42.6%
Affordable to 51-80% HAMFI	100.0%	18.7%	18.1%	63.2%
Affordable to >80% HAMFI	100.0%	8.3%	7.8%	83.8%

Source: 2000 CHAS data

### ***Local Perception***

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

### **Regional Advisory Committees**

In 2004 there was a series of Regional Advisory Committee (RAC) meetings held across the state to address regional planning issues. Each RAC meeting was advertised, coordinated, and facilitated by a Regional Development Coordinator (RDC). The statewide network of RDCs is part of a joint planning effort between 11 councils of governments and TDHCA. TDHCA works with an RDC in each service region to facilitate the RAC meetings, provide technical assistance, gather data on regional housing needs and resources, and help build the region's network of housing organizations.

Rather than trying to identify and address all regional housing issues, this year's RAC meetings focused on gathering additional information on the most prevalent issues identified last year. Additionally, slightly more emphasis was placed on discussing issues over which TDHCA and the COGs have some control. The following four topics were recommended by TDHCA for discussion at the meetings: communication, populations with special needs, funding distribution, and education. The regional plans discuss the RAC meetings in greater detail.

### **State of Texas Community Needs Survey**

In March 2003, TDHCA distributed over 2,000 copies of the Community Needs Survey (CNS) to cities, counties, local housing departments, public housing authorities, and US Department of Agriculture Rural Development field offices. Local community action agencies were also contacted for their expertise on homeless issues and other community development topics. For TDHCA, the survey represents the opportunity to gather local input on housing needs, preferences, and regional characteristics. Information from the survey is also used as a primary component of the Affordable Housing Needs Score (AHNS), the location score in several housing program funding applications.

Approximately 78 percent of Community Needs Survey respondents feel that there is a severe or significant affordable housing problem in their area.<sup>9</sup> There is a slight preference statewide for owner-occupied housing assistance over rental assistance. Among the owner-occupied assistance activities, renovation is ranked highest in importance, followed by purchase assistance and new housing development. New rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance. The regional results from the CNS are incorporated into the regional plans. A final report on the survey, *Report on the 2003 State of Texas Community Needs Survey*, is available from the Division of Policy and Public Affairs.

## **STATE HOUSING SUPPLY**

The 2000 US Census reported 8.2 million housing units in Texas, of which 90.6 percent are occupied. The number of housing units increased 16 percent from 7.0 million units that were on the ground in 1990. The breakdown of occupied units by type is 4.7 million owner occupied (a 28 percent increase over 1990) and 2.8 million renter occupied (a 13 percent increase over 1990). The average household size for

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<sup>9</sup> The response rate for the 2003 CNS was 37 percent.

owner-occupied units increased to 2.87 persons per unit in 2000 as compared to 2.85 units in 1990. The average household size for renter units decreased slightly to 2.53 persons per unit in 2000 as compared to 2.55 units in 1990.

There is a shortage of affordable housing in the extremely low, very low, low, and moderate income brackets. This is primarily caused by the private sector’s concentration of development, both single family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families. The explosive growth of the metropolitan areas as well as the lack of new construction during the late 1980s and early 1990s created a huge demand for housing at all income levels. Due to higher margins associated with housing product targeted for the higher income population, developers focused production to fill the demand at the upper-end of the income spectrum.

A significant portion of Texas’s affordable housing portfolio consists of HUD-financed or HUD-subsidized properties—many of which are at risk of becoming market rate properties. The most serious of the “at-risk” portfolios is the project-based Section 8 portfolio. The critical nature of this portfolio stems from the number of units in the portfolio and the income segment served. This portfolio contains approximately 49,000 units of deeply subsidized units. Roughly 21,000 of these units (44 percent of the portfolio) are classified as “opt-out” eligible. Another 10,000 units are “marginal” opt-out candidates based on rents fairly close to market rents. The remaining units are classified as restructuring candidates that may or may not enter HUD’s Mark-to-Market Program.

Almost 67 percent of the housing units in Texas are single family units, 14 percent are multifamily up to 19 units, and 10 percent are within multifamily structures with 20 units or more. An additional 9.4 percent are mobile homes, RVs, or boats.

**Figure 3.13: Housing Type, 2000**

	Total	Percent
Housing Units	8,157,575	
One Unit	5,420,910	66.50%
2 to 19 Units	1,151,599	14.10%
Over 20 Units	819,101	10.00%
Mobile Homes	731,652	9.00%
Boats, RVs	34,313	0.40%

Source: 2000 US Census

### ***Assisted Housing Inventory***

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

TDHCA data includes multifamily developments awarded up until the end of FY 2005, so all units included in the total have not yet been built. Additionally, the TDHCA unit total only includes those units that have income restrictions, and does not include market-rate units that are available in some developments.

HUD unit data was obtained from HUD's March 2003 report, "Multifamily Inventory of Units for the Elderly and Persons and Disabilities," available at <http://www.hud.gov/offices/hsg/mfh/hto/state/tx.pdf>. Though this report specifically references units available to the elderly and persons with disabilities, the report also appears to contain information on family properties. Please note, however, that this may not be a current inventory of all HUD units, and that there may be double counting with units financed through other programs, including public housing. The total assisted units in each property are included.

Information on PHA units and Section 8 Housing Choice Vouchers were obtained directly from HUD staff by TDHCA in October 2005, and is assumed to be current up to that date. TDHCA Section 8 vouchers are also included in this figure. USDA unit data was also obtained directly from USDA staff in October 2005, and is assumed to be current up to that date. All PHA units, Section 8 units, and USDA units are included in the total.

HFC data, including Texas State Affordable Housing Corporation data, was obtained from the Housing Finance Corporation Annual Report that HFCs are required to submit to TDHCA annually. The figure describes the total units financed by the HFCs through June 2005, and does not specify assisted units, so these unit totals will also include market-rate units in the area. Because the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final state total.

**Figure 3.14: State Assisted Multifamily Units**

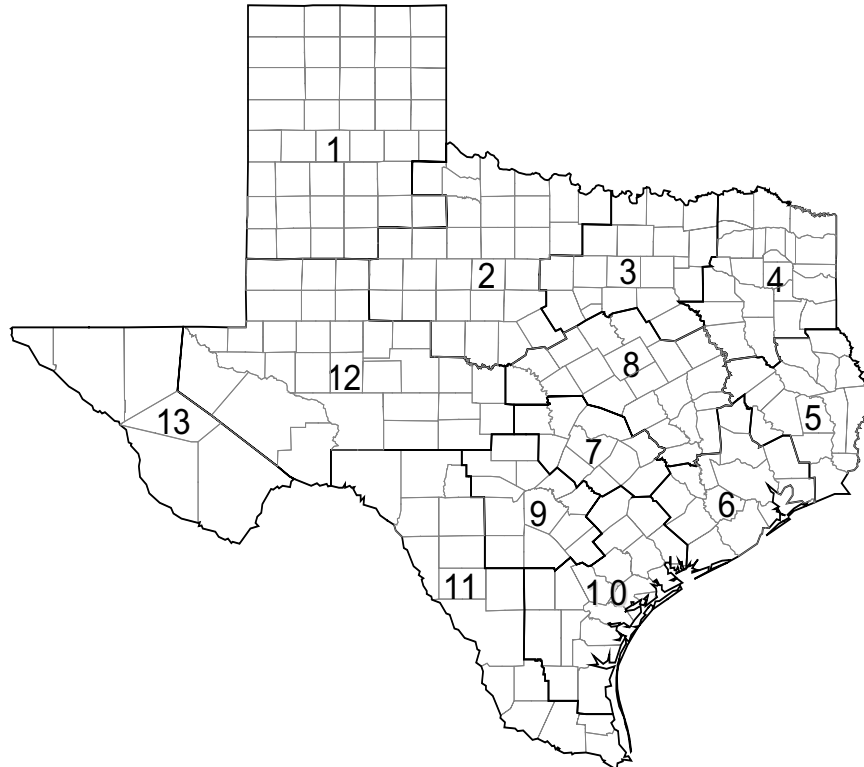
	State Total	Percent of State Inventory
TDHCA Units	170,766	38.1 %
HUD Units	57,372	12.8%
PHA Units	59,431	13.3%
Section 8 Vouchers	133,944	29.9%
USDA Units	26,183	5.8%
HFC Units*	93,176	N/A
Total	447,696	100%

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

## UNIFORM STATE SERVICE REGIONS

The Department uses 13 Uniform State Service Regions for research and planning purposes. These regions follow the Texas Comptroller of Public Accounts' grouping that creates 13 regions to better identify the unique characteristics of the border counties and to treat larger metropolitan areas as distinct regions. The Uniform State Service Regions are shown below.

Figure 3.15: Map of the Uniform State Service Regions



The size and diversity of the state of Texas necessitates tailored regional sections. Each of the following Uniform State Service Region plans includes a general demographic description, which uses US Census housing data; a needs assessment, which examines housing problems in the area; an estimate of the existing housing supply; local input into the housing needs of the region; an estimate of the number of assisted multifamily units available, and the Department's resource allocation plans for the year.



# Housing Analysis

## Uniform State Service Regions

### REGION 1

This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. According to the 2000 Census, the total population in Region 1 is 780,733, which represents 3.7 percent of the state's total population.

Region 1

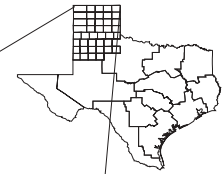


Figure 3.16: Region 1 Population Figures

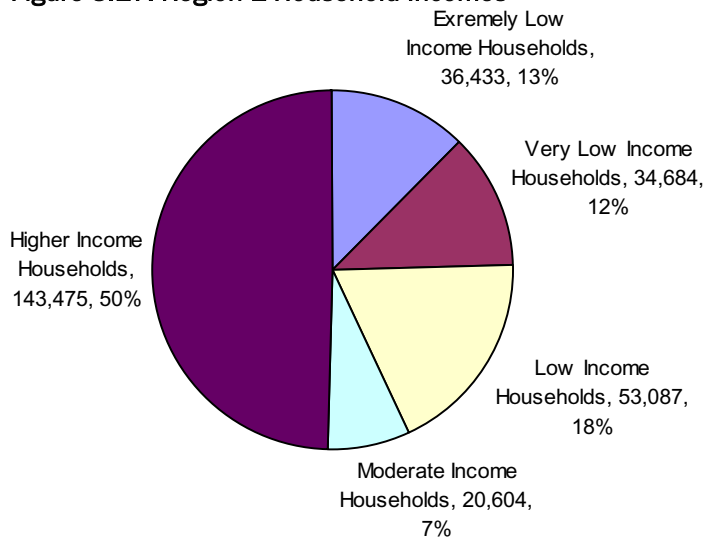
	Region Total	Percent in Region	Percent of State Total
Total Population	780,733		3.7%
Persons with Disabilities	138,520	17.7%	3.8%
Elderly Persons (without disabilities)	50,862	6.5%	4.7%
Individuals in Poverty	122,991	15.8%	3.9%

Source: 2000 Census

Dallam	Sherman	Hansford	Ochiltree	Lipscomb	
Hartley	Moore	Hutchinson	Roberts	Hemphill	
Oldham	Potter <b>Amarillo</b>	Carson	Gray	Wheeler	
Deaf Smith	Randall	Armstrong	Donley	Collingsworth	
Parmer	Castro	Swisher	Briscoe	Hall	Childress
Bailey	Lamb	Hale	Floyd	Motley	
Cochran	Hockley	Lubbock <b>Lubbock</b>	Crosby	Dickens	King
Yoakum	Terry	Lynn	Garza		

Approximately 57 percent of the population lives in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region.

Figure 3.17: Region 1 Household Incomes



The pie chart to the left depicts the income breakdown of the 288,273 households in the region. Approximately 43 percent of households are low income. There are 122,991, or 15.8 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Amarillo and Lubbock as \$105,700 and \$98,200, respectively.<sup>10</sup> Fourth quarter 2004 data shows that 57 percent of the households have sufficient income to afford the median-priced home in Amarillo, and 52 percent can afford the median-priced home

in Lubbock.<sup>11</sup>

### Special Needs Populations

According to 2000 Census data, there are 128,520 persons with disabilities residing in the region, which is 16.5 percent of the total region population. In addition, there are 50,862 elderly individuals without disabilities in the region, which is 6.5 percent of the region.

<sup>10</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>11</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>12</sup> but figures vary. According to the 2000 Census, there are 1,068 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 167 homeless persons in Amarillo.

### Housing Supply

According to 2000 Census data, of the 322,045 housing units in the region, 288,175 are occupied, which is an 89.5 percent occupancy rate. Of the total housing stock, almost 75 percent are one unit; 15.9 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 66.3 percent are owner occupied and 33.7 percent are occupied by renters.

**Figure 3.18: Region 1 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	322,045		3.9%
Total Occupied Housing Units	288,175	89.5%	3.9%
Owner-Occupied Units	191,161	66.3%	4.1%
Renter-Occupied Units	97,014	33.7%	3.6%

Source: 2000 Census

Data for the region shows that building permits for 2,251 single family units and 2,657 multifamily units were issued in 2004.<sup>13</sup>

### Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 288,273 households in the region, 79,798 owners and renters have housing problems; this represents 27.7 percent of all households.

**Figure 3.19: Region 1 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	29,555	14,026	9,256	5,092	1,181
Lacking Kitchen and/or Plumbing	1,638	553	322	301	88
Overcrowding	9,294	2,037	2,029	2,602	2,626
Owner Households					
Extreme Cost Burden	28,912	8,542	7,021	6,944	6,405
Lacking Kitchen and/or Plumbing	1,154	228	163	224	85
Overcrowding	9,245	897	1,223	2,399	4,726
Total	79,798	26,283	20,014	17,562	15,111

Source: 2000 CHAS

<sup>12</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>13</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Regional Input on Housing Needs**

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. For the respondents the renovation of existing rental housing and new housing development rank only slightly higher than rental payment assistance.

According to the Community Needs Survey respondents from Region 1, home purchase assistance is more important than the renovation of existing owner-occupied housing and the development of new owner-occupied housing. Fourteen percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area. There is a strong preference for specific TDHCA weatherization and energy activities. Utility payment assistance is more important than measures to increase energy efficiency and activities that repair and replace existing HVAC equipment and energy education.

2004 Regional Advisory Committee meeting reports in Region 1 identified several areas of concern. Focus groups prioritized funding for emergency homeless shelters and energy assistance and weatherization activities. The lack of homebuyer education was also mentioned. The scarcity of affordable rental housing and the need to address the substandard housing problems in the area ranked as high concerns for the region. Finally, the lack of effective communication—including program marketing and public education on affordable housing—was identified as an issue.

**Assisted Housing Inventory**

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.20: Region 1 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,218	31.3%	2.5%
HUD Units	2,076	15.4%	3.6%
PHA Units	1,562	11.6%	2.6%
Section 8 Vouchers	3,987	29.6%	3.0%
USDA Units	1,612	12.0%	6.2%
HFC Units*	1,577		
Total	13,455	100%	3.0%

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

**TDHCA Assistance for 2006**

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

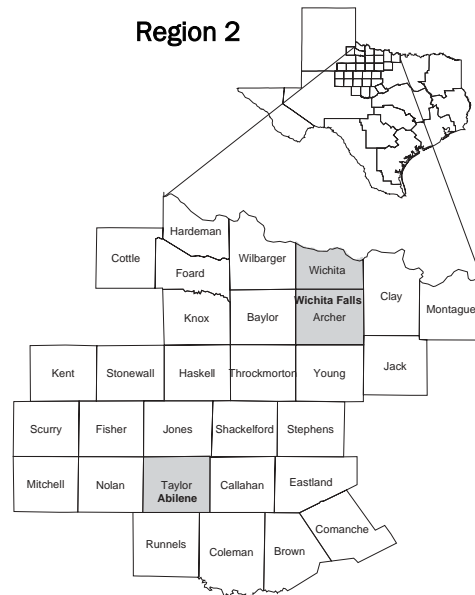
**Figure 3.21: Region 1 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$1,798,446	6.9%
Housing Tax Credit	\$2,026,482	4.7%
Community Services Block Grant	\$1,331,785	5.0%
Emergency Shelter Grants	\$191,053	4.0%
Comprehensive Energy Assistance	\$2,177,106	6.6%
Weatherization Assistance	\$822,537	7.2%
Total	\$8,347,409	5.7%

**REGION 2**

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene, shaded in the figure to the right. According to the 2000 Census, the total population in Region 2 is 549,267, which represents 2.6 percent of the state's total population.

**Region 2**



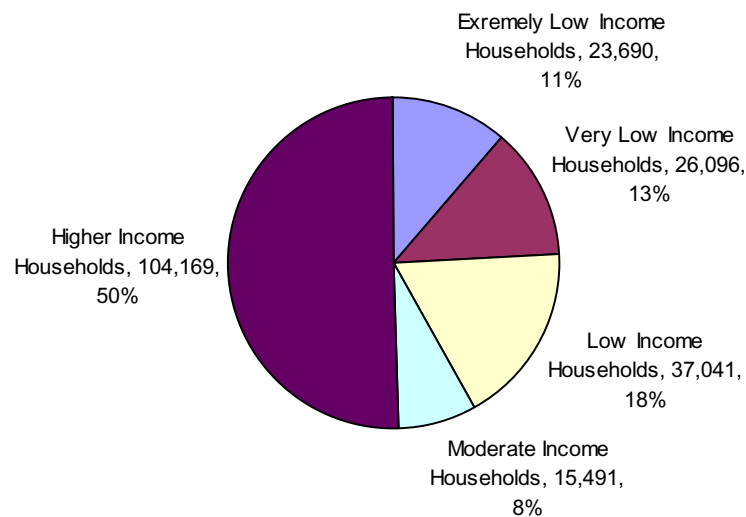
**Figure 3.22: Region 2 Population Figures**

	Region Total	Percent in Region	Region Percent of State
Total Population	549,267		2.6%
Persons with Disabilities	105,325	19.2%	2.9%
Elderly Persons (without disabilities)	42,485	7.7%	3.9%
Individuals in Poverty	77,647	14.1%	2.5%

Source: 2000 Census

Approximately 52 percent of the population lives in urban areas of the region.

**Figure 3.23: Region 2 Household Incomes**



The pie chart to the left depicts the income breakdown of the 206,459 households in the region. Approximately 42 percent of households are low income. There are 77,647, or 14.1 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Wichita Falls and Abilene as \$92,200 and \$80,900, respectively.<sup>14</sup> Fourth quarter 2004 data shows that 64 percent of the households have sufficient income to afford the median-priced home in Wichita Falls, and 69 percent can afford the median-priced home in Abilene.<sup>15</sup>

**Special Needs Populations**

According to 2000 Census data, there are 105,325 persons with disabilities residing in the region, which is 19.2 percent of the total region population. In addition, there are 42,485 elderly individuals without disabilities in the region, which is 7.7 percent of the region.

<sup>14</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>15</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>16</sup> but figures vary. According to the 2000 Census, there are 609 people in noninstitutional group homes, which include shelters, in the region. In a special tabulation on emergency and transitional shelters, the Census did not count any homeless persons in metro areas.

### Housing Supply

According to 2000 Census data, of the 243,506 housing units in the region, 206,388 are occupied, which is an 84.8 percent occupancy rate. Of the total housing stock, almost 77 percent are one unit; 12 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 69.1 percent are owner occupied and 30.9 percent are occupied by renters.

**Figure 3.24: Region 2 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	243,506		3.0%
Total Occupied Housing Units	206,388	84.8%	2.8%
Owner-Occupied Units	142,603	69.1%	3.0%
Renter-Occupied Units	63,785	30.9%	2.4%

Source: 2000 Census

Data for the region shows that building permits for 717 single family units and 16 multifamily units were issued in 2004.<sup>17</sup>

### Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 206,459 households in the region, 49,146 owners and renters have housing problems; this represents 23.8 percent of all households.

**Figure 3.25: Region 2 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	16,557	7,546	5,733	2,699	559
Lacking Kitchen and/or Plumbing	968	330	161	237	71
Overcrowding	3,906	867	694	1,181	1,164
Owner Households					
Extreme Cost Burden	22,471	6,744	5,894	4,902	4,931
Lacking Kitchen and/or Plumbing	919	253	158	170	60
Overcrowding	4,325	411	558	1,159	2,197
Total	49,146	16,151	13,198	10,348	8,982

Source: 2000 CHAS

<sup>16</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>17</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

### Regional Input on Housing Needs

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. Most prefer rental housing assistance to owner-occupied housing assistance. Results show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

According to the Community Needs Survey respondents from Region 2, the renovation of existing owner-occupied housing is much more important than home purchase assistance and the development of new owner-occupied housing. Twelve percent of the respondents report a severe or significant homeless problem in their region; this is lower than the state average of 23 percent. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 2 has a strong preference for utility payment assistance, while measures to increase energy efficiency and assistance with HVAC systems rank next in importance. Energy-related educational activities are the least preferred of the energy-related activities.

2004 Regional Advisory Committee meeting attendees from Region 2 suggest that the department direct the limited housing assistance funding in the area towards existing housing stock rather than new construction. Also, duplicating housing assistance across state and federal funding types is inefficient and should be minimized. The focus group specified some areas in the TDHCA application process that could be improved. One suggestion was a renewal form for previous successful applicants rather than a full application. Another suggested that the application process for state funding is too complex and involves a lot of paperwork, and more training is required.

### Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.26: Region 2 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	2,753	26.9%	1.6%
HUD Units	1,655	16.2%	2.9%
PHA Units	3,905	38.1%	6.6%
Section 8 Vouchers	2,921	28.5%	2.2%
USDA Units	1,925	18.8%	7.4%
HFC Units*	280		
Total	10,241	100.0%	2.9%

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

**TDHCA Assistance for 2006**

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.27: Region 2 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$1,228,643	4.7%
Housing Tax Credit	\$1,143,231	2.7%
Community Services Block Grant	\$953,238	3.0%
Emergency Shelter Grants	\$120,436	2.5%
Comprehensive Energy Assistance	\$1,535,305	4.6%
Weatherization Assistance	\$535,256	4.7%
Total	\$5,516,109	3.8%



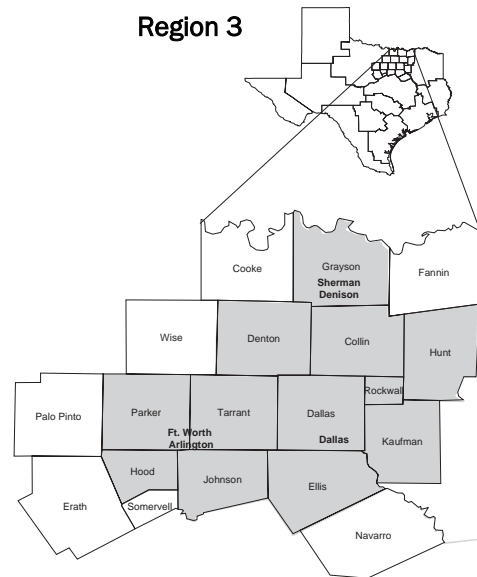
### REGION 3

Region 3, including the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman, and Denison, is the state's most populous region. According to the 2000 Census, the total population in Region 3 is 5,487,477, which represents 26.3 percent of the state's total population.

**Figure 3.28: Region 3 Population Figures**

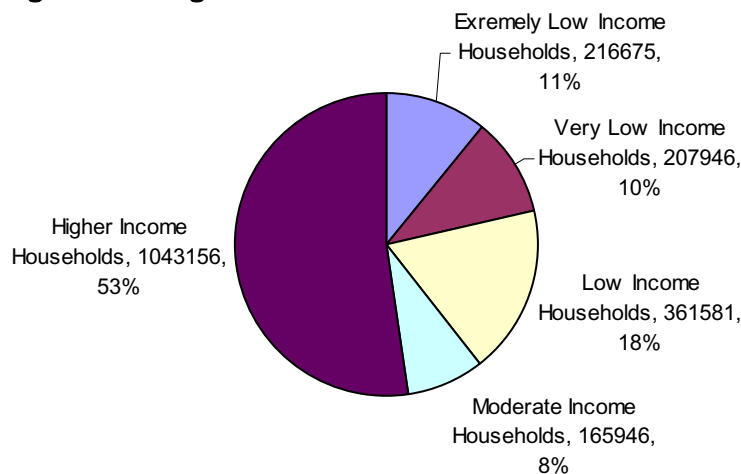
	Region Total	Percent in Region	Region Percent of State
Total Population	5,487,477		26.3%
Persons with Disabilities	888,217	16.2%	24.6%
Elderly Persons (without disabilities)	245,186	4.5%	22.6%
Individuals in Poverty	588,688	10.7%	18.9%

Source: 2000 Census



Approximately 93 percent of the population resides in urban areas.

**Figure 3.29: Region 3 Household Incomes**



The pie chart to the left depicts the income breakdown of the 1,988,135 households in the region. Approximately 39 percent of households are low income. There are 588,688, or 10.7 percent, individuals living in poverty in the region.

According to 2005 Multiple Listing Service data, the highest median home price is in Collin County at \$180,500, while the lowest is in Sherman-Denison at \$92,700.<sup>18</sup> Fourth quarter 2004 data shows that at least 60 percent of households in

Sherman-Denison, NE Tarrant County, Garland, Denton County, and Collin County have sufficient income to afford the median-priced home, while Dallas, Irving, and Fort Worth and percentages below 60 percent.<sup>19</sup>

<sup>18</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>19</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

**Special Needs Populations**

According to 2000 Census data, there are 888,217 persons with disabilities residing in the region, which is 16.2 percent of the total region population. In addition, there are 245,186 elderly individuals without disabilities in the region, which is 4.5 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>20</sup> but figures vary. According to the 2000 Census, there are 6,548 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,923 homeless persons in Tarrant and Dallas counties.

**Housing Supply**

According to 2000 Census data, of the 2,140,641 housing units in the region, 2,004,826 are occupied, which is a 93.7 percent occupancy rate. Of the total housing stock, almost 64 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

**Figure 3.30: Region 3 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	2,140,641		26.2%
Total Occupied Housing Units	2,004,826	93.7%	27.1%
Owner-Occupied Units	1,220,939	60.9%	25.9%
Renter-Occupied Units	783,887	39.1%	29.3%

Source: 2000 Census

Data for the region shows that building permits for 48,892 single family units and 8,608 multifamily units were issued in 2004.<sup>21</sup>

**Housing Need**

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,988,135 households in the region, 610,655 owners and renters have housing problems; this represents 30.7 percent of all households.

<sup>20</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>21</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Figure 3.31: Region 3 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
<b>Renter Households</b>					
Extreme Cost Burden	206,011	78,911	67,156	48,746	11,198
Lacking Kitchen and/or Plumbing	10,144	2,968	2,087	2,247	675
Overcrowding	114,914	26,062	25,691	30,470	32,691
<b>Owner Households</b>					
Extreme Cost Burden	216,038	50,064	41,410	55,310	69,254
Lacking Kitchen and/or Plumbing	6,044	1,373	850	1,214	487
Overcrowding	57,504	5,876	9,070	16,460	26,098
<b>Total</b>	<b>610,655</b>	<b>165,254</b>	<b>146,264</b>	<b>154,447</b>	<b>140,403</b>

Source: 2000 CHAS

### ***Regional Input on Housing Needs***

Almost three-quarters of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

According to the Community Needs Survey respondents from Region 3, the renovation of existing owner-occupied housing is slightly more important than the development of new owner-occupied housing and home purchase assistance. Twenty-three percent of respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 3 has a strong preference for utility payment assistance, reflecting the state trend. The repair and replacement of HVAC equipment ranks next in importance, followed by weatherization measures to increase energy efficiency.

2004 Regional Advisory Committee meeting attendees from Region 3 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. Communication and education issues are minor in Region 3. Overall, TDHCA has done a very good job of notifying potential applicants of funding and training opportunities and has disseminated appropriate information in a timely manner. A separation of rural and urban programs is strongly recommended. Special needs populations appear to be adequately served under the various programs and funding streams currently available. Some program regulations should be reviewed to better serve this population. Funding distribution issues can be summarized by the fact that there is simply never enough money to adequately address all the needs in a state this large.

### Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.32: Region 3 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	55,393	46.9%	32.4%
HUD Units	10,834	9.2%	18.9%
PHA Units	8,725	7.4%	14.7%
Section 8 Vouchers	39,149	33.1%	29.2%
USDA Units	4,076	3.4%	15.6%
HFC Units*	19,944		
Total	118,177	100.0%	26.4%

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

### TDHCA Assistance for 2006

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.33: Region 3 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$2,904,962	11.2%
Housing Tax Credit	\$7,064,721	16.4%
Community Services Block Grant	\$4,614,797	17.0%
Emergency Shelter Grants	\$913,183	18.9%
Comprehensive Energy Assistance	\$5,443,366	16.4%
Weatherization Assistance	\$1,918,077	16.7%
Total	\$22,859,106	15.7%

**REGION 4**

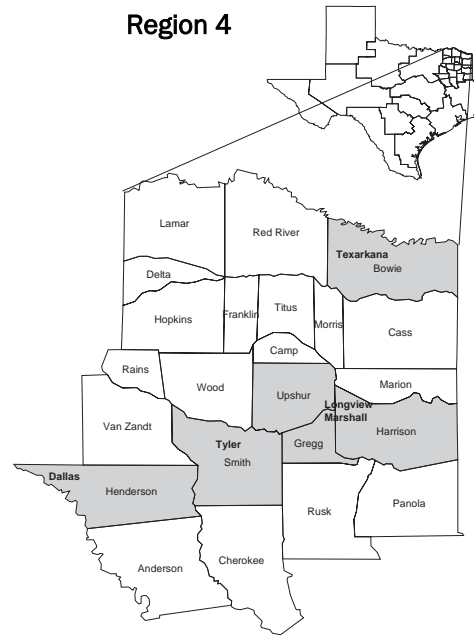
Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall, and Tyler. According to the 2000 Census, the total population in Region 4 is 1,015,648, which represents 4.9 percent of the state's total population.

**Figure 3.34: Region 4 Population Figures**

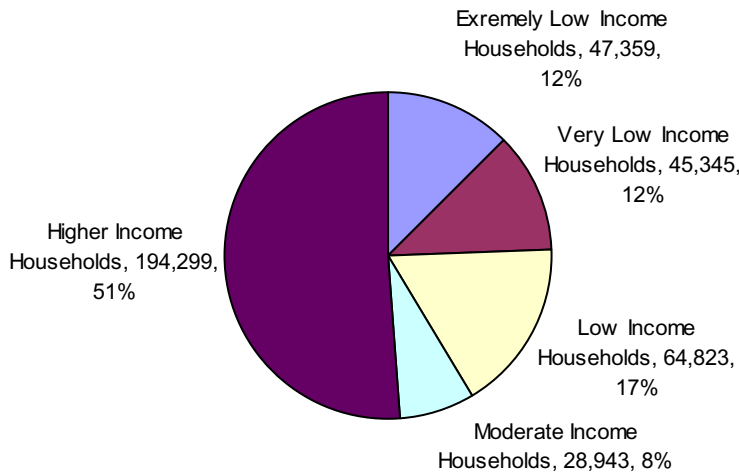
	Region Total	Percent in Region	Region Percent of State
Total Population	1,015,648		4.9%
Persons with Disabilities	213,753	21.0%	5.9%
Elderly Persons (without disabilities)	77,528	7.6%	7.1%
Individuals in Poverty	152,036	15.0%	4.9%

Source: 2000 Census

Region 4 has the highest percentage of rural population in the state at 61 percent.



**Figure 3.35: Region 4 Household Incomes**



The pie chart to the left depicts the income breakdown of the 380,765 households in the region. Approximately 41 percent of households are low income. There are 152,036, or 15.0 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Tyler and Longview-Marshall as \$125,700 and \$94,000, respectively.<sup>22</sup> Fourth quarter 2004 data shows that 53 percent of the

households have sufficient income to afford the median-priced home in Tyler, and 63 percent can afford the median-priced home in Longview-Marshall.<sup>23</sup>

<sup>22</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>23</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

### Special Needs Populations

According to 2000 Census data, there are 213,753 persons with disabilities residing in the region, which is 21.0 percent of the total region population. In addition, there are 77,528 elderly individuals without disabilities in the region, which is 7.6 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>24</sup> but figures vary. According to the 2000 Census, there are 1,309 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 110 homeless persons in Tyler.

### Housing Supply

According to 2000 Census data, of the 434,792 housing units in the region, 380,468 are occupied, which is an 87.5 percent occupancy rate. Of the total housing stock, almost 71 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 73.8 percent are owner occupied and 26.2 percent are occupied by renters.

**Figure 3.36: Region 4 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	434,792		5.3%
Total Occupied Housing Units	380,468	87.5%	5.1%
Owner-Occupied Units	280,896	73.8%	6.0%
Renter-Occupied Units	99,572	26.2%	3.7%

Source: 2000 Census

Data for the region shows that building permits for 1,668 single family units and 448 multifamily units were issued in 2004.<sup>25</sup>

### Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 380,765 households in the region, 100,479 owners and renters have housing problems; this represents 26.4 percent of all households.

<sup>24</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>25</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Figure 3.37: Region 4 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
<b>Renter Households</b>					
Extreme Cost Burden	27,100	12,500	9,142	4,443	1,015
Lacking Kitchen and/or Plumbing	2,108	724	425	363	135
Overcrowding	8,851	1,951	1,688	2,215	2,997
<b>Owner Households</b>					
Extreme Cost Burden	49,419	15,258	11,379	11,530	11,152
Lacking Kitchen and/or Plumbing	2,742	775	429	508	187
Overcrowding	10,259	1,233	1,477	2,496	5,053
<b>Total</b>	<b>100,479</b>	<b>32,441</b>	<b>24,540</b>	<b>21,555</b>	<b>20,539</b>

Source: 2000 CHAS

### ***Regional Input on Housing Needs***

Approximately 73 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. Results show a slight preference for the renovation of existing housing over other rental housing activities. New housing development is more important than rental payment assistance in the region.

The Community Needs Survey respondents from Region 4 do not express any preference for the different types of owner-occupied housing assistance: the renovation of existing housing, purchase assistance, and new housing development all rank about the same in importance. Twenty percent of the Community Needs Survey respondents report a severe or significant homeless problem in their area. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. Permanent housing for the homeless ranks last in importance. In terms of TDHCA energy-related activities, Region 4 has a strong preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees from Region 4 represented several sectors of the housing industry including private developers, nonprofits, housing authorities, and grant consultants. Some of the identified housing problems include the poor quality of affordable housing and existing obstacles to development such as prohibitive land costs, onerous lead-based paint restrictions, and building codes. Other identified housing problems include a lack of mortgage products for buyers of affordable housing and a scarcity of housing development in downtown areas. Homebuyer and consumer education were mentioned as priorities for the region.

### ***Assisted Housing Inventory***

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.38: Region 4 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,182	23.6%	3.0
HUD Units	3,381	15.4%	5.9%
PHA Units	3,422	15.6%	5.8%
Section 8 Vouchers	6,090	27.7%	4.5%
USDA Units	3,872	17.6%	14.8%
HFC Units*	1,160		
Total	21,947	100.0%	4.9%

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

***TDHCA Assistance for 2006***

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.39: Region 4 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$3,555,755	13.7%
Housing Tax Credit	\$2,139,933	5.0%
Community Services Block Grant	\$1,435,311	5.0%
Emergency Shelter Grants	\$236,035	4.9%
Comprehensive Energy Assistance	\$2,137,870	6.4%
Weatherization Assistance	\$747,924	6.5%
Total	\$10,252,828	7.0%



**REGION 5**

Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. According to the 2000 Census, the total population in Region 5 is 740,952, which represents 3.6 percent of the state’s total population.



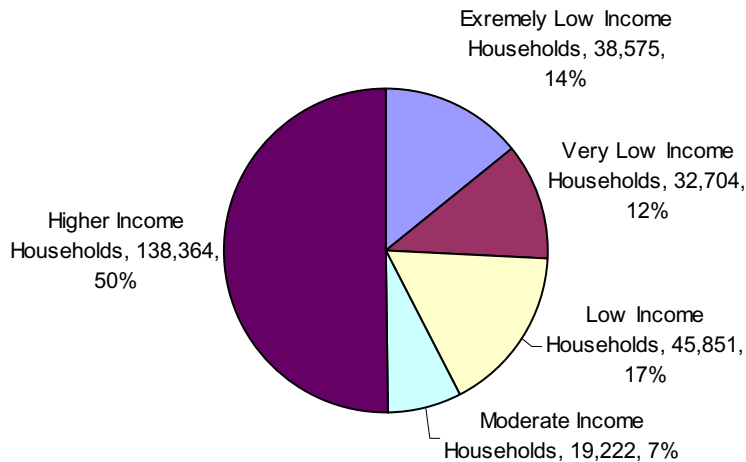
**Figure 3.40: Region 5 Population Figures**

	Region Total	Percent in Region	Region Percent of State
Total Population	740,952		3.6%
Persons with Disabilities	150,529	20.3%	4.2%
Elderly Persons (without disabilities)	53,148	7.2%	4.9%
Individuals in Poverty	120,585	16.3%	3.9%

Source: 2000 Census

The population in Region 5 is split, with 50 percent living in urban and 50 percent living in rural areas.

**Figure 3.41: Region 5 Household Incomes**



The pie chart to the left depicts the income breakdown of the 274,543 households in the region. Approximately 43 percent of households are low income. There are 120,585, or 16.3 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Beaumont and Port Arthur as \$100,400 and \$79,900, respectively.<sup>26</sup> Fourth quarter 2004

data shows that 55 percent of the households have sufficient income to afford the median-priced home in Beaumont, and 64 percent can afford the median-priced home in Port Arthur.<sup>27</sup>

<sup>26</sup> Real Estate Center at Texas A&M University, “Texas Residential MLS Activity,” <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>27</sup> Real Estate Center at Texas A&M University, “Texas Housing Affordability Index,” <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

**Special Needs Populations**

According to 2000 Census data, there are 150,529 persons with disabilities residing in the region, which is 20.3 percent of the total region population. In addition, there are 53,148 elderly individuals without disabilities in the region, which is 7.2 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>28</sup> but figures vary. According to the 2000 Census, there are 672 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless persons in metropolitan areas.

**Housing Supply**

According to 2000 Census data, of the 325,047 housing units in the region, 275,233 are occupied, which is an 84.7 percent occupancy rate. Of the total housing stock, 69.3 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 73.4 percent are owner occupied and 26.6 percent are occupied by renters.

**Figure 3.42: Region 5 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	325,047		4.0%
Total Occupied Housing Units	275,233	84.7%	3.7%
Owner-Occupied Units	201,971	73.4%	4.3%
Renter-Occupied Units	73,262	26.6%	2.7%

Source: 2000 Census

Data for the region shows that building permits for 1,490 single family units and 112 multifamily units were issued in 2004.<sup>29</sup>

**Housing Need**

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 274,543 households in the region, 72,650 owners and renters have housing problems; this represents 26.5 percent of all households.

<sup>28</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>29</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Figure 3.43: Region 5 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
<b>Renter Households</b>					
Extreme Cost Burden	21,116	10,733	6,894	2,890	599
Lacking Kitchen and/or Plumbing	1,450	549	300	270	76
Overcrowding	6,868	1,988	1,246	1,477	2,157
<b>Owner Households</b>					
Extreme Cost Burden	32,849	11,845	7,609	7,044	6,351
Lacking Kitchen and/or Plumbing	1,876	555	250	367	90
Overcrowding	8,491	925	970	1,991	4,605
<b>Total</b>	<b>72,650</b>	<b>26,595</b>	<b>17,269</b>	<b>14,039</b>	<b>13,878</b>

Source: 2000 CHAS

### ***Regional Input on Housing Needs***

Approximately 80 percent of the respondents to the 2003 Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

The Community Needs Survey respondents from Region 5 express a slight preference for new housing development; the renovation of existing housing and purchase assistance ranked next in importance. Twenty-one percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 5 has a strong preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees agreed that there has been no progress made in addressing the housing crisis since the committee meetings in the previous year. If anything, the region's needs are greater and the resources are more limited. A local organization reported that a recent homeless count in the region indicates that homelessness has risen significantly since last year. It was observed that until mayors, county judges, commissioners, and council members attend the meetings, very little will be accomplished. The group felt that there is not the social awareness, nor the political will, to address the housing issue.

### ***Assisted Housing Inventory***

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.44: Region 5 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,556	21.2%	2.7%
HUD Units	4,296	20.0%	7.5%
PHA Units	3,241	15.1%	5.5%
Section 8 Vouchers	7,992	37.2%	6.0%
USDA Units	1,371	6.4%	5.2%
HFC Units*	1,160		
Total	21,456	100.0%	4.8%

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

***TDHCA Assistance for 2006***

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.45: Region 5 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$1,651,052	6.4%
Housing Tax Credit	\$1,521,318	3.5%
Community Services Block Grant	\$1,133,369	4.0%
Emergency Shelter Grants	\$187,183	3.9%
Comprehensive Energy Assistance	\$1,615,919	4.9%
Weatherization Assistance	\$568,942	5.0%
Total	\$6,677,783	4.6%

## Housing Analysis

### Uniform State Service Regions

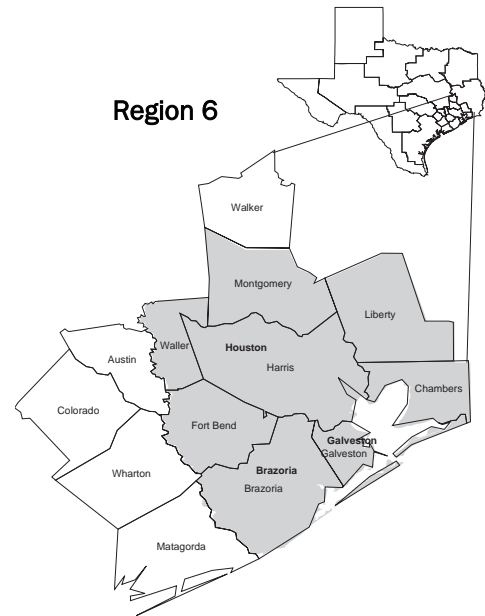
#### REGION 6

Region 6 includes the urban areas of Houston, Brazoria, and Galveston. According to the 2000 Census, the total population in Region 6 is 4,854,454, which represents 23.3 percent of the state's total population.

**Figure 3.46: Region 6 Population Figures**

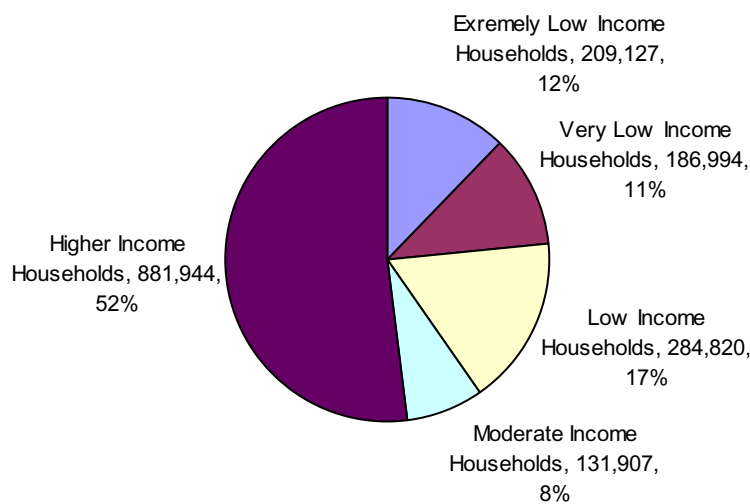
	Region Total	Percent in Region	Region Percent of State
Total Population	4,854,454		23.3%
Persons with Disabilities	801,436	16.5%	22.2%
Elderly Persons (without disabilities)	206,438	4.3%	19.0%
Individuals in Poverty	656,239	13.5%	21.0%

Source: 2000 Census



Approximately 92 percent of the populations lives in the urban areas of Region 6.

**Figure 3.47: Region 6 Household Incomes**



The pie chart to the left depicts the income breakdown of the 1,691,811 households in the region. Approximately 40 percent of households are low income. There are 656,239, or 13.5 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Houston, and Galveston as \$138,400 and \$155,300, respectively.<sup>30</sup> Fourth quarter 2004 data shows that 54 percent of the households have

sufficient income to afford the median-priced home in Houston, 51 percent can afford the median-priced home in Galveston.<sup>31</sup>

#### Special Needs Populations

According to 2000 Census data, there are 801,436 persons with disabilities residing in the region, which is 16.3 percent of the total region population. In addition, there are 206,438 elderly individuals without disabilities in the region, which is 4.3 percent of the region.

<sup>30</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>31</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>32</sup> but figures vary. According to the 2000 Census, there are 7,792 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,756 homeless persons in the Houston area.

### Housing Supply

According to 2000 Census data, of the 1,853,854 housing units in the region, 1,702,792 are occupied, which is a 91.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

**Figure 3.48: Region 6 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	1,853,854		22.7%
Total Occupied Housing Units	1,702,792	91.9%	23.0%
Owner-Occupied Units	1,037,371	60.9%	22.0%
Renter-Occupied Units	665,421	39.1%	24.9%

Source: 2000 Census

Data for the region shows that building permits for 45,536 single family units and 11,214 multifamily units were issued in 2004.<sup>33</sup>

### Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,691,811 households in the region, 541,869 owners and renters have housing problems; this represents 32.0 percent of all households.

<sup>32</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>33</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Figure 3.49: Region 6 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
<b>Renter Households</b>					
Extreme Cost Burden	168,355	71,699	55,967	31,103	9,586
Lacking Kitchen and/or Plumbing	9,614	3,228	1,892	2,034	492
Overcrowding	117,586	29,482	27,886	30,141	30,077
<b>Owner Households</b>					
Extreme Cost Burden	173,411	44,640	34,996	42,008	51,767
Lacking Kitchen and/or Plumbing	6,691	1,650	983	1,279	410
Overcrowding	66,212	7,391	10,243	18,303	23,006
<b>Total</b>	<b>541,869</b>	<b>158,090</b>	<b>131,967</b>	<b>124,868</b>	<b>115,338</b>

Source: 2000 CHAS

### ***Regional Input on Housing Needs***

Approximately 77 percent of the respondents to the 2003 Community Needs Survey report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new housing development over other rental housing activities. The renovation of existing housing is more important than rental payment assistance in the region.

The Community Needs Survey respondents from Region 6 express a slight preference for new housing development; the renovation of existing housing and purchase assistance rank next in importance. Thirty-two percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 6 has a strong preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

2004 Regional Advisory Committee attendees from Region 6 identified problems, successes, and recommendations related to the suggested topics: communication, special needs, funding distribution, and education. Some of the successes of communication include a local clearinghouse of housing related information and the TDHCA website. The meeting attendees agreed that TDHCA could improve the use of local media outlets. “Special needs” as a category is not adequately nor consistently defined. TDHCA has improved its funding distribution to rural areas, although there is room for improvement. It was noted that there are not funds for educational programs.

### ***Assisted Housing Inventory***

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.50: Region 6 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	46,254	52.4%	27.1%
HUD Units	13,076	14.8%	22.8%
PHA Units	5,795	6.6%	9.8%
Section 8 Vouchers	19,713	22.3%	14.7%
USDA Units	3,484	3.9%	13.3%
HFC Units*	37,116		
Total	88,322	100.0%	19.7%

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

***TDHCA Assistance for 2006***

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.51: Region 6 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$1,823,443	7.0%
Housing Tax Credit	\$10,403,698	24.2%
Community Services Block Grant	\$5,286,198	19.0%
Emergency Shelter Grants	\$1,017,657	21.0%
Comprehensive Energy Assistance	\$5,673,525	17.1%
Weatherization Assistance	\$1,711,418	14.9%
Total	\$25,915,939	17.8%



## REGION 7

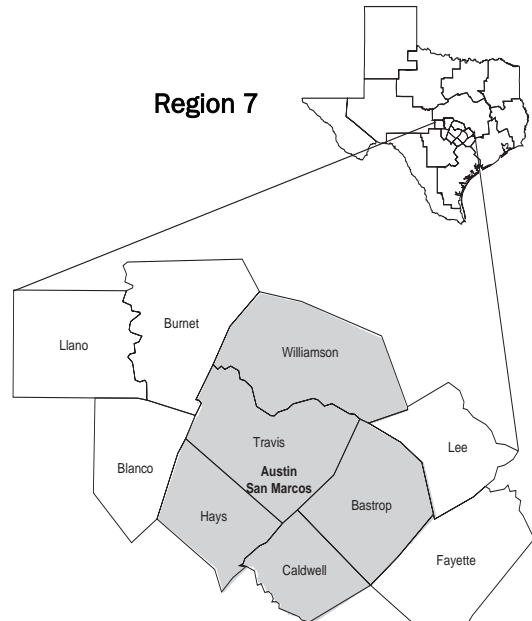
The urban area of Austin-San Marcos is at the center of Region 7. According to the 2000 Census, the total population in Region 7 is 1,346,833, which represents 6.5 percent of the state's total population.

**Figure 3.52: Region 7 Population Figures**

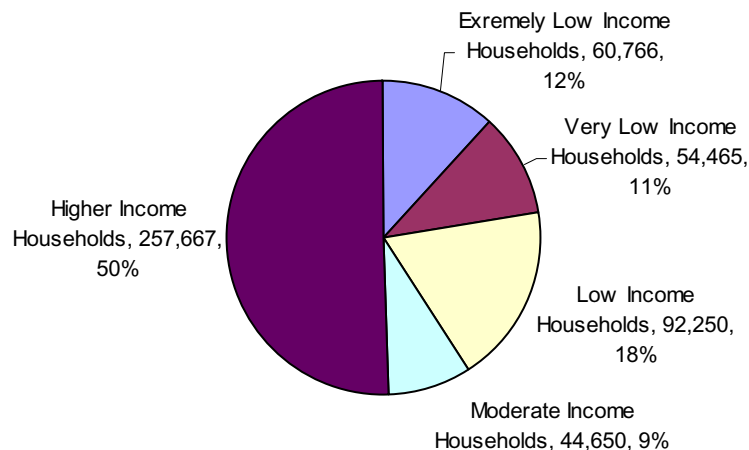
	Region Total	Percent in Region	Region Percent of State
Total Population	1,346,833		6.5%
Persons with Disabilities	190,226	14.1%	5.3%
Elderly Persons (without disabilities)	61,229	4.5%	5.6%
Individuals in Poverty	145,060	10.8%	4.7%

Source: 2000 Census

Approximately 86 percent of the population lives in urban areas.



**Figure 3.53: Region 7 Household Income**



The pie chart to the left depicts the income breakdown of the 509,798 households in the region. Approximately 41 percent of households are low income. There are 145,060, or 10.8 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service median home price for Austin is \$159,600.<sup>34</sup> Fourth quarter 2004 data shows that 61 percent of the households have sufficient income to afford the median-priced home.<sup>35</sup>

## Special Needs Populations

According to 2000 Census data, there are 190,226 persons with disabilities residing in the region, which is 14.1 percent of the total region population. In addition, there are 61,229 elderly individuals without disabilities in the region, which is 4.5 percent of the region.

<sup>34</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>35</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>36</sup> but figures vary. According to the 2000 Census, there are 2,354 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 481 homeless persons in Austin.

### Housing Supply

According to 2000 Census data, of the 545,761 housing units in the region, 510,555 are occupied, which is a 93.5 percent occupancy rate. Of the total housing stock, 62 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 59.8 percent are owner occupied and 40.2 percent are occupied by renters.

**Figure 3.54: Region 7 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	545,761		6.7%
Total Occupied Housing Units	510,555	93.5%	6.9%
Owner-Occupied Units	305,294	59.8%	6.5%
Renter-Occupied Units	205,261	40.2%	7.7%

Source: 2000 Census

Data for the region shows that building permits for 15,031 single family units and 4,000 multifamily units were issued in 2004.<sup>37</sup>

### Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 509,798 households in the region, 164,537 owners and renters have housing problems; this represents 32.3 percent of all households.

**Figure 3.55: Region 7 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	68,118	27,648	21,497	15,700	3,273
Lacking Kitchen and/or Plumbing	2,869	1,170	562	565	185
Overcrowding	22,581	5,433	5,070	5,645	6,433
Owner Households					
Extreme Cost Burden	56,638	11,452	10,018	16,282	18,884
Lacking Kitchen and/or Plumbing	2,013	519	291	423	110
Overcrowding	12,318	1,023	2,055	3,503	5,719
Total	164,537	47,245	39,493	42,118	34,604

Source: 2000 CHAS

<sup>36</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>37</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Regional Input on Housing Needs**

Approximately 91 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem; this is the highest percentage in the state. There is a preference for rental housing assistance over owner-occupied housing assistance. Results show a slight preference for renovation of existing housing over other rental housing activities. Rental payment assistance is more important in the region than new housing development.

The Community Needs Survey respondents from Region 7 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance. Twenty-nine percent of respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 7 has a preference for utility assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee meeting attendees from Region 7 discussed three issues: the definition of affordable housing; the trends and issues for the region; and which programs are working towards the goal of increasing the supply of affordable housing. Meeting attendees identified two segments of population in need of affordable housing: the working poor and very low income households. Affordable housing is a regional problem that lacks regional attention. As the region’s population continues to increase and wages remain stable, there will be a lack of affordable homes for workers near their jobs. The group identified specific programs that work well, including the City of Austin’s Neighborhood Planning Program, Section 8 housing voucher program, and the Texas Jump Start financial literacy program.

**Assisted Housing Inventory**

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.56: Region 7 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	15,315	49.0%	9.0%
HUD Units	2,889	9.2%	5.0%
PHA Units	3,522	11.3%	5.9%
Section 8 Vouchers	8,053	25.8%	6.0%
USDA Units	1,461	4.7%	5.6%
HFC Units*	8,076		
Total	31,240	100.0%	7.0%

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

**TDHCA Assistance for 2006**

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.57: Region 7 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$1,090,977	4.2%
Housing Tax Credit	\$3,285,943	7.6%
Community Services Block Grant	\$1,330,777	5.0%
Emergency Shelter Grants	\$224,910	4.7%
Comprehensive Energy Assistance	\$1,356,561	4.1%
Weatherization Assistance	\$506,715	4.4%
Total	\$7,795,883	5.3%

# Housing Analysis

## Uniform State Service Regions

### REGION 8

Region 8, located in the center of the state, surrounds the urban areas of Waco, Bryan, College Station, Killeen, and Temple. According to the 2000 Census, the total population in Region 8 is 963,139 which represents 4.6 percent of the state's total population.

Region 8

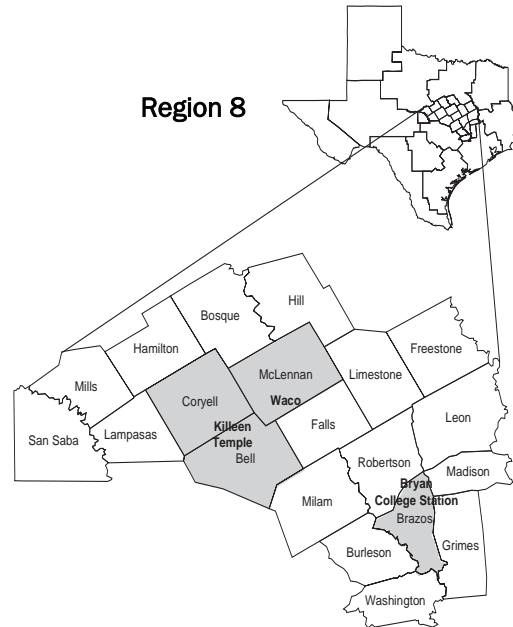


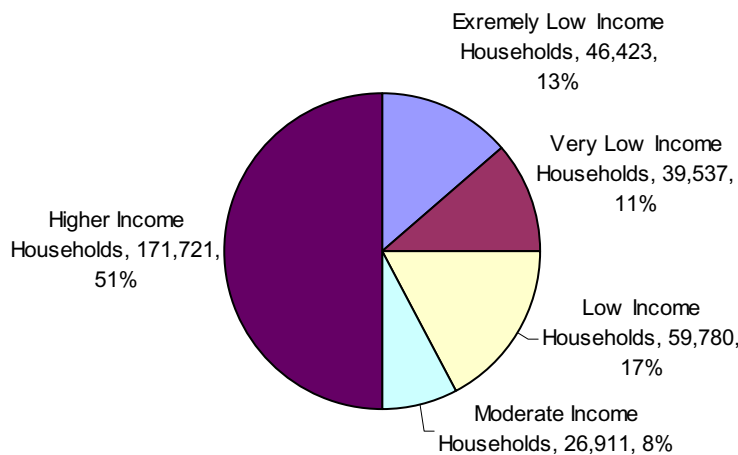
Figure 3.58: Region 8 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	963,139		4.6%
Persons with Disabilities	160,743	16.7%	4.5%
Elderly Persons (without disabilities)	55,854	5.8%	5.1%
Individuals in Poverty	149,480	15.5%	4.8%

Source: 2000 Census

Approximately 75 percent of the population lives in the urban areas of Region 8.

Figure 3.59: Region 8 Household Income



The pie chart to the left depicts the income breakdown of the 343,856 households in the region. Approximately 41 percent of households are low income. There are 149,480, or 15.5 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Bryan-College Station and Killen-Fort Hood as \$126,600 and \$101,200, respectively.<sup>38</sup> Fourth quarter 2004

data shows that 40 percent of the households have sufficient income to afford the median-priced home in Bryan-College Station, and 73 percent can afford the median-priced home in Killeen-Fort Hood.<sup>39</sup>

<sup>38</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>39</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

### Special Needs Populations

According to 2000 Census data, there are 160,743 persons with disabilities residing in the region, which is 16.7 percent of the total region population. In addition, there are 55,854 elderly individuals without disabilities in the region, which is 5.8 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>40</sup> but figures vary. According to the 2000 Census, there are 1,003 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 129 homeless persons in the Killeen area.

### Housing Supply

According to 2000 Census data, of the 387,627 housing units in the region, 344,575 are occupied, which is an 88.9 percent occupancy rate. Of the total housing stock, 67 percent are one unit; 20 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 61.2 percent are owner occupied and 38.8 percent are occupied by renters.

**Figure 3.60: Region 8 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	387,627		4.8%
Total Occupied Housing Units	344,575	88.9%	4.7%
Owner-Occupied Units	210,882	61.2%	4.5%
Renter-Occupied Units	133,693	38.8%	5.0%

Source: 2000 Census

Data for the region shows that building permits for 4,376 single family units and 2,201 multifamily units were issued in 2004.<sup>41</sup>

### Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 343,856 households in the region, 103,864 owners and renters have housing problems; this represents 30.2 percent of all households.

<sup>40</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>41</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Figure 3.61: Region 8 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
<b>Renter Households</b>					
Extreme Cost Burden	42,797	20,028	12,657	8,285	1,826
Lacking Kitchen and/or Plumbing	1,831	601	354	355	92
Overcrowding	12,409	2,903	2,232	3,502	3,772
<b>Owner Households</b>					
Extreme Cost Burden	36,129	9,754	7,763	9,069	9,543
Lacking Kitchen and/or Plumbing	1,798	477	346	331	112
Overcrowding	8,900	741	1,055	2,293	4,811
Total	103,864	34,504	24,407	23,835	20,156

Source: 2000 CHAS

### ***Regional Input on Housing Needs***

Approximately 76 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a slight preference for renovation of existing rental housing over other rental housing activities. Rental payment assistance is more important than in the region new housing development.

The Community Needs Survey respondents from Region 8 express a slight preference for the renovation of existing housing; purchase assistance and new housing development rank next in importance. Twenty-seven percent of the respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 8 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees from Region 8 discussed the definition of affordable housing versus subsidized housing and the need for elected officials to possess a complete understanding of the affordable housing programs available. The meeting attendees identified a need for homeless shelters to address the problem of persons living in abandoned or condemned housing in the region. There is a need for solid demographic information on the special needs populations in the area. With regard to the current funding distribution, the group identified a need for rental and owner housing in rural areas. The application process for housing funds is complex and daunting. There is a problem with overcrowded housing and a need for housing infill programs. The group identified a desire for additional homebuyer education counseling and improved communication regarding funding opportunities.

**Assisted Housing Inventory**

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.62: Region 8 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,356	24.2%	3.1%
HUD Units	2,683	12.1%	4.7%
PHA Units	3,273	14.8%	5.5%
Section 8 Vouchers	8,053	36.3%	4.0%
USDA Units	2,804	12.6%	10.7%
HFC Units*	304		
Total	22,169	100.0%	4.4%

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

**TDHCA Assistance for 2006**

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.63: Region 8 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$1,343,077	5.2%
Housing Tax Credit	\$2,610,906	6.1%
Community Services Block Grant	\$1,323,391	5.0%
Emergency Shelter Grants	\$231,681	4.8%
Comprehensive Energy Assistance	\$1,844,233	5.6%
Weatherization Assistance	\$637,907	5.6%
Total	\$7,991,195	5.5%



## Housing Analysis

### Uniform State Service Regions

#### REGION 9

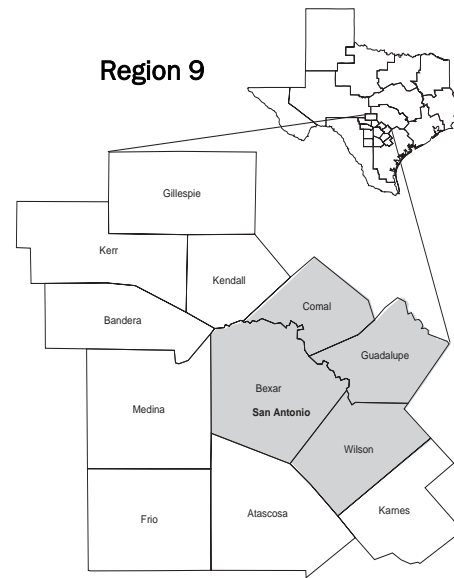
San Antonio is the main metropolitan area in Region 9. According to the 2000 Census, the total population in Region 9 is 1,807,868, which represents 8.7 percent of the state's total population.

**Figure 3.64: Region 9 Population Figures**

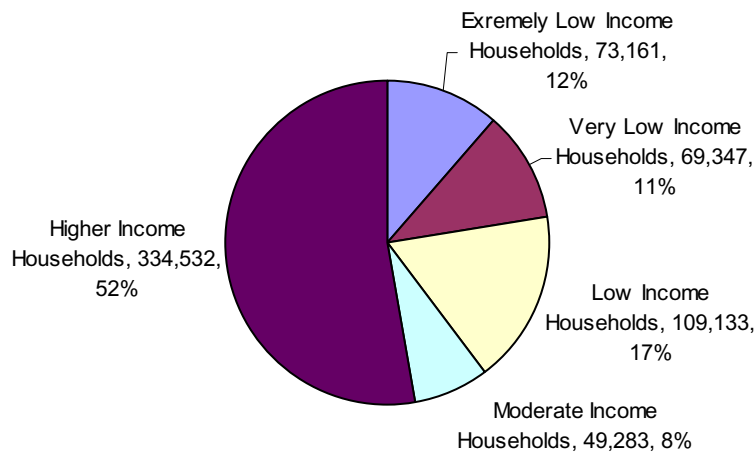
	Region Total	Percent in Region	Region Percent of State
Total Population	1,807,868		8.7%
Persons with Disabilities	337,541	18.7%	9.4%
Elderly Persons (without disabilities)	107,974	6.0%	9.9%
Individuals in Poverty	267,118	14.8%	8.6%

Source: 2000 Census

Approximately 89 percent of the population lives in urban areas.



**Figure 3.65: Region 9 Household Income**



The pie chart to the left depicts the income breakdown of the 635,280 households in the region. Approximately 40 percent of households are low income. There are 267,118, or 14.8 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service records the median home price for San Antonio as \$126,700.<sup>42</sup> 2004 data shows that 56 percent of the households have sufficient income

to afford the median-priced home.<sup>43</sup>

### Special Needs Populations

According to 2000 Census data, there are 337,541 persons with disabilities residing in the region, which is 18.7 percent of the total region population. In addition, there are 107,974 elderly individuals without disabilities in the region, which is 6.0 percent of the region.

<sup>42</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>43</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>44</sup> but figures vary. According to the 2000 Census, there are 2,919 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 850 homeless persons in San Antonio.

### Housing Supply

According to 2000 Census data, of the 689,862 housing units in the region, 636,796 are occupied, which is a 92.3 percent occupancy rate. Of the total housing stock, 69 percent are one unit; 22 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 65.0 percent are owner occupied and 35.0 percent are occupied by renters.

**Figure 3.66: Region 9 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	689,862		8.5%
Total Occupied Housing Units	636,796	92.3%	8.6%
Owner-Occupied Units	414,009	65.0%	8.8%
Renter-Occupied Units	222,787	35.0%	8.3%

Source: 2000 Census

Data for the region shows that building permits for 12,924 single family units and 4,905 multifamily units were issued in 2004.<sup>45</sup>

### Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 635,280 households in the region, 194,512 owners and renters have housing problems; this represents 30.6 percent of all households.

<sup>44</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>45</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Figure 3.67: Region 9 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
<b>Renter Households</b>					
Extreme Cost Burden	62,012	24,095	19,495	14,458	3,964
Lacking Kitchen and/or Plumbing	3,284	1,137	484	751	241
Overcrowding	28,877	7,296	6,160	7,359	8,062
<b>Owner Households</b>					
Extreme Cost Burden	71,630	17,316	14,240	17,201	22,873
Lacking Kitchen and/or Plumbing	3,270	713	667	624	297
Overcrowding	25,439	2,644	4,107	6,555	12,133
Total	194,512	53,201	45,153	46,948	47,570

Source: 2000 CHAS

### ***Regional Input on Housing Needs***

Approximately 79 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is no clear preference for owner-occupied housing assistance or rental housing assistance. Results show a slight preference for new rental housing development over other rental housing activities. Rental payment assistance is more important in the region than the renovation of existing housing.

The Community Needs Survey respondents from Region 9 do not express a preference for the renovation of existing housing, purchase assistance, or new housing development. Twenty percent of the respondents report a severe or significant homeless problem in the region. Among the different types of homeless assistance, transitional housing facilities rank slightly higher in importance than short-term homeless shelters. In terms of TDHCA energy-related activities, Region 9 has a preference for utility payment assistance, reflecting the state trend. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment. Energy-related educational activities are the least preferred of the energy related activities.

2004 Regional Advisory Committee attendees from Region 9 concluded that although more funding would close the gap between the need for affordable housing and the supply, funding alone is not the answer. The process needs to be improved for both private and public entities. The group expressed a desire to receive feedback from TDHCA on the points and issues raised in the RAC meetings.

### ***Assisted Housing Inventory***

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.68: Region 9 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	13,847	32.7%	8.1%
HUD Units	5,321	12.6%	9.3%
PHA Units	7,321	17.3%	12.3%
Section 8 Vouchers	14,859	35.1%	11.1%
USDA Units	971	2.3%	3.7%
HFC Units*	21,974		
Total	42,319	100.0%	9.5%

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

***TDHCA Assistance for 2006***

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.69: Region 9 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$1,547,843	6.0%
Housing Tax Credit	\$2502,878	5.8%
Community Services Block Grant	\$2,366,652	9.0%
Emergency Shelter Grants	\$414,511	8.6%
Comprehensive Energy Assistance	\$2,656,465	8.0%
Weatherization Assistance	\$862,783	7.5%
Total	\$10,351,132	7.1%

## Housing Analysis

### Uniform State Service Regions

#### REGION 10

Region 10, including the urban areas of Corpus Christi and Victoria, is located in the south eastern part of the state on the Gulf of Mexico. According to the 2000 Census, the total population in Region 10 is 732,917, which represents 3.5 percent of the state's total population.

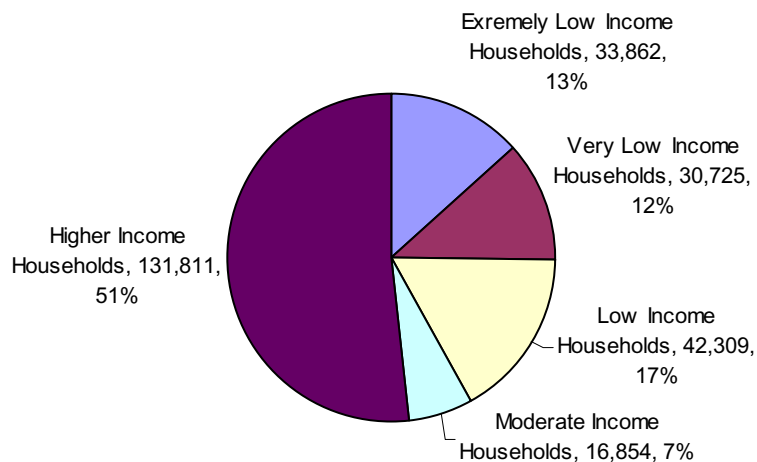
**Figure 3.70: Region 10 Population Figures**

	Region Total	Percent in Region	Region Percent of State
Total Population	732,917		3.5%
Persons with Disabilities	141,592	19.3%	3.9%
Elderly Persons (without disabilities)	46,900	6.4%	4.3%
Individuals in Poverty	132,214	18.0%	4.2%

Source: 2000 Census

In Region 10, 62 percent live in urban areas.

**Figure 3.71: Region 10 Household Income**



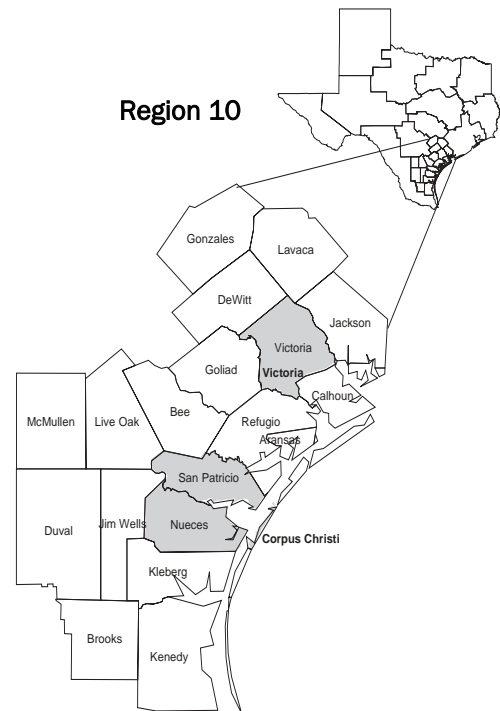
priced home.<sup>47</sup>

### Special Needs Populations

According to 2000 Census data, there are 141,592 persons with disabilities residing in the region, which is 19.3 percent of the total region population. In addition, there are 46,900 elderly individuals without disabilities in the region, which is 6.4 percent of the region.

<sup>46</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>47</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).



The pie chart to the left depicts the income breakdown of the 255,493 households in the region. Approximately 42 percent of households are low income. There are 132,214, or 18.0 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service records the median home price for Corpus Christi as \$117,900.<sup>46</sup> Fourth quarter 2004 data shows that 4 percent of the households have sufficient income to afford the median-

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>48</sup> but figures vary. According to the 2000 Census, there are 1,456 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 272 homeless persons in Corpus Christi.

**Housing Supply**

According to 2000 Census data, of the 298,494 housing units in the region, 256,428 are occupied, which is an 85.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; 10 percent are mobile homes; and the rest are boats and RVs. Approximately 66.8 percent are owner occupied and 33.2 percent are occupied by renters.

**Figure 3.72: Region 10 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	298,494		3.7%
Total Occupied Housing Units	256,428	85.9%	3.5%
Owner-Occupied Units	171,319	66.8%	3.6%
Renter-Occupied Units	85,109	33.2%	3.2%

Source: 2000 Census

Data for the region shows that building permits for 2,363 single family units and 1,376 multifamily units were issued in 2004.<sup>49</sup>

**Housing Need**

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 255,493 households in the region, 76,196 owners and renters have housing problems; this represents 29.8 percent of all households.

<sup>48</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>49</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Figure 3.73: Region 10 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
<b>Renter Households</b>					
Extreme Cost Burden	23,006	9,258	7,433	4,896	1,419
Lacking Kitchen and/or Plumbing	1,497	513	234	355	62
Overcrowding	10,429	3,082	2,112	2,289	2,946
<b>Owner Households</b>					
Extreme Cost Burden	28,552	8,706	6,387	6,181	7,278
Lacking Kitchen and/or Plumbing	1,783	588	407	323	66
Overcrowding	10,929	1,235	1,563	2,421	5,710
<b>Total</b>	<b>76,196</b>	<b>23,382</b>	<b>18,136</b>	<b>16,465</b>	<b>17,481</b>

Source: 2000 CHAS

### ***Regional Input on Housing Needs***

Approximately 87 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show no significant preference between new rental housing development and the renovation of existing housing. Rental payment assistance is the least important of the three rental housing assistance activities.

Respondents from Region 10 prefer home purchase assistance over the renovation of existing housing. New housing development is the least important owner-occupied housing assistance. Twenty-seven percent of the Community Needs Survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 10 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

Regional Advisory Committee meeting attendees from Region 10 recommended improved communication in the form of an email distribution list and a consumer website with housing resources. Communicating with unincorporated communities and colonias require additional effort. Persons with disabilities face difficulties in locating affordable housing; the group suggested funding set-asides for specific programs. Attendees noted that the region is unique in its high poverty rate, number of non-English speakers, and high unemployment rate and therefore there is a greater need for rental housing rather than homeownership opportunities. There is a need for a common definition of affordable housing.

### ***Assisted Housing Inventory***

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.74: Region 10 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,968	23.1%	2.3%
HUD Units	3,811	22.2%	6.6%
PHA Units	3,976	23.1%	6.7%
Section 8 Vouchers	3,804	22.1%	2.8%
USDA Units	1,619	9.4%	6.2%
HFC Units*	968		
Total	17,178	100.0%	3.8%

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

***TDHCA Assistance for 2006***

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.75: Region 10 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$2,085,896	8.0%
Housing Tax Credit	\$1,771,585	4.1%
Community Services Block Grant	\$1,339,992	5.0%
Emergency Shelter Grants	\$205,079	4.2%
Comprehensive Energy Assistance	\$1,828,528	5.5%
Weatherization Assistance	\$663,080	5.8%
Total	\$7,894,160	5.4%



## REGION 11

Region 11 is a 16-county area along the border of Mexico. The main urban areas in the region are Brownsville-Harlingen, McAllen-Edinburg, Del Rio, and Laredo. According to the 2000 Census, the total population in Region 11 is 1,343,330, which represents 6.4 percent of the state's total population.



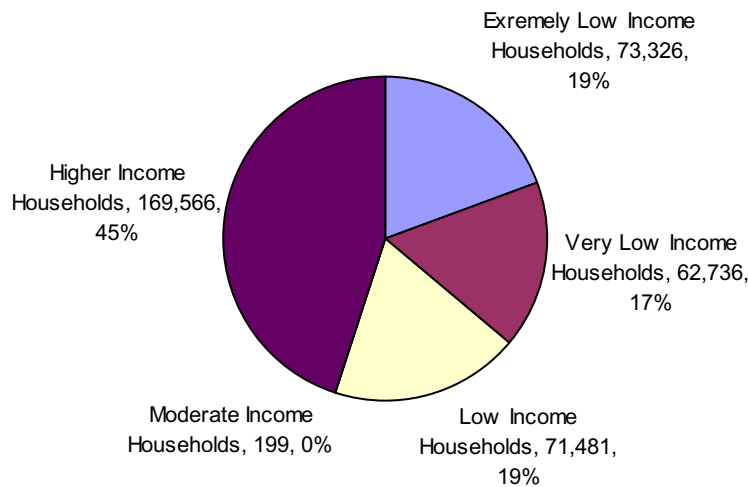
**Figure 3.76: Region 11 Population Figures**

	Region Total	Percent in Region	Region Percent of State
Total Population	1,343,330		6.4%
Persons with Disabilities	257,838	19.2%	7.2%
Elderly Persons (without disabilities)	67,505	5.0%	6.2%
Individuals in Poverty	455,366	33.9%	14.6%

Source: 2000 Census

About 68 percent of the population lives in urban areas.

**Figure 3.77: Region 11 Household Income**



The pie chart to the left depicts the income breakdown of the 377,276 households in the region. Approximately 55 percent of households are low income.<sup>50</sup> There are 455,366, or 33.9 percent, individuals living in poverty in the region.

2005 Multiple Listing Service data records the median home prices for Harlingen and Brownsville as \$79,500 and \$90,000, respectively.<sup>51</sup> Fourth quarter 2004 data shows that 52

percent of the households have sufficient income to afford the median-priced home in Harlingen, and 53 percent can afford the median-priced home in Brownsville.<sup>52</sup>

<sup>50</sup> The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.

<sup>51</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>52</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

### Special Needs Populations

According to 2000 Census data, there are 257,838 persons with disabilities residing in the region, which is 19.2 percent of the total region population. In addition, there are 67,505 elderly individuals without disabilities in the region, which is 5.0 percent of the region.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>53</sup> but figures vary. According to the 2000 Census, there are 1,211 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 193 homeless persons in Laredo.

### Housing Supply

According to 2000 Census data, of the 457,406 housing units in the region, 378,275 are occupied, which is an 82.7 percent occupancy rate. Of the total housing stock, 66 percent are one unit; 14 percent are over two units; 18 percent are mobile homes; and the rest are boats and RVs. Approximately 70.8 percent are owner occupied and 29.2 percent are occupied by renters.

**Figure 3.78: Region 11 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	457,406		5.6%
Total Occupied Housing Units	378,275	82.7%	5.1%
Owner-Occupied Units	267,716	70.8%	5.7%
Renter-Occupied Units	110,559	29.2%	4.1%

Source: 2000 Census

Data for the region shows that building permits for 11,844 single family units and 3,700 multifamily units were issued in 2004.<sup>54</sup>

### Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 377,276 households in the region, 161,609 owners and renters have housing problems; this represents 42.8 percent of all households.

<sup>53</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>54</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Figure 3.79: Region 11 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
<b>Renter Households</b>					
Extreme Cost Burden	25,023	13,381	7,343	3,335	964
Lacking Kitchen and/or Plumbing	4,751	2,474	1,099	636	0
Overcrowding	31,457	11,542	7,321	6,233	6,361
<b>Owner Households</b>					
Extreme Cost Burden	43,599	15,558	10,747	8,961	8,333
Lacking Kitchen and/or Plumbing	8,043	3,043	2,045	1,585	0
Overcrowding	48,736	8,375	9,672	12,299	18,390
<b>Total</b>	<b>161,609</b>	<b>54,373</b>	<b>38,227</b>	<b>33,049</b>	<b>34,048</b>

Source: 2000 CHAS

### ***Regional Input on Housing Needs***

Approximately 90 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area, the second highest percentage among the regions. There is a strong preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new rental housing development over the renovation of existing housing and rental payment assistance.

The Community Needs Survey respondents from Region 11 prefer home purchase assistance over new housing development. The renovation of existing housing is the least important owner-occupied housing assistance. Forty-three percent of respondents report a severe or significant homeless problem in their region; this is the highest percentage in the state. Among the different types of homeless assistance, short-term homeless shelters rank slightly higher in importance than transitional housing facilities. In terms of TDHCA energy-related activities, Region 11 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

Regional Advisory Committee meeting attendees from Region 11 suggested that more meetings and public hearings would improve communication in the region. The existing special needs programs could be enhanced by more coordination among the service providers. Meeting attendees agreed with the process of evaluating a region's need when distributing funds. Homebuyer education should be mandatory prior to the purchase of a home.

### ***Assisted Housing Inventory***

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.80: Region 11 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	7,400	22.2%	4.3%
HUD Units	3,695	11.1%	6.4%
PHA Units	7,223	21.6%	12.2%
Section 8 Vouchers	13,071	39.1%	9.8%
USDA Units	2,003	6.0%	7.7%
HFC Units*	204		
Total	33,392	100.0%	7.5%

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

***TDHCA Assistance for 2006***

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.81: Region 11 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$4,713,360	18.2%
Housing Tax Credit	\$5,209,862	12.1%
Community Services Block Grant	\$3,710,876	14.0%
Emergency Shelter Grants	\$706,653	14.6%
Comprehensive Energy Assistance	\$3,735,670	11.3%
Weatherization Assistance	\$1,371,503	12.0%
Total	\$19,447,924	13.3%

## Housing Analysis

### Uniform State Service Regions

## REGION 12

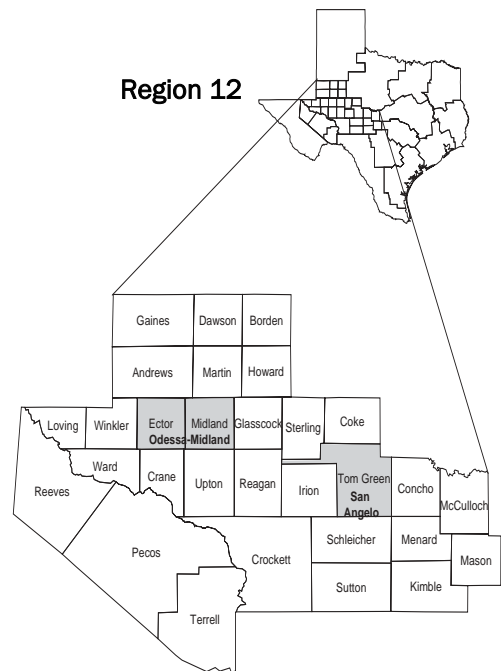
Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. According to the 2000 Census, the total population in Region 12 is 524,884, which represents 2.5 percent of the state's total population.

**Figure 3.82: Region 12 Population Figures**

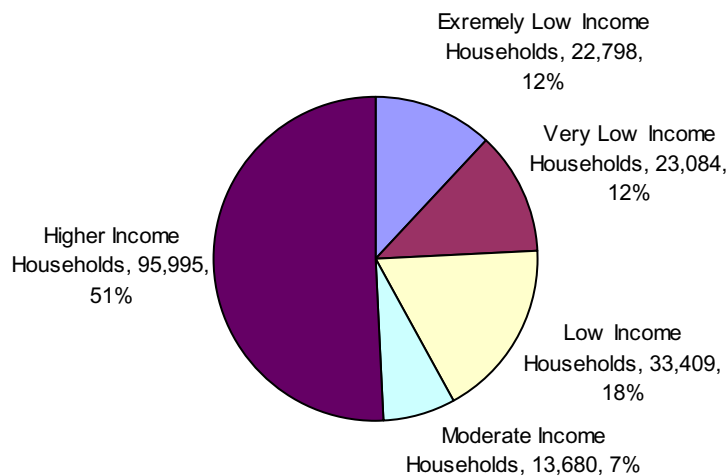
	Region Total	Percent in Region	Region Percent of State
Total Population	524,884		2.5%
Persons with Disabilities	91,822	17.5%	2.5%
Elderly Persons (without disabilities)	35,764	6.8%	3.3%
Individuals in Poverty	85,063	16.2%	2.7%

Source: 2000 Census

Approximately 68 percent of the population lives in urban areas.



**Figure 3.83: Region 12 Household Income**



The pie chart to the left depicts the income breakdown of the 188,921 households in the region. Approximately 42 percent of households are low income. There are 85,063, or 16.2 percent, individuals living in poverty in the region.

Multiple Listing Service data records the median home prices for San Angelo and Odessa-Midland as \$85,800 and \$87,600, respectively.<sup>55</sup> Fourth quarter 2004 data shows that 65 percent of the households have sufficient income to

afford the median-priced home in San Angelo, and 69 percent can afford the median-priced home in Odessa-Midland.<sup>56</sup>

## Special Needs Populations

According to 2000 Census data, there are 91,822 persons with disabilities residing in the region, which is 17.5 percent of the total region population. In addition, there are 35,764 elderly individuals without disabilities in the region, which is 6.8 percent of the region.

<sup>55</sup> Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>56</sup> Real Estate Center at Texas A&M University, "Texas Housing Affordability Index," <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>57</sup> but figures vary. According to the 2000 Census, there are 414 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless people in metropolitan areas.

**Housing Supply**

According to 2000 Census data, of the 221,968 housing units in the region, 189,582 are occupied, which is an 85.4 percent occupancy rate. Of the total housing stock, 72 percent are one unit; 16 percent are over two units; 12 percent are mobile homes; and the rest are boats and RVs. Approximately 70.1 percent are owner occupied and 29.9 percent are occupied by renters.

**Figure 3.84: Region 12 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	221,968		2.7%
Total Occupied Housing Units	189,582	85.4%	2.6%
Owner-Occupied Units	132,956	70.1%	2.8%
Renter-Occupied Units	56,626	29.9%	2.1%

Source: 2000 Census

Data for the region shows that building permits for 782 single family units and 21 multifamily units were issued in 2004.<sup>58</sup>

**Housing Need**

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 188,921 households in the region, 49,895 owners and renters have housing problems; this represents 26.4 percent of all households.

<sup>57</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>58</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

**Figure 3.85: Region 12 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
<b>Renter Households</b>					
Extreme Cost Burden	14,243	6,874	4,782	2,151	436
Lacking Kitchen and/or Plumbing	1,103	355	253	204	24
Overcrowding	5,372	1,392	983	1,364	1,633
<b>Owner Households</b>					
Extreme Cost Burden	20,719	6,228	5,142	4,727	4,622
Lacking Kitchen and/or Plumbing	1,138	265	223	264	64
Overcrowding	7,320	752	1,186	2,243	3,139
Total	49,895	15,866	12,569	10,953	9,918

Source: 2000 CHAS

### ***Regional Input on Housing Needs***

Approximately 81 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in there area. There is a slight preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new rental housing development over the renovation of existing housing and rental payment assistance.

Community Needs Survey respondents from Region 12 prefer the renovation of existing housing over new housing development. Home purchase assistance is the least important owner-occupied housing assistance. Eighteen percent of the survey respondents report a severe or significant homeless problem in their region. Among the different types of homeless assistance, short-term homeless shelters rank about equal in importance with transitional housing facilities. In terms of TDHCA energy-related activities, Region 12 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee meeting attendees from Region 12 identified problems, successes, and recommendations related to the suggested affordable housing topics: communication, special needs, funding distribution, and education. There is a need for improved communication between federal, state, and local agencies. Meeting attendees identified a need for programs directed towards people with disabilities and the elderly population in the region. Additional credit counseling and homebuyer education programs are needed.

### ***Assisted Housing Inventory***

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.86: Region 12 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	2,926	30.4%	1.7%
HUD Units	1,792	18.6%	3.1%
PHA Units	1,183	12.3%	2.0%
Section 8 Vouchers	3,039	31.6%	2.3%
USDA Units	687	7.1%	2.6%
HFC Units*	24		
Total	9,627	100.0%	2.2%

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

***TDHCA Assistance for 2006***

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.87: Region 12 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$1,567,553	6.0%
Housing Tax Credit	\$1,238,592	2.9%
Community Services Block Grant	\$1,199,511	4.0%
Emergency Shelter Grants	\$132,044	2.7%
Comprehensive Energy Assistance	\$1,576,586	4.8%
Weatherization Assistance	\$529,734	4.6%
Total	\$6,244,020	4.3%



**REGION 13**

El Paso is the main urban area in Region 13. The region spreads along the Texas-Mexico border in the southwestern tip of the state. According to the 2000 Census, the total population in Region 13 is 524,884, which represents 2.5 percent of the state’s total population.

**Figure 3.88: Region 13 Population Figures**

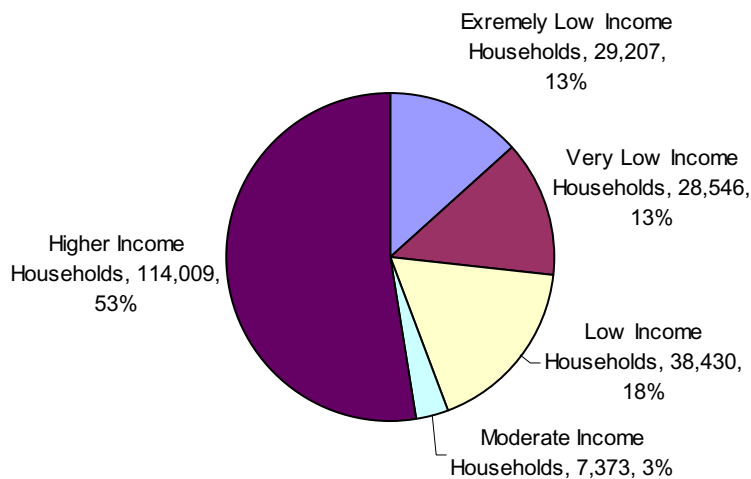
	Region Total	Percent in Region	Region Percent of State
Total Population	704,318		3.4%
Persons with Disabilities	128,000	18.2%	3.6%
Elderly Persons (without disabilities)	35,421	5.0%	3.3%
Individuals in Poverty	165,122	23.4%	5.3%

Source: 2000 Census



Approximately 92 percent of the region population lives in the urban area of El Paso.

**Figure 3.89: Region 13 Household Income**



The pie chart to the left depicts the income breakdown of the 216,861 households in the region. Approximately 44 percent of households are low income. There are 165,122, or 23.4 percent, individuals living in poverty in the region.

The 2005 Multiple Listing Service data records the median home price for El Paso as \$107,400.<sup>59</sup> Fourth quarter 2004 data shows that 59 percent of the households have sufficient income to afford the median-priced home.<sup>60</sup>

**Special Needs Populations**

According to 2000 Census data, there are 128,000 persons with disabilities residing in the region, which is 18.2 percent of the total region population. In addition, there are 35,421 elderly individuals without disabilities in the region, which is 5.0 percent of the region.

<sup>59</sup> Real Estate Center at Texas A&M University, “Texas Residential MLS Activity,” <http://recenter.tamu.edu/data/hs/trends4.html> (accessed August 22, 2005).

<sup>60</sup> Real Estate Center at Texas A&M University, “Texas Housing Affordability Index,” <http://recenter.tamu.edu/data/misc/afford2.html> (accessed August 22, 2005).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. The Texas Interagency Council for the Homeless estimates that there are 200,000 homeless individuals in Texas,<sup>61</sup> but figures vary. According to the 2000 Census, there are 1,022 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 356 homeless people in El Paso.

### Housing Supply

According to 2000 Census data, of the 236,572 housing units in the region, 219,261 are occupied, which is a 92.7percent occupancy rate. Of the total housing stock, 68 percent are one unit; 23 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 63.8 percent are owner occupied and 36.2 percent are occupied by renters.

**Figure 3.90: Region 13 Housing Units by Occupation**

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	236,572		2.9%
Total Occupied Housing Units	219,261	92.7%	3.0%
Owner-Occupied Units	139,842	63.8%	3.0%
Renter-Occupied Units	79,419	36.2%	3.0%

Source: 2000 Census

Data for the region shows that building permits for 3,512 single family units and 535 multifamily units were issued in 2004.<sup>62</sup>

### Housing Need

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 216,861 households in the region, 81,248 owners and renters have housing problems; this represents 37.5 percent of all households.

**Figure 3.91: Region 13 Households with Housing Problems**

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	22,151	8,941	7,159	4,652	1,399
Lacking Kitchen and/or Plumbing	1,679	470	539	297	24
Overcrowding	15,170	15,170	3,728	3,575	3,653
Owner Households					
Extreme Cost Burden	26,451	6,254	5,872	7,268	7,057
Lacking Kitchen and/or Plumbing	1,879	366	411	523	84
Overcrowding	13,918	1,296	2,037	3,263	7,322
Total	81,248	32,497	19,746	19,578	19,539

Source: 2000 CHAS

<sup>61</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>62</sup> Real Estate Center at Texas A&M University, "Building Permit Activity," <http://recenter.tamu.edu/data/bpc/> (accessed August 18, 2005).

### **Regional Input on Housing Needs**

Approximately 78 percent of the respondents to the 2003 Community Needs Survey in the region report a severe or significant affordable housing problem in their area. There is a preference for owner-occupied housing assistance over rental housing assistance. Results show a preference for new rental housing development over the renovation of existing housing and rental payment assistance.

In terms of owner-occupied housing assistance, survey respondents from Region 13 prefer new housing development over the renovation of existing housing. Home purchase assistance is the least important owner-occupied housing assistance. Forty-one percent of respondents report a severe or significant homeless problem in their region; this is the second highest rate in the state. Among the different types of homeless assistance, short-term homeless shelters rank higher in importance with transitional housing facilities. In terms of TDHCA energy-related activities, Region 13 has a preference for utility payment assistance. Weatherization measures to increase energy efficiency ranks next in importance followed by the repair and replacement of HVAC equipment.

2004 Regional Advisory Committee attendees from Region 13 expressed frustration with revised procedures related to the funding application process. There is a need for new programs that address the fact that many people in the region do not qualify for conventional home loans. The meeting attendees request that additional weight be given to the poverty rate when determining the allocation of funding. Predatory lending education is needed.

### **Assisted Housing Inventory**

The following table shows the number of total multifamily units in the region financed through state and federal sources, including TDHCA; HUD; PHAs; Section 8 Housing Choice Vouchers; USDA; and local HFCs, which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

**Figure 3.92: Region 13 Assisted Multifamily Units**

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,598	20.1%	2.1%
HUD Units	1,863	10.4%	3.2%
PHA Units	6,284	35.1%	10.6%
Section 8 Vouchers	5,842	32.7%	4.4%
USDA Units	298	1.7%	1.1%
HFC Units*	378		
Total	17,885	100.0%	4.0%

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

**TDHCA Assistance for 2006**

Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2006 funding that will be allocated to the region. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally.

**Figure 3.93: Region 13 Projected 2006 TDHCA Funding by Program**

Program	2006 Funding	Percent of State
HOME	\$616,491	2.4%
Housing Tax Credit	\$2,080,851	4.8%
Community Services Block Grant	\$1,436,984	5.0%
Emergency Shelter Grants	\$256,349	5.3%
Comprehensive Energy Assistance	\$1,592,680	4.8%
Weatherization Assistance	\$600,603	5.2%
Total	\$6,583,958	4.5%

## REGIONAL PLANS SUMMARY

The housing and community service needs of the different regions of Texas are as varied as the regions themselves. This section summarizes the information from the regional plans in the previous section.

## POPULATION CHARACTERISTICS

The most populous regions of the state according to the 2000 Census are Regions 3 and 6, together representing almost 50 percent of the state. Regions 3, 7, and 11 are the fastest growing areas as indicated by population estimates.

Figure 3.94: Population by Region

Service Region	Population 2000 Census	Percent of State's Population	Population Estimate Jan 1, 2003	Percent Change 2000 to 2003
1	780,733	3.7%	789,292	1.1%
2	549,267	2.6%	548,013	-0.2%
3	5,487,477	26.3%	5,898,978	7.5%
4	1,015,648	4.9%	1,044,537	2.8%
5	740,952	3.6%	750,676	1.3%
6	4,854,454	23.3%	5,182,676	6.8%
7	1,346,833	6.5%	1,448,465	7.5%
8	963,139	4.6%	998,728	3.7%
9	1,807,868	8.7%	1,901,127	5.2%
10	732,917	3.5%	740,168	1.0%
11	1,343,330	6.4%	1,455,917	8.4%
12	524,884	2.5%	527,426	0.5%
13	704,318	3.4%	730,908	3.8%
<b>State</b>	<b>20,851,820</b>	<b>100%</b>	<b>22,016,911</b>	<b>5.6%</b>

Source: 2000 US Census and Texas State Data Center

The regions with the highest number of persons in poverty are Regions 6, 3, and 11. The state poverty rate is 15.4 percent. The regions with the highest rate of poverty are along the border, Regions 13 and 11 with poverty rates of 23.9 percent and 34.4 percent respectively.

Figure 3.95: Population and Poverty, 2000

Service Region	Persons in Poverty	Percent of State Poverty Total	Population for whom Poverty Status is Determined	Percent of Regional Population in Poverty
1	122,991	3.9%	748,227	16.4%
2	77,647	2.5%	514,399	15.1%
3	588,688	18.9%	5,389,443	10.9%
4	152,036	4.9%	971,222	15.7%
5	120,585	3.9%	705,774	17.1%
6	656,239	21.0%	4,763,150	13.8%
7	145,060	4.7%	1,310,221	11.1%
8	149,480	4.8%	897,160	16.7%
9	267,118	8.6%	1,759,653	15.2%
10	132,214	4.2%	708,646	18.7%
11	455,366	14.6%	1,324,854	34.4%
12	85,063	2.7%	503,813	16.9%
13	165,122	5.3%	690,738	23.9%
<b>State</b>	<b>3,117,609</b>	<b>100.0%</b>	<b>20,287,300</b>	<b>15.4%</b>

Source: 2000 US Census

Figure 3.96 provides information on the income breakdowns of households in each region.

**Figure 3.96: Households and Income, 2000**

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

Source: CHAS Database

## HOUSING SUPPLY

Of the state's housing stock, regions 1 and 2 have the highest percentage of one-unit housing; Regions 3, 6, and 7 have the highest levels of multifamily housing.

**Figure 3.97: Housing Stock by Region, 2000**

Service Region	Housing Units	One Unit	2 to 19 Units	Over 20 Units	Mobile Homes	Boats, RVs
1	322,045	240,418 74.7%	30,163 9.4%	20,997 6.5%	29,683 9.2%	784 0.2%
2	243,506	186,932 76.8%	21,599 8.9%	7,974 3.3%	25,365 10.4%	1,636 0.7%
3	2,140,641	1,373,780 64.2%	385,269 18.0%	259,402 12.1%	118,078 5.5%	4,112 0.2%
4	434,792	307,802 70.8%	32,153 7.4%	13,754 3.2%	78,312 18.0%	2,771 0.6%
5	325,047	225,213 69.3%	23,868 7.3%	12,709 3.9%	60,328 18.6%	2,929 0.9%
6	1,853,854	1,175,460 63.4%	265,188 14.3%	293,889 15.9%	115,535 6.2%	3,782 0.2%
7	545,761	339,272 62.2%	96,402 17.7%	66,390 12.2%	41,991 7.7%	1,706 0.3%
8	387,627	259,909 67.1%	58,646 15.1%	19,960 5.1%	47,492 12.3%	1,620 0.4%
9	689,862	476,751 69.1%	101,504 14.7%	52,139 7.6%	57,339 8.3%	2,129 0.3%
10	298,494	212,067 71.0%	36,198 12.1%	17,165 5.8%	30,936 10.4%	2,128 0.7%
11	457,406	303,046 66.3%	45,937 10.0%	18,112 4.0%	80,947 17.7%	9,364 2.0%
12	221,968	159,092 71.7%	21,931 9.9%	13,796 6.2%	26,240 11.8%	909 0.4%
13	236,572	161,168 68.1%	32,741 13.8%	22,814 9.6%	19,406 8.2%	443 0.2%
<b>State</b>	<b>8,157,575</b>	<b>5,420,910</b> <b>66.5%</b>	<b>1,151,599</b> <b>14.1%</b>	<b>819,101</b> <b>10.0%</b>	<b>731,652</b> <b>9.0%</b>	<b>34,313</b> <b>0.4%</b>

Source: 2000 US Census

The homeownership rate for the State is 63.8 percent. The region with the lowest percentage of homeowners is Region 7 with 59.8 percent. The region with the highest percentage of homeowners is Region 4 with 73.8 percent.

**Figure 3.98: Housing Units by Occupancy, 2000**

Service Region	Total Tenure	Owner Occupied		Renter Occupied	
		Number	Percent	Number	Percent
1	288,175	191,161	66.3%	97,014	33.7%
2	206,388	142,603	69.1%	63,785	30.9%
3	2,004,826	1,220,939	60.9%	783,887	39.1%
4	380,468	280,896	73.8%	99,572	26.2%
5	275,233	201,971	73.4%	73,262	26.6%
6	1,702,792	1,037,371	60.9%	665,421	39.1%
7	510,555	305,294	59.8%	205,261	40.2%
8	344,575	210,882	61.2%	133,693	38.8%
9	636,796	414,009	65.0%	222,787	35.0%
10	256,428	171,319	66.8%	85,109	33.2%
11	378,275	267,716	70.8%	110,559	29.2%
12	189,582	132,956	70.1%	56,626	29.9%
13	219,261	139,842	63.8%	79,419	36.2%
<b>State</b>	<b>7,393,354</b>	<b>4,716,959</b>	<b>63.8%</b>	<b>2,676,395</b>	<b>36.2%</b>

Source: 2000 US Census

Information on the number of housing permits provides information on the regional housing industry. The regions with the highest share of the state's housing permits are also the most populous regions: 3 and 6. Across the state, there were nearly four times as many single family permits as multifamily permits.

**Figure 3.99: Housing Permits, 2004**

Service Region	Multifamily Housing Permits	Percent of State	Single Family Housing Permits	Percent of State	Total Housing Permits	Percent of State
1	2,657	6.68%	2,251	1.49%	4,908	2.57%
2	16	0.04%	717	0.47%	733	0.38%
3	8,608	21.63%	48,892	32.30%	57,500	30.08%
4	448	1.13%	1,668	1.10%	2,116	1.11%
5	112	0.28%	1,490	0.98%	1,602	0.84%
6	11,214	28.18%	45,536	30.08%	56,750	29.68%
7	4,000	10.05%	15,031	9.93%	19,031	9.95%
8	2,201	5.53%	4,376	2.89%	6,577	3.44%
9	4,905	12.33%	12,924	8.54%	17,829	9.33%
10	1,376	3.46%	2,363	1.56%	3,739	1.96%
11	3,700	9.30%	11,844	7.82%	15,544	8.13%
12	21	0.05%	782	0.52%	803	0.42%
13	535	1.34%	3,512	2.32%	4,047	2.12%
<b>State</b>	<b>39,793</b>	<b>100.00%</b>	<b>151,386</b>	<b>100.00%</b>	<b>191,179</b>	<b>100.00%</b>

Source: Real Estate Center at Texas A&M University

## NEED INDICATORS

Figure 3.86 shows the number of renter households with cost burden greater than 30 percent by income group. The highest numbers of very low income households with extreme cost burden are found in Region 3 with a total of 206,011 households and Region 6 with 168,355 households.

**Figure 3.100: Number of Renter Households with Extreme Cost Burden by Income Group, 2000**

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	29,555	14,026	9,256	5,092	636	545
2	16,557	7,546	5,753	2,699	263	296
3	206,011	78,911	67,156	48,746	5,773	5,425
4	27,100	12,500	9,142	4,443	606	409
5	21,116	10,733	6,894	2,890	254	345
6	168,355	71,699	55,967	31,103	4,751	4,835
7	68,118	27,648	21,497	15,700	1,808	1,465
8	42,797	20,028	12,657	8,285	1,123	704
9	62,012	24,095	19,495	14,458	1,834	2,130
10	23,006	9,258	7,433	4,896	744	675
11	25,023	13,381	7,343	3,335	0	964
12	14,243	6,874	4,782	2,151	223	213
13	22,151	8,941	7,159	4,652	270	1,129
<b>State</b>	<b>726,044</b>	<b>305,640</b>	<b>234,534</b>	<b>148,450</b>	<b>18,285</b>	<b>19,135</b>

Source: CHAS Database

The number of rental units lacking complete plumbing and/or kitchen facilities is one of the indicators of housing need that does not follow the pattern of population. Regions 3 and 6 have the highest number of units lacking facilities and are also the regions with the highest number of renter households. Region 11, however, is ranked sixth in terms of renter population and third in number of renter units lacking kitchen and/or plumbing facilities.

**Figure 3.101: Number of Renter Units Lacking Kitchen and/or Plumbing by Affordability Category, 2000**

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,638	553	322	301	88
2	968	330	161	237	71
3	10,144	2,968	2,087	2,247	675
4	2,108	724	425	363	135
5	1,460	549	300	270	76
6	9,614	3,228	1,892	2,034	492
7	2,869	1,170	562	565	185
8	1,831	601	354	355	92
9	3,284	1,137	484	751	241
10	1,497	513	234	355	62
11	4,751	2,474	1,099	636	0
12	1,103	355	253	204	24
13	1,679	470	539	297	24
<b>State</b>	<b>42,946</b>	<b>15,072</b>	<b>8,712</b>	<b>8,615</b>	<b>2,165</b>

Source: CHAS Database

Figure 3.89 shows the number of overcrowded owner households by income group. Regions 3 and 6, the most populous regions in the state, have the highest number of overcrowded households. Region 11, sixth in population, ranks third in number of overcrowded renter households.



**Figure 3.102: Number of Overcrowded Renter Households by Income Group, 2000**

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,294	2,037	2,029	2,602	639	1,987
2	3,906	867	694	1,181	283	881
3	114,914	26,062	25,691	30,470	9,536	23,155
4	8,851	1,951	1,688	2,215	874	2,123
5	6,868	1,988	1,246	1,477	534	1,623
6	117,586	29,482	27,886	30,141	8,837	21,240
7	22,581	5,433	5,070	5,645	1,895	4,538
8	12,409	2,903	2,232	3,502	1,089	2,683
9	28,877	7,296	6,160	7,359	2,039	6,023
10	10,429	3,082	2,112	2,289	643	2,303
11	31,457	11,542	7,321	6,233	0	6,361
12	5,372	1,392	983	1,364	566	1,067
13	15,170	4,214	3,728	3,575	511	3,142
<b>State</b>	<b>387,714</b>	<b>98,249</b>	<b>86,840</b>	<b>98,053</b>	<b>27,446</b>	<b>77,126</b>

Source: CHAS Database

Figure 3.103 shows the number of owner households with housing cost burden of over 30 percent of income. Regions 3 and 6, the most populous regions, have the highest number of very low income households with extreme cost burden.

**Figure 3.103: Number of Owner Households with Extreme Housing Cost Burden by Income Group, 2000**

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	28,912	8,542	7,021	6,944	1,748	4,657
2	22,471	6,744	5,894	4,902	1,555	3,376
3	216,038	50,064	41,410	55,310	19,764	49,490
4	49,419	15,358	11,379	11,530	3,628	7,524
5	32,849	11,845	7,609	7,044	1,990	4,361
6	173,411	44,640	34,996	42,008	13,606	38,161
7	56,638	11,452	10,018	16,282	6,004	12,882
8	36,129	9,754	7,763	9,069	3,088	6,455
9	71,630	17,316	14,240	17,201	6,436	16,437
10	28,552	8,706	6,387	6,181	1,854	5,424
11	43,599	15,558	10,747	8,961	63	8,270
12	20,719	6,228	5,142	4,727	1,407	3,215
13	26,451	6,254	5,872	7,268	1,120	5,937
<b>State</b>	<b>806,818</b>	<b>212,461</b>	<b>168,478</b>	<b>197,427</b>	<b>62,263</b>	<b>166,189</b>

Source: CHAS Database

Figure 3.104 shows the number of owner units that are lacking kitchen and/or plumbing facilities. Region 11, with the sixth highest number of owner households, has the highest number of physically inadequate owner housing units. Region 6, the second most populous region, has the second highest number of units lacking kitchen and/or plumbing facilities.

**Figure 3.104: Number of Owner Units Lacking Kitchen and/or Plumbing, 2000**

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,154	228	163	224	85
2	919	253	158	170	60
3	6,044	1,373	850	1,214	487
4	2,742	775	439	508	187
5	1,876	555	250	367	90
6	6,691	1,650	983	1,279	410
7	2,013	519	291	423	110
8	1,798	477	346	331	112
9	3,270	713	667	624	297
10	1,783	588	407	323	66
11	8,043	3,043	2,045	1,585	0
12	1,138	265	223	264	64
13	1,879	366	411	523	84
<b>State</b>	<b>39,350</b>	<b>10,805</b>	<b>7,233</b>	<b>7,835</b>	<b>2,052</b>

Source: CHAS Database

Figure 3.105 shows that Region 6 has the highest number of overcrowded owner households.

**Figure 3.105: Number of Overcrowded Owner Households by Income Group, 2000**

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,245	897	1,223	2,399	966	3,760
2	4,325	411	558	1,159	443	1,754
3	57,504	5,876	9,070	16,460	6,527	19,571
4	10,259	1,233	1,477	2,496	1,116	3,937
5	8,491	925	970	1,991	949	3,656
6	66,212	7,391	10,243	18,303	7,269	23,006
7	12,315	1,038	2,055	3,503	1,459	4,260
8	8,900	741	1,055	2,293	942	3,869
9	25,439	2,644	4,107	6,555	3,171	8,962
10	10,929	1,235	1,563	2,421	1,000	4,710
11	48,736	8,375	9,672	12,299	20	18,370
12	7,320	752	1,186	2,243	605	2,534
13	13,918	1,296	2,037	3,263	707	6,615
<b>State</b>	<b>283,593</b>	<b>32,814</b>	<b>45,216</b>	<b>75,385</b>	<b>25,174</b>	<b>105,004</b>

Source: CHAS Database

The total number of households in poverty, elderly and non-elderly, is one of the need indicators for some of the Department's community service activities. Regions 3, 6, and 11 have the highest numbers of poverty households.

Figure 3.106: Number of Households in Poverty, 2000

Service Region	Number of Elderly Poverty Households	Percent of State's Elderly Poverty Households	Number of Non-Elderly Poverty Households	Percent of State's Non-Elderly Poverty Households	Total Number of Poverty Households	Percent of State's Poverty Households
1	8,897	4.6%	37,710	4.5%	46,607	4.5%
2	8,100	4.2%	23,414	2.8%	31,514	3.0%
3	32,129	16.6%	165,495	19.7%	197,624	19.1%
4	15,592	8.1%	43,499	5.2%	59,091	5.7%
5	11,148	5.8%	36,076	4.3%	47,224	4.6%
6	32,192	16.7%	179,586	21.4%	211,778	20.5%
7	6,601	3.4%	46,549	5.5%	53,150	5.1%
8	10,531	5.4%	47,640	5.7%	58,171	5.6%
9	17,887	9.3%	70,207	8.4%	88,094	8.5%
10	10,783	5.6%	34,422	4.1%	45,205	4.4%
11	23,614	12.2%	93,382	11.1%	116,996	11.3%
12	6,744	3.5%	24,217	2.9%	30,961	3.0%
13	9,083	4.7%	38,561	4.6%	47,644	4.6%
<b>State</b>	<b>193,301</b>	<b>100.0%</b>	<b>840,758</b>	<b>100.0%</b>	<b>1,034,059</b>	<b>100.0%</b>

Source: 2000 Census

### ASSISTED HOUSING INVENTORY

The following table shows the number of multifamily units in the state financed through state and federal sources according to region. HFC units are not included in the total assisted units because this figure includes a considerable number of market-rate units, and many HFC units are financed through TDHCA and already counted in the TDHCA units total. Please see the "Assisted Housing Inventory" under "State of Texas" for data explanations.

Figure 3.107: Assisted Multifamily Units

Region	TDHCA Units	HUD Units	PHA Units	Section 8 Vouchers	USDA Units	HFC units*	Total Assisted Units
1	4,218	2,076	1,562	3,987	1,612	1,577	13,455
2	2,753	1,655	3,904	2,921	1,925	280	13,158
3	55,393	10,834	8,725	39,149	4,076	19,944	118,177
4	5,182	3,381	3,422	6,090	3,872	1,160	21,947
5	4,556	4,296	3,241	7,992	1,371	1,171	21,456
6	46,254	13,076	5,795	19,713	3,484	37,116	88,322
7	15,315	2,889	3,522	8,053	1,461	8,076	31,240
8	5,356	2,683	3,273	5,424	2,804	304	19,540
9	13,847	5,321	7,321	14,859	971	21,974	42,319
10	3,968	3,811	3,976	3,804	1,619	968	17,178
11	7,400	3,695	7,223	13,071	2,003	204	33,392
12	2,926	1,792	1,183	3,039	687	24	9,627
13	3,598	1,863	6,284	5,842	298	378	17,885
<b>State</b>	<b>170,766</b>	<b>57,372</b>	<b>59,431</b>	<b>133,944</b>	<b>26,183</b>	<b>93,176</b>	<b>447,696</b>

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

## TDHCA ASSISTANCE FOR 2006

Based on allocation formulas, TDHCA can estimate the amount of 2006 funding that will be allocated to a region for certain programs. Please see “TDHCA Allocation Plans” in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally and thus are not included in these tables, though this funding may be expended in the region.

Regional figures are total dollars to be allocated, less administrative fees and program set-asides or initiatives that are not subject to the allocation formula. State totals may not be exact due to rounding.

For CSBG, the allocation formula does not allocate funding to the 13 Uniform State Service Regions specifically. Rather, the formula allocates funding to a statewide network of contractors with multicounty service areas, which may cross regional boundaries. The regional distribution estimate is based on a theoretical allocation of contractor funding based on each county’s level of need relative to all the need in the contractor service area.

Projected FY 2006 CEAP and WAP figures are based on 2005 level funding by provider and then county.

**Figure 3.108: Projected 2006 TDHCA Funding by Program by Region**

Region	HOME	HTC	CSBG	ESGP	CEAP	WAP	Total Region Funding
1	\$1,798,446	\$2,026,482	\$1,331,785	\$191,053	\$2,177,106	\$822,537	\$8,347,409
2	\$1,228,643	\$1,143,231	\$953,238	\$120,436	\$1,535,305	\$535,256	\$5,516,109
3	\$2,904,962	\$7,064,721	\$4,614,797	\$913,183	\$5,443,366	\$1,918,077	\$22,859,106
4	\$3,555,755	\$2,139,933	\$1,435,311	\$236,035	\$2,137,870	\$747,924	\$10,252,828
5	\$1,651,052	\$1,521,318	\$1,133,369	\$187,183	\$1,615,919	\$568,942	\$6,677,783
6	\$1,823,443	\$10,403,698	\$5,286,198	\$1,017,657	\$5,673,525	\$1,711,418	\$25,915,939
7	\$1,090,977	\$3,285,943	\$1,330,777	\$224,910	\$1,356,561	\$506,715	\$7,795,884
8	\$1,343,077	\$2,610,906	\$1,323,391	\$231,681	\$1,844,233	\$637,907	\$7,991,195
9	\$1,547,843	\$2,502,878	\$2,366,652	\$414,511	\$2,656,465	\$862,783	\$10,351,132
10	\$2,085,896	\$1,771,585	\$1,339,992	\$205,079	\$1,828,528	\$663,080	\$7,894,160
11	\$4,713,360	\$5,209,862	\$3,710,876	\$706,653	\$3,735,670	\$1,371,503	\$19,447,924
12	\$1,567,553	\$1,238,592	\$1,199,511	\$132,044	\$1,576,586	\$529,734	\$6,244,020
13	\$616,491	\$2,080,851	\$1,436,984	\$256,349	\$1,592,680	\$600,603	\$6,583,959
<b>State</b>	<b>\$25,927,500</b>	<b>\$43,000,000</b>	<b>\$27,462,881</b>	<b>\$4,836,774</b>	<b>\$33,173,814</b>	<b>\$11,476,479</b>	<b>\$145,877,448</b>



## **SECTION 4: ACTION PLAN**

In response to the housing needs identified in the previous section, this plan outlines TDHCA's course of action designed to meet those underserved housing needs. This section discusses the following:

- TDHCA Purpose
- Obstacles to Meeting Housing Needs
- General Strategies to Overcome Obstacles
- Policy Focuses
- Program Plans
- TDHCA Allocation Plans
- TDHCA Goals and Objectives

## **TDHCA PURPOSE**

Section 2306.001 of TDHCA's enabling legislation states that the purpose of the Department is to

- (1) assist local governments in:
  - (A) providing essential public services for their residents; and
  - (B) overcoming financial, social, and environmental problems;
- (2) provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income;
- (3) contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;
- (4) assist the governor and the legislature in coordinating federal and state programs affecting local government;
- (5) inform state officials and the public of the needs of local government;
- (6) serve as the lead agency for:
  - (A) addressing at the state level the problem of homelessness in this state;
  - (B) coordinating interagency efforts to address homelessness; and
  - (C) addressing at the state level and coordinating interagency efforts to address any problem associated with homelessness, including hunger, and
- (7) serve as a source of information to the public regarding all affordable housing resources and community support services in the state.

## **OBSTACLES TO MEETING HOUSING NEEDS**

### **LACK OF AFFORDABLE HOUSING**

The most apparent obstacle to meeting underserved housing needs in Texas is a severe shortage of affordable housing stock. There is a corresponding shortage of funding sources to maintain and increase this housing stock. With few exceptions, every housing program administered by TDHCA receives far more applications than could be funded from available resources. This is evidence that there is significant interest on the part of both the nonprofit and for-profit sectors to produce the housing that is needed. To address this obstacle, TDHCA must develop strategies to foster and maintain affordable housing.

### **LACK OF ORGANIZATIONAL CAPACITY**

While the evidence of interest in producing affordable housing is easily documented, the actual capacity of organizations to produce such housing is not as clear. A lack of organizational capacity, especially in the harder to reach areas of the state, might explain the hesitancy of smaller communities to attempt to address affordable housing issues. As the HOME Program focus is on non-participating jurisdictions/smaller rural areas, this is of particular concern to TDHCA.

### **LACK OF ORGANIZATIONAL OUTREACH**

Another factor that goes hand in hand with lack of experience in developing affordable housing is the lack of knowledge of available resources to address a community's needs. There are both public and private resources available throughout the State that can be layered and leveraged to help stretch local funding. Unfortunately, many communities are not aware of these options or do not know how to successfully obtain them. This lack of knowledge, and in some cases communication, proves to be a barrier to the potential development of affordable housing.

### **LOCAL OPPOSITION TO AFFORDABLE HOUSING**

It is a common perception that affordable housing helps contribute to overcrowded schools, increased crime rates, traffic congestion, and general neighborhood deterioration that will lower the surrounding property values. As a result, developments requesting funding from TDHCA can experience significant opposition. TDHCA continues to work to educate the general public on affordable housing issues and encourages developers to interact directly with neighborhood organizations throughout the application process. This educational process is done with such tools as the public hearing process, TDHCA's website and publications, and the application scoring criteria for rental development funding.

### **REGULATORY BARRIERS TO AFFORDABLE HOUSING**

The following issues can be barriers to the provision of affordable housing.

- *Zoning provisions:* Because municipalities have zoning authority, they are in the position to shape the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, they can also pass ordinances that drive land and construction costs up to the point that affordable housing cannot be built. Unfortunately, the attitudes of municipalities can be influenced by attitudes of fear and distrust with regard to affordable housing. Neighborhood groups often oppose affordable housing

developments because of concerns that they will drive down property values, increase crime, and put a strain on local resources including schools and roads.

- *Deed restrictions:* Property owners may place a variety of deed restrictions on the development of property. Common deed restrictions include minimum square footage requirements, the type of construction and materials that must be used, and requirements for other amenities such as stone fences, landscaping, etc. They are primarily used to protect property values in a neighborhood by ensuring that certain minimum standards are met. Deed restrictions may be placed on properties through various means including neighborhood associations or property owners before the sale, subdivision, or development of an individual's own property.
- *Impact fees and development fees:* In the mid 1980s, many Texas cities experienced rapid growth. As a consequence, cities encountered difficulties in meeting the demand for city services and infrastructure. To address this problem, legislation authorizing impact fees was passed during the 1987 legislative session. As a condition of permit approval, the legislation authorized the assessment of fees to pay for infrastructure costs. The impact fee bill validated municipal impact fees, specified the type of projects for which the fees could be charged, required municipalities to account for impact fees that were collected, and allowed for public input into the process.
- *Restrictions on affordable housing options:* Construction options have increased over the last 10 years with the advent of new materials and housing options such as manufactured housing. Many of these alternatives could have a positive impact on the availability of affordable housing. Currently many of these options are viewed with distrust or are not well known by the general public. With regard to alternative building materials, the effectiveness of these new materials may be able to lower the cost of construction without sacrificing quality, but some municipalities may view them with suspicion. Ultimately, municipalities will have to review the appropriateness of allowing these less-expensive materials to be used in affordable housing. While these homes are finding their way into the main stream of the housing market, many new owners find that they face code concerns and the fear of declining property values from their local governments.
- *Overlapping government authority over housing construction:* In some cases, more than one government entity has authority over a specific part of the building and development process. There are times when this overlapping causes delays and adds to the costs of construction.
- *Environmental regulations:* There are several state and federal regulations that have been passed to protect the environment. At the federal level, regulations include the Endangered Species Act, National Pollutant Discharge Elimination System, and Wetlands regulations. In Texas, rules to protect the environment are developed by the Texas Commission on Environmental Quality. These include rules for the installation of septic systems and for development over the Edwards Aquifer. The restrictions associated with the regulations can add to the cost of development.

## AREA INCOME CHARACTERISTICS

Area incomes also affect the ability to meet local housing needs. Median incomes in rural areas fall far below those in urban. Currently the median income for all metropolitan statistical areas is \$55,500 compared to \$42,400 for non-metro households. Specifically, problems occur because program eligibility, rents, and home purchase prices are tied to the median income for these areas. Often times a developer will choose to locate new developments in larger metro areas where it is easier and more profitable to build—allowing them to charge more for either the sale of a single family home or rents on multifamily properties.



## **GENERAL STRATEGIES TO OVERCOME OBSTACLES**

TDHCA is committed to exploring a variety of avenues to provide affordable housing and community services to assist those at the local level. TDHCA will continue to use the following general approaches to overcome obstacles to addressing housing need.

### **EFFECTIVE USE OF EXISTING RESOURCES**

Programs administered by TDHCA provide housing and housing-related services, including community services. Housing activities consist of homebuyer assistance which includes down payment and closing costs, the rehabilitation of single family and multifamily units, rental assistance, the new construction of single family and multifamily housing, special needs housing, transitional housing, and emergency shelters. Housing-related and community services include energy assistance, weatherization assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, and emergency assistance. Through these activities, the Department strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

### **PROVIDE INFORMATIONAL RESOURCES**

It should be noted that TDHCA does not have regulatory authority over the housing/building industry, save projects funded with TDHCA funds and certain aspects of the manufactured housing industry. Additionally, as a governmental entity, the Department cannot lobby or attempt to influence the policies related to the governing of the State. However, TDHCA can act as an information resource to help identify or facilitate actions such as the following:

- Encourage localities to identify and address those regulations that lead to increased housing costs. For example, work through outreach efforts supported by convincing research to help local governments see the value in
  - setting aside undeveloped or underdeveloped land for affordable housing developments,
  - adopting zoning ordinances that do not discriminate against affordable housing,
  - reviewing local amendments to building codes and modify those that restrict the use of new advances in construction materials and techniques.
- Maintain a disability taskforce to work with TDHCA in developing policy with regards to issues related to persons with disabilities.
- Continue education programs such as the Texas Statewide Homebuyer Education Program, which provides lenders, homebuyer educators, and consumers information on serving traditionally underserved populations (e.g., persons with disabilities, lower income populations).
- Continue research on defining and eliminating or reducing both state and local policy barriers.
- Continue research on a variety of lending issues that affect the ability of households to purchase, maintain, and remain in their homes. A significant portion of this effort will be relate to a study required by HB 1582 of the 79th Legislature. This bill requires TDHCA to study mortgage foreclosure rates in Bexar, Cameron, Dallas, El Paso, Harris, and Travis Counties and to establish an advisory committee to direct the focus of the study. The advisory committee will address the extent to which the terms of mortgages are related to the foreclosure rate and whether terms could be offered to reduce the likelihood of foreclosure; the socioeconomic and geographic

elements characterizing foreclosures; the securitization of mortgages in the secondary market and its effect on foreclosures; consumer education efforts to prevent foreclosures; and recommendations to reduce foreclosures.

- Provide education and outreach to mitigate public opposition to affordable housing. TDHCA has developed a page on its website to provide interested persons with existing research on affordable housing issues that may be of concern.

## COORDINATE RESOURCES

Understanding that no single entity can address the enormous needs of the state of Texas, TDHCA supports the formation of partnerships in the provision of housing and housing-related endeavors. The Department works with many housing partners including consumer groups, community-based organizations, neighborhood associations, community development corporations, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore local communities play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources insure a well targeted more affordable product.

### *Coordination with Federal Agencies*

Because the State receives the majority of its funding from federal sources, many TDHCA programs require coordination with federal agencies. Below is a listing of those federal agencies and an overview of the activities associated with these partnerships:

- *US Department of Housing and Urban Development:* TDHCA administers the HOME, ESGP, and Section 8 programs, as well as regulates the manufactured housing industry, for HUD. The state agencies have established cooperative efforts with HUD's personnel in their field offices and with the Secretary's representative. This cooperation has led to the joint marketing of housing programs through conferences and workshops throughout the state, a mutual referral system, as well as technical assistance service by which each agency assists the other with workshops and other training efforts. Currently, HUD staff uses several TDHCA documents as their text on available housing resources and distribute these materials to the local governments and organizations they are serving.
- *US Treasury Department:* TDHCA administers the HTC Program, which was created by the Tax Reform act of 1986 (Section 42 of the Internal Revenue Code of 1986, as amended, is the federal law that governs the HTC Program). The HTC Program produces over 12,000 units of affordable housing each year. Additionally, TDHCA acts as an issuer of tax-exempt and taxable mortgage revenue bonds. The authority for these bonds comes again from the above cited act. Annually, single family bonds are used to provide below-market interest rate loans and multifamily bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties.

## Action Plan

### General Strategies to Overcome Obstacles

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- *US Department of Health and Human Services:* The Department administers several programs funded by HHS that are aimed at serving extremely low income persons; specifically, the Community Services Block Grant Program, the Community Food and Nutrition Program, Comprehensive Energy Assistance Program, and the Weatherization Assistance Program.
- *US Department of Energy:* TDHCA administers the US Department of Energy's Weatherization Assistance Program for Low Income Persons. This program helps consumers control energy costs through the installation of weatherization measures and provides energy conservation education.
- *USDA Rural Development:* As a provider of services to rural Texas communities, TDHCA has an ongoing relationship with USDA Rural Development. Collaborations have been achieved through several TDHCA programs (HTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.

### Coordination with State Agencies, Local Governments, and Other Parties

TDHCA's chief function is to distribute program funds to local conduit providers that include units of local government, nonprofit and for profit organizations, community-based organizations, private sector organizations, real estate developers, and local lenders. Because the agencies do not fund individuals directly, coordination with outside entities is key to the success of its programs. Below are some examples of organizational cooperation outside of the funding of these entities.

- *Office of Rural Community Affairs (ORCA):* TDHCA and ORCA have entered into an interagency contract to jointly administer the rural regional allocation of the HTC Program. TDHCA and ORCA jointly provide outreach and training to promote rural area capacity building, develop threshold requirements and scoring criteria for the rural applications, and score the applications. ORCA also participates in the site inspection of rural developments proposed under the rural allocation. TDHCA and ORCA coordinate services with each of the seven Colonia Self-Help Centers (in Cameron/Willacy, El Paso, Hidalgo, Maverick, Starr, Val Verde, and Webb counties) to provide housing and technical assistance to improve the quality of life for colonia residents beyond the provision of basic infrastructure. The contracts are executed directly with the county where the center is located.
- *Texas Homeless Network:* TDHCA collaborates with the Texas Homeless Network (THN) to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve. The Department also provided funds through THN to support technical assistance workshops for the HUD Continuum of Care homeless application. The purpose of the workshops was to assist communities in creating a network of services to the homeless population.
- *Texas Interagency Council for the Homeless:* TDHCA serves as a member of, and provides administrative support to, the Texas Interagency Council for the Homeless—a council comprised of six member state agencies.
- *Texas Association of Realtors:* In December 2004, the Department entered into a partnership with the Texas Association of Realtors and Fannie Mae to develop an educational outreach campaign to help first time homebuyers access low-cost mortgage financing.
- *Texas Home of Your Own Coalition:* TDHCA has partnered with the Texas Home of Your Own Coalition, which is a nonprofit organization that assists persons with disabilities purchase homes, to set aside HOME Homebuyer Assistance Program funds to support homeownership for persons with disabilities.

- *Texas Department of Aging and Disability Services:* TDHCA, in cooperation with the Texas Department of Aging and Disability Services, the Texas Health and Human Services Commission, and local public housing authorities, administers a housing voucher pilot program developed by the US Department of Housing and Urban Development (HUD), the US Department of Health and Human Services, and the Institute on Disability at the University of New Hampshire. “Project Access” helps low income persons with disabilities transition from nursing facilities into the community by providing access to affordable housing.
- *Promoting Independence Advisory Board.* The Department has been working with the Promoting Independence Advisory Board to address issues related to *Olmstead v. L. C.* The group is working on initiatives that will serve the needs of persons with disabilities who want housing options outside of institutional settings. TDHCA has been working with the following agencies: Texas Health and Human Services Commission, Texas Department of Aging and Disability Services, Texas Council for Developmental Disabilities, Texas Department of State Health Services, Texas Education Agency, and Texas Department of Protective and Regulatory Services.
- *NeighborWorks America.* TDHCA continues to contract with NeighborWorks America to facilitate the Texas Statewide Homebuyer Education Program (TSHEP) training. TSHEP also collaborates with several other partners including Texas State Affordable Housing Corporation, JP Morgan Chase, Fannie Mae, the Texas Home of Your Own Coalition, and Texas C-BAR to implement the trainings.
- *Texas State Affordable Housing Corporation (TSHAC):* TDHCA has entered into a memorandum of understanding with TSAHC to share data and information in the development of the State of Texas Low Income Housing Plan and Annual Report. TSAHC also manages the bank account for TSHEP.
- *Local Utility Companies:* Partnerships with financial commitments between the Weatherization Assistance Program and Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, and El Paso Electric, provide energy conservation measures to very low and extremely low income utility customers.
- *Coalition of Texans with Disabilities:* TDHCA serves on the Texas PHA Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee the three-year grant to provide training and technical assistance to public housing authorities. Activities of the grant are intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.
- *Texas Council for Developmental Disabilities:* TDHCA is a voting member of the Council, and serves on the Council’s policy committee.
- *CHDO Capacity Building Project:* TDHCA has committed to understanding the needs of CHDOs to ensure the success of single family and multifamily developments funded by TDHCA. To that end, TDHCA partnered with Training and Development Associates’ (TDA’s) Community Building Investment (CBI) II Program. The CBI II Program, implemented by TDA, provides direct technical assistance, training, and/or operating grants (pass-through funds) to existing and potential CHDOs that were awarded funding under the program.

TDHCA also commissioned a comprehensive plan to address technical assistance and capacity building needs of Texas CHDOs. Implementation of the plan will improve TDHCA’s overall

## *Action Plan*

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### *General Strategies to Overcome Obstacles*

management and understanding of CHDOs, improve the capacity and performance of CHDOs, and establish effective systems to ensure long term quality housing production. The plan is primarily composed of two parts: (1) the provision of ongoing training and technical assistance to CHDOs and prospective CHDOs and (2) the recommended procedures needed to ensure the future capacity and success of Texas CHDOs.

## **FAIR HOUSING**

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The Act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status, and physical or mental handicaps. Recent state activities or current objectives relating to fair housing are discussed below:

- Comply with the Texas Fair Housing Act in TDHCA administered programs.
- Coordinate fair housing efforts with the Texas Workforce Commission, Human Rights Division, which was created under the Texas Fair Housing Act to directly address public grievances related to fair housing.
- Section 8 Admittance Policy: In June 2000, TDHCA appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA assisted properties. The policy adopted by the TDHCA Board is as follows:
  - Managers and owners of HTC properties are prohibited from having policies, practices, procedures and/or screening criteria which have the effect of excluding applicants because they have a Section 8 voucher or certificate.
  - The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
  - Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in future TDHCA programs.

## **POLICY PRIORITIES**

This section describes policies TDHCA will use to address specific types of housing need in each uniform state service region, including meeting the underserved needs of extremely low income households, the homeless, persons with disabilities, and other special needs populations. This section also discusses rural needs, energy efficiency, and lead-based paint. Because of the unique challenges associated with the housing needs of these varying populations, a considerable level of planning and consumer-need-based focus is required.

### **EXTREMELY LOW INCOME INDIVIDUALS AND HOUSEHOLDS**

While one of the Department's charges is to serve the State's populations from extremely low income to moderate income, funding priority is given to those populations that are most in need of services: low, very low, and extremely low income individuals and households. Additionally, the Texas Legislature, through Rider 4, specifically calls upon TDHCA to focus funding toward individuals and families that are earning less than 60 percent of the area median family income. Rider 4 directs TDHCA to apply \$30,000,000 annually towards assisting extremely low income households; and no less than 20 percent of the Department's total housing funds towards assisting very low income households. TDHCA works to meet these goals, by providing HOME and HTC scoring incentives for applicants to set aside units for very low and extremely low income households.

The data presented in the Housing Analysis section of this report shows that households with lower incomes have higher incidences of housing problems. There are minimal differences between the incidences of housing problems between the two lowest income groups (0-30 percent and 31-50 percent of median income). While incidences of housing problems for these two groups are significantly higher than those of the other low income group, households with incomes at 51-80 percent of median income have significant needs as well. Therefore, households at 0-80 percent of median income have been given higher priority than households above 80 percent of median income. This prioritization will allow the State to target resources to those households most in need, regardless of household type.

### ***Poverty***

According to the 2000 US Census, Texas has the ninth highest poverty rate among the states: 15.4 percent compared to the national rate of 12.4 percent. The US Census defines the 2004 poverty threshold as \$19,157 in income for a family of four with two members under 18 years of age, and many poor families make substantially less than this. Poverty can be self-perpetuating, creating barriers to education, health, and the financial stability provided by homeownership.

Those groups showing the largest growth in proportion of population, the young and minority populations, continue to be overrepresented in the Texas poverty population. According to the 2000 US Census, 38 percent of the poverty population is between the ages of 0-17. Hispanics make up 41 percent of Texas children under the age of 18, but 62 percent of all poor children. African American children account for 12.5 percent of Texas children, but 18 percent of all poor children.

TDHCA recognizes that unemployment, the high cost of home energy, and lack of education are significant factors in the high rate of poverty.

## *Action Plan*

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### *Policy Priorities*

TDHCA has an important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means (1) trying to provide long-term solutions to the problems facing people in poverty and (2) targeting resources to those with the greatest need. The Department provides low income persons with energy, emergency, and housing assistance to meet the basic necessities.

Public assistance and social service programs have shifted their focus over the last 20 years. The emphasis centers on reducing dependency and increasing self-sufficiency. Assisted housing can no longer have a pure income maintenance orientation. In light of this new emphasis, housing resources that address poverty need to emphasize self-sufficiency. The self-sufficiency approach provides incentives for assisted housing residents that are willing to undertake a set of activities intended to lessen dependency. These activities should be tailored to meet the needs and capabilities of each individual household and can be provided through the housing deliverer or through human service providers.

Experience has shown that segregating low income persons in an insulated community perpetuates the cycle of poverty and often creates slums. A second anti-poverty theme centers on mobility—insuring that residents of assisted housing have access to jobs, schooling, public safety, and role models. Rental assistance combined with counseling and support services can be used to increase mobility. Scattered site production can also be used to encourage mixed income housing. TDHCA provides tenant-based rental assistance options through two of its programs, namely, HOME and Section 8.

An asset development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments rather than incremental increases in income. In housing, this can mean gaining equity through homeownership. Several of TDHCA programs introduce the option of homeownership to lower income populations: the HOME Program offers down payment assistance and closing cost assistance, and the Single Family Bond Program offers below-market-rate loans.

Programs administered through TDHCA's Office of Colonia Initiatives (OCI) can be instrumental in creating self sufficiency in the colonias. OCI coordinates programs that improve the living conditions of the state's colonias. The Texas Bootstrap Loan program provides loans for self-help housing initiatives; The Contract for Deed Conversion Initiative facilitates homeownership by converting contracts for deed into traditional mortgages; and the Colonia Self-Help Centers provide outreach, education, and technical assistance to colonia residents.

## **HOMELESS POPULATIONS**

The Stewart B. McKinney Homeless Assistance Act of 1987, the legislation that created a series of homeless assistance programs, defined the term "homeless." The following definition is used by the US Department of Housing and Urban Development (HUD) and all other federal agencies responsible for administering McKinney programs:

The term “homeless” or “homeless individual” includes

- an individual who lacks a fixed, regular, and adequate night time residence; or
- an individual who has a primary nighttime residency that is
  - a supervised publicly or privately-operated shelter designed to provide temporary living accommodations;
  - an institution that provides a temporary residence for individuals intended to be institutionalized; or
  - a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The Texas Interagency Council for the Homeless estimates that approximately 200,000 people in Texas, or about 1 percent of the population, are homeless.<sup>63</sup> Based on this estimate, TDHCA estimates that, of 3,159,940 total people living in rural areas, 1 percent of the rural population, approximately 32,000, are homeless. The 2000 Census counted 28,377 individuals residing in noninstitutional group homes in Texas, which include shelters. In its special tabulation on emergency and transitional shelters in metropolitan areas, the Census counted 6,237 people.

As evidenced above, estimates of homeless populations vary widely. The migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless counts are “point in time” estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. Furthermore, the homeless population can be classified into three categories: literally homeless, which describes those who have no permanent residence and stay in shelters or public places; marginally homeless, which includes those who live temporarily with other people and have no prospects for housing; and people at risk of homelessness. People at risk of homelessness generally have incomes below the poverty level, rely on utility and rental assistance, and may be unable to absorb unexpected events such as the loss of a job or serious illness.

### *Homeless Subpopulations*

The following homeless subpopulations have special characteristics. Though these subpopulations may have different characteristics, the two main trends significant in the rise of homelessness can be connected to the increase in poverty (characterized by the decline in employment opportunities and public assistance programs) and a shortage of affordable housing.<sup>64</sup>

#### **Homeless Families with Children**

The number of homeless families with children has increased significantly over the past decade. A 2003 US Conference of Mayors survey of 25 American cities found that homeless families comprised 40 percent of the homeless population.<sup>65</sup> Approximately 90 percent of homeless families are homeless due

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<sup>63</sup> Texas Interagency Council for the Homeless, “Key Facts,” <http://www.tich.state.tx.us/facts.htm> (accessed August 30, 2005).

<sup>64</sup> National Coalition for the Homeless, *Why are People Homeless?* NCH Fact Sheet #1 (Washington, DC: National Coalition for the Homeless, September 2002) <http://www.nationalhomeless.org/causes.html> (accessed August 30, 2005).

<sup>65</sup> National Coalition for the Homeless, *Who is Homeless?* NCH Fact Sheet #3 (Washington DC: National Coalition for the Homeless, May 2004) <http://www.nationalhomeless.org/who.html> (accessed August 30, 2005).



to a crisis.<sup>66</sup> Many parents with young children cannot work because of a lack of affordable childcare, which hinders their ability to earn an income to pay for suitable housing.

### Homeless Youth

An estimated 12 percent of the homeless population is aged 13 to 24.<sup>67</sup> Of this age group, approximately 40 percent has a history of sexual abuse, 46 percent report mental illness, 25 percent have problems with alcohol abuse, and 33 percent spent time in juvenile detention. Furthermore, 28 percent have been in foster care at least once. Due to the specific challenges faced by homeless youth, they may particularly benefit from the provision of essential services, including job training, education, and employment services.

### Homeless Minorities

A 2003 US Conference of Mayors survey of 25 American cities found that 49 percent of the homeless population was African American, 35 percent was white, 13 percent was Hispanic, 2 percent was Native American, and 1 percent was Asian.<sup>68</sup> However, the ethnic makeup of the homeless population will vary by geographic area.

### Homeless in Rural Areas

TDHCA estimates that 1 percent of the rural population is homeless, or 32,000. Rural areas typically have fewer jobs and shelters than urban areas, which makes it especially difficult for homeless persons. The National Council for the Homeless reports that homeless persons in rural areas are more likely to be white, and homeless farmworkers and Native Americans are also generally found in rural areas.<sup>69</sup> Migrant farmworkers, because of their mobile lifestyle, extremely low incomes, and lack of affordable housing, are at a high risk for homelessness.

### Homeless Victims of Domestic Violence

Battered women who live in poverty are often forced to choose between staying in abusive relationships or homelessness. According to the NCH, half of women with children experiencing homelessness left their last place of residence because of domestic violence.<sup>70</sup>

In 2003, there were 185,299 reported family violence incidents in Texas.<sup>71</sup> Furthermore, according to a TCFV statewide poll, 47 percent of all Texans report having experienced some form of domestic violence. In fiscal year 2003, the Family Violence Program provided emergency shelter to 29,733 adults and children and nonresidential services to 49,153 adults and children.<sup>72</sup>

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<sup>66</sup> Texas Homeless Network, "Finding the Way Home: Preventing and Reducing Homelessness in Texas," [http://www.utdanacenter.org/theo/pdf/FILES/RP2\\_FindWayHome\\_Sept03.pdf](http://www.utdanacenter.org/theo/pdf/FILES/RP2_FindWayHome_Sept03.pdf) (accessed August 30, 2005).

<sup>67</sup> Texas Homeless Network, "Finding the Way Home."

<sup>68</sup> National Coalition for the Homeless, *Who is Homeless?*

<sup>69</sup> National Coalition for the Homeless, *Who is Homeless?*

<sup>70</sup> National Coalition for the Homeless, *Who is Homeless?*

<sup>71</sup> Texas Council on Family Violence, "Abuse in Texas," [http://www.tcfv.org/abuse\\_in\\_texas.htm](http://www.tcfv.org/abuse_in_texas.htm) (accessed August 30, 2005).

<sup>72</sup> Texas Department of Human Services, *2003 Annual Report* (Austin, TX: Texas Department of Human Services), 31, <http://www.dhs.state.tx.us/publications/AnnualReport/2003/AR2003.pdf> (accessed August 30, 2005).

### Homeless Persons with Mental Illnesses and Disabilities

According to the Texas Interagency Council for the Homeless, approximately 25 percent of homeless individuals suffer from a serious mental illness, and more than 65,000 persons with disabilities did not have a predictable means of shelter in 1999.<sup>73</sup> The general lack of affordable housing and the poverty of this population make it difficult for homeless persons with mental illness to access social service programs and leaves them highly susceptible to homelessness.

### Homeless Elderly Persons

According to 2000 Census data, of those below the poverty level in Texas, an estimated 13.1 percent are age 65 and over. As a group, this makes the elderly the poorest of all Texans. Approximately 6 percent of persons aged 55 to 64 were homeless in 2004.<sup>74</sup>

### Homeless Veterans

According to the Department of Veteran's Affairs<sup>75</sup> approximately, on any given day, as many as 250,000 veterans are living in shelters or on the street. Of the veterans who are homeless, approximately 56 percent are African American or Hispanic, 45 percent suffer from mental illness, and 70 percent suffer from alcohol or drug abuse problems.

### Chronically Homeless Persons

According to the Texas Homeless Network, 27 percent of single homeless adults are chronically homeless, meaning that these persons have been homeless for an average of four years.<sup>76</sup> Furthermore, these persons have high rates of alcohol or drug abuse and mental illness.

### Homeless Persons with HIV/AIDS

The NCH estimates that 3 to 20 percent homeless people are HIV positive.<sup>77</sup> People with HIV/AIDS may lose their jobs because of discrimination or have high health care costs, leading to homelessness. This population may require supportive health services or community care programs in addition to housing assistance.

### Homeless Persons with Chronic Substance Abuse

The US Conference of Mayors survey reports that 30 percent of homeless persons has an addiction disorder.<sup>78</sup> The Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services, reports that, of adult clients admitted to TCADA-funded programs in 2004, 11 percent were homeless.<sup>79</sup> Homeless persons with substance abuse problems may require supportive services.

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<sup>73</sup> Texas Interagency Council for the Homeless, "Key Facts."

<sup>74</sup> National Coalition for the Homeless, *Who is Homeless?*

<sup>75</sup> US Department of Veterans Affairs, "Overview of Homelessness," (May 2004) <http://www1.va.gov/homeless/page.cfm?pg=1> (accessed August 30, 2005).

<sup>76</sup> Texas Homeless Network, "Finding the Way Home."

<sup>77</sup> Coalition for the Homeless, *HIV/AIDS and Homelessness* NCH Fact Sheet #9 (Washington DC: National Coalition for the Homeless, April 1999) <http://www.nationalhomeless.org/hiv aids.html> (accessed August 30, 2005).

<sup>78</sup> National Coalition for the Homeless, *Who is Homeless?*

<sup>79</sup> Texas Commission on Alcohol and Drug Abuse, "Texas Statewide Totals," <http://www.tcada.state.tx.us/research/statistics/statetotals.shtml> (accessed August 30, 2005).

### ***Homeless Needs***

The “continuum of care” approach to fighting homelessness is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying unmet physical, economic, and social needs. A comprehensive system of services as well as permanent housing is needed to help homeless individuals and families reach independence using a combination of emergency shelters, transitional housing, social services, and permanent housing. The continuum of care system begins with outreach, intake, and assessment. It is followed by safe emergency shelter and/or transitional housing that provides a variety of services including job training, educational services, substance abuse services, mental health services, and family support. Ultimately, the goal is to assist the family or individual achieve permanent housing.

### ***Homeless Goals***

The following Strategic Plan goals and associated proposed accomplishments are aimed at reaching the homeless populations. Refer to the Annual Report section of this document for 2005 performance on reaching these objectives, and the “Strategic Plan Goals” in this section for more information on 2006 goals. Refer to the “Program Statements” in this section for more information on the Emergency Shelter Grants Program, which is TDHCA’s main homelessness assistance program, and other related programs.

<b>GOAL 3: TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.</b>
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- 3.1 Strategy:** Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.
- 3.2 Strategy:** Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

### ***TDHCA Program Strategies for Meeting Homeless Needs***

In order to meet the needs of homeless populations and meet the goals outlined above, TDHCA has developed the following strategies.

#### **Texas Interagency Council for the Homeless**

The Texas Interagency Council for the Homeless (TICH) was created in 1989 to coordinate the State's homeless resources and services. TICH consists of representatives from all state agencies that serve the homeless. The council receives no funding and has no full-time staff, but receives clerical and advisory support from TDHCA. The council holds public hearings in various parts of the state to gather information useful to its members in administering programs. In addition, the Texas Homeless Network, a nonprofit organization, fulfills many of the council's statutory duties through a contract with TDHCA.

The Council's major functions include

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among separate providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission, a strategic plan to address the needs of the homeless;
- maintaining a central resource and information center for the homeless.

TICH has developed a 10-year state action plan to end chronic homelessness in Texas. A team of 10 TICH members attended the Federal Policy Academy on Improving Access to Mainstream Services for People Experiencing Chronic Homelessness in Chicago, Illinois, in May 2003. A result of their participation was that TICH developed a 10-year plan to end chronic homelessness and then conducted six public hearings in March 2004 to receive testimony on the plan. The public hearings were held at the request of the Office of the Governor and were intended to further the implementation of the state action plan on homelessness. The plan was developed as part of Texas's participation in the federal policy academy to improve access to mainstream services for people who are homeless, including people with serious mental health or substance abuse problems. The federal policy academies are led by the US Department of Health and Human Services, the US Department of Urban Development, and the US Department of Veterans Affairs.

The Three Priorities and the Strategies of the State Action Plan to End Chronic Homelessness are as follows:

Priority One: Increasing the Public and Political Investment

- Strategy 1.1 Improve data
- Strategy 1.2 Increase capacity of local homeless coalitions
- Strategy 1.3 Host public forums for state plan to end chronic homelessness

Priority Two: Prevent Chronic Homelessness

- Strategy 2.1 Identify common risk factors and definitions regarding persons at risk of chronic homelessness
- Strategy 2.2 Develop model discharge coordination plan for persons at-risk of chronic homelessness
- Strategy 2.3 Coordinate discharge-planning efforts
- Strategy 2.4 Develop a prevention strategy aimed at persons at risk of homelessness, currently homeless persons, and their providers that focus on education, awareness, and anti-stigma strategy

Priority Three: Develop, Expand, and Support Evidence-Based Service Interventions

- Strategy 3.1 "Set-aside" resources for ending chronic homelessness
- Strategy 3.2 Increase prioritization and targeting of persons experiencing chronic homelessness within mainstream services
- Strategy 3.3 Advocate for a uniform eligibility process
- Strategy 3.4 Increase and improve linkages between housing and services

Information on TICH and the 10-Year Plan to End Chronic Homelessness can be found at <http://www.tich.state.tx.us>.

### **Emergency Shelter Grants Program**

Through the Emergency Shelter Grants Program (ESGP), TDHCA funds organizations that provide shelter and related services for homeless persons, as well as intervention services to persons threatened with homelessness. Activities include renovating buildings for use as shelters; medical and psychological counseling; assistance in obtaining permanent housing; and homeless prevention services, such as rent and utility assistance. For 2006, TDHCA anticipates that it will receive \$5,154,498 in funding to address homelessness, and disperses those funds according to a regional allocation formula based on the poverty percentage of each uniform state service region. Demonstrating the need for homeless shelter and services, for the 2005 ESGP application cycle, the Department received 138 applications and was able to fund only 76.

### **Community Services Block Grant Program**

TDHCA provides administrative support funds to community action agencies (CAAs) that offer emergency and poverty-related programs to lower income persons. CAA services include child care, health and human services, job training, migrant farmworker assistance, nutrition services, and emergency assistance. These services can be instrumental in preventing homelessness in the lowest income populations.

### **HTC Program**

The HTC Program (HTC) is a multifamily program that encourages the development of affordable multifamily housing. In addition to the construction, acquisition, and/or rehabilitation of new, existing, at-risk, and rural housing, this program can also be used to develop transition housing. TDHCA gives scoring preferences for this purpose.

## **PERSONS WITH DISABILITIES**

According to the US Department of Housing and Urban Development, 24 CFR 582.5:

A person shall be considered to have a disability if such a person has a physical, mental, or emotional impairment that

- is expected to be of long-continued and indefinite duration,
- substantially impedes his or her ability to live independently,
- is of such a nature that the ability could be improved by more suitable housing conditions.

According to the 2000 US Census, there are approximately 3,605,542 disabled, civilian, non-institutionalized persons over the age of five (or approximately 19 percent of total population) in Texas. Of this figure, 663,300 have a sensory disability (severe vision or hearing impairment), 1,428,580 have a physical disability (condition that substantially limits a physical activity such as walking or carrying), 816,185 have a mental disability (learning or remembering impairment), 487,120 have a self-care disability (dressing, bathing, or getting around inside the home), 1,359,848 have a “going outside the home disability,” and 1,651,821 have an employment disability.

### ***Needs of Persons with Disabilities***

Housing opportunities for people with disabilities may be complicated by low incomes. The 2000 census estimates that 553,934 disabled individuals over age five live below the poverty level in Texas. Many people with disabilities may be unable to work, and receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits as their principal source of income. According to *Priced Out in 2002*, an SSI recipient would have to pay an average of 98.3 percent (or \$536) of his or her \$545 monthly payment to rent a one-bedroom apartment in Texas.<sup>80</sup> According to the HUD definition of affordability that estimates that a household should pay no more than 30 percent of its income on housing expenses, an SSI recipient can afford a monthly rent of no more than \$164.

The *Olmstead* Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the Americans with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA, and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. A cost-effective and integrative approach is to promote “adaptive design” or “universal access” housing, which promotes basic, uniform standards in the design, construction, and alteration of structures that include accessibility or simple modification for disabled individuals. While an “adaptable” unit may not be fully accessible at time of occupancy, it can easily and inexpensively be modified to meet the needs of any resident. Another option is to equip homes with special features designed for persons with disabilities, including ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets, and special door levers.

There is a significant shortage of housing that is physically accessible to persons with disabilities and an even greater shortage of accessible housing that has multiple bedrooms. Many persons with disabilities require larger housing units because they live with family, roommates, or attendants. The lack of multi-bedroom housing furthers their segregation. Moreover, accessible housing is an urgent and present need for not only citizens who currently have disabilities, but for the aging population in the US, which will likely develop disabilities in the future. Accessible housing will become increasingly more important as the ability for self-care and mobility decreases with age.

Advocates for the elderly and persons with disabilities continue to stress that the primary goal of these populations is to live independently and remain in their own homes. Access to rehabilitation funds for single family housing—to perform minor physical modifications such as extra handrails, grab bars, wheelchair-accessible bathrooms, and ramps, thus making existing units livable and providing a cost-effective and consumer-driven alternative to institutionalization—was considered as a priority. Likewise, the availability of rental vouchers that provide options beyond institutional settings was found to be a high priority.

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<sup>80</sup> Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2002*, by Ann O'Hara and Emily Cooper (Boston, MA: Technical Assistance Collaborative Inc., May 2003), 37, <http://www.c-c-d.org/PO2002.pdf> (accessed August 30, 2005).

### **Persons with Disabilities Goals**

The following goals and associated proposed accomplishments are aimed at reaching persons with special needs, including persons with disabilities. Refer to the Annual Report section of this document for 2005 performance on reaching these objectives, and the “Strategic Plan Goals” in this section for more information on 2006 goals.

**GOAL 9: TDHCA WILL WORK TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS THROUGH FUNDING, RESEARCH, AND POLICY DEVELOPMENT EFFORTS.**

- 8.1 Strategy:** Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.
- 8.2 Strategy:** Dedicate no less than 5 percent of the Multifamily Bond Program units for persons with special needs.
- 8.3 Strategy:** Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.
- 8.4 Strategy:** Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.
- 8.5 Strategy:** Discourage the segregation of persons with special needs from the general public.

### ***TDHCA Program Strategies for Meeting the Needs of Persons with Disabilities***

In order to meet the needs of persons with disabilities and meet the goals outlined above, TDHCA has developed the following strategies.

#### **Promoting Independence Advisory Board**

With the advent of the *Olmstead* decision, the Health and Human Services Commission (HHSC) initiated the Promoting Independence Initiative and appointed the Promoting Independence Advisory Board, as directed by then-Governor George Bush’s Executive Order GWB 99-2. The Promoting Independence Advisory Board (PIAB) assists the HHSC in creating the State’s response to the *Olmstead* decision through the biannual Promoting Independence Plan. This plan highlights the State’s efforts to assist those individuals desirous of community placement, appropriate for community placement as determined by the state’s treatment professionals, and who do not constitute a fundamental alteration in the state’s services, to live in the community. A representative from TDHCA has been a voting member of the PIAB since its inception.

#### **Project Access**

TDHCA has taken a leadership role in the provision of funding for rental assistance to address the housing needs of persons looking for community-based alternatives to institutionalization. In FY 2002, TDHCA received 35 rental vouchers to administer to the *Olmstead* population as part of a national pilot called “Project Access.” As of December 2005, all vouchers have been issued, and 56 recipients through voucher recycling have made the transition from a nursing facility into their own homes.

### **Integrated Housing Rule**

An issue of particular concern for advocates for persons with disabilities involved the Department's policies related to integrated housing. Integrated housing, as defined by SB 367 and passed by the 77th Texas Legislature, is "housing in which a person with a disability resides or may reside that is found in the community but that is not exclusively occupied by persons with disabilities and their care providers." The Department, with the assistance of the TDHCA Disability Advisory Committee, developed an integrated housing rule to address this concern. In November 2003, the TDHCA Board approved an Integrated Housing Rule for use by all Department housing programs, 10 TAC 1.15. Below is a synopsis of the rule:

- A housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations.
  - Large housing developments (50 units or more) shall provide no more than 18 percent of the units of the development set aside exclusively for people with disabilities. The units must be dispersed throughout the development.
  - Small housing developments (less than 50 units) shall provide no more than 36 percent of the units of the development set aside exclusively for people with disabilities. These units must be dispersed throughout the development.
- Set-aside percentages outlined above refer only to the units that are to be solely restricted for persons with disabilities. This section does not prohibit a property from having a higher percentage of occupants that are disabled.
- Property owners may not market a housing development entirely, nor limit occupancy to, persons with disabilities.

Exceptions to the above rule include (1) scattered site development and tenant-based rental assistance is exempt from the requirements of this section; (2) transitional housing that is time-limited with a clear and convincing plan for permanent integrated housing upon exit from the transitional situation; (3) housing developments designed exclusively for the elderly; (4) housing developments designed for other special needs populations; and (5) Board waivers of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

### **HOME Program**

Subject to qualified applications, a minimum of 5 percent of the annual HOME Program allocation will be allocated for applicants serving persons with disabilities. Additionally, the HOME Program has a goal of allocating 20 percent of funds to applications serving persons with special needs.

Since 2000, TDHCA has allocated HOME Program funds for the Texas Home of Your Own Program (HOYO), which provides assistance to help persons with disabilities purchase a home. HOYO provides homebuyer education, down payment and closing cost assistance, and architectural barrier removal. In program year 2006, TDHCA will allocate \$500,000 to HOYO. These funds may be used statewide, including in participating jurisdictions.



### **HTC Program**

HTC developments that are new construction must conform to Section 504 standards, which require that at least 5 percent of the development's units be accessible for persons with physical disabilities and at least 2 percent of the units be accessible for persons with hearing and visual impairments.

### **HTF Program**

Rental developments funded with HTF resources must have a minimum of 5 percent of the units accessible for individuals with mobility impairments and an additional 2 percent of the units shall be accessible for individuals with hearing or vision impairments.

### **Multifamily Bond Program**

The Multifamily Bond Program requires that owners make available for occupancy at least 5 percent of units for persons with special needs.

### **Comprehensive Energy Assistance Program**

Priority for utility assistance through the Comprehensive Energy Assistance Program is given to the elderly, persons with disabilities, and families with young children; households with the highest energy costs in relation to income; and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

### **Weatherization Assistance Program**

Like CEAP, priority for utility assistance through the Weatherization Assistance Program is given to the elderly, persons with disabilities, and families with young children; households with the highest energy costs in relation to income; and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.

## **OTHER SPECIAL NEEDS POPULATIONS**

In addition to the homeless, according to HUD, special needs populations include persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents. TDHCA also considers colonia residents and migrant farmworkers as special needs populations.

### ***Elderly Populations***

According to the 2000 US Census, 9.9 percent (approximately 2 million) of people in Texas are 65 years of age or older. The Texas Department on Aging (TDoA), now part of the Texas Department of Aging and Disability Services, estimates that by the year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas.<sup>81</sup> TDoA reports that females significantly outnumber males age 60 and over and, though the majority of elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population.<sup>82</sup>

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<sup>81</sup> Texas Department on Aging, Office of Aging Policy and Information, *Texas Demographics: Older Adults in Texas* (Austin, TX: Texas Department on Aging, April 2003), x, [http://www.dads.state.tx.us/news\\_info/publications/studies/NewDemoProfileHi-Rez-4-03.pdf](http://www.dads.state.tx.us/news_info/publications/studies/NewDemoProfileHi-Rez-4-03.pdf) (accessed August 30, 2005).

<sup>82</sup> Texas Department on Aging, *Texas Demographics: Older Adults in Texas*, ix-x.

Nationwide, in 2002, the median income for individual elderly males was \$19,436, elderly females was \$11,406, and families headed by individuals 65 and over was \$33,802.<sup>83</sup> According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Low incomes in addition to rising healthcare costs may make housing unaffordable. Approximately 30 percent of all elderly households pay more than 30 percent of their income on housing, while 14 percent pay more than 50 percent of their income on housing.<sup>84</sup>

A 2000 American Association of Retired Persons study found that 90 percent of elderly persons expressed a desire to stay in their own homes as long as possible.<sup>85</sup> Of all elderly households, 80 percent own their own homes.<sup>86</sup> However, elderly homeowners generally live in older homes than the majority of the population; in 2001, the median year of construction for homes owned by elderly households was 1963.<sup>87</sup> Due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

Some elderly households may require in-house services such as medical treatment, meal preparation, or house cleaning. Community Care Services, administered by the Texas Department of Aging and Disability Services, provides services to meet the needs of elderly and disabled Texans avoiding premature nursing home placement, and proves to be more cost-effective than nursing home care. Statistics show that in fiscal year 2003, 65,202 nursing facility clients were assisted at an annual cost of \$1,814,420,111, and 150,696 Community Care Services clients were at an annual cost of \$1,332,477,707.<sup>88</sup> Though Medicaid covers nursing home care as well as assisted-living services, such assisted-living services are limited and waiting lists can be lengthy, which can prematurely place low income seniors in nursing home facilities.

### **Frail Elderly Persons**

Frail elderly persons are defined as elderly persons who are unable to perform at least three activities of daily living. Activities of daily living include eating, dressing, bathing. According to the 2000 Census, 400,099 persons aged 65 to 74 (out of 1,131,163) have a disability as defined by the US Census, and 479,879 persons over the age of 75 (out of 835,109 total) have a disability as defined by the US Census. This population will require medical and social services; varying degrees of assistance are needed to maintain self-sufficiency and delay the need for nursing home care.

### ***Alcohol and Drug Addiction***

In 2001, the Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services, estimated that approximately 1.8 million, or 12 percent, of adults in Texas have an alcohol-related problem, another 227,000 have drug-related problems, and an additional 495,000 have

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<sup>83</sup> US Department of Health and Human Services, Administration on Aging, *A Profile of Older Americans: 2003* (US Department of Health and Human Services), 10, <http://www.aoa.dhhs.gov/prof/Statistics/profile/2003/2003profile.pdf> (accessed August 30, 2005).

<sup>84</sup> US Department of Housing and Urban Development, *Housing Our Elders* (HUD, November 1999), 29, <http://www.hud.gov/library/bookshelf18/pressrel/elderlyfull.pdf> (accessed August 30, 2005).

<sup>85</sup> Texas Department on Aging, Office of Aging Policy and Information, *The State of Our State on Aging* (Austin, TX: Texas Department on Aging, December 2002), 19, [http://www.dads.state.tx.us/news\\_info/publications/studies/SOSHHighRez.pdf](http://www.dads.state.tx.us/news_info/publications/studies/SOSHHighRez.pdf) (accessed August 30, 2005).

<sup>86</sup> US Department of Health and Human Services, *A Profile on Older Americans: 2003*, 11.

<sup>87</sup> US Department of Health and Human Services, *A Profile on Older Americans: 2003*, 11.

<sup>88</sup> Texas Department of Human Services, *2003 Annual Report*, 103.

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both alcohol and drug-related problems.<sup>89</sup> Of the 46,474 total admissions to TCADA-funded treatment programs during 2004, admitted individuals were most likely to be single males with an average age of 35, an average 12th grade education, and an average annual income of \$5,715.<sup>90</sup> The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

Supportive housing programs needed for persons with alcohol and/or other drug addiction problems range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

### ***Persons with HIV/AIDS***

Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS (Acquired Immunodeficiency Syndrome). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to the Texas Department of Health, now the Texas Department of State Health Services (DSHS), as of December 2003, there were 48,368 reported persons living with HIV/AIDS in Texas.<sup>91</sup> The majority of these cases were located in Bexar, Dallas, Harris, Tarrant, and Travis Counties. Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

DSHS addresses the housing needs of AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), which is a federal program funded by HUD. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage, and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing. In addition to the TDH statewide program, the cities of Austin, Dallas, Fort Worth, Houston, and San Antonio receive HOPWA funds directly from HUD.

### ***Public Housing Residents***

According to HUD, there are 61,127 units of public housing and 141,982 Section 8 Housing Choice Vouchers in Texas.<sup>92</sup>

TDHCA believes that the future success of public housing authorities (PHAs) will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of public housing authorities, it is important to maintain a relationship with these service providers.

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<sup>89</sup> Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults*, by Lynn Wallisch (Austin, TX: Texas Commission on Alcohol and Drug Abuse, July 2001), 29, <http://www.tcada.state.tx.us/research/AdultHousehold.pdf> (accessed August 30, 2005).

<sup>90</sup> Texas Commission on Alcohol and Drug Abuse, "Texas Statewide Totals," <http://www.tcada.state.tx.us/research/statistics/statetotals.shtml> (accessed August 30, 2005).

<sup>91</sup> Texas Department of Health, HIV/STD Epidemiology Division, Surveillance Branch, *Texas HIV/STD Surveillance Report: 2003 Annual Report* (Austin, TX: Texas Department of Health, December 2003), 1, <http://www.tdh.state.tx.us/hivstd/stats/pdf/qr20034.pdf> (accessed August 30, 2005).

<sup>92</sup> HUD, "Public Housing Agency (HA) Profiles" <http://www.hud.gov/offices/pih/systems/pic/haprofiles/index.cfm> (accessed October 30, 2004).

Over the past few years TDHCA has developed a strong relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials, which represent the public housing authorities of Texas. TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units. Specifically, the HTC Program gives scoring points to applications that are proposing rehabilitation and for which some of the financing of the development includes HOPE VI or HUD capital grant funds.

In 1999, TDHCA, as required by 24 CFR §903.15, started a certification process to ensure that the annual plans submitted by public housing authorities in an area without a consolidated plan are consistent with the State's *Consolidated Plan*.

In an effort to keep public housing residents aware of State programs that might affect them, TDHCA sends notice of public comment periods and hearings regarding the *State of Texas Low Income Housing Plan and Annual Report* and the *State of Texas Consolidated Plan* to all Texas PHAs. PHA staff are targeted by the Texas Statewide Homebuyer Education Program (TSHEP) for training to provide self-sufficiency tools for tenants.

TDHCA serves on the Project Advisory Committee with the Coalition of Texans with Disabilities, Texas Council for Developmental Disabilities, Advocacy Inc., and United Cerebral Palsy to oversee the three-year grant to provide training and technical assistance to PHAs. Activities of the grant are intended to result in a measurable increase in the number of integrated housing units available to persons with disabilities.

### ***Colonia Residents***

According to Section 2306.581 of the Texas Government Code:

“Colonia” means a geographic area located in a county some part of which is within 150 miles of the international border of this state and that

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

Texas A&M University estimates that the average median household income is between \$7,000 and \$11,000 for the 1,450 colonias that accommodate over 350,000 residents.<sup>93</sup> Colonia residents are generally unskilled, lack a formal education, and do not have stable employment. It is assumed that many residents work as day-to-day or farm laborers and the unemployment rate ranges from 20 to 60 percent.<sup>94</sup>

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<sup>93</sup> Texas A&M University, Center for Housing and Urban Development, “Colonias in Texas,” <http://chud.tamu.edu> (accessed August 3, 2004).

<sup>94</sup> Ninfa Moncada, “A Colonias Primer” (A briefing presented to the US Department of Housing and Urban Development, 2001), <http://www.nationalmortgage.com/nmn/plus93.htm> (accessed August 30, 2005).

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According to 2000 US Census data, colonias have a 75 percent homeownership rate. Despite this rate, however, colonia homes are inadequate; 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. It is estimated that 50 percent of colonia residents lack basic water and sewage systems: 51 percent use septic tanks, 36 percent use cesspools, 7 percent use outhouses, and 6 percent use other wastewater systems.<sup>95</sup> Some of these properties may have been purchased with contracts for deed, which are seller-financed transactions that do not transfer the title and ownership of the property to the buyer until the purchase price is paid in full.

Colonia residents have several needs that include increased affordable housing opportunities, such as down payment assistance and low-interest-rate loans, homeowner education, construction education and assistance, owner-occupied home repair, access to adequate infrastructure, and the conversion of remaining contracts for deed to conventional mortgages.

### Migrant Farmworkers

According to the US Department of Health and Human Services *Migrant and Seasonal Farmworker Enumeration Profiles Study*, a seasonal farmworker describes an individual whose principal employment (at least 51 percent of time) is in agriculture on a seasonal basis and who has been so employed within the preceding twenty-four months; a migrant farmworker meets the same definition, but establishes temporary housing for purposes of employment.<sup>96</sup> The US Department of Health and Human Services estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.<sup>97</sup> Of this population, 26 percent reside in Cameron, Hidalgo, and Starr Counties.

The National Agricultural Workers Survey, a national survey of 4,199 farmworkers conducted between 1997 and 1998, found that 61 percent lived below the poverty level.<sup>98</sup> The median annual income for individual workers was less than \$7,500 and migrant families earned less than \$10,000. Sixty percent of workers held only one farm job, which lasted only 24 weeks out of the year. Despite the short employment duration and low incomes, only 20 percent of workers received unemployment benefits and 10 percent received Medicaid or food stamps.

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farmworkers.<sup>99</sup> In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.

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<sup>95</sup> Moncada, "A Colonias Primer."

<sup>96</sup> US Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care, *Migrant and Seasonal Farmworker Enumeration Profiles Study: Texas*, by Alice Larson, Larson Assistance Services (Vashon Island, WA: Larson Assistance Services, September 2000), 2, <http://bphc.hrsa.gov/migrant/Enumeration/final-tx.pdf> (accessed August 30, 2005).

<sup>97</sup> US Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study*, 13-18.

<sup>98</sup> US Department of Labor, Office of the Assistant Secretary for Policy, and Aguirre International, *Findings from the National Agricultural Workers Survey (NAWS) 1997-1998: A Demographic and Employment Profile of United States Farmworkers*, by Kala Mehta et al. (Washington, DC: US Department of Labor, March 2000), vii, [http://www.dol.gov/asp/programs/agworker/report\\_8.pdf](http://www.dol.gov/asp/programs/agworker/report_8.pdf) (accessed August 30, 2005).

<sup>99</sup> Christopher Holden. "Monograph no. 8: Housing" in *Migrant Health Issues* (Buda, TX: National Center for Farmworker Health Inc., October 2001), 40, <http://www.ncfh.org/docs/08%20-%20housing.pdf> (accessed August 30, 2005).

In HB 1099, the 79th Texas Legislative Session transferred the license and inspection of migrant farmworker housing facilities from the Texas Health and Human Services Commission to TDHCA. Additionally, the bill directs TDHCA to complete a study on quantity, availability, need, and quality of migrant farm labor housing facilities in Texas. This study is due to the Legislature by September 2006.

## **RURAL NEEDS**

As the migration of populations and industries continues to urban and suburban areas, the less-populous areas of the state are left with a dilapidated housing stock and households with lower incomes than their urban or suburban counterparts. According to HUD, the median income for Texas metropolitan areas is \$55,500 compared to \$42,400 for non-metropolitan areas.<sup>100</sup>

Due to the lower incomes and lack of access to resources (e.g., bonds, large tax base, and investment capital) in less-populous areas, TDHCA gives special consideration to lower income individuals and households residing in rural areas. This focus is considered in the development of Department programs and in the distribution of associated funds. In the event that funding cannot be limited to rural areas because of rule or financial feasibility reasons, scoring criteria or set-asides are added to the applications or program rules to encourage the participation of these areas.

The Department works closely with several rural-based affordable housing organizations, private lenders, nonprofits, and units of local government in order to give funding priority to non-PJ and rural areas. It requires more effort to spark affordable housing activity in rural areas as the number of organizations available to assist with these activities is significantly fewer. With this in mind, the Department has developed specific strategies to address the needs of the rural populations of the state, which include rural set-asides or special scoring criteria for housing program funds, prioritization of activities that are most needed in rural areas, increasing awareness of TDHCA programs in rural areas, and building the capacity of rural service providers.

The TDHCA HOME Program requires that 95 percent of funding be allocated to non-participating jurisdiction areas. Participating jurisdictions (PJs) are typically larger metropolitan cities and more populous counties designated by HUD to receive HOME Program funds directly from the federal government. Because these PJs receive HOME funding directly, TDHCA directs its HOME Program allocation to non-PJ areas of the state, which are more rural areas. The remaining 5 percent of HOME funds may be expended in a participating jurisdiction (PJ), but only if it funds a multifamily activity that serves persons with disabilities, unless otherwise approved by the Board.

Section 2306.111(d) of the Texas Government Code requires that the TDHCA Regional Allocation Formula consider rural and urban/exurban areas in its distribution of program funding. Because of this, allocations for the HTC and HOME programs are allocated by rural and urban/exurban areas within each region. For more information, see "TDHCA Allocation Formulas" in this section.

TDHCA and the Office of Rural Community Affairs (ORCA) jointly administer the HTC Program rural regional allocation. ORCA assists in developing all thresholds, scoring, and underwriting criteria for rural regional

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<sup>100</sup> HUD, *FY 2005 HUD Income Limits Briefing Materials*, 26, <http://www.huduser.org/datasets/il/il05/BRIEFING-MATERIALS.pdf> (accessed August 30, 2005).

allocation, and must approve the criteria. It is anticipated that joint-implementation outreach, training, and rural area capacity building efforts will increase participation in the rural set-aside.

The TDHCA Section 8 Housing Choice Voucher Program specifically serves households in small cities and rural communities that are not served by similar local or regional housing voucher programs.

## **ENERGY EFFICIENCY**

Energy and water costs are often the largest single housing expense after food and shelter for lower income families. Utility costs typically represent 13 to 44 percent of lower income annual gross incomes and can account for nearly one-fourth of total housing costs. Proper use of existing technologies and management practices can reduce these utility costs significantly at a relatively low initial cost, thereby greatly increasing housing affordability for low and moderate income families.

The Department encourages, in each uniform state service region, energy efficiency in the construction of affordable housing by offering training, workshops, conferences, and other opportunities to learn about energy efficiency construction, and by encouraging applicants for Department programs to consider energy efficiency in their developments.

HOME Program applicants are required to certify that the development will be equipped with energy-saving devices that meet the 2000 IECC, which is the standard statewide energy code adopted by the state energy conservation office, unless historic preservation codes permit otherwise for a development involving historic preservation. In addition, applicants may qualify for points for the use of energy efficient alternative construction materials, 14 SEER HVAC or evaporative coolers in dry climates for new construction or radiant barrier in the attic for rehabilitation, and Energy Star or equivalently rated kitchen appliances.

The HTC Program gives scoring points to applicants that incorporate energy efficient materials in the construction of affordable multifamily housing, including Energy Star kitchen appliances, R-15 wall and R-30 ceiling insulation, ceiling fixtures in all rooms, structurally insulated panels, and 14 SEER (seasonal energy efficiency ratio) cooling units.

The Weatherization Assistance Program allocates funding regionally, to help households in each region control energy costs through the installation on weatherization measures and energy conservation education. Weatherization services include the installation of storm windows, attic and wall insulation, and weather-stripping and sealing.

## **LEAD-BASED PAINT**

The Consumer Product Safety Commission banned the use of lead-based paint in housing in 1978. According to the 2000 Census, there are 3,344,406 housing units in Texas that were built before 1979, many of which potentially contain lead-based paint. Of these homes, 2,764,745 are occupied by low

income households and 579,661 are occupied by moderate income households. According to the National Safety Council, approximately 38 million US homes contain lead paint.<sup>101</sup>

The 1992 Community and Housing Development Act included Title X, a statute that represents a major change to existing lead-based paint regulations. HUD's final regulations for Title X (24. CFR.105) were published on September 15, 1999, and became effective September 15, 2000. Title X calls for a three pronged approach to target conditions that pose a hazard to households: (1) notification of occupants about the existence of hazards so they can take proper precautions, (2) identifications of lead-based paint hazards before a child can be poisoned and, (3) control of these lead-based paint hazards in order to limit exposure to residents. Title X mandated that HUD issue "The Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" to outline risk assessments, interim controls, and abatement of lead-based paint hazards in housing. Section 1018 required EPA and HUD to promulgate rules for disclosure of any known lead-based paint or hazards in target housing offered for sale or lease. These rules came into effect on March 6, 1996 in 40 CFR Part 745/24 CFR Part 35.

Pursuant to Section 1012 and 1013, HUD promulgated new regulations, "Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance," on September 15, 1999. The new regulation puts all of HUD's lead-based paint regulations in one part of the Code of Federal Regulations. The new requirements took effect on September 15, 2000.

The HOME Program, administered by TDHCA, requires lead screening in housing built before 1978. Requirements for acquisition and tenant-based rental assistance activities are distribution of the pamphlet "Protect Your Family from Lead in Your Home" prior to receipt of assistance; notification to property owners within 15 days if a visual assessment observes chipping, peeling or flaking paint; and, if detected, the paint must be stabilized using safe work practices and clearance must be provided.

Requirements for rehabilitation activities fall into three categories:

1) Federal assistance up to and including \$5,000 per unit: Distribution of the pamphlet "Protect Your Family from Lead in Your Home" is required prior to renovation activities; notification within 15 days of lead hazard evaluation, reduction, and clearance must be provided; receipts for notification must be maintained in the administrator file; paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced or administrators may assume that lead-based paint exist; administrators must repair all painted surfaces that will be disturbed during rehabilitation; if lead-based paint is assumed or detected, safe work practices must be followed; and clearance is required only for the work area.

2) Federal assistance from \$5,000 per unit up to and including \$25,000 per unit: This category includes all the requirements for federal assistance up to and including \$5,000 per unit with the addition of a risk assessment must be conducted prior to rehabilitation to identify hazards in assisted units, in common areas that serve those units, and exterior surfaces, or administrators can assume lead-based paint exists.

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<sup>101</sup> National Safety Council, "Lead Poisoning," (December 2004) < <http://www.nsc.org/library/facts/lead.htm> > (accessed August 30, 2005).



## *Action Plan*

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### *Policy Priorities*

Clearance is required for the completed unit, common areas which serve the units, and exterior surfaces where the hazard reduction took place.

3) Federal assistance over \$25,000 per unit: This category includes all the requirements for federal assistance from \$5,000 per unit up to and including \$25,000 per unit and, if during the required evaluations lead-based paint hazards are detected on interior surfaces of assisted units, on the common areas that serve those units, or on exterior surfaces including soils, then abatement must be completed to permanently remove those hazards. If lead-based paint is detected during the risk assessment on exterior surfaces that are not disturbed by rehabilitation, then interim controls may be completed instead of abatement.

## **TDHCA PROGRAM PLANS**

With the exception of the Housing Trust Fund, TDHCA receives the majority of its funding from federal sources. As such, the amount of funding that TDHCA receives is predetermined by the federal funding source. TDHCA has a commitment to expend all available housing resources to address the housing needs of the state. However, as evidenced by the oversubscription rate for many TDHCA programs, even when expending all available funding, there is still an unmet need.

Because of the limited amount of TDHCA funding and the possibility that funding levels may change, TDHCA encourages, and in some cases requires, that entities receiving TDHCA funds leverage or match those awards with additional funds from other sources. For example, the HOME Program and ESGP have match requirements for entities receiving awards through those programs.

Through program requirements and compliance monitoring, TDHCA works to ensure that housing programs benefit individuals without regard to race, ethnicity, sex, or national origin, as outlined in 10 TAC 1.13. Complaints involving all forms of housing discrimination are also referred to the Texas Workforce Commission Human Rights Division, which oversees the Texas Fair Housing Act. Additionally, it is the policy of TDHCA to not require its nonprofit recipients of funds to verify, as a condition of receiving federal funds, the citizenship or immigration status of applicants for funds. This policy is subject to change if the US Department of Housing and Urban Development revises its policy. This policy does not apply to the Section 8 Housing Choice Voucher Program.

The following TDHCA programs govern the use of available housing resources in meeting the housing needs of low income Texans. Program descriptions include information on the funding source, type of assistance, recipients, targeted beneficiaries, program activities, set-asides, and special initiatives.

### **HOME INVESTMENT PARTNERSHIPS PROGRAM**

The HOME Investment Partnerships (HOME) Program receives funding from the US Department of Housing and Urban Development (HUD) and provides loans and grants to units of local government, public housing authorities (PHAs), community housing development organizations (CHDOs), nonprofit organizations, and for-profit entities, with targeted beneficiaries being low, very low, and extremely low income households. The purpose of the HOME Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of lower income Texans.

The State of Texas receives an annual allocation of HOME funds from HUD. TDHCA provides technical assistance to all recipients of the HOME Program to ensure that all participants meet and follow state implementation guidelines and federal regulations. In 2003, the Texas Legislature passed Senate Bill 264 (amending Sec. 2306.111 of the Government Code), which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HOME, Housing Trust Fund, and HTC programs to each Uniform State Service Region using a formula for urban/exurban and rural, developed by the Department,

## *Action Plan*

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### *TDHCA Program Plans*

based on need for housing assistance. Please see “2006 Regional Allocation Formula” in this section for further explanation.

The Department anticipates using open funding cycles for programs which have traditionally been undersubscribed. These may include but are not limited to the CHDO Set-Aside, Contract for Deed Conversion, Rental Housing Preservation, and Rental Housing Development activities.

### ***Eligible Service Areas***

Per Section 2306.111(c) the Department shall expend at least 95 percent of HOME funds for the benefit of non-participating jurisdictions (non-PJ) areas of the state. The remaining 5 percent of HOME funds may be expended in a participating jurisdiction (PJ), but only if it funds a multifamily activity that serves persons with disabilities, unless otherwise approved by the Board.

Activity associated with disaster relief efforts for victims of Hurricane Rita is an exception to the Section 2306.111(c) funding distribution requirement. On September 20, 2005, Governor Perry issued a proclamation as provided for under Texas Government Code §418.014. This proclamation declared areas impacted by Hurricane Rita to be a disaster area. As part of this declaration, the Governor also invoked the procedures under Texas Government Code §418.016 suspending all rules and regulations that may inhibit prompt response to this threat during the duration of the incident. TDHCA has communicated with the Governor's office that for purposes of specialized Hurricane support, suspension of Texas Government Code §2306.111 (distribution limitations) is necessary. For this waiver to remain in effect, the Governor will need to reaffirm the disaster declaration every thirty days as required by statute.

### **Rental Development**

Due to continued limited capacity with regard to the development and/or preservation of integrated multifamily properties, the Department may accept rental development applications from PJ areas, so long as they do not exceed 5 percent of the total HOME allocation, serve persons with disabilities, and are in compliance with the Department's Integrated Housing Rule.

### **Non-Rental Development**

In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5 percent of its HOME allocation to go to applicants in PJs for non-rental development activities. Based on the increase in capacity of organizations in non-PJ areas as evidenced by an over-subscription rate in the 2004 and 2005 application cycles for non-rental development activities, the Department will no longer fund these types of applications in PJ areas.

### ***Owner-Occupied Housing Assistance***

Rehabilitation or reconstruction cost assistance is provided to homeowners for the repair or reconstruction of their existing homes. The homes must be the principal residence of the homeowner. This activity will comprise approximately 65 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately \$16,852,875.

### ***Tenant-Based Rental Assistance***

Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed two years. Tenant-based Rental Assistance (TBRA) allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance. TBRA will comprise approximately 15 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately \$3,889,125.

### ***Homebuyer Assistance***

Down payment and closing cost assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for construction costs associated with architectural barrier removal in a home purchased with HOME assistance to meet the accessibility needs of homebuyers with disabilities; acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents; and construction costs associated with the rehabilitation of a home purchased with HOME assistance. Excluding set-aside funds listed below, this activity will comprise approximately 20 percent of the HOME allocation that will be available through the Regional Allocation Formula process, approximately \$5,185,500.

Homebuyer Assistance may be awarded through the CHDO Set-Aside, Contract for Deed Set-Aside, and American Dream Downpayment Initiative.

### ***Rental Housing Development***

Awards for eligible applicants are to be used for the development of affordable rental housing. Owners are required to make the units available to extremely low, very low, and low income families, and must meet long-term rent restrictions. Approximately \$3,000,000 in FY 2006 appropriations will be allocated toward this activity. These funds will not be subject to the Regional Allocation Formula.

### ***Rental Housing Preservation***

Awards for eligible applicants are to be used for the acquisition and/or rehabilitation for the preservation of existing affordable or subsidized rental housing. Owners are required to make the units available to extremely low, very low, and low income families and must meet long-term rent restrictions. Approximately \$2,000,000 in FY 2006 appropriations will be allocated toward this activity. These funds will not be subject to the Regional Allocation Formula.

### ***Set-Asides & Initiatives***

#### **American Dream Downpayment Initiative**

ADDI was signed into law on December 16, 2003, and was created to help homebuyers with down payment and closing cost assistance. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and revitalize and stabilize communities.

Under ADDI, a first time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to the purchase of a home with assistance under ADDI. The term also includes displaced homemakers and single parents. The minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is \$1,000. The amount of ADDI assistance provided

## *Action Plan*

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### *TDHCA Program Plans*

to any family may not exceed the greater of six percent of the purchase price of a single family housing unit or \$10,000. This assistance is in the form of a second- or third-lien loan.

For PY 2006, approximately \$1,500,000 is reserved for down payment assistance and may, at the discretion of the Department, include funds for rehabilitation for first time homebuyers in conjunction with home purchases assisted with ADDI funds. The rehabilitation may not exceed 20 percent of the annual ADDI allocation. These funds are included in the 20 percent allocated for Homebuyer Assistance.

### **CHDO Set-Aside**

In response to Hurricane Rita, on October 4, 2005, HUD released a waiver suspending the 15 percent HOME CHDO set-aside requirement for FY 2005 and FY 2006 HOME allocations. TDHCA has elected to utilize a portion of this CHDO set-aside to assist disaster victims in the 28-county area impacted by the hurricane. The remaining funds from the FY 2006 CHDO set-aside, in addition to unawarded funds from prior year CHDO set-asides including FY 2005 funds and CHDO deobligated funds will be made available in December 2005 for CHDO multifamily development. This amounts to approximately \$10 million that will be made available to CHDOs on a first-come, first-served basis through a notice of funding availability. CHDO Set-Aside developments are owned, developed, or sponsored by the CHDO, and result in the development of affordable rental and homeownership units. Development includes developments that have a construction component, either in the form of new construction or rehabilitation of existing units.

In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money.

### **Disaster Relief**

The HUD requirement that a PJ must use 15 percent of its allocation for housing owned, developed, or sponsored by CHDOs [24 CFR 92.301(a)(1)] is suspended by HUD for the FY 2005 and FY 2006 allocations by an October 4, 2005, waiver. Therefore, TDHCA has elected to utilize a portion of these funds to assist disaster victims in the 28-county area impacted by Hurricane Rita. Approximately \$8 million of FY 2005 and FY 2006 funds will be made available through a notice of funding availability to assist homeowners rehabilitate their residences.

### **Contract for Deed Conversions Set-Aside**

The intent of this program is to help Colonia residents become property owners by converting their contracts for deed into traditional mortgages. To assist the Department in meeting this mandate, \$2,000,000 in HOME Program funds will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

### **Colonia Model Subdivision Loan Program Set-Aside**

Per Subchapter GG of Chapter 2306, Texas Government Code, the intent of this program is to provide low-interest-rate or possible interest-free loans to promote the development of new, high-quality

residential subdivisions or infill housing that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. The Department will only make loans to CHDOs certified by the Department and for the types of activities and costs described under the previous section regarding CHDO Set-Aside. One million dollars will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula.

### **Persons with Disabilities**

Subject to the availability of qualified applications, a minimum of 5 percent, approximately \$2,225,000, of the annual HOME allocation will be allocated for applicants serving persons with disabilities. Eligible applicants include nonprofits, for-profits, units of general local government, and public housing authorities with a documented history of working with special needs populations, or working in partnership with organizations with a documented history of working with special needs populations.

TDHCA will ensure that all housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18 percent of the units in developments with 50 or more units, and no more than 36 percent of the units in developments with less than 50 units, for persons with disabilities.

Additionally, for program year 2006, the Department will allocate \$500,000 to the Home of Your Own (HOYO) Program for activities related to homeownership for persons with disabilities. The HOYO Program coordinates existing homeownership services, which streamlines the process homebuyers must follow, including homebuyer counseling, down payment assistance, and architectural barrier removal. These funds may be used statewide, including in participating jurisdictions.

### **Special Needs Populations**

Subject to the availability of qualified applications, TDHCA has a goal of allocating 20 percent of the annual HOME allocation to applicants serving persons with special needs. All HOME program activities will be included in attaining this goal. Additional scoring criteria may be established under each of the eligible activities to target such activities and assist the Department in reaching its goal.

### ***HOME Program funding for FY 2006***

The amount projected to be available from HUD in FY 2006 is \$44,500,000. This is comprised of \$43,000,000 of HOME funds plus \$1,500,000 of ADDI funds.

**Figure 4.1: 2006 HOME Program Funding**

	Estimated Available Funding	% of Total HOME Allocation
PY 2006 HOME Allocation	\$43,000,000	100%
less Administration Funds (10% of PY 2006)	\$4,300,000	10%
less CHDO Project Funds Set Aside (15% of PY 2006) <sup>1</sup>	\$6,450,000	15%
less CHDO Operating Expenses Set Aside (5% of CHDO Set Aside)	\$322,500	1%
less Direct Award for the Texas Home of Your Own Program	\$500,000	1%
less Set Aside for Contract for Deed Conversions	\$2,000,000	5%
less Set Aside for Rental Housing Preservation Program	\$2,000,000	5%
less Set Aside for Rental Housing Development Program	\$3,000,000	7%
= Remaining HOME Funds Subject to the Regional Allocation Formula (RAF)	\$24,427,500	57%
Plus PY 2006 American Dream Downpayment Initiative Funds	\$1,500,000	
= Total Funds Subject to RAF	\$ 25,927,500	

<sup>1</sup>In addition to the funding set aside from the CHDO set-aside for disaster relief efforts, \$1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. The Department may set aside ten percent of the annual CHDO set-aside for Predevelopment Loans.

Total funds subject to the RAF by funding activity:

Activity	Estimated Available Funding	% of Total Funds Subject to RAF
Homebuyer Assistance	\$5,185,500	20%
Owner-Occupied Housing Assistance	\$16,852,875	65%
Tenant Based Rental Assistance	\$3,889,125	15%
Total Funds Subject to the RAF	\$25,927,500	100%

For more information regarding single family activities, contact Paige McGilloway, Single Family Finance Production Division, at (512) 475-4604 or [paige.mcgilloway@tdhca.state.tx.us](mailto:paige.mcgilloway@tdhca.state.tx.us). For multifamily activity information, contact David Danenfelzer, Multifamily Finance Production Division, at (512) 475-3865 or [david.danenfelzer@tdhca.state.tx.us](mailto:david.danenfelzer@tdhca.state.tx.us).

## HOUSING TRUST FUND

The Housing Trust Fund (HTF) receives funding from the State of Texas, multifamily bond issuance fees, loan repayments and other funds that are received and appropriated by the Department, and is the only State-authorized program for affordable housing, as created by the 72nd Legislature. HTF offers loans and grants to nonprofits; units of local government; public housing agencies; CHDOs; and for-profit entities. The targeted beneficiaries of the program are low, very low, and extremely low income households. Eligible program activities for the Housing Trust Fund include, but are not limited to, housing development activities; predevelopment costs associated with housing development; down-payment assistance; rental assistance; credit enhancements; security for repayment of revenue bonds issued to finance affordable housing; and technical assistance or other forms of capacity building to nonprofit housing developers. While all of these are eligible activities under the program's rule, not all of these

activities will occur each year and Notices of Funding Availability (NOFAs) will be released identifying the activities for which funds can actually be applied.

Pursuant to §2306.111(d-1) of the Texas Government Code, HTF programs will be regionally allocated unless the funding allocation for that program is mandated by state statute, or the program's allocation represents less than 10 percent of the annual allocation for HTF.

### ***Rental Housing Development***

Rental Housing Development funds are primarily used to fund the acquisition, construction, and rehabilitation of affordable housing. Housing Trust Funds are typically used as gap financing in developments and combined with other Department programs, like the HOME Program and HTC Program.

Housing units assisted with HTF funds must remain affordable for a period of at least 30 years, pursuant to Texas Government Code §2306.185(c). Applications are reviewed in accordance with the Department's applicable rules for either open or competitive application cycles. Rental developments funded with HTF resources must have a minimum of 5 percent of the units accessible for individuals with mobility impairments and an additional 2 percent of the units shall be accessible for individuals with hearing or vision impairments.

If this activity represents more than 10 percent of the annual Housing Trust Fund allocation, the HTF Rental Development program is subject to the Department's Regional Allocation Formula, pursuant to Texas Government Code §2306.111(d-1).

### ***Capacity Building and Technical Assistance***

In 2005, the Housing Trust Fund provided approximately \$400,000 in grant funding to 12 nonprofits to hire staff or contract with technical assistance providers in an effort to increase the organizational capacity and the production of affordable housing. The Capacity Building program is not subject to the regional allocation plan since it represents less than 10% of the annual Housing Trust Fund allocation. Approval for the fiscal year 2006 Capacity Building program is pending final review from the Department's Board in January, 2006.

### ***Predevelopment Loan Program***

The purpose of the Housing Trust Fund Predevelopment Loan Program is to provide opportunities for nonprofits organizations to develop affordable housing by helping to eliminate the barriers predevelopment expenses may pose. To date, the Department has awarded in excess of \$1.5 million to qualified nonprofits through the program since 2001. Awards for predevelopment activities will be capped at \$50,000.

The Predevelopment Loan program is not subject to the Regional Allocation Plan because it is less than 10 percent of the HTF annual allocation, pursuant to Texas Government Code §2306.111(d-1). The Department plans to release a new NOFA for the program in fiscal year 2006. Approval for the fiscal year 2006 Predevelopment Loan Program is pending final review from the Department's Board in January, 2006.



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### *TDHCA Program Plans*

#### ***Texas Bootstrap Loan Program***

The Texas Bootstrap Loan Program, as administered by the TDHCA Office of Colonia Initiatives, receives substantial funding from the Housing Trust Fund.

#### ***Disaster Relief***

The Department has reserved approximately \$1.8 million in HTF funding for the purpose of supporting disaster relief efforts in fiscal year 2006. The Department's Board approved the use of HTF funds for this purpose in September 2005. Further details about the disaster relief program will be forth coming in January 2006. Additional funding may be approved for this activity.

Projected Housing Trust Fund Funding for FY 2006: Approximately \$6.3 million.

For more information, contact David Danenfelzer, Multifamily Finance Production Division, at (512) 475-3865 or [david.danenfelzer@tdhca.state.tx.us](mailto:david.danenfelzer@tdhca.state.tx.us).

## **HOUSING TAX CREDIT PROGRAM**

The Housing Tax Credit (HTC) Program receives authority from the US Treasury Department to provide tax credits to nonprofits, for-profit developers, and syndicators or investors. The targeted beneficiaries of the program are very low and extremely low income families at or below 60 percent AMFI. The program's purpose is to encourage the development and preservation of rental housing for low income families, provide for the participation of for-profit and nonprofit organizations in the program, maximize the number of units added to the state's housing supply, and prevent losses in the state's supply of affordable housing.

The HTC Program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (the "Code"), as amended, 26 USC Section 42. It authorizes tax credits in the amount of \$1.85 per capita of the state population. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the \$1.85 state volume cap. TDHCA is the only entity in the state with the authority to allocate tax credits under this program. The State's distribution of the credits is administered by the TDHCA's *Qualified Allocation Plan and Rules* (QAP), as required by the Code. Per Section 2306.67022, the Governor shall approve, reject, or modify and approve the Board-approved QAP not later than December 1 of each year.

In 2003, the Texas Legislature passed Senate Bill 264, which mandated that TDHCA allocate housing funds awarded after September 1, 2003, in the HTC Program to each Uniform State Planning Region using a formula for urban/exurban and rural, developed by the Department, based on need for housing assistance.

To qualify for tax credits, the proposed development must involve new construction or undergo substantial rehabilitation of residential units, which is defined as at least \$12,000 per rental unit of construction hard costs, unless financed with TX-USDA-RHS, in which case the minimum is \$6,000. The credit amount for which a development may be eligible depends on the total amount of depreciable capital improvements, the percentage of units set aside for qualified tenants, and the funding sources available to finance the total development cost. Pursuant to the Code, a low income housing development

qualifies for residential rental occupancy if it meets one of the following two criteria: (1) 20 percent or more of the residential units in the development are both rent-restricted and occupied by individuals whose income is 50 percent or less of AMFI; or (2) 40 percent or more of the residential units in the development are both rent-restricted and occupied by individuals whose income is 60 percent or less of AMFI. Typically, 60 to 100 percent of a development's units will be set aside for qualified tenants in order to maximize the amount of tax credits the development may claim.

Credits from the state volume cap are awarded through a competitive application process. Each application must satisfy a set of threshold criteria and is scored based on selection criteria. The selection criteria referenced in the QAP is approved by the TDHCA Board each year. The board considers the recommendations of the TDHCA staff and determines a final award list. Credits to developments with tax-exempt bond financing are awarded through a similar application review process, but because these credits are not awarded from a limited credit pool, the process is noncompetitive and the selection criteria are not part of the application.

The Department requires recipients of tax credits to document the participation of minority-owned businesses in the development and management of tax credit developments, and has established a minimum goal of 30 percent participation. The selection criteria for 2006 awards extra points to developments owned by historically underutilized businesses (HUBs) or that have a plan in place for utilizing HUBs, and also development location criteria including areas located in colonias. Efforts are made in the planning process and allocation of funds to ensure the involvement of housing advocates, community-based institutions, developers, and local municipalities. The Department also encourages the participation of community development corporations and other neighborhood-based groups.

Projected HTC Program Funding for FY 2006: \$43,000,000

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

## **MULTIFAMILY BOND PROGRAM**

The Multifamily Bond Program issues tax-exempt and taxable mortgage revenue bonds (MRBs) to fund loans to nonprofit and for-profit developers. The proceeds of the bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low, low, and moderate income households. Owners elect to set aside units in each development according to §1372, Texas Government Code. Persons with special needs must occupy 7 percent of the units. Property owners are also required to offer a variety of services to benefit the residents of the development. Specific tenant programs must be designed to meet the needs of the current tenant profile and must be approved annually by TDHCA.

TDHCA issues tax-exempt, multifamily MRBs through two different authorities defined by the Internal Revenue Code. Under one authority, tax-exempt bonds used to create housing developments are subject to the State's private activity volume cap. The State will allocate 22 percent of the annual private activity volume cap for multifamily developments. Approximately \$396 million in issuance authority will be made available to various issuers to finance multifamily developments, of which 20 percent, or approximately \$79.2 million, will be made available exclusively to TDHCA. Issuance authority per individual

## *Action Plan*

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### *TDHCA Program Plans*

developments is allocated and administered by the Texas Bond Review Board (BRB). Initially, applications submitted to the BRB are allocated by a lottery. TDHCA, local issuers, local housing authorities, and other eligible bond issuers submit applications for specific developments on behalf of development owners. Applications submitted to TDHCA for the private activity bond 2006 program year will be scored and ranked by priority and highest score. TDHCA will be accepting applications throughout the 2006 program year. Developments that receive 50 percent or more of their funding from the proceeds of tax-exempt bonds under the private activity volume cap are also eligible to apply for HTCs.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance properties that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of development units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the area median income.

Projected Multifamily Bond Program Funding for FY 2006: \$175,000,000

For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

### **FIRST TIME HOMEBUYER PROGRAM**

The First Time Homebuyer Program receives funding from tax-exempt and taxable mortgage revenue bonds. The program offers 30-year fixed-rate mortgage financing at below-market rates for very low, low, and moderate income residents purchasing their first home or residents who have not owned a home within the preceding three years. Qualified applicants access First Time Homebuyer Program funds by contacting any participating lender, which is then responsible for the loan application process and subsequent loan approval. After closing, the lender transfers the mortgage loan to a Master Servicer designated by TDHCA.

The First Time Homebuyer Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI (area median family income) limitations, based on IRS adjusted income limits, and the purchase price of the home must not exceed stipulated maximum purchase price limits. Program funds may be allocated on a regional basis based on population percentage per Uniform State Service Region. A minimum of 30 percent of program funds will be set aside to assist Texans earning 60 percent or less of program income limits.

TDHCA currently offers Assisted Mortgage Loans and Non-Assisted Mortgage Loans. The Assisted Mortgage Loans have a slightly higher interest rate than the Non-Assisted Loans and may include down payment and closing cost assistance in the form of a grant or second lien loan. The type of assistance and amount varies by bond issuance. Assisted Mortgage Loans are available exclusively to low income homebuyers earning 60 percent or less or 115 percent or less of program income limits, depending on the program. Non-Assisted Mortgage Loans have a slightly lower interest rate than the Assisted Loans and do not offer down payment or closing cost assistance.

In an effort to assist borrowers with impaired credit histories, the First Time Homebuyer Program may be used in conjunction with Fannie Mae's My Community Mortgage. My Community Mortgage offers flexible terms, including flexibility on credit histories and the acceptance of nontraditional credit histories. These loans may be used with all TDHCA mortgage revenue bond programs, thus giving households with slight credit blemishes the opportunity to qualify for a homebuyer loan with interest rates lower than that of alternative financing arrangements

Income limits for the program are set by the IRS Tax Code (1986) based on income figures determined by the US Department of Housing and Urban Development. The first time homebuyer restriction is established by federal Internal Revenue Service regulations, which also require that program recipients may be subject to a recapture tax on any capital gain realized from a sale of the home during the first nine years of ownership. Certain exceptions to the first time homebuyer restriction, income ceiling, and maximum purchase price limitation apply in targeted areas. Such targeted areas are qualified census tracts in which 70 percent or more of the families have an income of 80 percent or less of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and Housing and Urban Development, respectively.

Projected Texas First Time Homebuyer Program funding for FY 2006: \$170,000,000

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or [eric.pike@tdhca.state.tx.us](mailto:eric.pike@tdhca.state.tx.us). To request a First Time Homebuyer information packet, please call 1-800-792-1119.

### **GRANT ASSISTANCE PROGRAM**

The Texas Department of Housing and Community Affairs offers grant funds for down payment and closing cost assistance on a first-come, first-served basis for mortgage loans originated through the First Time Homebuyer Program. The Grant Assistance Program (GAP) currently provides up to 4 percent of the amount of the mortgage loan, but may vary depending on the program. Assistance is available to eligible borrowers whose incomes do not exceed 60 percent, 80 percent, or 115 percent AMFI, depending on the program.

Projected Grant Assistance Program funding for FY 2006: Varies by bond issuance.

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or [eric.pike@tdhca.state.tx.us](mailto:eric.pike@tdhca.state.tx.us). To request a First Time Homebuyer information packet, please call 1-800-792-1119.

### **MORTGAGE CREDIT CERTIFICATE PROGRAM**

A mortgage credit certificate (MCC) provides a tax credit that will reduce the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. As a result, the MCC effectively reduces the monthly mortgage payment and increases the buyer's disposable income by reducing his or her federal income tax obligation. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements.

## *Action Plan*

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### *TDHCA Program Plans*

The amount of the annual tax credit will equal 35 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed \$2,000 per year. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower's current year tax liability may, however, be carried forward for use during the subsequent three years.

The MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits. In order to participate in the MCC Program, homebuyers must meet certain eligibility requirements and obtain a mortgage loan through a participating lender. The mortgage loan must be financed from sources other than tax-exempt revenue bonds. The mortgage may be a conventional, FHA, VA, or RHS loan at prevailing market rates, but may not be used in connection with the refinancing of an existing loan.

Projected Mortgage Credit Certificate Program funding for FY 2006: \$60,000,000

For more information, contact Eric Pike, Single Family Finance Production Division, at (512) 475-3356 or [eric.pike@tdhca.state.tx.us](mailto:eric.pike@tdhca.state.tx.us).

## **LONE STAR LOAN PROGRAM**

The Loan Star Mortgage Program will offer conventional, conforming first lien purchase mortgage loans, at market level interest rates, with second lien amortizing loans providing 8 percent down payment assistance. Target populations include low and moderate income households who may or may not have previously owned a home and require down payment assistance and seek minimal paperwork. Participating lenders statewide will originate the mortgage loans.

The program is offered in conjunction with CitiMortgage Inc. using external market sources, and is intended to serve segments of the Texas homebuyer market not currently served by TDHCA's present tax-exempt bond program. An essential component of the Loan Star Mortgage Program (also known as the Market Rate Program) is the down payment assistance achieved through a Fannie Mae MyCommunity second lien mortgage.

TDHCA currently does not offer any mortgage refinancing options, and anticipates that this program will provide a platform for refinancing higher interest rate loans. Another component of the Loan Star Mortgage Program to be released at a future date includes a Predatory Loan Remediation product. Second lien mortgage proceeds under these additional program features will be used to mitigate prepayment penalties typically associated with high interest rate loans.

Projected Lone Star Lone Program funding for FY 2006: \$22,500,000

For more information, contact Martha Sudderth, Single Family Finance Production Division, at (512) 475-3444 or [martha.sudderth@tdhca.state.tx.us](mailto:martha.sudderth@tdhca.state.tx.us).

## **TEXAS STATEWIDE HOMEBUYER EDUCATION PROGRAM**

The Texas Statewide Homebuyer Education Program (TSHEP) offers provider certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations, community-based organizations, and other organizations with a proven interest in community building. In addition, a referral service for individuals interested in taking a homebuyer education class is available through TDHCA. The targeted beneficiaries of the program include extremely low, very low, low, and moderate income individuals; minority populations; and persons with disabilities.

To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracts with training professionals to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education. The training professionals and TDHCA also certify the participants as homebuyer education providers.

Projected Texas Statewide Homebuyer Education Program funding for FY 2006: \$70,000.

For more information, contact Alyssa Carpenter, Division of Policy and Public Affairs, at (512) 475-3975 or [alyssa.carpenter@tdhca.state.tx.us](mailto:alyssa.carpenter@tdhca.state.tx.us).

## **OFFICE OF COLONIA INITIATIVES**

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all Department and legislative initiatives involving border and colonia issues and managing a portion of the Department's existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border and colonia residents, and to educate the public regarding the services that the Department has to offer.

A "colonia," Spanish for "neighborhood" or "community," is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing.

### ***Border Field Offices***

OCI oversees three Border Field Offices (BFOs) located in Edinburg, El Paso, and Laredo that serve a 75-county area with a primary purpose to provide technical assistance to units of local governments, nonprofits, for-profits, colonia residents, and the general public on Department's programs and services through on-site visits and other outreach activities along the Texas-Mexico border region. Each BFO is responsible for marketing Department programs and services to colonia and border residents. In addition, BFOs conduct on-site loan packaging and processing, homebuyer counseling, inspections, and administration of the various contracts regarding the Department's border and colonia initiatives such as the Colonia Self-Help Centers, Contract for Deed Conversion Program, and the Texas Bootstrap Loan Program. This collaboration of efforts serves as a mechanism for community improvements that is responsive to the needs of colonia residents.

### ***Colonia Self-Help Centers***

Legislative action in 1995 directed the establishment of Colonia Self-Help Centers (SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties, and any other county if designated as an economically distressed area. Additional Colonia SHCs have been established in Maverick and Val Verde counties. Operation of Colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a Colonia SHC. Colonia SHCs provide concentrated on-site technical assistance to low and very low income individuals and families regarding housing and community development activities, infrastructure improvements, and outreach and education. The program serves 31 designated colonias in the seven counties and benefits approximately 20,000 colonia residents. Beneficiaries of services must be at or below 80 percent of the area median family income.

Operation of the Colonia SHCs is funded by the Office of Rural Community Affairs with US Department of Housing and Urban Development's Texas Community Development Block Program (CDBG) 2.5 percent colonia set-aside. CDBG funds can only be provided to eligible units of general local governments; therefore, the Department must enter into a contract with each affected county government. The Department maintains a relationship with the unit of government and Colonia SHC operators to ensure the housing and community development activities within each respective contract are achieved.

### ***Colonia Resident Advisory Committee***

The Colonia Resident Advisory Committee (C-RAC) advises the Department on the needs of colonia residents, activities to be provided, and programs to be undertaken in the selected colonias of the Colonia SHCs. The Department's Board of Directors is required by the Texas Government Code to appoint two colonia resident representatives from each county to the C-RAC. C-RAC members meet 30 days prior to making an award to a Colonia Self-Help Center. The C-RAC has been instrumental in voicing the concerns of the targeted populations and assisting in the development of useful tools and programs to address the needs of colonia residents.

### ***Contract for Deed Conversion Initiative***

The intent of this program is to facilitate colonia-resident property ownership by converting contracts for deed into traditional mortgages. The Department is required through legislative directive to spend no less than \$4 million on contract for deed conversions for colonia families. The Department must convert at least 400 of these contracts for deed into traditional notes and deeds of trust by August 31, 2007. Participants of this program must earn 60 percent or less of the applicable area median family income, live in a colonia and the property must be their principal residence. Pre- and post-conversion counseling is available, as well as funding for housing reconstruction and rehabilitation.

### ***Colonia Consumer Education Services***

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of this program, OCI recognized the need for additional education topics, such as filing homestead exemptions and instruction in other aspects of homeownership. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

### ***Texas Bootstrap Loan Program***

The Texas Bootstrap Loan Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available \$3 million for mortgage loans to very low income families (those earning 60 percent or less of the area median family income), not to exceed \$30,000 per unit. This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home, and all applicable building codes must be adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined loans can not exceed \$60,000 per unit.

The Department is required to set aside at least two-thirds, or \$2,000,000, of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The remainder of the funding, one-third, or \$1,000,000, will be available to Department-certified nonprofit owner-builder programs statewide.

### ***Colonia Model Subdivision Program***

The intent of this program, created in 2001 by the 77th Legislature, is to provide low-interest or interest-free loans to promote the development of new, high-quality subdivisions that provide alternatives to substandard colonias. The Department has allocated \$2 million from the HOME Program to implement this initiative for the 2005-2006 biennium.

### ***Consumer Information Resources***

OCI operates a toll-free hotline, 1-800-462-4251, in both English and Spanish that enables colonia residents to voice their concerns and/or request information. In addition, this hotline is available to colonia residents who may be having trouble making their monthly mortgage programs under the Contract for Deed Conversion Initiative and Texas Bootstrap Loan Program.

Projected Office of Colonia Initiatives funding for FY 2006: \$8,100,100

For additional information, contact Homero V. Cabello, Office of Colonia Initiatives, at 1-800-462-4251 or [homero.cabello@tdhca.state.tx.us](mailto:homero.cabello@tdhca.state.tx.us).

## **COMPREHENSIVE ENERGY ASSISTANCE PROGRAM**

The Comprehensive Energy Assistance Program (CEAP) receives funding from the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) and offers grants to community action agencies, nonprofits, and local units of government. The targeted beneficiaries of the program in Texas are households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption. Local providers must implement special outreach efforts for these special needs populations.



## *Action Plan*

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### *TDHCA Program Plans*

CEAP combines case management, energy education, and financial assistance to help very low and extremely low income consumers reduce utility bills to an affordable level. By statute, 10 percent of total funding is allocated for administration and 5 percent is allocated to case-management activities. The remaining 85 percent of the funding is used for direct client services, which includes 5 percent for outreach.

There are four basic components to meet consumers' needs:

- The co-payment component assists households achieve energy self-sufficiency by helping households set goals for reducing utility bills, giving advice on improving household budgets, and assisting with utility bills for six to twelve months.
- The heating and cooling systems component repairs or replaces heating and cooling appliances to increase energy efficiency.
- The energy crisis component provides assistance during an energy crisis caused by extreme weather conditions or an energy supply shortage.
- The elderly and persons with disabilities component assists vulnerable households during fluctuations in energy costs by paying up to four of the highest bills during the year.

CEAP providers are expected to create partnerships with programs within and outside their agencies and with private entities. The program also requires that providers refer CEAP clients to the Department's Weatherization Assistance Program. Because CEAP is designed to help clients achieve energy self-sufficiency, it encourages the consumer to control future energy costs without having to rely on other government programs for energy assistance.

Projected Comprehensive Energy Assistance Program funding for FY 2006: \$33,214,784.

For more information, contact Michael DeYoung, Energy Assistance Section, at (512) 475-2125 or [michael.deyoung@tdhca.state.tx.us](mailto:michael.deyoung@tdhca.state.tx.us). To apply for CEAP, call 1-877-399-8939, toll free, using a land phone.

## **WEATHERIZATION ASSISTANCE PROGRAM**

The Weatherization Assistance Program (WAP) is funded through the US Department of Energy Weatherization Assistance Program for Low Income Persons grant and the US Department of Health and Human Services Low Income Home Energy Assistance Program (LIHEAP) grant. WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with incomes at or below 125 percent of federal poverty guidelines, with priority given to the elderly, disabled, families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden), and households with high energy consumption. Local providers must implement special outreach efforts to reach these priority populations. Applicants who have special needs receive additional points in the application process. To help consumers control energy costs, WAP funds the installation of weatherization measures and provides energy conservation education. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.

The Department of Energy allows up to 15 percent of the funds for administration. The Department of Health and Human Services LIHEAP grant allows 10 percent for administration. The remaining funds are used for direct client services.

Partnerships between the Weatherization Assistance Program and the Southwestern Electric Power Company, the Southwestern Public Service Company, Entergy, and El Paso Electric provide energy conservation measures to very low and extremely low income utility customers. These partnerships increase the total number of low income households receiving weatherization services and provide consumers the opportunity to receive more comprehensive energy-efficiency measures.

Projected Weatherization Assistance Program funding for FY 2006: \$12,242,949.

For more information, contact Marco Cruz, Energy Assistance Section, at (512) 475-3860 or [marco.cruz@tdhca.state.tx.us](mailto:marco.cruz@tdhca.state.tx.us). To apply for weatherization, call 1-888-606-8889, toll free, using a land phone.

## **EMERGENCY SHELTER GRANTS PROGRAM**

The Emergency Shelter Grants Program (ESGP) receives funding from the US Department of Housing and Urban Development and awards grants to units of local government and private nonprofit entities that provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Activities eligible for ESGP funding include the rehabilitation or conversion of buildings for use as emergency shelters for the homeless; the provision of essential services to the homeless; costs related to the development and implementation of homeless prevention activities; costs related to operation administration; and costs related to maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings.

TDHCA also participates in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas; assisting in the coordination and provision of services for homeless persons throughout the state; increasing the flow of information among separate service providers and appropriate authorities; developing guidelines to monitor services for the homeless; providing technical assistance to the housing finance divisions of TDHCA in order to assess housing needs for persons with special needs; establishing a central resource and information center for the state's homeless; and developing, in cooperation with the Department and the Health and Human Services Commission, a strategic plan to address the needs of the homeless.

The Department provided funds to the Texas Homeless Network (THN) to provide in-depth technical assistance on refining a collaborative network of local service providers, assessing the needs of the homeless population, and developing priorities for addressing those needs.

Projected Emergency Shelter Grants Program funding for FY 2006: \$5,154,498.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or [rita.garza@tdhca.state.tx.us](mailto:rita.garza@tdhca.state.tx.us).

## **COMMUNITY SERVICES BLOCK GRANT PROGRAM**

The Community Services Block Grant Program (CSBG) receives funding from the US Department of Health and Human Services (USHHS), and funds are utilized to fund CSBG-eligible entities and to fund activities that support the intent of the CSBG Act. The targeted beneficiaries of the program are low income families and individuals, homeless families and individuals, migrant and seasonal farmworkers, and elderly low income individuals and families whose income does not exceed 125 percent of the current federal income poverty guidelines issued by USHHS.

CSBG provides administrative support to 47 CSBG-eligible entities that provide services to very low income persons. The funding assists with in providing essential services, including access to child care, health and human services, nutrition, transportation, job training and employment services, education services, activities designed to make better use of available income, housing services, emergency assistance, activities to achieve greater participation in the affairs of the community, youth development programs, information and referral services, activities to promote self-sufficiency; and other related services.

Five percent of the State's CSBG allocation may be used to fund activities that support the intent of the Community Services Block Grant Act, which may include providing training or technical assistance to eligible entities or short-term financial support for innovative projects that address the causes of poverty, promote client self-sufficiency, or promote community revitalization. These funds may also be used to support nonprofit organizations that assist low income Native Americans and migrant or seasonal farm workers. In addition, local contractors may use CSBG funds to assist homeless persons and other special needs populations.

Community Services Block Grant Program funding for FY 2006: \$30,514,311.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or [rita.garza@tdhca.state.tx.us](mailto:rita.garza@tdhca.state.tx.us).

## **COMMUNITY FOOD AND NUTRITION PROGRAM**

The Community Food and Nutrition Program (CFNP) receives funding from the US Department of Health and Human Services, and the grant supports efforts to address hunger issues in low income neighborhoods on a statewide basis.

CFNP coordinates statewide efforts to address hunger and related issues by distributing surplus commodities through the Share Our Surplus Service (SOS) and game donated by hunters through Hunters for the Hungry Program (HFHP). CFNP funds are also used to support the expansion of child-feeding programs and the creation of farmers markets designed to serve low income neighborhoods.

The SOS program is a food recovery program where donations of surplus and unsaleable food donations are distributed to needy Texas. HFHP is a collaborative effort among hunters, meat processors, and nonprofit organizations to distribute meat to local food banks, food pantries and other organizations feeding the needy.

Community Food and Nutrition Program funding for FY 2006: \$362,178.

For more information, contact Rita D. Gonzales-Garza, Community Services Section, at (512) 475-3905 or [rita.garza@tdhca.state.tx.us](mailto:rita.garza@tdhca.state.tx.us).

## **SECTION 8 HOUSING CHOICE VOUCHER PROGRAM**

The Section 8 Housing Choice Voucher Program (HCVP) receives funding from HUD and offers rental assistance subsidies to families and individuals, including the elderly and persons with disabilities, earning 50 percent or less of area median income. At least 75 percent of HCVP tenants must have incomes at or below 30 percent of the area median income. Qualified households are afforded the opportunity to select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs. The statewide HCVP is designed specifically for needy families in small cities and rural communities not served by similar local or regional programs.

TDHCA contracts with community action agencies, public housing authorities, and local governments to assist the Department with the administration of the Housing Choice Voucher Program in their area.

Projected Section 8 Program funding for FY 2006: \$8,000,000

For more information, contact the Section 8 Program at (512) 475-2634.

## **MANUFACTURED HOUSING DIVISION**

The Manufactured Housing Division regulates the manufactured housing industry in Texas by ensuring that manufactured homes are well constructed, safe, and correctly installed; consumers are provided fair and effective remedies; and the manufactured housing industry is economically stable. The division also licenses manufactured housing professionals and processes titling paperwork, and is now required to record tax liens on manufactured homes. Because of its regulatory nature, the division has its own governing board and executive director.

Relying on a team of trained inspectors in eight field offices around the state, the Division inspects manufactured homes throughout the state. Those inspectors also assist TDHCA by inspecting properties for the Portfolio Management and Compliance Division and now assist with the inspection and licensing of migrant farmworker housing facilities. The Division also handles nearly 2,000 consumer complaints a year, many of those requiring investigation and enforcement action.

For more information, contact the Manufactured Housing Division at 1-800-500-7074.

## TDHCA ALLOCATION PLANS

The Department has developed allocation formulas for many TDHCA programs in order to target available housing resources to the neediest households in each uniform state service region. These formulas are based on objective measures of need in order to ensure an equitable distribution of funding.

### 2006 REGIONAL ALLOCATION FORMULA

#### Background

Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. The RAF also allocates funding to rural and urban/exurban areas within each region. Because no RAF-related activities were approved for this year's HTF allocation plan, a 2006 HTF RAF was not calculated.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.

Two slightly modified formulas are used for the HOME and HTC programs because the programs have different eligible activities, households, and geographical service areas. Section 2306.111(c) of the Government Code requires that at least 95 percent of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the HOME RAF only uses need and available resource data for non-PJ areas.

Figure 4.2: Housing Tax Credit RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	\$2,026,482	4.7%	\$913,835	45.1%	\$1,112,647	54.9%
2	Abilene	\$1,143,231	2.7%	\$529,047	46.3%	\$614,184	53.7%
3	Dallas/Fort Worth	\$7,064,721	16.4%	\$537,466	7.6%	\$6,527,255	92.4%
4	Tyler	\$2,139,933	5.0%	\$1,082,693	50.6%	\$1,057,240	49.4%
5	Beaumont	\$1,521,318	3.5%	\$742,576	48.8%	\$778,742	51.2%
6	Houston	\$10,403,698	24.2%	\$665,539	6.4%	\$9,738,158	93.6%
7	Austin/Round Rock	\$3,285,943	7.6%	\$312,857	9.5%	\$2,973,086	90.5%
8	Waco	\$2,610,906	6.1%	\$483,472	18.5%	\$2,127,434	81.5%
9	San Antonio	\$2,502,878	5.8%	\$354,914	14.2%	\$2,147,964	85.8%
10	Corpus Christi	\$1,771,585	4.1%	\$703,720	39.7%	\$1,067,865	60.3%
11	Brownsville/Harlingen	\$5,209,862	12.1%	\$2,053,959	39.4%	\$3,155,903	60.6%
12	San Angelo	\$1,238,592	2.9%	\$298,935	24.1%	\$939,658	75.9%
13	El Paso	\$2,080,851	4.8%	\$234,305	11.3%	\$1,846,547	88.7%
	Total	\$43,000,000	100.0%	\$8,913,317	20.7%	\$34,086,683	79.3%

Figure 4.3: HOME Program RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	\$1,798,446	6.9%	\$1,798,171	100.0%	\$275	0.0%
2	Abilene	\$1,228,643	4.7%	\$1,195,707	97.3%	\$32,937	2.7%
3	Dallas/Fort Worth	\$2,904,962	11.2%	\$1,151,933	39.7%	\$1,753,030	60.3%
4	Tyler	\$3,555,755	13.7%	\$2,845,604	80.0%	\$710,150	20.0%
5	Beaumont	\$1,651,052	6.4%	\$1,451,420	87.9%	\$199,631	12.1%
6	Houston	\$1,823,443	7.0%	\$694,582	38.1%	\$1,128,861	61.9%
7	Austin/Round Rock	\$1,090,977	4.2%	\$531,128	48.7%	\$559,849	51.3%
8	Waco	\$1,343,077	5.2%	\$802,080	59.7%	\$540,998	40.3%
9	San Antonio	\$1,547,843	6.0%	\$872,990	56.4%	\$674,853	43.6%
10	Corpus Christi	\$2,085,896	8.0%	\$1,411,114	67.7%	\$674,782	32.3%
11	Brownsville/Harlingen	\$4,713,360	18.2%	\$3,179,318	67.5%	\$1,534,042	32.5%
12	San Angelo	\$1,567,553	6.0%	\$599,679	38.3%	\$967,874	61.7%
13	El Paso	\$616,491	2.4%	\$390,734	63.4%	\$225,757	36.6%
	Total	\$25,927,500	100.0%	\$16,924,460	65.3%	\$9,003,040	34.7%

## Methodology

### Consideration of Affordable Housing Need

The first part of the RAF determines the funding allocation based solely on objective measures of each region's share of the State's affordable housing need. The RAF uses the following 2000 US Census data to calculate this regional need distribution.

- Poverty: Number of persons in the region who live in poverty.
- Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- Overcrowded Units: Number of occupied units with more than one person per room.
- Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

Non-poverty data is for households at or below 80 percent of the Area Median Family Income (AMFI).

- Because the HTC program supports rental development activities, renter household data is used for the HTC RAF.
- Because the HOME program supports renter and owner activities, both renter and owner data is used in the HOME RAF.

The following steps are used to measure regional need.

1. Each need measure (poverty, cost burden, overcrowding, and incomplete units) is weighted to reflect its perceived relevance in assessing affordable housing need. Half the measure weight is associated with poverty because of the significant number of persons in poverty and the use of this factor in the HUD Community Planning and Development Program Formula Allocations. The remaining measure weight is proportionately allocated based on the relative size of the other three measure populations. The resulting need measure weights are: poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent.

## Action Plan

### TDHCA Allocation Plans

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2. The following steps calculate the funding distribution based on the need measures.
  - a. The total RAF funding amount is multiplied by each need measure weight to determine the amount of funding distributed by that measure.
  - b. Each measure's amount of funding is regionally distributed based on the distribution of persons or households in need.
3. The resulting four regional measure distributions are then combined to calculate each region's need-based funding amount.
4. Each region's need based funding amount is divided by the total RAF funding amount. This quotient is the region's need percentage.

### Consideration of Available Housing Resources

In addition to TDHCA, there are many other sources of funding that address affordable housing needs. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources.

Because the resources used in the RAF reflect the three programs' eligible households and activities, the following data is used:

- The HTC RAF uses rental funding sources.
- The HOME RAF uses sources of rental and owner funding in non-PJs.

The following resources are used in both the HOME and HTC RAFs:

- Housing Tax Credits (4% and 9%)<sup>102</sup>
- Housing Trust Fund Rental Development Funding
- HUD HOME Funds (TDHCA and Participating Jurisdictions)
- HUD Housing for Persons with AIDS Funding
- HUD Public Housing Authority (PHA) Capital Funding
- HUD Section 8 Tenant-Based Rental Assistance (TDHCA and PHA)
- Multifamily Texas Housing Trust Fund
- Multifamily Tax-Exempt Bond Financing<sup>103</sup>
- United States Department of Agriculture (USDA) Multifamily Development Funding
- USDA Rental Assistance

The HOME RAF also includes the following sources of owner funding:

- USDA 502 and 504 Loans and Grants
- Single Family Bond Financing (TDHCA and Housing Finance Corporations)

These steps calculate the regional distribution of available housing resources:

1. The available resources are summed by region and for the state. The resulting sums are the regional and state resource totals.

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<sup>102</sup> Estimated capital raised through the syndication of the HTCs.

<sup>103</sup> The value of the bonds is 52 percent of the total bond amount. This is an estimate of the capital required to fill a affordability gap that remains after the capital raised through the syndication of the 4% HTCs is deducted from the total development cost.

2. The regional resource total is divided by the state resource total. This quotient is the region's resource percentage.

### **Comparison of Regional Need and Available Resource Distributions**

In theory, if the measurement of regional need is accurate, then the region's need percentage should reflect its resource percentage. A region with a negative resource and need difference is considered to be "under allocated." This region should have received a larger portion of the available resources to address their need. Similarly, a region with a positive difference is considered "over allocated." Conversely, it should have received a smaller portion of the available resources.

To address differences between the regional need and resource distributions, the RAF uses a resource funding adjustment to shift a portion of the need based funding distribution from over allocated to under allocated regions.

A resource funding adjustment limit is used to ensure that a particular region or geographical area is not overly penalized by the resource funding adjustments. The region's need based funding amount cannot be reduced by more than the percentage of the state's available resources that are not already regionally distributed. This percentage is calculated by finding the average difference between each funding source's regional distribution and the regional need percentages. Sources whose average of the regional differences exceeds five percent are included in the resource funding adjustment limit.

The following steps calculate the resource funding adjustments:

1. The regional resource percentage and regional need percentage differences are calculated.
2. The resulting over allocated (positive) resource differences are summed to calculate the state resource difference.
3. The state resource difference is multiplied by the total RAF funding. This product is the state over allocated resource amount.
4. Each over allocated resource difference is divided by the state resource difference. This quotient is the over allocation percentage.
5. Each over allocation percentage is multiplied by the state over allocated resource amount to determine the base resource funding adjustment.
6. The region's need based funding amount is multiplied by the resource funding adjustment limit. This product is the maximum resource funding adjustment.
7. The lesser of the base resource funding adjustment and the maximum resource funding adjustment is the over allocated region's resource funding adjustment.
8. The over allocated regions' resource funding adjustments are summed. This total is the state under allocated resource amount.
9. Each under allocated (negative) resource difference is divided by the state resource difference to determine the under allocation percentage.
10. Each under allocation percentage is multiplied by the state under allocated resource amount. This product is the under allocated region's resource funding adjustment.



#### Consideration of Rural and Exurban/Urban Need<sup>104</sup>

There are a number of factors that affect the distribution of resources to rural and urban/exurban areas. These include rural area feasible development sizes, allowable rent and income levels, and proximity to developers, contractors, and materials. Access to resources is also an issue because some funding, such as multifamily tax-exempt bond financing, does not work very well in rural areas. To ensure an equitable distribution of funding to both rural and urban/exurban areas, the RAF analyzes the distribution of rural and urban/exurban need and resources at the regional level.

The RAF uses the following rural and urban/exurban definitions:

1. Rural - A place that is:
  - a. outside the boundaries of a metropolitan statistical area (MSA); or
  - b. within the boundaries of a MSA, if the place has a population of 20,000<sup>105</sup> or less and does not share a boundary with a place that has a population greater than 20,000.<sup>106</sup>
2. Urban/Exurban
  - a. Any place that does not satisfy the Rural place definition; or
  - b. an area located outside the boundaries of a place and in a census tract that has a population density greater than 1,200 people per square mile. [This subcategory is not used in the HOME formula.]

#### Measuring Rural and Urban/exurban Affordable Housing Need

The following steps calculate the level of need in rural and urban/exurban areas:

1. The same need measure weights used to determine the regional need distribution are multiplied by the region's funding amount. This product is the measure funding amount.
2. Place level measure data is identified as being rural or urban/exurban based on the RAF area definitions.
3. Using the coded place data, each measure's affected number of rural and urban/exurban persons or households in the region is calculated.
4. The corresponding measure rural and urban/exurban percentages are calculated.
5. For each measure, the regional funding amount is multiplied by the measure rural and urban/exurban percentages to calculate the rural and urban/exurban measure funding amounts.
6. The rural and urban/exurban measure funding amounts are summed for the four measures. These totals are the region's rural and urban/exurban need based funding amounts.
7. The region's rural and urban/exurban need based funding amounts are divided by the region's total funding amount. These quotients provide the region's rural and urban/exurban need percentages.

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<sup>104</sup> §2306.111(d) requires the RAF to consider "rural and urban/exurban areas" in its distribution of program funding. Until further guidance is provided by the Legislature, TDHCA's Legal Division has interpreted "Urban/Exurban" to be a single category.

<sup>105</sup> The definition of "population" in state law (Sec. 311.005(3), Government Code) is "the population shown by the most recent federal decennial census." Because of this requirement, the decennial census place population must be used to make the area type determination.

<sup>106</sup> Applicants may petition TDHCA to update the "Rural" designation of a place within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the place has an incorporated area boundary that touches the boundary of another place with a population of over 20,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the

- pre-application submission period for HTC applications, or
- application submission period for HOME applications.

### **Measuring Rural and Urban/Exurban Available Resources**

The following steps calculate the Rural and Urban/Exurban distribution of available housing resources.

1. The geographically coded place data is summed to calculate regional rural and urban/exurban resource totals. Funding allocated at the county level is proportionately distributed based on the percentage split between rural and urban/exurban places within the county. The resulting totals are the rural and urban/exurban resource totals.
2. The corresponding regional rural and urban/exurban resource percentages are calculated.

### ***Rural and Urban/Exurban Available Resources Funding Adjustment***

The following steps calculate the rural and urban/exurban area resource funding adjustments.

1. The differences between the rural and urban/exurban resource percentages and rural and urban/exurban need percentages are calculated. The resulting differences show which of the two areas (rural or urban/exurban) were over or under allocated.
2. Each over allocated (positive) area resource difference is multiplied by the region's funding amount. For example, if the urban/exurban area is over allocated, then the difference is multiplied by the Regional Funding Amount. The resulting product is the area's base resource funding adjustment.
3. The over allocated area's need based funding amount is multiplied by the resource funding adjustment limit. This product is the area's maximum resource funding adjustment.
4. The lesser of the area's base resource funding adjustment or the maximum resource funding adjustment is the area's resource funding adjustment.

### **Rural and Urban/Exurban Regional Funding Amounts**

The area's over allocated resource funding adjustment is subtracted from the over allocated area's need based funding amount and is added to the under allocated area's need based funding amount.

## **2006 AFFORDABLE HOUSING NEEDS SCORE**

### ***Background***

The AHNS scoring criterion is used to evaluate HOME, Housing Tax Credit (HTC), and Housing Trust Fund (HTF) applications. The formula is submitted annually for public comment. The final version is published in the SLIHP.

While not specifically legislated by the state, the AHNS helps address other need based funding allocation requirements by responding to

- an IRS Section 42 requirement that the selection criteria used to award the HTC funding must include "housing needs characteristics."
- State Auditor's Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA's funding.

The AHNS is an extension of the TDHCA Regional Allocation Formula (RAF) in its comparative assessment of each place's level of need relative to the other places within its State Service Region. Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need.

The HOME and HTF/HTC programs use slightly modified versions of the AHNS because the programs have different eligible activities, households, and geographical areas. Under §2306.111(c) of the Government Code,

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### *TDHCA Allocation Plans*

at least 95 percent of HOME funding is set aside for non-participating jurisdictions. Therefore, the HOME AHNS only uses need data for non-participating jurisdictions.

### **Methodology**

The following steps measure each place's level of affordable housing need.

- 1) The Census number of households at or below 80 percent AMFI with cost burden establishes baseline for each place's number of households in need of housing assistance. The type of household considered for this baseline varies by activity.
  - a) Renter data is used for the rental development (RD), tenant based rental assistance (TBRA), and down payment assistance (DPA) scores.
  - b) Owner data is used for the owner occupied rehabilitation (OCC) score.
- 2) For each activity, an adjusted number of households with cost burden is calculated based on the difference between the place's population in the 2000 Census and the 2004 State Data Center population estimate.
- 3) The number of households assisted using TDHCA funding since the Census was taken (April 1, 2000) is subtracted from the adjusted number of households with cost burden. The resulting number shows the place's estimated remaining need.
  - a) For HTC and HTF scores, RD activity is used;
  - b) For HOME TBRA and RD scores, TBRA<sup>107</sup> and RD activity is used;
  - c) For HOME DPA scores, First Time Homebuyer and HOME DPA activity is used; and
  - d) For HOME OCC scores, HOME OCC activity is used.
- 4) The estimated remaining need measure quantifies place level of need in two ways.
  - a) The ratio of the county's level of need to the region's level of need is calculated for each scoring activity. This ratio shows the distribution of need across the region.
  - b) The ratio of the place's households in need to the place's total households is calculated for each scoring activity. This ratio shows the concentration of need within a place.
- 5) Points are assigned to each place based on the distribution of need (maximum of 3.5 points) and concentration of need (maximum of 3.5 points) ratios using a sliding scale that compares each place's level of need to the region's other places. The combined points provide the area's AHNS.

### **Rural and Exurban/Urban Need**

Section 2306.111(d) of the Government Code requires the RAF to consider rural and urban/exurban areas in its distribution of funds. To assist with this distribution, each area is classified using the RAF's geographic area definitions.

Rental development activities that occur outside an incorporated place or Census Designated Place as defined by the U.S. Census Bureau shall use the area definition of the closest place.

For the HOME program, a county score is used for activities that will serve more than one place within a county. If multiple counties or places in multiple counties will be served by an application, then the county scores will be averaged. Participating Jurisdictions (PJ) receive a score of zero. Places located in a PJ

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<sup>107</sup> Because of the limited duration of TBRA, a conversion factor was used to equate the value of a voucher to an affordable housing unit. This factor equaled the voucher duration divided by the number of years since the Census. For 2006, this was 2 years/6 years or a reduction in the number of households in need by 1/3 of a household.

County must provide evidence from a local official attesting to the fact that the place is not participating with the county with regard to the HOME program.

### **2006 EMERGENCY SHELTER GRANTS PROGRAM ALLOCATION FORMULA**

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 state service regions (i.e., 3.95 percent of the available ESGP funds were reserved for Region 1 with 3.95 percent of the state's poverty population). The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Any application that receives a score below 70 percent of the highest raw score from the region is not considered for funding.

### **2006 COMMUNITY SERVICES BLOCK GRANT ALLOCATION FORMULA**

Allocations to the 47 CSBG-eligible entities are based primarily on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight, and the ratio of inverse population density is given 2 percent weight. The formula also includes a base award for each organization before the factors are applied, as well as a floor, or minimum award. In FY 2006, the Department will incorporate the 2000 Census population figures at 125 percent of poverty, a base of \$50,000, and a floor at \$150,000.

### **2006 COMPREHENSIVE ENERGY ASSISTANCE PROGRAM AND WEATHERIZATION ASSISTANCE PROGRAM ALLOCATION FORMULA**

The allocation formula for the Comprehensive Energy Assistance and Weatherization Assistance programs uses the following five factors and corresponding weights to distribute its funds by county: county non-elderly poverty household factor (40 percent); county elderly poverty household factor (40 percent); county inverse poverty household density factor (5 percent); county median income variance factor (5 percent); and county weather factor (10 percent).

## **TDHCA GOALS AND OBJECTIVES**

The Strategic Plan goals reflect program performance based upon measures developed with the State's Legislative Budget Board and Governor's Office of Budget and Planning. The goals are also based upon Riders attached to the Department's Appropriations. The Department believes that the goals and objectives for the various TDHCA programs should be consistent with its mandated performance requirements.

The State's Strategic Planning and Performance Budgeting System (SPPB) is a mission- and goal-driven results-oriented system combining strategic planning and performance budgeting. The system has three major components including strategic planning, performance budgeting, and performance monitoring. As an essential part of the system, performance measures are part of TDHCA's strategic plan; they are used by decision makers in allocating resources; they are intended to focus the Department's efforts on achieving goals and objectives; and they are used as monitoring tools providing information on accountability. Performance measures are reported quarterly to the Legislative Budget Board.

The State's Strategic Planning and Performance Budgeting System is based on a two-year cycle; goals and targets are revisited each biennium. The targets reflected in this document are based on the Department's requests for 2006–2007.

All applicants for funding are eligible and are encouraged to apply for and leverage funds from multiple agency programs. There will be a considerable amount of leveraging of HUD funds with those from other federal and State sources. The following affordable housing goals and objectives present TDHCA's approach to addressing the state's affordable housing needs. While the HOME Program funds may be used in conjunction with other TDHCA programs, there is no way to determine the extent of the overlap. Because of this, each program reports their performance separately, with its particular intention/use listed separately.

### ***Affordable Housing Goals and Objectives***

The following goals address performance measures established by the 79th Legislature. Refer to program-specific statements outlined in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives listed below. Included are the 2005 goal and actual performance and the 2006 goal. Actual 2005 numbers were not available at the printing of this draft document, but will be included in the final document.

Goals one through five are established through interactions between TDHCA, the Legislative Budget Board, and the Legislature. They are referenced in the General Appropriations Act enacted during the most recent legislative session.

Note: 2005 Measures marked with an “\*” were added to the 2006 Performance Measures by the 79<sup>th</sup> Legislature.

<b>GOAL 1: TDHCA WILL INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT, AND AFFORDABLE HOUSING FOR VERY LOW, LOW, AND MODERATE INCOME PERSONS AND FAMILIES</b>
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- 1.1 Strategy:** Provide mortgage financing and homebuyer assistance through the Single Family Mortgage Revenue Bond Program.

**Strategy Measure:** Number of single family households assisted through the First Time Homebuyer Program.

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,770	1,898	107.23%	1,727

- \*1.2 Strategy:** Provide funding through the HOME Program for affordable single family housing.

**Strategy Measure:** Number of single family households assisted with HOME funds.

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	1,308	N/A	1,834

- \*1.3 Strategy:** Provide funding through the HTF program for affordable single family housing.

**Strategy Measure:** Number of single family households assisted through the Housing Trust Fund.

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	128	N/A	100

- 1.4 Strategy:** Provide tenant-based rental assistance through Section 8 certificates.

**Strategy Measure:** Number of multifamily households assisted with tenant-based rental assistance.

2005 Measure	2005 Actual	% of Goal	2006 Measure
2,200	1,750	79.55%	2,100

Explanation of Variance: Due to the transfer of vouchers to Brazoria County, the targeted performance was not met.

- 1.5 Strategy:** Provide federal tax credits to develop rental housing.

**Strategy Measure:** Number of multifamily households assisted with HTCs.

2005 Measure	2005 Actual	% of Goal	2006 Measure
10,763	18,350	170.49%	18,832

- \*1.6 Strategy:** Provide funding through the HOME Program for affordable multifamily housing.

**Strategy Measure:** Number of multifamily households assisted with HOME funds.

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	945	N/A	741

- \*1.7 Strategy:** Provide funding through the Housing Trust Fund for affordable multifamily housing.

**Strategy Measure:** Number of multifamily households assisted through the Housing Trust Fund.

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	1,021	N/A	255

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- 1.8 Strategy:** Provide funding through the Multifamily Mortgage Revenue Bond program for affordable multifamily housing.

**Strategy Measure:** Number of households assisted through the Mortgage Revenue Bond program.

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,999	3,288	164.48%	3,500

**GOAL 2: TDHCA WILL PROMOTE IMPROVED HOUSING CONDITIONS FOR EXTREMELY LOW, VERY LOW, AND LOW INCOME HOUSEHOLDS BY PROVIDING INFORMATION AND TECHNICAL ASSISTANCE.**

- \*2.1 Strategy:** Provide information and technical assistance to the public through the Division of Policy and Public Affairs.

**Strategy Measure:** Number of information and technical assistance requests completed.

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	3,082	N/A	5,400

- 2.2 Strategy:** To provide technical assistance to colonias through field offices.

**(A) Strategy Measure:** Number of on-site technical assistance visits conducted annually from the field offices.

2005 Measure	2005 Actual	% of Goal	2006 Measure
747	1,038	138.96%	600

**\*(B) Strategy Measure:** Number of colonia residents receiving assistance.

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	550	N/A	1,700

**\*(C) Strategy Measure:** Number of entities and/or individuals receiving informational resources.

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	2,304	N/A	1,200

**GOAL 3: TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.**

- 3.1 Strategy:** Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

**(A) Strategy Measure:** Number of persons assisted through homeless and poverty related funds.

2005 Measure	2005 Actual	% of Goal	2006 Measure
440,000	404,801	92.00%	400,000

Explanation of Variance: This measure is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP). The FY'04 ESGP program, which began in September 2004, has five fewer subrecipients as compared to the '03 program. The absence in 2004 of these five subrecipients, along with the organizations they subcontracted with, accounted for approximately 40,000 fewer persons being served annually.

**(B) Strategy Measure:** Number of persons assisted that achieve incomes above poverty level.

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,314	1,929	146.80%	2,000

**(C) Strategy Measure:** Number of shelters assisted through the Emergency Shelter Grant Program.

2005 Measure	2005 Actual	% of Goal	2006 Measure
70	72	102.86%	70

**3.2 Strategy:** Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy related emergencies.

**(A) Strategy Measure:** Number of households assisted through the Comprehensive Energy Assistance Program.

2005 Measure	2005 Actual	% of Goal	2006 Measure
69,736	84,018	120.48%	63,200

**(B) Strategy Measure:** Number of dwelling units weatherized through the Weatherization Assistance Program.

2005 Measure	2005 Actual	% of Goal	2006 Measure
3,734	5,416	145.05%	4,800

<b>GOAL 4: TDHCA WILL ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.</b>
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**4.1 Strategy:** The Portfolio Management and Compliance Division will monitor and inspect for Federal and State housing program requirements.

**\*(A) Strategy Measure:** Total number of monitoring reviews conducted.

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	4,318	N/A	4,700

**(B) Strategy Measure:** Total number of units administered.

2005 Measure	2005 Actual	% of Goal	2006 Measure
188,956	201,114	106.43%	227,195

**4.2 Strategy:** The Portfolio Management and Compliance Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

**\*(A) Strategy Measure:** Total number of monitoring reviews conducted.

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	12,113	N/A	10,725

**(B) Strategy Measure:** Number of contracts administered.

2005 Measure	2005 Actual	% of Goal	2006 Measure
624	751	120.35%	400



**GOAL 5: TO PROTECT THE PUBLIC BY REGULATING THE MANUFACTURED HOUSING INDUSTRY IN ACCORDANCE WITH STATE AND FEDERAL LAWS.**

**5.1 Strategy:** Provide titling and licensing services in a timely and efficient manner.

**(A) Strategy Measure:** *Number of manufactured housing statements of ownership and location issued.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
115,000	93,499	81.30%	89,000

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications resulting from a continued slowdown of activity in the manufactured housing industry.

**(B) Strategy Measure:** *Number of licenses issued.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
5,700	4,118	72.25%	4,435

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications resulting from a continued slowdown of activity in the industry.

**5.2 Strategy:** Conduct inspections of manufactured homes in a timely manner.

**(A) Strategy Measure:** *Number of routine installation inspections conducted.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
13,500	5,488	40.65%	8,000

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25 percent of installation reports received. The actual YTD inspection rate is 37.78 percent. In FY 2005, the overall workload of the inspection staff was increased by additional inspection duties associated with providing assistance to the Department's Portfolio Management and Compliance Division.

**\*(B) Strategy Measure:** *Number of non-routine installation inspections conducted.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
N/A	2,405	N/A	2,500

**5.3 Strategy:** To process consumer complaints, conduct investigations, and take administrative actions to protect the general public and consumers.

**Strategy Measure:** *Number of complaints resolved.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
1,620	1,502	92.72%	1,700

Explanation of Variance: The Department has made an effort to encourage the informal resolution of customer concerns prior to their issues becoming official complaints. The effort has helped reduce the number of complaints officially received, which reduces the number of complaints resolved.

Goals Six through Eight are established in legislation as riders to TDHCA's appropriations, as found in the General Appropriations Act.

**GOAL 6: TDHCA WILL TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO EXTREMELY LOW INCOME HOUSEHOLDS.**

**6.1 Strategy:** The housing finance divisions shall adopt an annual goal to apply \$30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

**Strategy Measure:** Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.

2005 Measure	2005 Actual	% of Goal	2006 Measure
\$30,000,000	\$27,075,921	90.25%	\$30,000,000

Explanation of Variance: Fewer ELI households were served by single family bond transactions, Section 8 vouchers, and HOME awards in FY 2005 as compared to FY 2004. The primary cause appears to be a decrease in the projected amount of HOME funding that will serve ELI households as the amount awarded for this income group dropped from \$36 million in FY 2004 to \$12 million in FY 2005. This decrease is related to the release of two program years' worth of HOME funds in FY 2004.

(See Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

**GOAL 7: TDHCA WILL TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW INCOME HOUSEHOLDS.**

**7.1 Strategy:** The housing finance divisions shall adopt an annual goal to apply no less than 20 percent of the division's total housing funds toward housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.

**Strategy Measure:** Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.

2005 Measure	2005 Actual	% of Goal	2006 Measure
20%	3,824,899,423	352.44%	20%

(See Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

**GOAL 8: TDHCA WILL PROVIDE CONTRACT FOR DEED CONVERSIONS FOR FAMILIES WHO RESIDE IN A COLONIA AND EARN 60 PERCENT OR LESS OF THE APPLICABLE AREA MEDIAN FAMILY INCOME**

**8.1 Strategy:** Help colonia residents become property owners by converting their contracts for deed into traditional mortgages.

**Strategy Measure:** Amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60 percent of median family income.

FY 2004-2005 Measure	FY 2004-2005 Actual	% of Goal	FY 2006-2007 Measure
\$4,000,000	\$3,889,600	97.24%	\$4,000,000

The FY 2004-2005 Actual is comprised of \$1,300,000 in FY 2004 and \$2,589,600 in FY 2005. Note: An additional \$1,033,900 was approved at the September 2005 Board meeting. This funding

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### TDHCA Goals

award was postponed from the August 2005 Board meeting. It would have brought the FY 2004-2005 total to \$4,923,500.

(See Rider 11 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.)

The following TDHCA-designated goal addresses the housing needs of persons with special needs.

<b>GOAL 9: TDHCA WILL WORK TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS THROUGH FUNDING, RESEARCH, AND POLICY DEVELOPMENT EFFORTS.</b>
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**9.1 Strategy:** Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.

**Strategy Measure:** *Percent of the HOME project allocation awarded to applicants that target persons with special needs.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
≥20%	? Need HOME MF	? Need HOME MF	≥20%

**9.2 Strategy:** Dedicate no less than 5 percent of the Multifamily Bond Program units for persons with special needs.

**Strategy Measure:** *Percent of the Multifamily Bond Program units dedicated to persons with special needs.*

2005 Measure	2005 Actual	% of Goal	2006 Measure
≥5%	22.53%	450.73%	≥5%

**9.3 Strategy:** Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

**Strategy Activities:**

- A. Assist counties and local governments in assessing local needs for persons with special needs
- B. Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- C. Set up a referral service to provide this information at no cost to the consumer.
- D. Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other provider web sites, TDHCA newsletter, and local informational workshops.

**9.4 Strategy:** Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

**Strategy Activities:**

- A. Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
- B. Continue working with agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs.
- C. Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site, and newsletter.

**9.5 Strategy:** Discourage the segregation of persons with special needs from the general public.

***Strategy Activities:***

- A. Increase the awareness of the availability of conventional housing programs for persons with special needs.
- B. Support the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings.



## **SECTION 5: PUBLIC PARTICIPATION**

TDHCA strives to include the public in policy, program, and resource allocation decisions that concern the Department. This section outlines how the public is involved with the preparation of the plan and a summary of public comment.

### **PREPARATION OF THE PLAN**

Section 2306.0722 of the Texas Government Code mandates that the Department meet with various organizations concerning the prioritization and allocation of the Department's housing resources prior to preparation of the Plan. As this is a working document, there is no time at which the Plan is static. Throughout the year, research was performed to analyze housing needs across the state, focus meetings were held to discuss ways to prioritize funds to meet specific needs, and public comment was received at program-level public hearings as well as at every Governing Board meeting.

The Department met with various organizations concerning the prioritization and allocation of the Department's resources, and all forms of public input were taken into account in its preparation. Several program areas conducted workgroups and public hearings in order to receive input that impacted policy and shaped the direction of TDHCA programs. For example, in July 2005, the Housing Trust Fund and HOME Program, hosted round table discussions for the purpose of gathering input on the programs. Additionally, the Housing Tax Credit Program arranged several QAP Round Tables composed of TDHCA staff, developers, lenders, consultants, legislative staff, and neighborhood advocates with the purpose of recommending changes to the rule that governs the program.

Communication between TDHCA and numerous organizations results in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. TDHCA appreciates the assistance provided by the organizations listed below to assist the Department in working towards reaching its mission, goals, and objectives, which relate directly to the formation of the *State of Texas Low Income Housing Plan and Annual Report*.

- Coalition of Texans with Disabilities
- Fannie Mae
- Freddie Mac
- Community action agencies
- Councils of governments
- Housing finance corporations
- National Council of State Housing Agencies
- National Low Income Housing Coalition
- NeighborWorks America
- Office of Rural Community Affairs
- Texas A&M Real Estate Center
- Texas Affiliation of Affordable Housing Providers
- Texas Association of Community Development Corporations
- Texas Association of Local Housing Finance Agencies
- Texas Association of Regional Councils
- Texas Bond Review Board

## *Public Participation*

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### *Preparation of the Plan*

- Texas Council for Developmental Disabilities
- Texas Department of State Health Services
- Texas Department of Aging and Disability Services
- Texas Health and Human Services Commission
- Texas Home of Your Own Coalition
- Texas Homeless Network
- Texas Housing Association
- Texas Interagency Council for the Homeless
- Texas Low Income Information Service
- Texas Office of the Credit Commissioner
- Texas Office of the Governor
- Texas Public Housing Authorities
- Texas residents who took the time to testify at public hearings and submit written comment
- Texas State Affordable Housing Corporation
- Texas State Data Center
- Texas Workforce Commission, Civil Rights Division
- United Cerebral Palsy of Texas
- US Department of Agriculture
- US Department of Energy
- US Department of Housing and Urban Development

## PUBLIC HEARINGS

From July to August 2005, TDHCA worked on the draft version of the *2006 State of Texas Low Income Housing Plan and Annual Report*. Once completed, the draft was submitted to the TDHCA Board of Directors at the September 16, 2005, board meeting for approval, and then released for public comment in accordance with §2306.0732 and §2306.0661. The hearing notice was published in the September 2 and September 9, 2005, editions of the *Texas Register*.

The formal citizen participation process for the *2006 State of Texas Low Income Housing Plan and Annual Report* began on September 19, 2005, and ended October 18, 2005. Constituents were encouraged to give input regarding the Plan and all Department programs in writing or at one of the 13 public hearings to be held across the state, one in each of the 13 Uniform State Service Regions. Approximately 97 individuals attended the public hearings held in the following cities: Lubbock, Abilene, Arlington, Mt.Pleasant, Crockett, Houston, Austin, Temple, San Antonio, Corpus Christi, McAllen, Midland, and El Paso. An additional hearing to gather public comment was held on November 10, 2005, at the TDHCA Board meeting in Austin.

Each public hearing addressed the Plan, in addition to the following programs and rules: the Housing Tax Credit (HTC) *Qualified Allocation Plan and Rules*; *Housing Trust Fund (HTF) Program Rules*; *HOME Investment Partnerships Program Rules*; HOME, HTC, and HTF Regional Allocation Formula; HOME, HTC, and HTF Affordable Housing Needs Score; Community Service Block Grant Allocation Formula; *2006 State of Texas Consolidated Plan One Year Action Plan*; Texas State Affordable Housing Corporation *Annual Action Plan*; and *Colonia Action Plan for 2006–2007*.

Public comment received pertaining to the *2006 State of Texas Low Income Housing Plan and Annual Report*, Regional Allocation Formula, and Affordable Housing Needs Score are included in this section of the Plan. Comment on the Colonia Action Plan is included in Section 6: Colonia Action Plan. Public comment received relating to specific programmatic documents, such as the Housing Tax Credit *Qualified Allocation Plan and Rules*, are addressed directly by the program area and not contained in this document. Please contact the program areas directly, or the Division of Policy and Public Affairs at (512) 475-3976 for information on program-specific public comment.



## PUBLIC COMMENT

### COMMENT REGARDING THE 2006 PLAN

#### *Comment: Use of HOME Funding for Persons in Participating Jurisdictions*

A few comments were made as to the need to use HOME funding in Participating Jurisdictions for tenant-based rental assistance for persons with disabilities. The following comment is typical of this suggestion.

“We...provide relocation assistance for persons with disabilities in nursing facilities, coming out into the community...One of the major barriers is the availability of affordable and accessible housing. What has been extremely helpful in helping these people locate and find decent, adequate, affordable, accessible housing is the use of TBRA vouchers. TDHCA did allocate close to \$4 million, I believe, 2003 allocation that was specific to this purpose. It was not utilized as quickly as hoped. A lot of that had to do with the population and the folks that are providing the services not having housing experience...With this program, (there was no) restriction on utilizing the TBRA vouchers or HOME funds within a participating jurisdiction. That was absolutely essential. Most of the folks that we are relocating are in urban areas. They continue to want to live in urban areas. I think you're also aware that that's where most of the Katrina evacuees are as well. What that does is puts extreme burden onto the housing stock in urban areas...”

These contracts relocating people are not going away. The Texas legislature has authorized over the next four years to continue this activity. Right now in our area, we have 41 people in various stages. They're actually pending relocation in the Coastal Bend area. At least 50 percent of them are waiting on housing that they can be able to access. We're fortunate that we do have some TBRA vouchers right now. We have 22, I believe, left in this area. Those will be running out. At that point, we don't know what we're going to have for housing....(It is requested that the limitation of providing) HOME funds only in rural areas outside the participating jurisdiction be lifted.”

- **Department Response**

TDHCA is responsible for distributing HOME funding for the balance of state that does not receive this type of funding directly from HUD as a Participating Jurisdiction. In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5 percent of its HOME allocation to be awarded to applicants in PJs. Based on the increased capacity of organizations in non-PJ areas as evidenced by an over subscription rate in the 2004 and 2005 application cycles for non rental development activities there appears to be a substantial need for this kind of activity in rural areas. Given the limited amount of available funding, TDHCA will no longer fund nonrental development activity applications in PJ areas. No changes to the SLIHP are suggested.

#### *Comment: Disaster Relief Policy Development*

A few comments were provided on issues to consider in developing disaster relief programs. These included both using rental assistance for short-term help and rental development funding to increase the available housing supply.

“...I would strongly encourage...lifting that requirement of home funds not being used in the participating jurisdictions. You've got to lift that, because that's where all the Katrina evacuees are. There's very few in the rural areas. They are inner-city folks who have relocated. They'd like to continue to be close to inner-city folks, and we have a lot of that in this area, and every city does. Unfortunately what's going to end up happening is a higher level of blighted living conditions unless money is infused. You could use TBRA vouchers, the HOME Program TBRA vouchers, on a temporary basis. Many of these folks are going to return home. Many may go someplace else, so the TBRA voucher, I would think, would be a good, short-term utilization for housing.

Secondly, if you've got some other funding source available such as through the Housing Trust Fund, perhaps that could go into your bricks and sticks, your actual building of additional housing stock, because we are going to see in Corpus Christi – I guarantee you we're going to run up against, There ain't no more housing, or there is no more housing in Corpus Christi that not only the Katrina evacuees but our local folks who have been on waiting lists for so, so long with the public housing, with Section 8 housing.”

“The City of Corpus Christi is an entitlement – has entitlement HOME allocation, CDBG and ESG. Many times those dollars had to be spread out amongst – what? – 30, 40 agencies. They may have good programs, but there's not enough money...I believe that the State of Texas should (consider sharing resources for entitlement areas for) disaster-related activit(ies). We're talking about a housing stock that needs to be brought up to standards. We're talking about a nonexistent housing stock for emergency shelter type of activity for those evacuees. Lets us(e) some of these dollars to build ...apartments... We're talking about an 18-month period here, so if the State could redirect some of those dollars to this effort that we're having locally here... We could probably do a lot of good stuff, good things. So I'm suggesting,...like a million dollars, you know, for example. Right. Sure. It's a lot of money. But still there's a need out there. We talk about 130 families still without shelter, without homes, and we don't want to (re)place it with the homeless situation.”

- **Department Response**

TDHCA has reserved \$1.8 million of the Housing Trust Fund for this purpose and is considering the use of other resources to address disaster relief needs in the future. No changes to the SLIHP are suggested.

### ***Comment: Transportation Issues***

A few comments were provided on the need to provide incentives to ensure that rental developments are built in areas that have good access to public transportation.

“While you're not directly involved...with the ability to extend the transit system, I think that that is something that is – that just further defines where people will have to find homes or residences.”

“It's true all around Corpus Christi, that transportation is very, very critical for a lot of folks that are transit-dependent; they don't have cars. When you give credit for transportation on your applications, one of the things I've noticed is people have a choice of taking that 5 points there or 5 points over here. Very often when they're looking at people with disabilities, what they think most likely many of them, the developers think, Well, let's see; these people use special transit services, so therefore, having a bus stop may not be that important. I can get another 5 points over here. So the incentive may not truly be incentivizing the

## *Public Participation*

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### *Public Comment*

developers to put developments near transportation outlets. People with disabilities can use regular transportation if it's accessible. They don't need to have special transit services. The primary reason they have that is because there is no public transportation that is accessible or the sidewalks aren't accessible or whatever, whatever, on and on. But I think as you look at incentives, realize that it may not fully cover what the reality is that's going on.”

- **Department Response**

Given the competitive nature of the programs it is thought that the selection criteria points provide an incentive for applicants to consider transportation and a variety of other area amenities when choosing sites. No changes to the SLIHP are suggested.

### ***Comment: Public Comment Administration***

A couple of general comments were made on the process and scheduling of the public comment period and Departmental responses.

“I think that having a face-to-face contact with the people who not only run the programs but also write them, the procedures and the policies, is great. It's really very good. It's very reassuring. I think that we need to follow on the next phase. How can we get some feedback as to whether some of these comments get anyplace? What's the chances of getting some of these policies and procedures changed, and what do we need to do, particularly for organizations like ours that – we're an advocate organization, and we are committed to see that these programs reach the populations that we serve. So it's very important for us to know what feedback we can get, and hopefully that these will be not only the first contact, but maybe some community roundtables, some further discussion, so that together we can find some solutions to these very, very severe crises that we're facing and the people we serve face.”

“...Many of the programs...directly affect the county. Not necessarily the city of El Paso, because the city of El Paso is an entitlement area, and they receive their funds directly. And maybe for the next time we have these hearings, we should do these hearings out there in the county. Maybe the city of Socorro or other areas that are directly affected by your funding in the programs...I speak for many nonprofits that are out there, and that sometimes transportation is an issue, and I know for many residents that should be benefiting from these programs, transportation is a big issue.”

- **Department Response**

TDHCA continues to refine the public comment process. As was done last year, the public hearing transcripts were posted to a “TDHCA Consolidated Public Hearings” page on the TDHCA website. Additionally, all written comment was scanned and posted to the site as well. This year, a comment tracking table was added so commenters could more easily verify that their comments had been received. The table contained the source of each comment, the comment topic, and the number of the document on the website that contained the comment. For all of the items taken for public comment, TDHCA provides reasoned responses to each comment.

In 2006, TDHCA will research the possible use of telephone and video conference technology to help provide effective and ongoing interaction across the state. This will be of increasing importance given the increasing costs of transportation. No changes to the SLIHP are suggested.

***Comment: Fair Housing***

A comment was made as to the need to increase affirmatively furthering fair housing efforts.

“We're a civil rights, nonprofit organization that's funded by HUD to affirmatively further fair housing. We work along the U.S.-Mexico border; we cover the four border states. In El Paso we have our main office, and we'll be opening an office in McAllen next year, and one in New Mexico the end of this year. Our main focus is to – and mission is to promote fair housing, to enforce our fair housing laws. And the border faces a lot of discrimination. Believe it or not, the last 14 months we've investigated close to 38 fair housing complaints. Just yesterday we got a charge on an individual that was discriminating using CDBG funds. He used close to \$430,000 to rehab a property, and he was discriminating against families with children. That's happening every day along the U.S.-Mexico border. Under federal law, every agency that receives federal funds, like the HOME Program and CDBG they're required to affirmatively further fair housing. And to comply with this requirement, an agency may go from doing a poster contest to actual funding programs of enforcement or education and outreach. Before coming here, I contacted the TDHCA and ORCA to see exactly what they're doing to – for the fair housing. And they've been participating in community affairs, they've been distributing information, which is good. But it's more than that, it's more than educating the public. People know their rights, but what's going to happen next, who's going to enforce the law? We're the only enforcement agency, between Arizona and Brownsville, within 150 miles from the border. So our resources are limited. In the State of Texas, ORCA and TDHCA need to allocate funding to enforce these laws. It's very unfortunate that people that are receiving federal funds to open up opportunities for affordable housing are doing the opposite.”

- **Department Response**

TDHCA will be working to update its affirmative housing plan in 2006. This process will involve a committee of interested parties to help provide guidance. At the time this process begins, an invitation to participate on this committee will be offered to a wide variety of organizations such as the commentator. No changes to the SLIHP are suggested.

***Comment: Policies to Assist Persons with Disabilities***

One commenter provided a number of suggestions on policies to improve the provision of assistance to persons with disabilities.

“...The lack of accessible affordable housing for people with disabilities has always been a major barrier to independence...We have four major recommendations (to assist with this issue).

First of them is for creation of a program to provide housing and utility deposit assistance for people with disabilities on a cross-disability basis. Currently, that is available only through HOPWA....All persons with disabilities can benefit from programs that will permit them to obtain or retain permanent housing. Having programs in place with deposits will give more people the opportunity to live independently in the community.

We would direct all TDHCA funds to banks and other financial institutions that have proven active in community reinvestment and development efforts, not just based on size. TDHCA can take a more proactive role in community development and rehabilitation if they reward both big and small banks that work to support their communities rather than just to enrich themselves.

## *Public Participation*

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### *Public Comment*

We support the development of pilots throughout the state for land reassembly and redevelopment, similar to Houston, and an urban homesteading pilot program...Programs that permit tax delinquent properties and land to be occupied serve the public interest more effectively than leaving the properties as uncared for vacant eyesores. Using land banking and allowing people to obtain permanent housing through homesteading will create more stable, vibrant neighborhoods to benefit all Texans.

We ask for use of community block development grants and other HUD monies to assure wheelchair accessibility to emergency shelters and facilities. There are no shelters in this area that identify themselves as wheelchair accessible. While many organizations would like to have access, they have limited funds for anything not related to daily operation. After Hurricane Katrina and then, with Hurricane Rita, people with disabilities were shoved into nursing homes and assisted living facilities. If the temporary shelters were available, it would be easier for evacuees to move into the community. Now that these individuals are in institutions, they will have to prove that they do not belong in such restrictive environments.”

- **Department Response**

Currently, TDHCA does not have funding available for pilot programs for special purposes like land banking, community development activities, and renter assistance deposits. Funding from the Emergency Shelter Grants Program could be used to help address facility accessibility issues. No changes to the SLIHP are suggested.

### ***Comment: §53.55. HOME Program TBRA***

A request was made asking that the rules governing Tenant Based Rental Assistance (TBRA) be changed to provide for "transfer of vouchers" in times of crisis like the recent hurricanes.

- **Department Response**

HOME TBRA assistance is portable; the assistance moves with the household. If the household no longer wishes to rent a particular unit, the household may take its assistance and move to another approved rental unit within the Administrator's service area. In times of natural disasters, the Department may have the ability to consider policy changes to utilize funds in impacted areas. The Department is in the process of seeking waivers from the US Department of Housing and Urban Development and is exploring all funding options to better assist displaced households. No change is recommended.

### ***Comment: HOME Program HOYO Funding***

A comment was made on the Home of Your Own Program

“I am here in support of the continuation of the Department's commitment to Texas Home of Your Own Program (HOYO). The HOYO program continues to expand opportunities for home ownership among a greatly underserved population. Low income persons with disabilities, TDHCA has been a partner since 1996. It has been a great partnership. We have served over 250 homeowners. We want and need this partnership to continue, because it really does benefit all of us, and we appreciate that it continues to be in the plan.”

“We also want to express our support for the Housing Trust Fund capacity building program as well as the predevelopment program. These programs have supported UCP Texas in our recent efforts to provide affordable, accessible and integrated rental housing.”

“Opportunities for people with disabilities, our first project which is a partnership with Tekoa Partners...This project could not have happened without you all’s support and the ability to help us learn how to do HUD 8-11 project...”

“We want to express our appreciation for your demonstrated commitment to providing housing for people with disabilities, and in an integrated setting. And that is what we are talking about when you are talking about rental. And we want to thank the Department staff that continue to work to see that people with disabilities have equal access to housing opportunities. And we look forward to a continued partnership...”

- **Department Response**

The Department appreciates the comment, and has continued funding for HOYO for 2006. No changes recommended.

## COMMENTS REGARDING THE AFFORDABLE HOUSING NEEDS SCORE

### *Comment: Consideration of the Need Characteristics of Specific Regions and Census Tracts*

“Looking at the Affordable Needs Score, it, as traditionally, is very low for Region 12, and my question is that, for instance, Big Spring, Howard County, is number one and number two in the state for lead-based paint. When you look at the Affordable Needs Score, is some of that type of data put in there, because if it is, then it looks like it should be higher, just the fact that you have number one and number two in Region 12. And I think that when you look at – you know, if you do it on population, we’re going to be way down there, but if you look at actual needs, there are –

...(A)nother problem with the Affordable Needs Score and where it gets skewed sometimes is there are pockets of poverty that are surrounded with clusters of wealth, and you can’t reach those pockets of poverty, because when you look at it by census tract, it skews the census tract methodology. And so somehow there has to be a method created or looked at where we can reach those pockets of poverty. I can take you within just a few blocks of my office, and I can show you a home that still has outdoor facilities. I can show you a house that’s been lived in for a number of years that’s never had electricity, still uses coal oil lamps, and yet we can’t reach those because of the way the Affordable Needs Score is skewed...”

- **Department Response**

The AHNS serves as a measure of the general level of affordable housing need in an area. As such, it does not provide a scoring preference based on location specific housing problems. The number of substandard dwellings in the community provides some measure of housing quality standards which would include such issues as lead based paint.

While addressing lead based paint issues are certainly important, it would probably be more appropriate to add a scoring preference in the application selection criteria. That way preference could be given to applications that work to eliminate specific types of housing need that align with overarching Departmental goals.

## *Public Participation*

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### *Public Comment*

With regard to the suggestion that specific Census tracts need to be served due to their need characteristics, the AHNS does not use tract level data to avoid unit concentration of affordable housing within specific small geographic areas and associated fair housing issues. Rather, it evaluates the housing need of the entire community and compares that level of need to other places in the region.

With regard to the specific example of Big Spring as raised by the commenter, the AHNS actually seems to be functioning rather well. Of the rural communities Big Spring would compete against for HTCs in Region 12, only one other place has a higher score. This place, Christoval, has never received an award of HTCs. Christoval's population is only 422. Under the 2006 AHNS methodology, it is likely that Christoval's future score would decrease if it actually received a credit award. That is because the methodology now considers previous TDHCA funding activity in generating a place's AHNS. For HOME, Big Spring has the highest score possible in all activities except for owner occupied rehab. The owner occupied rehab score is only one point below the maximum score.

### ***Comment: Using the AHNS to Discourage the Over concentration of Affordable Housing in Primarily High Minority, Low Income Areas***

"... (O)ne of the things we really need to focus on is for the state to gather information, ... which show that – and I just ran it in Dallas, Fort Worth, Austin, and Houston – that approximately 75 percent of the tax credit units that have been funded since 2000 in the state of Texas have gone to primarily low-income, primarily minority-concentrated areas. And as we all know, we're under a federal mandate, because of the Fair Housing Act of 1968, to disseminate particularly federally funded housing out into non-impacted areas. The whole concept is – to summarize it really is not to continue to create ghettos like we did with the old HUD programs.

...(T)he City of Dallas has been under, for a long time, a federal mandate...that says we have to get housing out of the impacted areas. My fear is, if you look at what we've done since 2000, what we're continuing to do is concentrate low-income people in particular areas of the cities...

...In terms of the Affordable Housing Needs Score, ...we might want to... hav(e) some scoring, which I guess really isn't state-mandated, but – or legislatively mandated, but have some scoring that really focuses on doing deals outside of impacted areas. If to the extent that you're doing a deal that's in a high income suburb that doesn't have a lot of minority population, maybe you score some additional points for doing that. It might also help offset some of the issues ... that have to do with "not in my backyard," because right now there's an awful lot of points in the QAP that you get for getting things like state senator, state rep report, which you can't really get without getting city council support, which you can't really get without getting home owner support...

And also there's points for things like neighborhood associations, and to the extent you try and – because I've tried the last two years – to do deals outside of minority areas, out in the suburbs, in one instance I had to actually sue a city who tried everything possible to stop us, because they just didn't want affordable housing in that area. And in another case I had a county commissioners' court decide to vote unanimously not to approve our bonds when the only objection was that the home owners didn't want it

there, in their nice, high income neighborhood. So if we're going to make any progress on attempting to address the needs for affordable housing outside of impacted areas, we're going to have to come up with some way of counterbalancing the "not in my backyard" points that are in the QAP."

- **Department Response**

The over concentration of affordable housing in primarily high minority, low income areas is an issue that was given a great deal of consideration when developing the Qualified Allocation Plan, of which the AHNS is a scoring component.

As was previously discussed, the AHNS serves as a measure of the general level of affordable housing need in an area. This helps to distribute funds to places within the region based on the level of need present within the entire community. As such it does not give scoring preferences to specific areas within a particular place. For example, if a preference was included in the AHNS for a "high income suburb that doesn't have a lot of minority population," there would be nothing to preclude the site from being located within a high minority tract within that place.

As previously discussed, the AHNS also does not use tract level data to avoid unit concentration of affordable housing within specific small geographic areas and associated fair housing issues. Within each community, there is a wide ranging set of community housing and development goals and market conditions. The AHNS should not complicate how these neighborhood level issues are addressed by trying to combine scoring factors in an attempt to meet a variety of housing goals through the use of a single score.

As the commenter seems to be pointing out, this issue would be better addressed at the program application selection criteria level. The draft *Qualified Allocation Plan* included a number of items that may help alleviate the concentration issues discussed by the commenter. TDHCA will continue to work to address distribution and concentration issues associated with its funding awards.

## COMMENTS REGARDING THE REGIONAL ALLOCATION FORMULA

### *Comment: Weighting Multifamily Bond Financing in RAF's Consideration of Available Funding*

"We are in support of the proposed Regional Allocation Formula for 2006 Housing Tax Credits. The methodology you have used in accounting for 4% tax credits and bonds is an improvement over last year, and we feel is much more in line with the intent of the original legislation which created the Regional Allocation Formula (SB 1112 by Shapleigh, 76th Legislative Session). The new methodology better acknowledges that the largest metropolitan areas of the state, which are also the ones with the highest median family incomes (Dallas-Ft. Worth, Houston, Austin and San Antonio), are the only areas of the state that have access to 4% tax credits and bond deals, and allows the poorest regions of the state (such as El Paso and the other border areas) to access its fair share of the programs designed to help the poorest families in the state."

- **Department Response**

This comment supports the 2006 proposed change in the way the RAF considers multifamily bond funding. As no additional comment was received on this issue, no changes to the RAF methodology are recommended.



***Comment: RAF's Consideration of the Use of HTC Funding for Disaster Relief***

"...(G)iven the recent hurricanes in I guess what would be Region 5, in Beaumont, Port Arthur area, it might make sense for us to consider at least the flexibility in the various programs to reallocate some resources to the extent that the federal government doesn't step to the plate and do it, to reallocate some of the housing resources to that particular region. And what I proposed ... was something like 5 percent or 7 percent or whatever of, for instance, the tax credits. Give the Board the discretion between now and the time that we ultimately have to take applications to re-allocate the credits over to Region 5, and you just take 7 percent from all the other regions, and just allocate it over there. If you look at the impact on each particular region, it's really pretty minor, but it would make a huge impact in terms of addressing the needs of the hurricane victims in that particular region.

...(I)f we wait for the federal government it's going to be too late..., if we've already finalized all of our plans for next year, for the state to address that issue. And we can do it without federal dollars if we just do kind of a re-allocation within the state, or at least have the flexibility to do that, if the federal government doesn't do it."

- **Department Response**

Section 2306.111(d) of the Government Code requires objective measures of affordable housing need to be part of the RAF. Currently, quantitative data is not available on the type and level of need in each region that has changed since the 2000 Census because of the recent disasters. Even if such data was available, it could then be argued by other regions that their need should be updated to reflect increased need related to the hurricanes (or other disasters) or ongoing immigration since the Census was conducted. While the decennial occurrence of the Census obviously limits the RAF's ability to respond to ongoing change, it provides a detailed statewide assessment of each region's general level of need.

This comment, however, does raise the idea that providing a means of updating the 2000 Census need data could be a valuable addition to the RAF methodology. However, given the significance of this change, it is thought that the related changes to the RAF would require going out for additional public comment. Given current data limitations and program application cycle timing requirements, TDHCA will study this issue over the next year and provide options on how this might be accomplished for the proposed 2007 RAF.

No changes to the RAF methodology are recommended for the 2006 RAF.

***Comment: Updating Place Geography Type Designations to Reflect Population and Boundary Changes Since the 2000 Census***

"...(A)fter reviewing the Dallas 2004 MAPSCO Directory, pages 10A and 10B, you will note that Wylie touches Garland strip annexation twice. The strip divides Wylie and Rowlett and then goes up along Lake Ray Hubber and then touches Wylie again. Garland is over 215,000 plus in population. So this would qualify Wylie as urban/exurban based on Wylie touching Garland."

- **Department Response**

The mapping software TDHCA uses to categorize places based on their boundary proximity uses 2000 Census data and boundaries. Since places may have annexed more territory since 2000, the RAF methodology will be clarified to note that place designations may be updated from

“Rural” to “Urban/Exurban” if the applicant can provide a letter from the jurisdiction indicating that their place’s city limits touch the city limits of another place that has a population greater than 20,000. It should be noted that because state law ties the word "population" to the decennial census, proximity to another urban area is the only thing that can change a place’s rural designation until the next census is conducted.

The inclusion of the following notes in the RAF methodology is suggested:

“Applicants may petition TDHCA to update the “Rural” designation of a place within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the place has an incorporated area boundary that touches the boundary of another place with a population of over 20,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the:

- pre-application submission period for HTC applications, or
- application submission period for HOME applications.”

“The definition of “population” in state law (Sec. 311.005(3), Government Code) is “the population shown by the most recent federal decennial census.” Because of this requirement, the decennial census place population must be used to make the area type determination.”



## **SECTION 6: COLONIA ACTION PLAN**

### **OVERVIEW**

The Texas Department of Housing and Community Affairs Colonia Action Plan for 2006–2007 discusses housing and community development needs in the colonias, describes the Department’s policy goals, summarizes the strategies and programs designed to meet these goals, and describes some of the projected outcomes to support the improvement of living conditions of colonia and border residents along the Texas-Mexico border region. This plan focuses on colonias as defined by state statute.

The overall goal of the Department with respect to colonias is to improve the living conditions and lives of border residents along the Texas-Mexico border region. As a result, TDHCA provides planning, housing, and housing-related assistance.

Performance measures for colonia activities, as reported to the Legislative Budget Board, focus on outreach and technical assistance efforts of the Department—specifically the number of on-site technical assistance visits conducted annually from the Border Field Offices. The targeted performance number for the 2006–2007 biennium is 747 technical assistance visits a year.

It should be noted that there is no single or dedicated source of funds for colonia-focused programs and services administered by the Department, except the Colonia Self-Help Centers, which are funded with Community Development Block Grant funds. In the past, funding has been provided from the Housing Trust Fund, the HOME Program, Single Family Bond proceeds, and the Community Development Block Grant (CDBG) Program.

### **COLONIA NEEDS**

In today’s world, Texas colonias are considered an observable fact. Their beginnings date back to the 1950s. As a response to the reconstruction era, Texans adopted a state constitution to minimize the powers of government. By making counties subdivisions of the state with no home rule powers, Texans guaranteed that no county could take an action or adopt a rule until it is first voted on by the state. As a result all regulatory powers originate with cities and the state. Areas outside city limits are "regulation free zones" until problems become so serious that the entire state is ready to empower a county to address them.<sup>108</sup>

These regulatory free zones enabled colonia developers to purchase tracts of land with a marginal agricultural value. Some of these tracts were flood prone and drained poorly; some were too hilly to irrigate; some were land with a declining value due to changes in agricultural economics. These developers platted their tracts, bulldozed roads, and sold the undeveloped lots on 10- to 20-year contracts for deed starting anywhere from \$8,000 to \$20,000 at an interest rate of 10 percent to 17 percent annually.<sup>109</sup> A contract for deed is an instrument used to sell land. Title to the property is not transferred until the balance is paid in full.

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<sup>108</sup> Madeline Pepin, “Texas Colonias: An Environmental Justice Case Study” (November 5, 1998), <http://itc.ollusa.edu/faculty/pepim/philosophy/cur/colonias.htm> (accessed December 2, 2003).

<sup>109</sup> Pepin, “Texas Colonias.”

## **WHAT IS A COLONIA?**

A “colonia,” Spanish for “neighborhood” or “community,” is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing. This includes a lack of basic services such as potable water, adequate sewage systems, drainage, streets, utilities, paved roads, and plumbing. With living conditions often compared to Third World countries, the colonias present one of the most critical housing needs in the state. Housing in the colonias is primarily constructed with scarce materials, and professional builders are rarely used. Residents frequently start with makeshift structures of wood, cardboard, or other materials, and as finances allow, continue to improve their homes.

Colonia residents tend to be young, predominately Hispanic, low to very low income, and employed in low-paying employment sectors. According to the most recent data available, 36.6 percent of colonia residents are children (compared to 29 percent statewide). Nearly all are Hispanic and 27.4 percent speak Spanish as their primary language. However, contrary to common perception, according to the Texas Attorney General, between 65 to 80 percent of adult colonia residents are US citizens, with an even higher citizenship rate for children.

The workforce tends to be young and unskilled; consequently, wages are low. Primary occupations are seasonal in nature; agriculture service providers and construction-related jobs account for more than 50 percent of the workforce.<sup>110</sup> A study by the Texas A&M University Center for Housing and Urban Development indicated that unemployment levels in five Rio Grande Valley colonias ranged from 20 percent to as high as 70 percent, compared with the overall state unemployment rate of only 7 percent.

According to a survey by the Texas Department of Health of residents in 96 colonias in 6 border counties, almost half of the colonia households make less than \$834 a month. Nearly 70 percent of the residents never graduated from high school.<sup>111</sup>

As indicated in a Status Report by the Center for Housing and Urban Development at Texas A&M University, there are approximately 1,450 colonias in the Texas, which are home to over 350,000 Texans. Future projections indicate the population may reach as high as 700,000 residents by the year 2010.<sup>112</sup>

## **LIVING CONDITIONS**

As previously noted, the lack of even the most basic infrastructure including potable water and adequate sewage systems has contributed to the proliferation of disease. Compounded with a lack of adequate medical insurance and a shortage of healthcare facilities, reported cases of viral disease in the colonias far exceed statewide levels.

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<sup>110</sup> G. Rogers, J. Glaser, P. Johnston, T. Black, A. Kamath, and R. Gonzalez, *Cinco Colonia Areas: Baseline Conditions in the Lower Rio Grande Valley* (College Station, TX: Center for Housing and Urban Development, College of Architecture, Texas A&M University, 1993).

<sup>111</sup> The Border Economy, Federal Reserve Bank of Dallas, [http://www.dallasfed.org/research/border/tbe\\_issue.pdf](http://www.dallasfed.org/research/border/tbe_issue.pdf), June 2001.

<sup>112</sup> LBJ School of Public Affairs, University of Texas at Austin, January 1996; and Texas Department of Housing and Community Affairs.

According to a study by the University of Texas System Texas-Mexico Border Health Coordination Office, diseases such as Hepatitis A, Salmonellosis, Shigellosis, and Tuberculosis occurred at a much higher rate in the colonias than the rest of the state.<sup>113</sup> The rate of reported Hepatitis A, for example, was more than double the statewide rate. Other health problems included high rates of gastroenteritis and other water-quality-related problems.<sup>114</sup> Medical services are rarely available and this compounds health problems in the colonias. Due to these stumbling blocks, children in the colonias experience slower growth and lower educational development rates.

The scarcity of potable water is another daily hardship for colonia residents. According to data from the Texas Department of Human Services, the use of untreated water for drinking, washing, bathing, and cooking ranged from 4 percent to 13 percent in colonia households.<sup>115</sup> Many residents rely on large plastic drums for the storage of water. More often, water is transferred to the house by bucket or plastic containers. Reports of water used for bathing, washing, and even cooking drawn from ditches where sewage and agricultural chemicals gather are not uncommon.

In addition to a lack of adequate wastewater infrastructure, most roadways located in colonias are unpaved or continue to be of very poor quality. A survey of residents of the El Cenizo colonia conducted by TDHCA indicated that 50 percent of the roads within the colonia were classified as “deteriorated” or “poor.”<sup>116</sup> Water from heavy rains tends to collect, and when combined with inadequate waste removal systems, forms into pools of raw sewage, which again causes health problems for colonia residents.

Plumbing facilities are also a problem in the colonias. Approximately 50 percent of houses in rural colonias and 20 percent in urban colonias have incomplete plumbing facilities. Additionally, 40 percent in rural colonias and 15 percent in urban colonias lack a complete kitchen. For more information on the housing needs of border counties, see the Housing Analysis and Action Plan section of this report, Regions 11 and 13.

While each colonia is different and may have needs unique to that area, most share the same general characteristics. Unfortunately, these and other concerns are all part of the day-to-day life for most colonia residents 365 days a year. A bad situation is made even worse due to a profound lack of the most basic of necessities: safe, sanitary, and decent housing.

## HOUSING AND HOUSING-RELATED NEEDS<sup>117</sup>

An increasing amount of attention has been placed on colonias over the past several years. This attention has been focused on eliminating their presence rather than addressing the reason for their existence. One key to improving the conditions of colonias is the availability of affordable housing programs. While it

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<sup>113</sup> University of Texas System Texas-Mexico Border Health Coordination Office, University of Texas-Pan American

<sup>114</sup> Robert K. Holz and Christopher Shane Davies, *Third World Colonias: Lower Rio Grande Valley, Texas* (Working Paper number 72, Lyndon B. Johnson School of Public Affairs, University of Texas, 1993).

<sup>115</sup> US Census, Texas Department of Human Services, 1990

<sup>116</sup> Texas Department of Housing and Community Affairs, Office of Colonia Initiatives, *A Study of the People of El Cenizo, Texas* (Austin, TX: Texas Department of Housing and Community Affairs, April 1997).

<sup>117</sup> A portion of the information in this Action Plan is derived from the six Colonia Self-Help Centers' Needs Assessments.

## *Colonia Action Plan*

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### *Overview*

is important to eradicate the conditions that exist in colonias; it is equally important to address the circumstances that enable such an environment to develop.

While colonia residents have been resourceful and creative in providing for themselves, they continue to have several needs, including the following:

- Increased affordable housing opportunities such as down payment assistance, low interest loans, and flexible underwriting guidelines
- Conversion of contracts for deed to conventional mortgages, with transfer of title and homeowner education
- Construction and rehabilitation education and assistance
- Access to information regarding available resources
- Access to adequate infrastructure

Typically colonia residents do not have access to traditional financing or professional assistance when they purchase a home. They have limited credit or even nonexistent credit histories, and, for some, it is difficult to save for the down payment and closing costs required to qualify for a conventional mortgage. Credit and debt counseling, including money management and financial literacy training, is lacking in colonia areas. There is also a need for flexible housing assistance such as low-interest-rate loans with underwriting guidelines appropriate for nontraditional borrowers.

The contract for deed has been the most common method of financing the purchase of colonia properties, due to the lack of underwriting guidelines by developers. Often, developers charge outrageous interest rates—as high as 14 to 18 percent—including higher late fees. Traditionally, developers would not record the contract for deed, making it easy to reclaim the property without legal process, while retaining any physical improvements made on the property.

Home construction, improvement, and maintenance require access to resources and skills. Many colonia residents do not have the resources to contract for home improvement, and choose to undertake the work on their own. Within the colonias, there is a need for education on several topics related to construction and rehabilitation such as surveying, platting, and general construction skills. There is also a scarcity of construction tools available for use by colonia residents.

Occasionally there is funding available to communities and organizations in the colonias to support local programs. Training is needed on how to locate funding and, once the funding is identified, how to write a successful grant proposal. However, the most important aspect in seeking funding is the ability of the communities or organizations to manage the funding within rules and guidelines. Many communities and organizations struggle to deliver services to its colonia residents due to capacity and financial issues.

Interagency coordination and financial backing at the state and federal level needs to continue to address colonia issues. While many housing professionals recognize that the level of coordination and dialogue has increased in recent years, and that many communities in the border region acknowledge an increase in funding for infrastructure development, much work remains. In the context of affordable housing (construction and financing mechanisms) and infrastructure development (potable water, wastewater treatment, paved streets, etc.). TDHCA is committed to interagency cooperation.

## **POLICY GOALS**

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the Office of Colonia Initiatives (OCI) was established to administer and coordinate efforts to enhance living conditions in colonias along the Texas-Mexico border region. OCI's fundamental goal is to improve the living conditions and lives of colonia residents, and to educate the public regarding the services that TDHCA has to offer.

The OCI Division was created to

- expand housing opportunities to colonia and border residents living along the Texas-Mexico border;
- increase knowledge and awareness of programs and services available through the Department;
- implement initiatives that promote improving the quality of life of colonia residents and border communities;
- empower and enhance organizations building capacity to better serve the targeted colonia population;
- provide comprehensive education to colonia and border residents;
- develop cooperative working relationships between other state, federal, and local organizations to leverage resources and exchange information;
- promote comprehensive planning of communities along the Texas-Mexico border to better understand community and resident needs;
- serve as a catalyst for colonia residents by allowing input into major funding decisions that will affect border communities.

The OCI Division assists the Department's program divisions by coordinating activities in the colonias and border communities. Currently, the OCI Division headquarters and Border Field Offices (in Edinburg, Laredo, and El Paso) employ eight employees that provide consumer education, housing and financial assistance, and community services along the Texas-Mexico border region to colonia and border residents and state, federal, and local organizations.



## ACTION PLAN

The Colonia Action Plan includes a strategic vision for housing, community development, and community services. This two-year Action Plan outlines how various initiatives will be implemented in 2006–2007.

The initiatives described within the Action Plan have been divided into two categories: (1) Increase Affordable Housing Opportunities and (2) Housing Construction and Rehabilitation, Access to Infrastructure, and Information Regarding Resources. Each category contains the following information:

- Legislative mandate: directive by the legislature
- Purpose: intent of the program
- Funding: financial support
- Activities to date: actions and successes
- Strategic approach: plan to further ongoing activities
- Provide capacity building training and technical assistance to organizations in areas not currently served by the programs noted below

Figure 6.1: FY 2006 and 2007 Office of Colonia Initiatives Funding

	Estimated Available Funding for FY 2006	Estimated Available Funding for FY 2007
Texas Bootstrap Loan Program	\$3,000,000	\$3,000,000
Colonia Self-Help Centers	\$2,100,000	\$2,100,000
HOME Set Aside for Contract for Deed Conversions	\$2,000,000	\$2,000,000
Colonia Model Subdivision Program <sup>1</sup>	\$1,000,000	\$1,000,000
Total Funds	\$8,100,000	\$8,100,000

<sup>1</sup>\$1,000,000 will be set-aside from the HOME Investment Partnership Program for the Colonia Model Subdivision Program from the annual HOME CHDO Set-aside. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities within the HOME Program.

## INCREASE AFFORDABLE HOUSING OPPORTUNITIES

The following Department initiatives focus on increasing affordable housing opportunities in the colonias.

### *Texas Bootstrap Loan Program*

The Texas Bootstrap Loan (Bootstrap) Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available \$3 million for mortgage loans to very low income families (at or below 60 percent of the area median family income), not to exceed \$30,000 per unit. This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of the labor necessary to construct or rehabilitate the home, and all applicable building codes will be adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources, such as those from private lending institutions, local governments, or any other sources; however, all combined loans cannot exceed \$60,000 per unit.

The Department is required to set aside at least two-thirds, or \$2,000,000, of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The majority of the counties are located along the Texas-Mexico border region. The remainder of the funding, one-third, or \$1,000,000, will be available to Department-certified nonprofit owner-builder programs statewide.

For the 2005 fiscal year, the Bootstrap Program set-aside \$3 million from the Housing Trust Fund and Residual Bond funds. The total dollars awarded through the program was \$3,432,000. There were 18 total applications; 10 applications were recommended and approved for funding by the Department's Board, and are estimated to benefit 120 families.

The most important component of the program is the increase of homeownership for very low income Texans by providing loan funds to purchase or refinance real property on which to build new residential housing or improve existing residential housing. The Department has successfully replicated this initiative on a statewide basis. This initiative can remedy some of the living standards and provide the "American Dream" to many low income families. The objective is to continue expanding affordable housing through self-help construction. OCI will market the program to certified nonprofit organizations and Colonia Self-Help Centers. The measurable output will be the number of certified nonprofit organizations applying for this program. This will enhance the development of affordable housing through self-help construction statewide. The Department will release a two year Notice of Funds Available in order to assist organizations with the flexibility in structuring their awards that will maximize the use of Department funds.

### ***Contract for Deed Conversion Initiative***

The 79th Legislature passed an Appropriations Rider, a legislative directive requiring the Department to spend no less than \$4 million on contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI), and convert no less than 400 contracts for deeds into traditional notes and deeds of trust by August 31, 2007.

The intent of the program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Participants in this program must not earn more than 60 percent of AMFI and the property must be their primary residence. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet the Department's definition of a colonia.

After residents convert their contracts for deeds to traditional loans, the program provides colonia residents with the opportunity to seek funding for construction, rehabilitation, and other benefits that come with owning property.

For 2006 and 2007, TDHCA will set aside \$4 million through the HOME Investment Partnerships Program. As stipulated in the legislation, the Department must do no less than 400 contract for deed conversions and spend no less than \$4 million for the biennium. In reality, each conversion costs approximately \$20,000, with an additional \$35,000 in owner-occupied housing rehabilitation to meet, at a minimum, colonia housing standards, but preferably housing quality standards. This only allows for 75

## *Colonia Action Plan*

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### *Action Plan*

conversions with the allotted \$4 million, not allowing the Department to meet its goal of 400. While the Department may not meet the goal of 400 conversion with the \$4 million the Department is not only assisting the colonia resident with the contract for deed conversion it is also providing funds to rehabilitate of their homes to meet housing standards.

For fiscal years 2006 and 2007, the Department will use funding through the HOME Program to implement this initiative

## **HOUSING CONSTRUCTION AND REHABILITATION, ACCESS TO ADEQUATE INFRASTRUCTURE, AND INFORMATION REGARDING RESOURCES**

The following Department initiatives focus on constructing and rehabilitating housing and infrastructure in the colonias, and providing information to colonia organizations and residents.

### ***Colonia Self-Help Centers Program***

Chapter 2306, Subchapter Z, of the Texas Government Code established the Colonia Self-Help Centers (SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties. The legislative directive also allows the TDHCA to establish a Colonia SHC in any other county if the county is designated as an economically distressed area. The Department opened two additional Colonia SHCs in Maverick and Val Verde County.

Five colonias in each county are identified to receive concentrated attention from the appropriate Colonia SHC. Operation of Colonia SHCs is carried out through a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to perform the functions of a Colonia SHC. The law also requires the establishment of a Colonia Resident Advisory Committee (C-RAC) to advise the Department on the needs of colonia residents, activities to be provided, and programs to be undertaken in the selected colonias. Each county selects two residents to serve on this committee; one of the two residents must reside in a colonia serviced by the Colonia SHC. In addition, the law requires the Department's Board to appoint members to the C-RAC, made up of a primary and secondary representative from each county. The C-RAC members meet 30 days prior to making an award to a Colonia SHC. The C-RAC has been instrumental in voicing the concerns of the targeted colonia populations, and has helped both the Department and the Colonia SHCs develop useful tools and programs to address the needs of colonia residents.

Colonia SHCs provide concentrated on-site technical assistance to low and very low income individuals and families, including housing and community development activities, infrastructure improvements, and outreach and education. Some of the activities that are offered to the colonia residents are rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help construction, housing finance, credit and debt counseling, grant writing, infrastructure constructions and access, contract for deed conversions, and capital access for mortgages, to improve the quality of life for colonia residents in ways that go beyond the provision of basic infrastructure.

The program serves 31 designated colonias in the seven counties with approximately 20,000 colonia residents as beneficiaries of these services. Beneficiaries must be at or below 80 percent of the area median family income. County governments subcontract with Colonia SHCs in their respective county for

the provision of housing and infrastructure services, and provide technical assistance to oversee their implementation of contractual responsibilities.

Operation of Colonia SHCs is funded from the Office of Rural Communities Affairs with US Department of Housing and Urban Development's Texas Community Development Block Program (CDBG) 2.5 percent colonia set-aside. CDBG funds can only be provided to eligible units of general local governments; therefore, the Department must enter into a contract with each affected county government. TDHCA provides administrative and general oversight to ensure programmatic and contract compliance to meet legislative intent. The Department maintains a relationship with the unit of general local government and Colonia SHC operator(s) to ensure that the housing and community development activities within each respective contract are achieved. In addition, Colonia SHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

Colonia SHC funds are awarded every two years. In FY 2004, the total dollars allocated through the program was \$2,168,400. In FY 2005, the total dollars available to allocate through the program will be \$2,057,638. Approximately \$4,100,000 will be available in FY 2006 and 2007 for this program.

One goal for the Colonia SHCs over the next biennium is to increase the level of funding available. The Department will strive to expand the number of beneficiaries receiving assistance through the Colonia SHCs. By limiting salary and operating expenses to 15 to 20 percent of the total award, at least 80 to 85 percent of the allocated funds can be utilized to assist additional beneficiaries. Another way to expand the number of beneficiaries is to identify funding from other Department and external (i.e., USDA Rural Development, HUD, the Housing Assistance Council, Fannie Mae, etc.) sources that can be added to the annual allocation for the Colonia SHCs. The Department has been providing technical assistance to the Colonia SHCs to enable them to apply for affordable housing programs such as the HOME Investment Partnerships Program.

Another goal of the Colonia SHCs is to expand the program to other communities along the Texas-Mexico border. The Department will target potential counties such as the Big Bend Region and colonias that can benefit from Colonia SHC activities, and work with units of local government to identify and determine potential sites for other Colonia SHCs.

### ***Colonia Model Subdivision Program***

The 77th Legislature adopted Subchapter GG, Chapter 2306 of the Texas Government Code, to create the Colonia Model Subdivision Loan Program. The intent of this program is to provide low-interest or interest-free loans to promote the development of new, high-quality residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income that would otherwise move into substandard colonias.

Any housing created under this program must fully comply with all state and local laws, including any process established by state or locality for subdividing real property.

The Department will only make loans through the program to Colonia SHCs that are also community housing development organizations (CHDOs) certified by the Department as well as other interested

## *Colonia Action Plan*

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### *Action Plan*

CHDOs who have a history of serving the Colonias. The loans made under this initiative may be used only for the payment of

- costs associated with the purchase of real property;
- costs of surveying, platting, and subdividing or re-subdividing real property;
- fees, insurance costs, appraisals, or recording costs associated with the development of the subdivision;
- costs of providing proper infrastructure necessary to support residential uses;
- real estate commissions and marketing fees;
- any other cost that the Department, by rule, determines to be reasonable and prudent to advance the purposes of this subchapter.

The residential lots and housing developed under this program must be sold to an individual borrower, of extremely low income or individuals and families of very low income.

For the 2005-2006 biennium, \$2 million from the HOME Program Community Housing Development Organization (CHDO) set-aside will be used to implement this initiative.

### ***Border Field Offices***

The Department operates three Border Field Offices (BFOs) located in El Paso, Laredo, and Edinburg. These offices are partially funded through various sources including general revenue funds, the HOME Program, bond proceeds, and the Community Development Block Grant Program.

Currently, BFOs provide technical assistance to units of local government, nonprofits and for-profits, colonia residents, and the general public on TDHCA's programs and services through on-site visits and other outreach activities. In addition, BFOs conduct onsite loan packaging and processing, homebuyer counseling, inspections, and administration of the various contracts regarding the Department's border and colonia initiatives such as the Colonia SHCs, Contract for Deed Conversion Initiative and Texas Bootstrap Loan Program.

Over the next biennium, the BFOs' goal is to establish a network of communication with units of general local government, nonprofits, and community-based organizations within 150 miles of the Texas-Mexico border. To increase the availability of services to border communities, BFOs will conduct onsite visits to communities requesting technical assistance on accessing Department programs. A database of contacts by county will advise communities of current and future funding opportunities available through the Department.

Additionally, BFOs will educate units of local government, nonprofits, and community-based organizations on the process of applying for funding and help identify opportunities for accessing various funding sources. They will coordinate capacity building seminars for units of general local government, nonprofits, and community-based organizations, and will assist with grant writing seminars to be conducted along the Texas-Mexico border.

### ***Colonia Consumer Education Services***

OCI continues the consumer education program and has expanded its educational goals, although OCI is no longer required by legislation to provide education for contract for deed participants. With the statewide expansion of the Contract for Deed Conversion initiative, OCI recognized the need for additional education topics, such as filing homestead exemption on their property. The Department will provide homebuyers under its Contract for Deed Conversion and Texas Bootstrap Loan Programs a form to file their homestead exemption at the time of closing on their homes. The Department will create an educational campaign regarding HB 1823 which was passed during the 79th Regular Legislative Session (2005) that allows residential contract for deed buyers to have their contracts converted into a deed with a deed of trust. The educational campaign will be directed to colonia residents along the Texas-Mexico Border Region. Education services are available through the Colonia Self-Help Centers and OCI Border Field Offices.

### ***Consumer Information Resources***

OCI operates a toll-free hotline (1-800-462-4251), which enables colonia residents to voice their concerns and/or request information. In addition, this hotline is available to colonia residents who may be having trouble making their monthly mortgage payment.

## **PUBLIC COMMENT ON THE COLONIA ACTION PLAN**

### ***Comment: Colonia workforce tends to be young and unskilled***

“Pilot a Cameron County project where colonia youth (17-years of age) are trained in basic construction maintenance: plumbing, roofing, window repairs, etc.”

- **Department Response**

TDHCA—OCI administers the Texas Bootstrap Loan Program. Under the Bootstrap Program volunteers are always needed throughout the state to assist in the construction/rehabilitation of homes for very low income families participating in this program. By partnering with local Colonia Self-Help Centers (SHC) and non-profit organizations that participate in the Texas Bootstrap Loan Program, the volunteers learn a construction trade. In addition, the Colonia Self-Help Centers (SHC) offer tool lending/safety classes in which anyone can receive construction/rehabilitation training within the colonias served by the Colonia SHC.

### ***Comment: Colonias in flood prone areas***

Pilot a project in Cameron County that will buy out property owners in the flood zones by offering them affordable housing assistance.

- **Department Response**

TDHCA—OCI does not have funds available to accomplish the buyouts. Approximately 1/3 of the county is located in a flood zone.

### ***Comment: Credit and debt counseling***

“Pilot a project in Cameron County where promotoras are trained in credit and debt counseling. The “promotoras” concept has proven to be effective when education colonia residents in health issues, etc.”

- **Department Response**

TDHCA is a big proponent of not only credit and debt counseling but of homebuyer education. For most of the programs offered by TDHCA, homebuyer education is required.

Through the Texas Statewide Homebuyer Education Program, TDHCA offers training and certification for representatives of nonprofit organizations interested in providing homebuyer education. Additionally, Colonia SHC centers offer free credit and debt counseling to the colonia residents.

### ***Comment: Contract for Deed***

“Set up a hotline where families can call to report the existence of contract for deed arrangements. Make this information available to non-profit entities so they may follow-up with conversion program information.”

- **Department Response**

In 1996, OCI set up a toll-free hotline 1-800-462-4251 for colonia and border residents to call for assistance. In addition, Border Field Offices were created to allow constituents to call or go in person to receive assistance or to report improper activity. TDHCA has just announced its agency-wide toll-free number 1-800-525-0657. The Secretary of State has an Ombudsman’s Program that colonia residents may also contact directly with any issues.

***Comment: Multiple dwellings on properties***

“Being able to assist colonia residents is that there is a lot of multiple dwellings on the properties, and that seems to be a big issue in the colonias. Being able to obtain a waiver or change something where these people live; at least start with the primary resident.”

- **Department Response**

Federal and state funding requirements prohibit the use of funds where multiple dwellings exist on the same property unless the additional improvements are removed. In most cases, in order to rehab or construct a home a lien must be filed on the property. In cases where multiple dwellings exist, it is almost impossible to perfect a lien on the property.

***Comment: Administrative fee***

“The other issue, coming as a program administrator, the funds that are usually for us to administer the program is 4 percent. It sometimes binds you from getting the right people.”

- **Department Response**

The administrative fee under the Texas Bootstrap Loan Program is currently set at 4 percent. Under the HOME Program, the US Department of Housing and Urban Development allocates a total of 10 percent to TDHCA to administer the HOME Program. TDHCA receives 6 percent to operate the program statewide and the remaining 4 percent is awarded to the applicants, not to exceed 4 percent of their award amount for administrative costs.

***Comment: Self-Help Contract***

“We’ve been asking for some sort of technical assistance as to what rules, regulations, procedures apply under self-help. So I’m just asking for some sort of assistance when it comes to self-help specific activities.”

- **Department Response**

TDHCA holds implementation workshops in conjunction with the Office of Rural Community Affairs in which the Colonia SHC and Counties are required to attend and participate. A program manual is provided and available to all Colonia SHCs and Counties awarded a contract. In addition, TDHCA has available border field representatives assigned to each Colonia SHC and County, which provide onsite visits and technical assistance in the areas of community development, economic development, and housing. Several of the nonprofits have been working under the Colonia SHC Program and have in-depth knowledge of the program and have more capacity and experience managing the contracts.

***Comment: Administrative Fee***

“I wish we had more administrative money for the county to run this program (Self-Help Center program) we’re doing good and wish to continue it. It’s a great program and request that your agency continue offer it.”

- **Department Response**

Funding for the self-help center program is acquired through the Texas Community Development Block Program 2.5 percent colonia set aside. In addition, self-help centers are encouraged to



apply and leverage with other financial sources to help them achieve their goals and performance measures.

***Comment: Waste-water program in Casita Garciasville Subdivision***

“There’s a sewer program going on in Casita Garciasville Subdivision and most of it has been completed or will be in the next 30 to 60 days, but we have about 15 or 20 homes that were not served, for whatever reason, I have no idea why. We need to serve them, they currently have water and electricity.”

- **Department Response**

The Office of Rural Community Affairs (ORCA) awards funds to address public facility needs such as sewer, water system, road, and drainage improvements through the community development fund program.

***Comment: Flood Control Projects in Casita Garciasville Subdivision***

“In this subdivision there’s two spots that are real low, and every time it rains it floods.”

- **Department Response**

The Office of Rural Community Affairs (ORCA) awards funds to address public facility needs such as sewer, water system, road, and drainage improvements through the community development fund program.

***Comment: Administrative Fee & Program documents***

“It’s been heavy on my heart about the administration fee, if you could get 10 percent that would be great. Also, I think it would be helpful if every program could use the same documents for processing.”

- **Department Response**

The administrative fee under the Texas Bootstrap Loan Program is currently set at 4 percent. Under the HOME Program, HUD allocates the funds to the HOME program. To TDHCA for HOME, it comes with a 10 percent administrative cost. The Department keeps 6 percent to operate the program statewide and the 4 percent is passed down to the administrators. Unfortunately due to regulations and rules of the various funding sources not all documents are the same for each program. Though they may be similar and request some of the same information, each program requires its own documents.

***Comment: Funding for parks***

“If we could get some money for parks.”

- **Department Response**

The Secretary of State has an Ombudsman Program where colonia residents can share their ideas and/or concerns with them.

***Comment: Administrative fee***

“The main concern I have is amount of administration money, which Pete and Paul of course already talked about and of course the lady that just came in.”

- **Department Response**

The administrative fee under the Texas Bootstrap Loan Program is currently set at 4 percent. Under the HOME Program, HUD allocates the funds to the HOME program. To TDHCA for HOME, it

comes with a 10 percent administrative cost. The Department keeps 6 percent to operate the program statewide and the 4 percent is passed down to the administrators.

***Comment: Texas Bootstrap Loan Amount***

“We are also getting involved with the Bootstrap Program and I do feel that the limits due to the as far as the labor and materials have basically all gone up. I think of course there is a \$30,000 limit for building bootstrap. We hope that you would consider raising the limits as far as on the construction for that particular program.”

- **Department Response**

We agree the cost of building materials have increased. Program Legislation (Subchapter FF Section 2306.754) restricts the maximum loan amount made by the department and other entities to an owner-builder to \$60,000.

Other non-profit organizations have expressed their concern regarding the maximum loan amount of \$60,000; however, until legislation is changed to increase that amount, TDHCA must continue to comply with this requirement. The maximum loan amount requirement only applies to amortizing repayable loans.

***Comment: Texas Bootstrap Loan Amount***

“I’m an outreach worker for elderly. A lot of them need house assistance, fixing repairs, everything, but in La Sara before they tried to do that, however, they had to rebuild a new house, and a lot of these elderly people don’t have the money to pay a loan, house payment or anything. What about them? What is being done for them? What type of programs are for them, you know, for funding for them to fix their house.”

- **Department Response**

The HOME Program’s Owner Occupied Program provides grant funds for the rehabilitation of single family homes. This program includes, roof repair or replacement, electrical system and plumbing repairs. Additionally in order to qualify for this program, an individual must own and reside in their home. Rent houses are not eligible. If the applicant is purposing to assist those with special needs and/or persons with disabilities, additional points are awarded to the applicants. The owner occupied program is a grant and not a loan. Sometimes, a home may not be repairable. In those instances, a home may be demolished and replaced by a "stick-built" or a manufactured home.



**SECTION 7: TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
**ANNUAL ACTION PLAN**

In accordance with Section 2306.0721(h), the Texas State Affordable Housing Corporation (TSAHC) Annual Action Plan is included in the 2006 SLIHP.

Sec. 2306.566 of the Texas Government Code reads:

*COORDINATION REGARDING STATE LOW INCOME HOUSING PLAN.*

- (a) The corporation shall review the needs assessment information provided to the corporation by the department under Section 2306.0722(b).*
- (b) The corporation shall develop a plan to meet the state's most pressing housing needs identified in the needs assessment information and provide the plan to the department for incorporation into the state low income housing plan.*
- (c) The corporation's plan must include specific proposals to help serve rural and other underserved areas of the state.*

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## **OVERVIEW**

This report is prepared in accordance with SB 284, 78<sup>th</sup> Session, which requires the Texas Department of Housing and Community Affairs (“TDHCA”) and the Texas State Affordable Housing Corporation (“Corporation”) to coordinate regarding the State Low Income Housing Plan (“SLIHP”). The bill amends Section 2306.0722(b) to require TDHCA to provide the needs assessment information compiled for the report and plan to the Corporation. Section 2306.566 is added to require the Corporation to then review the information and develop a plan to meet "the state's most pressing housing needs identified in the need assessment information" and provide the plan to TDHCA for incorporation into the resource allocation plan in the SLIHP. The Corporation's plan must include specific proposals to help serve rural and other underserved areas of the state and provide affordable housing through methods that do not duplicate those of TDHCA or local housing organizations. The bill also adds Section 2306.0721(h) to require TDHCA to incorporate the specific results of the Corporation's programs in TDHCA's estimate and analysis of housing supply in each uniform state service region under Section 2306.0721(c)(9).

## **HISTORY OF THE CORPORATION**

The Texas State Legislature created the Corporation as a self-sustaining non-profit entity to facilitate the provision of affordable housing for low income Texans who do not have comparable housing options through conventional financial channels. Enabling legislation, as amended, may be found in the Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq. All operations of the Corporation are conducted within the state of Texas. Corporate offices are located in Austin, Texas. A five-member board of directors appointed by the Governor with the advice and consent of the Senate oversees the business of the Corporation.

The Corporation issues mortgage revenue bonds and private activity bonds to finance the creation of affordable multifamily housing units, and to finance the purchase of single-family homes under three separate programs: (1) the Professional Educators Home Loan Program, (2) the Fire Fighter and Law Enforcement or Security Officer Home Loan Program, and the newest program, (3) the Nursing Faculty Home Loan Program. Since April 2001, the corporation has issued over \$600 million in single-family and multifamily mortgage revenue bonds. To date, the Corporation has provided over 8,362 units of affordable multifamily housing to low income Texans. The Corporation has also served 570 income eligible individuals and/or families through its first-time homebuyer single-family programs. This affordable housing has been provided at no cost to the state and its taxpayers. The Corporation does not receive any state funding, and is not subject to the legislative appropriations process.

The Corporation is organized, operated, and administered in accordance with its enabling legislation as a 501(c)(3) nonprofit corporation in order to access additional sources of funding to accomplish its mission. The Corporation is an approved originating seller/servicer for single family loans with Fannie Mae, Freddie Mac, Ginnie Mae, U.S. Rural Development, FHA, and VA. The Corporation has conduit sales agreements with Countrywide Home Loans, Inc., and Wells Fargo Funding, and with the Community Development Trust, Inc., for multifamily mortgage loans. The Corporation is also a non-member borrower of the Federal Home Loan Bank of Dallas.

## NEEDS ASSESSMENT REVIEW

According to an analysis of the Texas Department of Housing and Community Affairs' (TDHCA) Needs Assessment and other published studies on the subject, the following represent the most pressing housing needs in the state.

### GENERAL HOUSING NEEDS

- By 2000, Texas had the second largest total population, 20.9 million, among the states in the United States. By 2010, the population is projected to be between 24.2 million and 25.9 million and by 2040 between 35.0 million and 50.6 million.<sup>118</sup>
- As a result of the growing population, housing demands will change substantially in the coming years with both owner and renter housing growing at nearly equal rates.<sup>119</sup>
- Affordable housing is in short supply for the extremely low, very low, low, and moderate income brackets, which was caused primarily by the private sector's concentration of development, both single family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families.<sup>120</sup>
- Many HUD-financed or HUD-subsidized properties, which represent a significant portion of the state's affordable housing portfolio, are at risk of becoming market rate properties.<sup>121</sup>

### SINGLE FAMILY HOUSING NEEDS

- Texas may add nearly 3.8 million more students over the next 40 years placing a high demand for educators.<sup>122</sup>
- Population growth will mean increased public service demands and expanding markets for Texas.<sup>123</sup>
- Lack of funds for down payment and closing costs has created one of the greatest obstacles that prevent first-time homebuyers of low-to-moderate-income families, such as the teachers, police officers, and firefighters, from achieving the American dream of owning a home.<sup>124</sup>
- The Texas Education Code establishes a state minimum salary schedule that must be accommodated by all Texas schools for specific public education professionals. The state minimum salary for 2004-2005 ranges from \$24,240 per year for 0 years experience to \$40,800 per year for 20 or more years of experience.<sup>125</sup>

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<sup>118</sup> Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).

<sup>119</sup> Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas*, 2002.

<sup>120</sup> Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).

<sup>121</sup> Ibid.

<sup>122</sup> Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas*, 2002.

<sup>123</sup> Ibid

<sup>124</sup> National Association of Home Builders, *News Details; March 24, 2004*.

<sup>125</sup> Texas Classroom Teachers Association: *State Minimum for 2004 year*.

- A base salary chart for Texas police officers ranges from \$32,944 per year to \$46,644.<sup>126</sup>
- A base salary chart for Texas firefighters ranges from \$24,944 per year to \$41,573.<sup>127</sup>
- The Texas nursing education system is operating close to capacity and faces several impediments to producing more graduates—faculty shortages due to retirement, inadequate salaries, and fewer faculty applicants.<sup>128</sup>

## MULTIFAMILY HOUSING NEEDS

- Renter households are, on average, a lower income group than owner households. More than 37 percent of renter households earn less than 50 percent of the Area Median Family Income, compared to only 16.3 percent of owner households. As a result, renter households are more likely to be in need of housing assistance.<sup>129</sup>
- According to the results of the 2003 Community Needs Survey distributed by TDHCA to cities, counties, local housing departments, public housing authorities, and the US Department of Agriculture/Rural Development field offices, approximately 78 percent of respondents felt that there was a severe or significant affordable housing problem in their area and that new rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance.<sup>130</sup>
- The lack of affordable housing opportunities leads to severe and extreme housing cost burdens for lower-income groups; in particular, extremely low-income renter households.<sup>131</sup>
- Overcrowding may indicate a general lack of affordable housing in a community and lower income renter households experience overcrowded conditions more frequently than higher income households.<sup>132</sup>
- In the 2005-2009 State of Texas Consolidated Plan, it is estimated that 2 million people or 9.9% of the total population are 65 years of age and older. The Texas Department of Aging and Disability Services estimates that by year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas. Though the majority of the elderly Texans live in urban areas, rural areas have a higher percentage of elderly relative to the local population. According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Approximately 30% of all elderly households pay more than 30% of their income on housing with 14% paying more than 50% of their income on housing. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing.<sup>133</sup>
- There is a shortage of affordable housing in the extremely low, very low, low and moderate income brackets. This is primarily caused by the private sector's concentration of development in

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<sup>126</sup> Salary.com

<sup>127</sup> Ibid.

<sup>128</sup> Health and Nurses in Texas – The Future of Nursing: Data for Action (Vol. 3 No. 1. 2000. San Antonio, TX: The Center for Health Economics and Policy (CHEP), the University of Texas Health Science Center at San Antonio).

<sup>129</sup> Texas Department of Housing and Community Affairs, Center for Housing Research, Planning, and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).

<sup>130</sup> Ibid.

<sup>131</sup> Ibid.

<sup>132</sup> Ibid.

<sup>133</sup> Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).



larger metropolitan areas and targeting higher income individuals and families.<sup>134</sup> Cities with populations between 20,000 and 50,000 have a particularly hard time accessing funds. They cannot access USDA funding and are too small to effectively compete for other funding opportunities.<sup>135</sup>

- According to the US Census Related Comprehensive Housing Affordability Strategy (CHAS) Data, there are approximately 2,903,671 people living in rural areas of Texas. Of these, 574,843 people or 20% are living below the poverty level; 83,454 low income households live with the cost burden of paying more than 30% of their income on housing expenses; 26,999 occupied units are “overcrowded”; and 5,211 units were found to have substandard conditions such as lack of piped water, utilities, and waste facilities.<sup>136</sup>
- Preservation of existing affordable and subsidized housing stock is an important element of providing safe, decent and affordable housing. The explosive population growth in the metropolitan areas as well as the lack of new construction during the late 80’s and early 90’s created a huge demand for housing at all income levels. Adding to this problem is the loss of units in the federally subsidized Section 8 portfolio, the USDA/Rural Development portfolio and the pools of tax credit units that have reached their 15 year affordability periods. The USDA/Rural Development portfolio contains smaller rural rental properties which, in many cases, represent the sole affordable housing stock in Texas’ smallest towns.<sup>137</sup>
- As of the most recent statistical information available, there were 2,676,060 renter occupied housing units in Texas. Eighty-four percent of these were constructed before 1990 with the highest production of rental housing (50.8%) built between 1970 and 1989. Therefore, the majority of rental housing stock in Texas is between 15-35 years old and may be in need of some type of moderate to substantial rehabilitation in order to preserve its functionality.<sup>138</sup>

The Corporation will address these pressing housing needs through the following single family, multifamily, and grant programs for 2006. The following summary of Corporation programs gives the history and accomplishments of our programs to date and a plan for achieving greater success with these programs in 2006. A few of the programs mentioned are mandated by the state legislature, as noted, and a few have been undertaken upon our own initiative to fulfill housing needs for identified underserved areas of the state.

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<sup>134</sup> Texas Department of Housing and Community Affairs, Strategic Plan for Fiscal Years 2005-2009.

<sup>135</sup> Texas Department of Housing and Community Affairs, Report on the 2004 Regional Advisory Committee Meetings on Affordable Housing and Community Services Issues, November 2004.

<sup>136</sup> 2000 U.S. CHAS Data, Texas Department of Housing and Community Affairs

<sup>137</sup> Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).

<sup>138</sup> 2000 U.S. Census Data

## TSAHC PROGRAM DESCRIPTIONS

### TEXAS PROFESSIONAL EDUCATORS HOME LOAN PROGRAM

### TEXAS FIRE FIGHTER AND LAW ENFORCEMENT OR SECURITY OFFICE HOME LOAN PROGRAM

### NURSING FACULTY HOME LOAN PROGRAM

These Programs represent the Corporation's Single Family Mortgage Revenue Private Activity Bond Programs. The Programs were established by the Legislature in 2001, 2003, and 2005, respectively, and allocate a total of \$55 million of the State's Ceiling for Private Activity Bond Cap for the exclusive purpose of making single-family mortgage loans to Texas Professional Educators (\$25 million), Fire Fighters, Law Enforcement Officers, and Corrections Officers (\$25 million), and Nursing Faculty (\$5 million) who are first-time home buyers.

The Programs are available statewide on a first come, first-served basis, to first-time homebuyers who wish to purchase a newly constructed or existing home. Through each Program, eligible borrowers are able to apply for a 30 year fixed rate mortgage loan and receive 5 percent down payment assistance of the mortgage loan amount in the form of a grant. The programs are accessible to eligible borrowers by directly contacting a trained, participating mortgage lender.

The 2004 Professional Educator Home Loan Program fully originated the \$25,000,000 bond fund allocation. In July 2005, the Corporation issued \$25,000,000 in mortgage revenue private activity bonds for additional loans to professional educators, of which, \$8,956,000 is already committed for new loans. Since its inception in 2001, the program has financed 418 homes for professional educators.

As of September 2005, the Fire Fighters and Law Enforcement or Security Officers Home Loan Program had issued \$15,500,000 in loan commitments, which has or will finance 152 homes. The Nursing Faculty Home Loan Program was established by the Legislature in 2005. The Corporation plans to issue bonds to fund the program this year.

### *2006 Implementation Plan*

The Corporation's primary goal for 2006 will be to continue to develop a financing structure that minimizes the Programs' mortgage interest rate and offers the best possible down payment assistance grant to the borrowers. Down payment assistance is especially critical when the spread between conventional mortgage rates and tax-exempt mortgage rates have reached historical lows. The Corporation will also continue to advertise and to receive input about the Programs by attending teacher, police officer, firefighter, home builder, real estate agent, and lender association conventions and trade shows in 2005 and 2006.

The eligibility for the Fire Fighter and Law Enforcement or Security Officer Home Loan Program was expanded by the Legislature in 2005 to include county law enforcement officers and to include corrections officers. As a result, the Corporation has and will continue to reach out to these newly eligible homebuyers through meetings with the Texas Department of Criminal Justice and county law enforcement organizations. The Corporation will also provide information to the nursing faculty centers across the state to let their educators know that they are now eligible for a home loan through the

Nursing Faculty Home Loan Program. In addition, the Corporation will continue to train and develop relationships with mortgage lenders who represent the Programs to the borrowers.

### **AFFORDABLE HOMEOWNERSHIP PROGRAM FOR TEXAS**

One of the Corporation's main initiatives is to provide housing opportunities to Texans that do not have comparable housing options through conventional financial channels. Many families throughout Texas seeking to purchase a home are not able to meet the traditional lending requirements and, up to now, have had no other option than to rent. In order to meet this need and provide deserving families with a financing alternative for achieving the American dream of homeownership, the Corporation developed the Affordable Homeownership Program for Texas ("Program").

The Program, developed through a partnership between Ameriquest Mortgage Company ("Ameriquest") and the Corporation, provides borrowers with an affordable mortgage financing option that will allow them the opportunity to achieve homeownership. As a result of this partnership, Ameriquest has committed up to \$100 million dollars for mortgage loans and the Corporation has committed \$1 million dollars for down payment assistance to the Program.

The Program was established to serve those individuals and/or families in Texas that have FICO scores between 525 and 610 and that are at or below 80% of the AMFI by providing them access to an affordable mortgage loan product and down payment assistance in an amount up to seven percent (7%) of the mortgage loan amount. In addition, the Program rewards borrowers who make timely mortgage payments with lower interest rates and lower mortgage payments. Borrowers will receive a 50 basis point (.5%) reduction in their mortgage interest rate for every 12 months of on-time payments. As a result, Borrowers can reduce their mortgage interest rate by up to two percent (2%) during the first 48 months of their mortgage loan.

The Corporation and Ameriquest believe home buyer education is an essential component to the success of home ownership. Under the Program, borrowers will be provided pre and post-closing Home Buyer Education Training by ACORN Housing. ACORN Housing is a national housing counseling organization, helping low and moderate income homebuyers and homeowners since 1986. Additionally, borrowers will have intervention assistance available to them during the life of the mortgage loan. We believe this training and assistance is crucial to the success of this Program.

Since 2004, the Program has provided 36 loans to individuals and families who otherwise might not have achieved the dream of home ownership.

### ***2006 Implementation Plan***

The initial release of the Program in 2004 was limited to south Texas through a local affordable housing provider (CDC Brownsville). In 2005, the Corporation released the Program statewide and continues to market the program to local community development corporations, non-profits and other entities involved in affordable housing. The Corporation will also begin an aggressive marketing campaign in 2006, by starting a 1-800 phone number in conjunction with an on-line application system and through the issuance of press releases and other marketing materials.

## **MULTIFAMILY PRIVATE ACTIVITY BOND PROGRAM**

The Texas Legislature in 2003 allocated 10 percent of the multifamily private activity bond cap to the Corporation so that local governments could be more involved in assessing and addressing their own local multifamily housing needs and at the same time could use the expertise of the state to issue the bonds. The available amount for funding in 2005 was approximately \$40 million, and a similar amount will be available for 2006. Nonprofit and for profit developers can use the funds to finance acquisition and rehabilitation or new construction of multifamily residential rental units across the state. Developers are encouraged to leverage the private activity bond funds by using Low Income Housing Tax Credits (LIHTC) available through TDHCA.

The Corporation's Private Activity Bond program statute requires the Corporation to target areas with the greatest housing need that have expressed local community support for affordable multifamily housing. The statute also requires the Corporation to solicit proposals from developers to provide the specific housing development addressing the targeted housing need outlined in the request, whether for senior, rehabilitation, rural, migrant farm worker, or other specific housing need. Applications received in response to the request for proposal issued by the Corporation will be scored and ranked using criteria which analyzes financial feasibility and overall quality of the proposed Development. Tax-exempt private activity bond financing will be allocated to the highest-scoring proposal that meets the identified housing needs of the RFP, subject to available allocation.

The Corporation issued requests for proposals in 2005 for Arlington, Corpus Christi, and El Paso. The Corporation received an application for development under the Corpus Christi RFP. The development known as the North Side Manor Apartments was not induced due to federal subsidy factors that made the transaction financially infeasible.

### ***2006 Implementation Plan***

In previous years, the Corporation targeted multifamily housing by specific geographic areas based on local need and community support from local government. However, targeting specific geographic areas has limited the Corporation's ability to meet the housing needs of the state and discouraged many developer organizations from applying. For the 2006 program, the Corporation is targeting specific areas of housing need for which current funding sources are insufficient or not readily available. The targeted areas of housing need might include targets such as rehabilitation, senior housing, rural housing pools, or migrant farm worker housing that would be solicited through a statewide request for proposal.

This new program focus is based on current research and information received during the two previous year's solicitations. In 2004 and 2005 the Corporation solicited participation in the private activity bond program by sending letters to mayors of all cities with a population over 10,000 people and all county judges. Discussing the various needs with each interested city and county highlighted the diversity of needs for different areas of Texas. The larger metropolitan areas believed they were saturated with multifamily housing, but were interested in rehabilitation or redevelopment of existing multifamily housing that had fallen into disrepair. Cities with a lower population, generally not in urban areas, expressed interest in developing new multifamily housing to fill their affordable housing needs. However, addressing these needs on a geographic, city by city, basis was not practical. For instance, the development of

affordable housing units in rural areas was requested, but a single rural development of approximately 40 units could not realistically be financed with bonds.

However, by pooling together several rural developments and using these economies of scale, a rural pool bond transaction could meet the financial feasibility test and would meet the needs of several rural communities. This need could be met in a specific “rural pool” request for proposal. Similarly, Corporation staff has identified senior housing and migrant farmworker housing as potential target areas for which specific requests for proposals could be issued.

For some of the targeted areas of housing need mentioned above, 4 percent tax credits and tax-exempt bonds together are not sufficient to provide a positive cash flow to developments in areas where the area median income is lower than the state average. Funding sources from outside these traditional financing methods must be obtained. Possible sources of funds may include monies from the HOME and Housing Trust Fund programs, USDA/Rural Housing Service, and grants from other interested groups specific to the housing need.

The Corporation will target areas of housing need in October and November of 2005 and will issue requests for proposals to meet those housing needs by January 2006. The deadline to turn in a proposal will be outlined in the specific request. We anticipate a submission deadline for all proposals between December of 2005 and March of 2006.

### **MULTIFAMILY 501(c)(3) BOND PROGRAM**

The Corporation's 501(c)(3) Multifamily Bond Program was created to finance the acquisition and rehabilitation, or new construction, of affordable multifamily housing units throughout the state of Texas. Unlike the Corporation's PAB program, 501(c)(3) financing does not use volume cap allocation and applications can be considered year-round. Also different from the PAB program is that 501(c)(3) financing may not be used in conjunction with low income housing tax credits. Only qualified nonprofit developers, designated under the internal revenue code as 501(c)(3) organizations, are eligible to apply for 501(c)(3) financing.

In addition to providing safe, decent, and affordable rental housing to residents of the state of Texas, recipients of 501(c)(3) financing must adopt a dollar-for-dollar public benefit program, investing at least one dollar in rent reduction, capital improvement projects, or social, educational, or economic development services for every dollar of abated property tax revenue they receive.

In 2001 and 2002 the Corporation provided \$487 million in financing for the preservation or creation of 7,700 units of affordable housing in the state of Texas. Since 2002 the Corporation has not considered applications or issued bonds under the 501(c)(3) program as a result of market changes and legislatively mandated changes requiring that any benefit of abated property tax must be transferred dollar-for-dollar into a public benefit program. In sum, the 501(c)(3) bond program has become inactive for many reasons, including the softening of the market for affordable housing in metropolitan areas, the fact that 4 percent tax credits cannot be used, and that abated property taxes cannot be used to pay off debt service.

### ***2006 Implementation Plan***

The Corporation will monitor market conditions and will reactivate the program if demand shows the need for this type of financing to create needed multifamily affordable housing. Non-profit developers may choose to apply under the Corporation's Multifamily Private Activity Bond Program to be eligible for bond financing in addition to 4 percent tax credit equity.

### **MULTIFAMILY DIRECT LENDING PROGRAM**

The Corporation's Multifamily Direct Lending Program provides permanent financing for the purpose of increasing and preserving the stock of affordable multifamily housing units throughout the state of Texas. The major focus of this program is to provide financing for smaller developments in rural and underserved areas of the state where bond financing is not practical. The Corporation's ability to offer permanent financing is facilitated through existing relationships with real estate investment companies that invest in affordable multifamily housing. The Community Development Trust, Inc. and the Federal Home Loan Bank of Dallas have been the Corporation's principal partners for this program.

In 2003 and 2004, the Corporation provided permanent financing in the aggregate amount of \$5,628,000 for five (5) separate developments in Odessa, Wichita Falls, Big Spring, Brady, and Stephenville. These developments have provided 412 units of affordable housing to low income Texans.

### ***2006 Implementation Plan***

The Corporation is committed to administering and marketing our capabilities under this program in 2006. To this effort, the Corporation will market the program on its website and at public hearings across the state and will provide information to current and previous clients of the Corporation. In addition, our principal partners in this program will refer Texas based clients to the Corporation to meet their financing needs on the local level. Since the Federal Home Loan Bank requires a 25 percent risk sharing component on each loan, the Corporation will pursue this program primarily through the Community Development Trust, Inc. so as not to restrict the Corporation's ability to use available financial resources for other programs.

### **ASSET OVERSIGHT AND COMPLIANCE**

Asset Oversight of properties is required by many issuers of bonds, including the Corporation and TDHCA, to monitor the financial and physical health of a property and ensure that the bonds can be repaid at the rate required in the bond documents. Compliance monitoring ensures that the borrowers are providing the required number of affordable units to income eligible households and that quality resident services are provided to all residents of the property. Periodic on-site inspections and resident file review of affordable units ensure that all federal requirements relating to the tax-exempt status of the bonds are strictly adhered to.

The Corporation is currently providing asset oversight for 86 properties and compliance oversight for 38 properties. The Corporation staff performs yearly on-site compliance reviews and at least yearly on-site asset oversight reviews for these properties.

### ***2006 Implementation Plan***

The Corporation will continue to provide asset oversight and compliance monitoring for our current portfolio. The Corporation will also work to contract with other entities to expand our asset oversight and compliance monitoring portfolio of business. Compliance monitoring and asset oversight revenues would continue to be used to fund current single family and multifamily programs.

### **GRANT PROGRAM**

Although the Corporation has been a 501(c)(3) nonprofit entity since 2001, the Corporation has not actively pursued fundraising and grant opportunities. However, the Corporation provided the Single Family Professional Educator, Fire Fighter, Police Officer and Security Officer Programs \$400,000 from its cash reserves for down payment assistance in 2002, \$200,000 in 2004, and over \$400,000 in 2005. For the 2004 Private Activity Bond Program the Corporation provided from cash reserves a \$500,000 soft second loan for the Providence at Marshall Meadows development in San Antonio. The Corporation does not receive state appropriations and cannot sustain this level of subsidy for its programs and continue to stay in business. Both of these experiences, as well as reviewing other critical unmet housing needs identified by TDHCA and the Corporation, have prompted us to pursue the creation of a Grant Program to fund the following programs: Single Family Down Payment Assistance, Multifamily Gap Financing Assistance, Homebuyer Education, and an Interim Construction and Land Acquisition Program.

### ***2006 Implementation Plan***

The Corporation's mission of affordable housing matches many foundation and grant objectives, and provides multiple opportunities for corporate sponsorship and cross-promoting. In 2006 the Corporation will create a Fundraising and Grant Program Action Plan that includes specific multifamily and single family needs, matches them with appropriate corporate, foundation, or grant resources, and establishes activities and a timeline within which to pursue those resources.

For instance, the Corporation will solicit corporate partners in the home improvement, home appliance, and large retail business sectors for down payment assistance for our Professional Educator, Fire Fighter, Police Officer, Security Officer, and Nursing Faculty bond programs. We will request a grant for down payment assistance and coupons for participating borrowers, such as \$50 off a refrigerator, or a \$100 coupon to the home improvement store. The Corporation will also work with national computer manufacturers to contribute a computer to every teacher, firefighter, police officer, corrections officer, or nurse educator that closes a loan through our program, and negotiate with telecommunications companies to contribute phone/internet service packages. These are just a few of the fundraising activities and initiatives that the Corporation will undertake in 2006.

In addition, the Corporation will apply for HUD grants and other government grants that target rural housing, or other housing need that the Corporation targets for its Private Activity Bond Program.

## **APPENDIX A**

### **LEGISLATIVE REQUIREMENTS FOR THE *STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT***

#### **SEC. 2306.072. ANNUAL LOW INCOME HOUSING REPORT**

- (a) Not later than December 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.
- (b) Not later than the 30th day after the date the board receives the report, the board shall submit the report to the governor, lieutenant governor, speaker of the house of representatives, and members of any legislative oversight committee.
- (c) The report must include
  - (1) a complete operating and financial statement of the department;
  - (2) a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:
    - (A) a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;
    - (B) the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department; and
    - (C) the department's progress in meeting the goals established in the previous housing plan;
  - (3) an explanation of the efforts made by the Department to ensure the participation of persons of low income and their community-based institutions in department programs that affect them;
  - (4) a statement of the evidence that the Department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;
  - (5) a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions; and
  - (6) an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each housing development that receives financial assistance from the department that includes the following information for each housing development that contains twenty or more living units:
    - (A) the street address and municipality or county where the property is located;
    - (B) the telephone number of the property management or leasing agent;
    - (C) the total number of units reported by bedroom size;
    - (D) the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually as reported by each housing sponsor;
    - (E) the rent for each type of rental unit, reported by bedroom size;
    - (F) the race or ethnic makeup of each project;
    - (G) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;



- (H) the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income, and other levels of income;
  - (I) a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban Development, the Commission on Human Rights, or the United State Department of Justice; and
  - (J) a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered though the normal monitoring activities and procedures that include meeting occupancy requirements or rent restrictions imposed by deed restrictions or financing agreements.
- (7) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits, and the amount of low income housing tax credits received from the federal pool of unused funds from other states.
- (8) A statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available data, of average rents reported by county.
- (d) Repealed by Acts 2003, 78th Leg., ch. 330, §31(1).

### **SEC. 2306.0721. LOW INCOME HOUSING PLAN**

- (a) Not later than December 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.
- (b) Not later than the 30th day after the date the board receives the plan, the board shall submit the plan to the governor, lieutenant governor, and the speaker of the house of representatives.
- (c) The plan must include:
  - (1) an estimate and analysis of the housing needs of the following populations in each uniform state service region:
    - (A) individuals and families of moderate, low, very low income, and extremely low income;
    - (B) individuals with special needs; and
    - (C) homeless individuals;
  - (2) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;
  - (3) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;
  - (4) a description of state programs that govern the use of all available housing resources;
  - (5) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;
  - (6) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to endorse the full use by the state of all available federal resources for those services in each uniform state service region;
  - (7) strategies to provide housing for individuals and families with special needs each uniform state service region;

- (8) a description of the department's efforts in each uniform state service region to encourage the construction of housing units that incorporate energy efficient construction and appliances;
  - (9) an estimate and analysis of the housing supply in each uniform state service region;
  - (10) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies;
  - (11) strategies for meeting rural housing needs;
  - (12) a biennial action plan
    - (A) addresses current policy goals for colonia programs, strategies to meet the policy goals, and the projected outcomes with respect to policy goals; and
    - (B) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education, and other colonia resident services in counties some part of which is within 150 miles of the international border of this state;
  - (13) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and
  - (14) any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development.
- (d) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.
  - (e) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan; and
  - (f) The director may subdivide the uniform state service regions as necessary for the purposes of the state low income housing plan.
  - (g) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).
  - (h) The department shall consider and incorporate the specific results of the programs of the Texas State Affordable Housing Corporation in the department's estimate and analysis of the housing supply in each uniform state service region under Subsection (c)(9).

## **SEC. 2306.0722. PREPARATION OF PLAN AND REPORT**

- (a) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners, and developers of affordable housing, local government officials, and residents of low income housing. The department shall obtain the comments and suggestions of the representatives, officials, and residents about the prioritization and allocation of the department's resources in regard to housing.
- (b) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:
  - (1) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;
  - (2) set priorities for the available housing resources to help the neediest individuals;

- (3) evaluate the success of publicly supported housing programs;
- (4) survey and identify the unmet housing needs of persons the department is required to assist;
- (5) ensure that housing programs benefit a person regardless of the persons' race, ethnicity, sex, or national origin;
- (6) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
- (7) develop housing programs through an open, fair, and public process;
- (8) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);
- (9) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;
- (10) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;
- (11) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
- (12) use the following standardized categories to describe the income of program applicants and beneficiaries:
  - (A) to 30 percent of area median income adjusted for family size;
  - (B) more than 30 to 60 percent of area median income adjusted for family size;
  - (C) more than 60 to 80 percent of area median income adjusted for family size;
  - (D) more than 80 to 115 percent of area median income adjusted for family size; or
  - (E) more than 115 percent of area median income adjusted for family size; and
- (13) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies.
- (14) provide the needs assessment information compiled for the report and plan to the Texas State Affordable Housing Corporation.

### **SEC. 2306.0723. PUBLIC PARTICIPATION REQUIREMENTS**

- (a) The department shall hold public hearings on the annual state low income housing plan and report before the director submits the report and the plan to the board. The department shall provide notice of the public hearings as required by Section 2306.0661. The department shall accept comments on the report and plan at the public hearings and for at least 30 days after the date of the publication of the notice of the hearings.
- (b) In addition to any other necessary topics relating to the report and the plan, each public hearing required by Subsection (a) must address:
  - (1) infrastructure needs;
  - (2) home ownership programs;
  - (3) rental housing programs;
  - (4) housing repair programs; and
  - (5) the concerns of individuals with special needs, as defined by Section 2306.511.

- (c) The board shall hold a public hearing on the state low income housing report and plan before the board submits the report and the plan to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature.
- (d) The board shall include with the report and the plan the board submits to the governor, lieutenant governor, speaker of the house of representatives, members of the legislature, and members of the advisory board formed by the department to advise on the consolidated plan a written summary of public comments on the report and the plan.

#### **SEC. 2306.0724. FAIR HOUSING SPONSOR REPORT**

- a) The department shall require the owner of each housing development that receives financial assistance from the department and that contains 20 or more living units to submit an annual fair housing sponsor report. The report must include the relevant information necessary for the analysis required by Section 2306.072(c)(6). In compiling the information for the report, the owner of each housing development shall use data current as of January 1 of the reporting year.
- (b) The department shall adopt rules regarding the procedure for filing the report.
- (c) The department shall maintain the reports in electronic and hard-copy formats readily available to the public at no cost.
- (d) A housing sponsor who fails to file a report in a timely manner is subject to the following sanctions, as determined by the department:
  - (1) denial of a request for additional funding; or
  - (2) an administrative penalty in an amount not to exceed \$1,000, assessed in the manner provided for an administrative penalty under Section 2306.6023.

## APPENDIX B

### GLOSSARY OF SELECTED TERMS

<b>Accessible:</b>	A definition used by HUD in Section 504 with respect to the design, construction, or alteration of an individual dwelling unit. It means that the unit is located on an accessible route and when designed, constructed, altered, or adapted, it can be approached, entered, and used by individuals with physical disabilities. A unit that is on an accessible route and is adaptable and otherwise in compliance with the standards set forth in the Uniform Federal Accessibility Standards (UFAS, 23 CFR Subpart 40 for residential structures) is considered accessible. When a unit in an existing facility that is being made accessible as a result of alterations intended for use by a specific qualified person with a disability, the unit will be deemed accessible if it meets the requirements of applicable standards that address the particular disability or impairment of such person.
<b>Accessible Route:</b>	Unobstructed path that connects accessible elements and spaces in a building or facility and complies with the space and reach requirements prescribed by the Uniform Federal Accessibility Standards (UFAS). An accessible route that serves only accessible units occupied by persons with hearing or vision impairments need not comply with those requirements intended to affect accessibility for persons with mobility requirements.
<b>Acquisition:</b>	Acquisition of standard housing (at a minimum, meeting HUD Section 8 Housing Quality Standards) only with no expectation of other activities being carried out in conjunction with the acquisition.
<b>Adaptability:</b>	A definition used by HUD in Section 504 meaning the ability of certain elements of a dwelling unit (such as kitchen counters, sinks, and grab bars) to be added to, raised, lowered, or otherwise altered, to accommodate the needs of persons with or without disability or to accommodate the needs of persons with different degrees of disability.
<b>Administrative Costs</b>	Reasonable and necessary costs, as described in OMB Circular A-87, incurred by the participating jurisdiction in carrying out its eligible program activities in accordance with prescribed regulations. Administrative costs include any project delivery costs, such as new construction and rehabilitation counseling, preparing work specifications, loan processing, inspections, and other entities applying for or receiving HOME funds. Administrative costs do not include eligible project-related costs that are incurred by and charged to project owners.
<b>Affordable Housing:</b>	Housing where the occupant is paying no more than 30 percent of his/her gross monthly income for gross housing costs, including utility costs. Housing that is for purchase (with or without rehabilitation) qualifies as affordable housing if it (1) is purchased by a low income, first-time home buyer who will make the housing his or her principal residence; and (2) has a sale price that does not exceed the mortgage limit for type of single family housing for the area under HUD's single family insuring authority under the National Housing Act.
<b>Area Median Family Income (AMFI):</b>	Income limits for MSAs and counties that are based on HUD's estimates of the area's median income adjusted for family size. Calculated yearly by HUD and used to determine an applicant's eligibility with regard to HUD programs.

<b>Assisted Household or Person:</b>	For the purpose of identification of goals, an assisted household or person is one in which, during the periods covered by the annual plan, will receive benefits through the investment of federal funds, either alone or in conjunction with the investment of other public or private funds. A renter is benefited if the household or person takes occupancy of affordable housing that is newly acquired (standard housing) or new rehabilitation is completed. A first-time home buyer is benefited if a home is purchased during the year. A homeless person is benefited if the person becomes an occupant of transitional or permanent housing. A non-homeless person with special needs is considered as being benefited if the provision of supportive services is linked to the acquisition, rehabilitation, or new construction of a housing unit and/or the provision of rental assistance during the year.
<b>Capacity Building:</b>	Educational and organizational support assistance to promote the ability of an organizations to maintain, rehabilitate, and construct housing for low and very low income persons and families. This activity may include, but is not limited to: 1) Organizational support to cover expenses for training, technical, and other assistance to the board of directors, staff, and members of the organization, 2) Program support including technical assistance and training related to housing development, housing management, or other subjects related to the provision of housing or housing services, and 3) Studies and analyses of housing needs.
<b>Community Housing Development Organization (CHDO):</b>	A nonprofit organization, certified by a city or the state, that provides decent, affordable housing to low income individuals within a designated geographic area.
<b>Colonia:</b>	An identifiable unincorporated area located within 150 miles of the Texas-Mexico border that lacks infrastructure and decent housing.
<b>Consolidated Plan:</b>	A document submitted to the US Department of Housing and Urban Development (HUD) containing housing needs assessments and strategic plans for the state. It is required of the State of Texas by HUD in order to receive federal CDBG, HOME, ESGP, and HOPWA program funds.
<b>Contract for Deed:</b>	A financing arrangement for the sale of property whereby land ownership remains with the seller until the total purchase price is paid.
<b>Disability:</b>	According to the US Department of Housing and Urban Development, a person shall be considered to have a disability if the person is determined to have a physical, mental, or emotional impairment that: (1) is expected to be of long-continued and indefinite duration, (2) substantially impeded his or her ability to live independently, and (3) is of such a nature that the ability could be improved by more suitable housing conditions. A person shall also be considered to have a disability or he or she has a developmental disability as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 USC. 6001-6006). The term also includes the surviving member(s) or any household described in the first sentence of this paragraph who is (were) living in an assisted unit with the disabled member of the household at the time of his or her death. Disabilities reflect the consequences of a bodily impairment in terms of functional performance. Also see "Person with Disability."
<b>Disabled Household:</b>	A household composed of one or more persons at least one of whom is an adult (a person of at least 18 years of age) who has a disability.

## Appendix B: Glossary

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<b>Economic Independence and Self-Sufficiency Programs:</b>	Programs undertaken by public housing agencies (PHAs) to promote economic independence and self-sufficiency for participating families. Such programs may include Project Self-sufficiency and Operation Bootstrap programs that originated under earlier Section 8 initiatives, as well as the Family Self-Sufficiency program. In addition, PHAs may operate locally developed programs or special projects designed to promote economic independence and self-sufficiency.
<b>Elderly Household:</b>	According to HUD, a family in which the head of the household or a spouse is at least 62 years of age, by HUD's definition. This definition may change according to specific program.
<b>Extremely Low Income:</b>	Individual of family with a household income less than or equal to 30 percent of the area median family income (AMFI)
<b>Fair Housing Act</b>	Prohibits discrimination in housing because of race, national origin, religion, sex, familial status, or disability.
<b>Federal Preference for Admission:</b>	The preference given to otherwise eligible applicants under HUD's rental assistance programs who, at the time they seek housing assistance, are involuntarily displaced, living in substandard housing, or paying more than 50 percent of family income for rent.
<b>First Time Home Buyer:</b>	An individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home that must be used as the principal residence of the homebuyer.
<b>Frail Elderly Persons:</b>	Includes elderly persons who are unable to perform one or more Activities of Daily Living (ADL) without help.
<b>Household:</b>	One or more persons occupying a housing unit (US Census definition).
<b>Housing Development Costs:</b>	The total of all costs incurred in financing, creating, or purchasing any housing development, which are approved by the department as reasonable and necessary. The costs may include, but are not limited to, the value of land and any buildings on the land, cost of land acquisition, options, deposits, or contracts to purchase; cost of site preparation demolition and development; fee paid or payable in connection with the planning, execution, and financing of the development, such as those to architects, engineers, attorneys, accountants; cost of necessary studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs, and other operating and carrying costs during construction; cost of construction, rehabilitation, reconstruction, fixtures, furnishings, equipment, machines, and apparatus related to the real property; cost of land improvements, including without limitation, landscaping and off-site improvements; necessary expenses in connection with initial occupancy of the housing development; an allowance established by the Department for contingency reserves; and the cost of the other items, including tenant relocation, if tenant relocation costs are not otherwise being provided for, as determined by the department to be reasonable and necessary for the development of the housing development, less any and all net rents and other net revenues received from the operation of the real and personal property on the development site during construction.

<b>Housing Development or Housing Project:</b>	Any real or personal property, project, building structure, or facilities work or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards consistent with those prescribed in the federal HOME Program for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by persons and families of low and very low income and persons with special needs. This term may include buildings, structure, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, such as but not limited to streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community, and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances.
<b>Housing Problems:</b>	Households with housing problems include those that: (1) occupy units with physical defects; (2) meet the definition of overcrowded; or (3) meet the definition of cost burdened (>30 percent of income spent on housing).
<b>Jurisdiction:</b>	A unit of state or local government
<b>Local Government:</b>	A county; an incorporated municipality; a special district; any other legally constituted political subdivision of the State; a public, nonprofit housing finance corporation created under Chapter 394, Local Government code Texas revised Civil Statutes; or a combination of any of the entities described here.
<b>Low Income Neighborhood:</b>	A neighborhood that has at least 51 percent of its households at or below 80 percent of AMFI.
<b>Low Income:</b>	Household with an annual income that does not exceed 80 percent of the area median family income for the area. HUD may establish income ceilings higher or lower than the 80 percent figure on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents or unusually high or low family incomes.
<b>Metropolitan Statistical Area (MSA):</b>	US Census term used to identify a metropolitan area, which is a large population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Also described as an "urbanized area" of at least 50,000 inhabitants and/or a total metropolitan population of 100,000.
<b>Migrant Farmworkers:</b>	Persons who travel from place to place in order to take advantage of work opportunities provided by various agricultural seasons across the country.
<b>Moderate Income:</b>	Households whose incomes are between 81 percent and 115 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families, except that HUD may establish income ceilings higher or lower than 95 percent of the prevailing levels of construction costs or fair market rents, or unusually high or low family incomes. May differ by program.
<b>Neighborhood:</b>	A geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government. If the general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.



<b>Nonprofit Organization:</b>	A nonprofit corporation is created by filing articles of incorporation with the Secretary of State in accordance with the Texas Non-Profit Corporation Act. “Non-profit corporation” means a corporation in which no part of the earned income is distributable to members, directors, or officers. A nonprofit corporation may be created for any lawful purposes and are entitled to exemption from state or federal taxes.
<b>Olmstead:</b>	The US Supreme Court in <i>Olmstead v. L. C.</i> held that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the ADA.
<b>Overcrowded:</b>	A housing unit containing more than one person per room. (US Census definition)
<b>Participating Jurisdiction (PJ):</b>	Term for any state or local government that has been designated by HUD to receive HOME Program funds.
<b>Person with Disability:</b>	(1) A person is considered to have a disability if the person has a physical, mental, or emotional impairment that (i) is expected to be of long-continued and indefinite duration; (ii) substantially impedes his or her ability to live independently; and (iii) is of such a nature that such ability could be improved by more suitable housing conditions. (2) A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that (i) is attributable to a mental or physical impairment or combination of mental and physical impairments; (ii) is manifested before the person attains age twenty-two; (iii) is likely to continue indefinitely; (iv) results in substantial functional limitations in three or more of the following areas of major life activity; self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency, and (v) reflects the person’s need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services that are lifelong or extended duration and are individually planned and coordinated.
<b>Physical Defects:</b>	A housing unit lacking complete kitchen or bathroom facilities (US Census definition).
<b>Poverty:</b>	Term to describe the poor. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is poor. If a family’s total income is less than that family’s threshold, then that family, and every individual in it, is considered poor or in poverty. Varies by year.
<b>Predevelopment Costs:</b>	Costs related to a specific eligible housing project including: a) expenses necessary to determine project feasibility (including costs of an initial feasibility study), consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance; and b) reconstruction housing project costs that the board determines to be customary and reasonable, including but not limited to the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies, and legal fees. Predevelopment costs <u>does not</u> include general operational or administrative costs.

<b>Primary Housing Activity:</b>	A means of providing or producing affordable housing - such as rental assistance, production, rehabilitation, or acquisition - that will be allocated significant resources and/or pursued intensively for addressing a particular housing need. (See also, "Secondary Housing Activity.")
<b>Project:</b>	A site or an entire building, including a manufactured housing unit or two or more buildings together with the site or sites on which the building or buildings is located, that are under common ownership, management, and financing (i.e., a project assisted with HOME funds, under a commitment by the owner, as a single undertaking). Project includes all the activities associated with the site and building. If there is more than one site associated with a project, the sites must be within a four-block area.
<b>Project Completion:</b>	All necessary title transfer requirements and construction work have been performed and the project, in HUD's judgment, complies with specified requirements (including the property standards adopted under HOME 92.251); the final drawdown has been disbursed for the project; and a project completion report has been submitted and processed in the Cash and Management Information System (92.501) as prescribed by HUD. For tenant-based rental assistance, the final drawdown has been disbursed for the project and the final payment certification has been submitted and processed in the Cash and Management Information System (92.502) as prescribed by HUD.
<b>Project-Based Rental Assistance:</b>	Rental Assistance provided for a project, not for a specific tenant. Tenants receiving project-based rental assistance give up the right to that assistance upon moving from the project.
<b>Public Housing:</b>	Any state, county, municipality, or other government entity or public body (or its agency or instrumentality) that is authorized to engage in or assist in the development or operation of low income housing. The term includes any Indian Housing Authority.
<b>Qualified Allocation Plan:</b>	The Qualified Allocation Plan is utilized by the Low Income Housing Tax Credit Program in setting threshold and selection criteria points for the allocation of tax credits.
<b>Real Property:</b>	All land, including improvements and fixtures and property of any nature appurtenant, or used in connection therewith, and every estate, interest, and right legal or equitable therein, including leasehold interests, terms for years, and liens by way of judgment, mortgage or otherwise.

<b>Reconstruction:</b>	HUD guidelines regarding reconstruction are as follows: <i>The regulation defines reconstruction as the rebuilding of housing on the same foundation. Therefore, the foundation must be used, if possible. If the building has no foundation or if it is not possible to rebuild on the foundation, then the "foundation" will be the same location as the building that is being reconstructed. Construction of housing on a different portion of the land parcel would be new construction. The reconstructed housing must be substantially similar to the structure that is being replaced, regardless of whether an existing foundation is used (i.e. a single family house must be replaced with a structure containing the same number of units). Rooms may be added to a building outside of the foundation or footprint of the original housing if needed to meet local codes. However, additional units cannot be constructed as part of a reconstruction project. A structure must be present prior to reconstruction. This structure should be documented by pictures and an explanation of why rehabilitation of the existing structure is not feasible.</i>
<b>Rental Assistance:</b>	Rental assistance payments provided as either project-based rental assistance or tenant-based rental assistance.
<b>Rental Housing (Affordable):</b>	A rental housing unit is considered to be an affordable housing unit if it is occupied by a low income family or individual and bears a rent that is the lesser of (1) the Existing Section 8 Fair Market Rent (FMR) for comparable units in the area; or (2) 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, except that HUD may establish income ceilings higher or lower than 65 percent of the median because of prevailing levels of construction costs or fair market rents, or usually high or low family incomes.
<b>Rural Area:</b>	Rural areas are considered areas outside of Metropolitan Statistical Areas. Definition may differ according to program.
<b>Service Needs:</b>	The particular services identified for special needs populations, which may include transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services to prevent premature institutionalization and assist individuals to continue living independently.
<b>Severe Cost Burden:</b>	Refers to households and individuals who spend more than 50 percent of their gross income on housing costs.
<b>Sheltered:</b>	Families and persons whose primary nighttime residence is a supervised, publicly or privately operated shelter, including emergency shelters, transitional housing for the homeless, domestic violence shelters, residential shelters for runaway and homeless youth, and any hotel/motel/apartment voucher arrangement paid because the person is homeless. This term does not include persons living in overcrowded or substandard conventional housing. Any facility offering permanent housing is not a shelter, nor are its residents homeless.
<b>Special Needs Populations:</b>	In addition to the homeless, according to HUD, special needs populations include persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents. TDHCA also considers colonia residents and migrant farmworkers as special needs populations.

<b>State Recipient:</b>	A unit of local government designated by a state to receive HOME funds from the state in which to carry out HOME Program activities.
<b>Subrecipient:</b>	A public agency or nonprofit organization selected by the participating jurisdiction's HOME program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a sub-recipient. The participating jurisdiction's selection of a sub-recipient is not subject to the procurement procedures and requirements.
<b>Substandard Condition but Suitable for Rehabilitation:</b>	By local definition, dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction or minor livability problems, or maintenance work. The jurisdiction must define this term (i.e., standard condition, financially and structurally feasible for rehab) and include this definition in the Appendix (Glossary of Terms) portion of its CHAS submission.
<b>Substantial Rehabilitation:</b>	Rehabilitation of residential property at an average cost for the project in excess of \$25,000 per dwelling unit.
<b>Supportive Housing:</b>	Housing, including housing units and group quarters, that has a supportive environment and includes a planned service component.
<b>Supportive Services:</b>	Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.
<b>Tenant-Based Rental Assistance:</b>	A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.
<b>Threshold Criteria:</b>	To be considered for funding, a housing project must first demonstrate that it meets all the threshold criteria set forth as follows: a) the project is consistent with the requirements established in this rule; b) the applicant provides evidence of their ability to carry out the project in the areas of financing, acquiring, rehabilitating, developing, or managing affordable housing developments; and c) the project addresses an identified housing need. This assessment will be based on statistical data, surveys, or other indicators of needs as appropriate.
<b>Total Bonded Indebtedness:</b>	All single family mortgage revenue bonds (including collateralized mortgage obligations), multifamily mortgage revenue bonds, and other debt obligations issued or assumed by the Department and outstanding as of August thirty-one of the year of calculation, excluding; all such bonds rated AAA by Moody's Investors Service or AAA by Standard & Poors Corporation for which the Department has no direct or indirect financial liability from the Department's unencumbered fund balances, and all other such bonds, whether rated or unrated, for which the Department has no direct or indirect financial liability from the Departments unencumbered fund balances, unless Moody's' or Standard & Poors has advised the Department in writing that all or portion of the bonds excluded by this clause should be included in a determination of total bonded indebtedness.

**Unencumbered Fund Balances:**

A) The sum of the balances resulting at the end of each Department fiscal year form deducting the sum of bond indenture and credit rating restrictions and liabilities for the sum of amounts on deposit in indenture funds and other tangible and intangible assets of each department housing bond program, and b) uncommitted amounts of deposit in each independent or separate unrestricted fund established by the housing finance division or its administrative component units.

**Very Low Income:**

Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of prevailing levels of construction costs or fair market rents. Definition may differ according to program; the State of Texas designates very-low income as 60 percent or less AMFI.

**Work Disability:**

A condition that prevents a person from working or limits a person's ability to work.

**Division of Policy and Public Affairs**

**BOARD ACTION ITEM  
December 14, 2005**

**Action Item**

*2006 State of Texas Consolidated Plan One-Year Action Plan*

**Required Action**

Board review and approval of the *2006 State of Texas Consolidated Plan One-Year Action Plan*.

**Background**

The Texas Department of Housing and Community Affairs, Office of Rural Community Affairs and Department of State Health Services are preparing the *2006 State of Texas Consolidated Plan One-Year Action Plan* (“the Plan”) in accordance with 24 CFR §91.320.

The Plan reports on the intended use of funds received by the State of Texas from the U.S. Department of Housing and Urban Development for Program Year (PY) 2006. The Program Year begins on February 1, 2006 and ends on January 31, 2007. The Plan covers the State’s administration of the Community Development Block Grant Program, Emergency Shelter Grants Program, the HOME Investment Partnerships Program, and the Housing Opportunities for Persons with AIDS Program. The State’s strategies to address priority needs, specific goals, and objectives are identified in the *Plan*.

The *Plan* consists of the following sections:

- **Introduction.** Provides an outline of the *Plan*.
- **Form Applications and Certifications.** Contains Standard Form 424, the application for federal resources, as well as HUD required certifications.
- **Program Statements.** Program-specific descriptions for CDBG, HOME, ESG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).
- **Other Activities.** A description of TDHCA’s plan to undertake other activities that fulfill requirement of §91.320 (f).

On September 16, 2005, the Board approved the Draft Plan. Subsequent to Board approval, the document was made available for public comment until October 18, 2005. Comment was accepted in writing directly to TDHCA and at 13 hearings held in Lubbock, Abilene, Arlington, Mt. Pleasant, Crockett, Houston, Austin, Temple, San Antonio, Corpus Christi, McAllen, Midland, and El Paso. These hearings were attended by approximately 97 people. See “Attachment A” for summary of and TDHCA staff responses to comments that relate specifically to the Plan which were received during the public comment period.

As was done last year, the public hearing transcripts and other written comments received during the public comment period were posted to a “TDHCA Consolidated Public Hearings” page on the TDHCA website. This year, a comment tracking table was added so commenters could more easily verify that their comments had been received. The table contained the source of each comment, the comment topic, and the number of the document on the website that contained the comment.

## **Summary of Changes from the 2006 State of Texas Consolidated Plan One-Year Action Plan (Draft for Comment)**

The majority of input gathered during the public comment period focused on specific programmatic rules and issues. That comment and any resulting Departmental revisions was handled through the individual funding programs' or divisions' (HOME, Housing Tax Credits, etc.) rule making process. None of those changes affected the Department's overarching goals, policies, and plans contained in the Plan.

One issue that received public comment was the need to develop policies that would assist with disaster relief efforts related to Hurricanes Katrina and Rita. The following revisions that relate to the use of HOME and Housing Trust Fund funding for disaster relief were made to the Plan.

The following revision was made to allow funding in PJs for Hurricane Rita disaster relief.

*“Activity associated with disaster relief efforts for victims of Hurricane Rita is an exception to the Section 2306.111(c) funding distribution requirement. On September 20, 2005, Governor Perry issued a proclamation as provided for under Texas Government Code §418.014. This proclamation declared areas impacted by Hurricane Rita to be a disaster area. As part of this declaration, the Governor also invoked the procedures under Texas Government Code §418.016 suspending all rules and regulations that may inhibit prompt response to this threat during the duration of the incident. TDHCA has communicated with the Governor's office that for purposes of specialized Hurricane support, suspension of Texas Government Code §2306.111 (distribution limitations) is necessary. For this waiver to remain in effect, the Governor will need to reaffirm the disaster declaration every thirty days as required by statute.”*

The following text replaced the CHDO set aside description and the added a Disaster Relief set aside to allow CHDO funds to be used for Hurricane Rita disaster relief.

### **“CHDO Set-Aside**

*In response to Hurricane Rita, on October 4, 2005, HUD released a waiver suspending the 15 percent HOME CHDO set-aside requirement for PY 2005 and PY 2006 HOME allocations. TDHCA has elected to utilize a portion of this CHDO set-aside to assist disaster victims in the 28-county area impacted by the hurricane. The remaining funds from the PY 2006 CHDO set-aside, in addition to unawarded funds from prior year CHDO set-asides including PY 2005 funds and CHDO deobligated funds will be made available in December 2005 for CHDO multifamily development. This amounts to approximately \$10 million that will be made available to CHDOs on a first-come, first-served basis through a notice of funding availability. CHDO Set-Aside developments are owned, developed, or sponsored by the CHDO, and result in the development of affordable rental and homeownership units. Development includes developments that have a construction component, either in the form of new construction or rehabilitation of existing units.*

*If the CHDO owns the project in partnership, it or its wholly owned for-profit or nonprofit subsidiary must be the managing general partner. These organizations may apply for multifamily rental housing acquisition, rehabilitation, or new construction, as well as for the acquisition, rehabilitation, or new construction of single family housing. CHDOs can also apply for homebuyer assistance if their organization is the owner, developer, or sponsor of the single family housing project. In addition, other eligible activities under the CHDO Set-Aside include the following:*

- *CHDO Operating Expenses. In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate*

*application cycle not tied to a specific activity. Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50% of the CHDO's total annual operating expenses in that fiscal year or \$50,000, whichever is greater. The Department reserves the right to limit an applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.*

- *Predevelopment Loans. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Predevelopment loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, TDHCA may elect to waive predevelopment loan repayment, in whole or in part, if there are impediments to project development that TDHCA determines are reasonably beyond the control of the CHDO.*

- *Colonia Model Subdivision Loan Program. Subchapter GG of Chapter 2306, Texas Government Code, created this program to provide low-interest or possibly interest-free loans to promote the development of new, high-quality, residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. TDHCA will only make loans to CHDOs certified by TDHCA and for the types of activities and costs described under the previous section regarding CHDO Predevelopment Loans. To assist TDHCA in meeting this mandate, \$1,000,000 in HOME Program funds will be targeted to assist households described under this initiative.*

*These funds are a Federally mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.”*

#### *Disaster Relief*

*The HUD requirement that a PJ must use 15 percent of its allocation for housing owned, developed, or sponsored by CHDOs [24 CFR 92.301(a)(1)] is suspended by HUD for the PY 2005 and PY 2006 allocations by an October 4, 2005, waiver. Therefore, TDHCA has elected to utilize a portion of these funds to assist disaster victims in the 28-county area impacted by Hurricane Rita. Approximately \$8 million of PY 2005 and PY 2006 funds will be made available through a notice of funding availability to assist homeowners rehabilitate their residences.”*

Additionally, text was added to the HTF section in the “Other Actions” section to reflect that TDHCA has reserved approximately \$1.8 million of the Housing Trust Fund for this purpose.

*“The Department has reserved approximately \$1.8 million in HTF funding for the purpose of supporting disaster relief efforts in fiscal year 2006. The Department’s Board approved the use of HTF funds for this purpose in September 2005. Further details about the disaster relief program will be forth coming in January 2006. Additional funding may be approved for this activity.”*

#### **Non Public Comment Changes**

As three different award methodologies are being proposed to the Board for the HOME competitive cycle, a revision was made to the “Selection Process” text. This change does not alter the basic methodology presented in the draft, rather written in a more general manner that will allow for alternative award procedures to be used without having to resubmit the One Year Action Plan.

*“All applications for funds received under competitive funding cycles are reviewed for threshold requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. ~~Qualifying applications are then ranked using scoring criteria that reflects~~*



~~TDHCA's housing priorities, and applicants are funded only if the score exceeds the minimum score established in the State of Texas HOME Program rules. The highest scoring applicant per activity will be recommended up to the limit of funds available per activity and region. Qualifying applications are funded only if the score exceeds the minimum score established in the State of Texas HOME Program rules. Applications will be recommended up to the limit of funds available per activity and region. Should an activity not have enough qualified applicants, the funds will be redirected to the next activity in the region that had a higher number of qualified applicants".~~

The following revision relating to the HOME award to the Home of Your Own Coalition was added to clarify that the award is for program year 2006 and that the funds may be used in PJs.

*"In PY 2006, TDHCA will allocate \$500,000 to the Home of Your Own (HOYO) coalition for homeownership activities for persons with disabilities. The HOYO program coordinates existing homeownership services, which streamlines the process homebuyers must follow, including homebuyer counseling, down payment assistance, and architectural barrier removal. These funds may be used statewide, including in participating jurisdictions."*

Throughout the document, the circumstances under which HOME funds may be used in PJs was clarified. Slight variations of the following text which specifies that the allowable activity is "rental development activities" (as specified in the draft One Year Action Plan) was used:

*"The remaining 5 percent of HOME funds may be expended in a participating jurisdiction (PJ), but only if it funds a rental development that serves persons with disabilities, unless otherwise approved by the Board."*

The following general information was updated in the document:

- TDHCA HOME Regional Allocation Formula distribution as approved by the Board;
- In the "Other Actions" section, the use of HTF and OCI funding for developing institutional structure through capacity building was described; and
- public comment and reasoned responses related to issues that would impact the One Year Action Plan was provided.

Other minor changes were made to portions of the document for clarification or grammatical purposes. Careful attention was made to ensure that none of these changes was substantive in nature.

## **ATTACHMENT A: Public Comments on the 2006 State of Texas Consolidated Plan One-Year Action Plan (Draft for Comment) and the Department's Reasoned Responses**

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[Commenter information is tied to the comment reference number shown in the comment title and in "Table A.1 Commenter Information" at the end of this section.]

### **Use of HOME Funding for Persons in Participating Jurisdictions (1)**

A few comments were made as to the need to use HOME funding in Participating Jurisdictions for tenant based rental assistance for persons with disabilities. The following comment is typical of this suggestion.

*"We...provide relocation assistance for persons with disabilities in nursing facilities, coming out into the community...One of the major barriers is the availability of affordable and accessible housing. What has been extremely helpful in helping these people locate and find decent, adequate, affordable, accessible housing is the use of TBRA vouchers. TDHCA did allocate close to \$4 million, I believe, 2003 allocation that was specific to this purpose. It was not utilized as quickly as hoped. A lot of that had to do with the population and the folks that are providing the services not having housing experience...With this program, (there was no) restriction on utilizing the TBRA vouchers or HOME funds within a participating jurisdiction. That was absolutely essential. Most of the folks that we are relocating are in urban areas. They continue to want to live in urban areas. I think you're also aware that that's where most of the Katrina evacuees are as well. What that does is puts extreme burden onto the housing stock in urban areas..."*

*These contracts relocating people are not going away. The Texas legislature has authorized over the next four years to continue this activity. Right now in our area, we have 41 people in various stages. They're actually pending relocation in the Coastal Bend area. At least 50 percent of them are waiting on housing that they can be able to access. We're fortunate that we do have some TBRA vouchers right now. We have 22, I believe, left in this area. Those will be running out. At that point, we don't know what we're going to have for housing....(It is requested that the limitation of providing) HOME funds only in rural areas outside the participating jurisdiction be lifted."*

**Staff Response:** TDHCA is responsible for distributing HOME funding for the balance of state that does not receive this type of funding directly from HUD as a Participating Jurisdiction. In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5% of its HOME allocation to be awarded to applicants in PJs. Based on the increased capacity of organizations in non-PJ areas as evidenced by an over subscription rate in the 2004 and 2005 application cycles for non rental development activities there appears to be a substantial need for this kind of activity in rural areas. Given the limited amount of available funding, TDHCA will no longer fund non-rental development activity applications in PJ areas. No changes to the Plan are suggested.

### **Disaster Relief Policy Development (1, 2)**

A few comments were provided on issues to consider in developing disaster relief programs. These included both using rental assistance for short term help and rental development funding to increase the available housing supply.

*"...I would strongly encourage...lifting that requirement of home funds not being used in the participating jurisdictions. You've got to lift that, because that's where all the Katrina evacuees are. There's very few in the rural areas. They are inner-city folks who have relocated. They'd like to continue to be close to inner- city folks, and we have a lot of that in this area, and every city does. Unfortunately what's going to end up happening is a higher level of blighted living conditions unless*

money is infused. You could use TBRA vouchers, the HOME Program TBRA vouchers, on a temporary basis. Many of these folks are going to return home. Many may go someplace else, so the TBRA voucher, I would think, would be a good, short-term utilization for housing.

Secondly, if you've got some other funding source available such as through the Housing Trust Fund, perhaps that could go into your bricks and sticks, your actual building of additional housing stock, because we are going to see in Corpus Christi -- I guarantee you we're going to run up against, There ain't no more housing, or there is no more housing in Corpus Christi that not only the Katrina evacuees but our local folks who have been on waiting lists for so, so long with the public housing, with Section 8 housing."

"The City of Corpus Christi is an entitlement -- has entitlement HOME allocation, CDBG and ESG. Many times those dollars had to be spread out amongst -- what? -- 30, 40 agencies. They may have good programs, but there's not enough money...I believe that the State of Texas should (consider sharing resources for entitlement areas for) disaster-related activit(ies). We're talking about a housing stock that needs to be brought up to standards. We're talking about a nonexistent housing stock for emergency shelter type of activity for those evacuees. Lets us(e) some of these dollars to build ...apartments... We're talking about an 18-month period here, so if the State could redirect some of those dollars to this effort that we're having locally here... We could probably do a lot of good stuff, good things. So I'm suggesting,...like a million dollars, you know, for example. Right. Sure. It's a lot of money. But still there's a need out there. We talk about 130 families still without shelter, without homes, and we don't want to (re)place it with the homeless situation."

**Staff Response:** TDHCA is has reserved \$1.8 million of the Housing Trust Fund for this purpose and is considering the use of other resources to address disaster relief needs in the future. No changes to the Plan are suggested.

### **Transportation Issues (1, 3)**

A few comments were provided on the need to provide incentives to ensure that rental developments are built in areas that have good access to public transportation.

"While you're not directly involved...with the ability to extend the transit system, I think that that is something that is -- that just further defines where people will have to find homes or residences."

"It's true all around Corpus Christi, that transportation is very, very critical for a lot of folks that are transit-dependent; they don't have cars. When you give credit for transportation on your applications, one of the things I've noticed is people have a choice of taking that 5 points there or 5 points over here. Very often when they're looking at people with disabilities, what they think most likely many of them, the developers think, Well, let's see; these people use special transit services, so therefore, having a bus stop may not be that important. I can get another 5 points over here. So the incentive may not truly be incentivizing the developers to put developments near transportation outlets. People with disabilities can use regular transportation if it's accessible. They don't need to have special transit services. The primary reason they have that is because there is no public transportation that is accessible or the sidewalks aren't accessible or whatever, whatever, on and on. But I think as you look at incentives, realize that it may not fully cover what the reality is that's going on."

**Staff Response:** Given the competitive nature of the programs it is thought that the selection criteria points provide an incentive for applicants to consider transportation and a variety of other area amenities when choosing sites. No changes to the Plan are suggested.

### **Public Comment Administration (4, 5)**

A couple of general comments were made on the process and scheduling of the public comment period and Departmental responses.

*“I think that having a face-to-face contact with the people who not only run the programs but also write them, the procedures and the policies, is great. It's really very good. It's very reassuring. I think that we need to follow on the next phase. How can we get some feedback as to whether some of these comments get anyplace? What's the chances of getting some of these policies and procedures changed, and what do we need to do, particularly for organizations like ours that -- we're an advocate organization, and we are committed to see that these programs reach the populations that we serve. So it's very important for us to know what feedback we can get, and hopefully that these will be not only the first contact, but maybe some community roundtables, some further discussion, so that together we can find some solutions to these very, very severe crises that we're facing and the people we serve face.”*

*“...Many of the programs...directly affect the county. Not necessarily the city of El Paso, because the city of El Paso is an entitlement area, and they receive their funds directly. And maybe for the next time we have these hearings, we should do these hearings out there in the county. Maybe the city of Socorro or other areas that are directly affected by your funding in the programs...I speak for many nonprofits that are out there, and that sometimes transportation is an issue, and I know for many residents that should be benefiting from these programs, transportation is a big issue.”*

**Staff Response:** TDHCA continues to refine the public comment process. As was done last year, the public hearing transcripts were posted to a “TDHCA Consolidated Public Hearings” page on the TDHCA website. Additionally, all written comment was scanned and posted to the site as well. This year, a comment tracking table was added so commenters could more easily verify that their comments had been received. The table contained the source of each comment, the comment topic, and the number of the document on the website that contained the comment. For all of the items taken for public comment, TDHCA provides reasoned responses to each comment.

In 2006, TDHCA will research the possible use of telephone and video conference technology to help provide effective and ongoing interaction across the state. This will be of increasing importance given the increasing costs of transportation. No changes to the Plan are suggested.

### **Fair Housing (5)**

A comment was made as to the need to increase affirmatively furthering fair housing efforts.

*“We're a civil rights, nonprofit organization that's funded by HUD to affirmatively further fair housing. We work along the U.S.-Mexico border; we cover the four border states. In El Paso we have our main office, and we'll be opening an office in McAllen next year, and one in New Mexico the end of this year. Our main focus is to -- and mission is to promote fair housing, to enforce our fair housing laws. And the border faces a lot of discrimination. Believe it or not, the last 14 months we've investigated close to 38 fair housing complaints. Just yesterday we got a charge on an individual that was discriminating using CDBG funds. He used close to \$430,000 to rehab a property, and he was discriminating against families with children. That's happening every day along the U.S.-Mexico border. Under federal law, every agency that receives federal funds, like the HOME Program and CDBG they're required to affirmatively further fair housing. And to comply with this requirement, an agency may go from doing a poster contest to actual funding programs of enforcement or education and outreach. Before coming here, I contacted the TDHCA and ORCA to see exactly what they're doing to -- for the fair housing. And they've been participating in community affairs, they've been distributing information, which is good. But it's more than that, it's more than educating the public. People know their rights, but what's going to happen next, who's going to enforce the law? We're the*

*only enforcement agency, between Arizona and Brownsville, within 150 miles from the border. So our resources are limited. In the State of Texas, ORCA and TDHCA need to allocate funding to enforce these laws. It's very unfortunate that people that are receiving federal funds to open up opportunities for affordable housing are doing the opposite.”*

**Staff Response:** TDHCA will be working to update its affirmative housing plan in 2006. This process will involve a committee of interested parties to help provide guidance. At the time this process begins, an invitation to participate on this committee will be offered to a wide variety of organizations such as the commentator. No changes to the Plan are suggested.

### **Policies to Assist Persons with Disabilities**

One commenter provided a number of suggestions on policies to improve the provision of assistance to persons with disabilities. (6)

*“...The lack of accessible affordable housing for people with disabilities has always been a major barrier to independence...We have four major recommendations (to assist with this issue).*

*First of them is for creation of a program to provide housing and utility deposit assistance for people with disabilities on a cross-disability basis. Currently, that is available only through HOPWA....All persons with disabilities can benefit from programs that will permit them to obtain or retain permanent housing. Having programs in place with deposits will give more people the opportunity to live independently in the community.*

*We would direct all TDHCA funds to banks and other financial institutions that have proven active in community reinvestment and development efforts, not just based on size. TDHCA can take a more proactive role in community development and rehabilitation if they reward both big and small banks that work to support their communities rather than just to enrich themselves.*

*We support the development of pilots throughout the state for land reassembly and redevelopment, similar to Houston, and an urban homesteading pilot program...Programs that permit tax delinquent properties and land to be occupied serve the public interest more effectively than leaving the properties as uncared for vacant eyesores. Using land banking and allowing people to obtain permanent housing through homesteading will create more stable, vibrant neighborhoods to benefit all Texans.*

*We ask for use of community block development grants and other HUD monies to assure wheelchair accessibility to emergency shelters and facilities. There are no shelters in this area that identify themselves as wheelchair accessible. While many organizations would like to have access, they have limited funds for anything not related to daily operation. After Hurricane Katrina and then, with Hurricane Rita, people with disabilities were shoved into nursing homes and assisted living facilities. If the temporary shelters were available, it would be easier for evacuees to move into the community. Now that these individuals are in institutions, they will have to prove that they do not belong in such restrictive environments.”*

**Staff Response:** Currently, TDHCA does not have funding available for pilot programs for special purposes like land banking, community development activities, and renter assistance deposits. Funding from the Emergency Shelter Grants Program could be used to help address facility accessibility issues. No changes to the Plan are suggested.

Another commenter requested continuing current HOME and HTF program activities that improve the provision of assistance to persons with disabilities. (7)

*“I am here in support of the continuation of the Department’s commitment to Texas Home of Your Own program. The HOYO program continues to expand opportunities for home ownership among a greatly underserved population. Low income persons with disabilities, TDHCA has been a partner since 1996. It has been a great partnership. We have served over 250 homeowners. We want and need this partnership to continue, because it really does benefit all of us, and we appreciate that it continues to be in the plan.”*

*“We also want to express our support for the Housing Trust Fund capacity building program as well as the predevelopment program. These programs have supported UCP Texas in our recent efforts to provide affordable, accessible and integrated rental housing.”*

*“Opportunities for people with disabilities, our first project which is a partnership with Tekoa Partners...This project could not have happened without you all’s support and the ability to help us learn how to do HUD 8-11 project...”*

*“We want to express our appreciation for your demonstrated commitment to providing housing for people with disabilities, and in an integrated setting. And that is what we are talking about when you are talking about rental. And we want to thank the Department staff that continue to work to see that people with disabilities have equal access to housing opportunities. And we look forward to a continued partnership...”*

**Staff Response:** As the funding activities discussed in the comment were included in the draft SLIHP, no changes are suggested.

**Table A.1 Commenter Information**

Comment Number	Person and Organization	Source
1	Judy Telge, Accessible Communities & Coastal Bend Affordable Housing Committee	Corpus Christi Hearing
2	Rudy Cantu, Nueces County Community Action Agency	Corpus Christi Hearing
3	Martha Sotomayor, Latino Education Project	Corpus Christi Hearing
4	Dottie Adair, San Patricio County Affordable Housing Committee	Corpus Christi Hearing
5	Anibal Olague, Border Fair Housing and Economic Justice Center	El Paso Hearing
6	Tony Koosis, Houston Center for Independent Living	Houston Hearing
7	Jean Langendorf, United Cerebral Palsy of Texas	Austin Board Hearing

Note: This document does not contain the final CDBG and HOPWA Action Plans as they are pending approval by ORCA and DSHS. The TDHCA Board does not approve those sections.

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# *2006 State of Texas Consolidated Plan One-Year Action Plan*



December 1, 2005

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## **INTRODUCTION**

The Texas Department of Housing and Community Affairs (TDHCA), Office of Rural Community Affairs (ORCA) and Department of State Health Services (DSHS) have completed the *2006 State of Texas Consolidated Plan One-Year Action Plan* ("the Plan") in accordance with 24 CFR §91.320. When the combined actions of TDHCA, ORCA, and DSHS are referenced in the Plan, the description "Departments" is used.

The Plan reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development (HUD) for Program Year (PY) 2006. The Program Year begins on February 1, 2006 and ends on January 31, 2007. The performance report on PY 2005 funds will be available in May of 2006. The Plan covers the Departments' administration of the Community Development Block Grant Program (CDBG), Emergency Shelter Grants Program (ESG), and the HOME Investment Partnerships Program (HOME), and the Housing Opportunities for Persons with AIDS Program (HOPWA).

The Plan illustrates the Departments' strategies in addressing the priority needs and specific goals and objectives identified in the *2005-2009 State of Texas Consolidated Plan*. The plan consists of the following sections:

- Introduction. Provides an outline of the One-Year Action Plan.
- Form Applications and Certifications. Contains Standard Form 424, the application for federal resources, as well as HUD required certifications.
- Program Statements. Program-specific descriptions for CDBG, HOME, ESG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).
- Other Activities. A description of TDHCA's plan to undertake other activities that fulfill requirement of §91.320 (f).
- Summary of Public Comment. Describes the citizen participation process. Also includes a summary of public comment and Departmental responses. Transcripts of public hearings and complete copies of submitted comments are also available in the TDHCA Housing Center Library, which is open to the public 8 a.m. to 5 p.m., Monday through Friday. Please contact the Library directly at (512) 475-3975 for more information.

## **ACTION PLAN REQUIREMENTS**

### ***§ 91.320 Action plan.***

*The action plan must include the following:*

*(a) Form application. Standard Form 424;*

*(b) Resources.*

*(1) Federal resources. The consolidated plan must describe the Federal resources expected to be available to address the priority needs and specific objectives identified in the strategic plan, in accordance with § 91.315. These resources include grant funds and program income.*

*(2) Other resources. The consolidated plan must indicate resources from private and nonFederal public sources that are reasonably expected to be made available to address the needs identified in the plan. The plan must explain how Federal funds will leverage those additional resources, including a description of how matching requirements of the HUD programs will be satisfied. Where the State*

deems it appropriate, it may indicate publicly owned land or property located within the State that may be used to carry out the purposes stated in § 91.1;

(c) Activities. A description of the State's method for distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the State, using funds that are expected to be received under formula allocations (and related program income) and other HUD assistance during the program year and how the proposed distribution of funds will address the priority needs and specific objectives described in the consolidated plan;

(d) Geographic distribution. A description of the geographic areas of the State (including areas of minority concentration) in which it will direct assistance during the ensuing program year, giving the rationale for the priorities for allocating investment geographically;

(e) Homeless and other special needs activities. Activities it plans to undertake during the next year to address emergency shelter and transitional housing needs of homeless individuals and families (including subpopulations), to prevent low-income individuals and families with children (especially those with incomes below 30% of median) from becoming homeless, to help homeless persons make the transition to permanent housing and independent living, and to address the special needs of persons who are not homeless identified in accordance with § 91.315(d);

(f) Other actions. Actions it plans to take during the next year to address obstacles to meeting underserved needs, foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing), remove barriers to affordable housing, evaluate and reduce lead-based paint hazards, reduce the number of poverty level families, develop institutional structure, and enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives. (See §91.315 (a), (b), (f), (g), (h), (i), (j), (k), and (l).)

(g) Program-specific requirements. In addition, the plan must include the following specific information:

(1) CDBG. The method of distribution shall contain a description of all criteria used to select applications from local governments for funding, including the relative importance of the criteria--if the relative importance has been developed. The action plan must include a description of how all CDBG resources will be allocated among all funding categories and the threshold factors and grant size limits that are to be applied. If the State intends to aid nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M, it must describe available guarantee amounts and how applications will be selected for assistance. If a State elects to allow units of general local government to carry out community revitalization strategies, the method of distribution shall reflect the State's process and criteria for approving local governments' revitalization strategies. (The statement of the method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it and be able to prepare responsive applications.)

(2) HOME.

i. The State shall describe other forms of investment that are not described in Sec. 92.205(b) of this subtitle.

ii. If the State intends to use HOME funds for homebuyers, it must state the guidelines for resale or recapture, as required in Sec. 92.254 of this subtitle.

iii. If the State intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR 92.206(b). The guidelines shall describe the conditions under which the State will refinance existing debt. At minimum, the guidelines must:

- A. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.*
  - B. Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.*
  - C. State whether the new investment is being made to maintain current affordable units, create additional affordable units or both.*
  - D. Specify the required period of affordability, whether it is the minimum 15 years or longer.*
  - E. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR Sec. [91.215\(e\)\(2\)](#) or a Federally designated Empowerment Zone or Enterprise Community.*
  - F. State HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.*
- (3) [ESG](#). The State shall state the process for awarding grants to State recipients and a description of how the State intends to make its allocation available to units of local government and nonprofit organizations.*
- (4) [HOPWA](#). The State shall state the method of selecting project sponsors.*

STANDARD FORM 424 AND STATE CERTIFICATIONS



ACTION PLANS





COMMUNITY DEVELOPMENT BLOCK GRANT TEXAS COMMUNITY  
DEVELOPMENT PROGRAM 2006 ACTION PLAN - PENDING FINAL APPROVAL  
FROM ORCA BOARD

## **EMERGENCY SHELTER GRANTS PROGRAM 2006 ACTION PLAN**

### **FEDERAL RESOURCES EXPECTED PY 2006**

TDHCA expects to receive \$5,154,498 for PY 2006. This estimate is based on Texas' ESGP allocation for PY 2005, which was \$5,154,498.

### **RECIPIENTS**

Units of general local government; private nonprofit organizations.

### **ESTIMATED PY 2006 BENEFICIARIES**

TDHCA estimates that in PY 2006 the Department will fund 76 private nonprofit entities and units of general local government who will provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Some of these private nonprofit entities and units of general local government will collaborate through subcontract agreements with approximately 10 organizations.

### **TARGETED BENEFICIARIES**

Homeless individuals and individuals at risk of homelessness.

### **FUND DISTRIBUTION**

TDHCA has administered the Emergency Shelter Grants Program (ESGP) since 1987. TDHCA will administer the S-04-DC-48-0001 ESGP funds in a manner consistent with the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. Sec 11371 *et seq.*). TDHCA will obligate PY 2006 ESGP funds through a statewide competitive application process. A portion of the State's ESGP allocation may be reserved to fund a project that will have a statewide impact on homelessness.

### **OBJECTIVES**

The objectives of ESGP consist of the following:

- Help improve the quality of emergency shelters for the homeless.
- Make additional emergency shelters available.
- Help meet the costs of operating and maintaining emergency shelters.
- Provide essential services so that homeless individuals have access to the assistance they need to improve their situations.
- Provide emergency intervention assistance to prevent homelessness.

The State's strategy to help homeless persons includes: community outreach efforts to ensure that homeless persons and persons at risk of homelessness are aware of available services, providing funding to support emergency shelter and transitional housing programs, helping homeless persons make the transition to permanent housing and independent living through comprehensive case management, and supporting statewide efforts to address homelessness. This strategy is outlined below.

Helping low income families avoid becoming homeless:

- TDHCA awards ESGP funds using the competitive process described in the ESGP One-Year Action Plan. In that process, up to 30% of the State's ESGP annual allocation is made available to support homelessness prevention activities, and up to 30% of the ESGP annual allocation is made available to provide essential services. Homelessness prevention efforts include short-term rent and utility assistance for homeless individuals and families and, if they meet certain criteria, those who are at-risk of losing their housing.
- Applicants for ESGP funding are required to demonstrate coordination with other providers in their communities as part of the ESGP scoring criteria. ESGP grant recipients are encouraged to maximize all community resources when providing homelessness prevention assistance to ensure the appropriate use of these limited resources.

Reaching out to homeless persons and assessing their individual needs:

- Each application for ESGP funding includes information about the outreach process and case management system used by the applicant organization.
- Each application for ESGP funding includes a description of services provided to homeless persons. This description is evaluated during the application review process as a criterion for receiving ESGP funding.
- ESGP grant recipients are encouraged to establish measurable goals for providing specific services for homeless persons.

Addressing the emergency shelter and transitional housing needs of homeless persons:

- ESGP grants provide support to organizations that provide emergency services, shelter, and transitional housing to homeless persons and families.
- To ensure equitable distribution of funding, a portion of the ESGP allocation is reserved for each of the 13 regions in the state on the basis of the poverty population in each region. TDHCA expects to fund 76 projects in PY 2006. (See the ESGP Obligation Process later in this section.)

Helping homeless persons make the transition to permanent housing:

- ESGP funds can be used to pay rent and utility deposits as well as first month's rent for homeless individuals making the transition to permanent housing.

Supporting statewide efforts to address homelessness:

- Historically, Texas has not received all of the Continuum of Care funds HUD reserved for this State due to a lack of viable applications. The Texas Homeless Network, with the support of ESGP funding, has conducted technical assistance workshops at no cost to local organizations that are considering applying for HUD Continuum of Care funds. The Texas Homeless Network is the only organization that addresses homelessness issues statewide.

## **ELIGIBLE ACTIVITIES**

ESGP funds may be used for the following eligible activities:

1. Renovation, major rehabilitation, or conversion of buildings to be used as emergency shelters for the homeless.
2. Provision of essential services, including, but not limited to, the following:
  - a) Assistance in obtaining permanent housing
  - b) Medical and psychological counseling and supervision
  - c) Employment counseling

- d) Nutritional counseling
- e) Substance abuse treatment and counseling
- f) Assistance in obtaining other federal, state, and local assistance
- g) Other services such as child care, transportation, job placement, and job training
- h) Staff salaries necessary to provide the above services

These services may be provided only pursuant to Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Sec. 11374), which requires that services funded with ESGP must be provided in a nondiscriminatory manner.

- 3. Payment of maintenance, operation, and furnishings costs, except that not more than 10% of the amount of any ESG grant may be used to pay operation staff costs.
- 4. Developing and implementing homeless prevention activities as per Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act.

## **RECIPIENT REQUIREMENTS**

Recipients of ESGP funding are required to meet certain minimum specifications that include, but are not limited to, the following:

- 1. Being a unit of general local government or private nonprofit organization.
- 2. Documenting, in the case of a private nonprofit organization, that the proposed project has the approval of the city, county, or other unit of local government in which the project will operate.
- 3. Providing for the participation of homeless or formerly homeless individuals on their board of directors or other policy-making entity.
- 4. Assuring that ESGP subrecipients obligate within 180 days from the contract execution date.
- 5. Proposing to undertake only eligible activities.
- 6. Demonstrating need.
- 7. Assuring ability to provide matching funds.
- 8. Demonstrating effectiveness in serving the homeless, including the ability to establish, maintain, and/or improve the self-sufficiency of homeless individuals.
- 9. Assuring that homeless individuals will be involved in providing services that are assisted under ESGP to the maximum extent feasible through employment, volunteerism, renovating, maintaining or operating facilities, and/or providing direct services to occupants of facilities assisted with ESGP funds.
- 10. Assuring the operation of an adequate, sanitary, and safe homeless facility.
- 11. Assuring that it will administer, in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession, or distribution of drugs or alcohol by its beneficiaries.
- 12. Assuring that it will develop and implement procedures to ensure the confidentiality of records of any individual receiving assistance as a result of family violence.
- 13. Proposing a sound plan consistent with the *State of Texas Consolidated Plan*, the McKinney-Vento Homeless Assistance Act, and all other assurances and certifications.
- 14. Assuring the participation in the development and implementation, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of person from publicly funded institutions and systems of care (such as health care facilities, foster care or other youth

facilities, or correction programs and institutions) to prevent such discharge from immediately resulting in homelessness for such persons. ESGP funds are not to be used to assist such persons in place of State and local resources.

15. Assuring that it will meet HUD's standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.

## **FUND OBLIGATION PROCESS**

TDHCA will obligate PY 2006 ESGP funds to units of general local government or to private nonprofit organizations that have local government approval to operate a project that assists homeless individuals. TDHCA will evaluate all applications received and award funds in accordance with the application specifications. This statewide competitive application process will allow ESGP funds to be distributed equitably.

The State's anticipated ESGP allocation for PY 2006 is \$5,154,498 less 5% (\$257,725) for state administration costs. ESGP funds are reserved according to the State's percentage of poverty population identified in each of 13 TDHCA service regions.

TDHCA issues a notice of funding availability (NOFA) and provides an application to any organization or individual that requests one. As the applications are received, they are sorted by region and numbered consecutively. Teams review the applications according to assigned regions, using a standardized review instrument. A variety of factors, as per the application instructions, are evaluated and scored to determine each application's merit in identifying and addressing the needs of the homeless population, as well as the organization's capacity to carry out the proposed project.

The top scoring applications in each region will be recommended for funding based on the amount of funds available for each region. Any application that receives a score below 70% of the highest raw score from the region will not be considered for funding. All available ESGP funds are obligated each year through one-year contracts.

To the extent practicable, ESGP funds that remain unexpended in a particular region are reobligated to eligible organizations within that region, as determined by the Executive Director of TDHCA.

## **APPLICABLE FEDERAL AND STATE REGULATIONS**

- 24 CFR 576 as amended;
- Title IV, Subtitle B of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. sec. 11371 et seq.)

## **LEVERAGING RESOURCES**

Section 576.51 of the ESGP regulations state that each grantee must match the funding provided by HUD. Match resources must be provided after the date of the ESGP grant award and must be provided in an amount equal to or greater than the ESGP grant award. Resources used to match a previous grant may not be used to match a subsequent award. Sources of match may include, but are not limited to, unrestricted funds from the grant recipient, volunteer hours, the value of donated materials or buildings, or the fair market rent or lease value of a building used to provide services to the homeless population. Each applicant must identify the source and amount of match they intend to provide if they are selected

for funding and may report monthly on the amount of match provided. ESGP monitors review the match documentation during each on-site monitoring visit. A desk review is completed at the closeout of each contract to insure, among other things, that each ESGP recipient has provided an adequate amount of match during the contract period.

### **SPECIAL INITIATIVES AND PARTNERSHIPS**

TDHCA is the lead agency in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas, assisting in the coordination and provision of services to homeless person throughout the State, increasing the flow of information among service providers and appropriate authorities, developing guidelines to monitor services to the homeless, providing technical assistance to the housing finance division of TDHCA in assessing housing needs for persons with special needs, establishing a central resource and information center for the State's homeless population, and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the Health and Human Services Commission.

Through the Texas Homeless Network, TDHCA also supports other activities that address homelessness, including providing technical assistance to develop and strengthen homeless coalitions throughout Texas, distributing a statewide bimonthly newsletter on homelessness, maintaining an information resource center, conducting Continuum of Care Technical Assistance and Training workshops, and sponsoring an annual statewide conference on homeless issues.

### **Continuum of Care Balance of State**

In PY 2006, TDHCA expects to continue to award funds to the Texas Homeless Network (THN) who will utilize the funds to provide technical assistance to communities interested in applying to the US Department of Housing and Urban Development (HUD) for homeless funds under the Continuum of Care application and to develop and submit a Continuum of Care Application to HUD for the Balance of State funds.

## HOME INVESTMENT PARTNERSHIPS PROGRAM 2006 ACTION PLAN

### FEDERAL RESOURCES EXPECTED PY 2006

The purpose of the HOME Investment Partnerships (HOME) Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations to strengthen their capacity to meet the housing needs of low, very low, and extremely low income Texans. TDHCA provides technical assistance through application and implementation workshops to all recipients of HOME funds to ensure that all participants meet and follow the state implementation guidelines and federal regulations.

The State of Texas HOME Program is receiving approximately \$44,500,000 (\$43,000,000 HOME funds plus \$1,500,000 ADDI funds) from HUD for PY 2006.

### ALLOCATION OF PY 2006 FUNDS

TDHCA will use the following method for allocating funds.

	Estimated Available Funding	% of Total HOME Allocation
PY 2006 HOME Allocation	\$43,000,000	100%
less Administration Funds (10% of PY 2006)	\$4,300,000	10%
less CHDO Project Funds Set Aside (15% of PY 2006) <sup>1</sup>	\$6,450,000	15%
less CHDO Operating Expenses Set Aside (5% of CHDO Set Aside)	\$322,500	1%
less Direct Award for the Texas Home of Your Own Program	\$500,000	1%
less Set Aside for Contract for Deed Conversions	\$2,000,000	5%
less Set Aside for Rental Housing Preservation Program	\$2,000,000	5%
less Set Aside for Rental Housing Development Program	\$3,000,000	7%
= Remaining HOME Funds Subject to the Regional Allocation Formula (RAF)	\$24,427,500	57%
Plus PY 2006 American Dream Downpayment Initiative Funds	\$1,500,000	
= Total Funds Subject to RAF	\$ 25,927,500	

<sup>1</sup> In addition to the funds set aside from the CHDO set aside for disaster relief efforts, \$1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. The Department may set aside 10% of the annual CHDO set-aside for Predevelopment Loans.

The following targets will be used to distribute HOME funding subject to the RAF.

Activity	Estimated Available Funding	% of Total Funds Subject to RAF
Homebuyer Assistance	\$5,185,500	20%
Owner-Occupied Housing Assistance	\$16,852,875	65%
Tenant Based Rental Assistance	\$3,889,125	15%
Total Funds Subject to the RAF	\$25,927,500	100%

## **ESTIMATED PY 2006 BENEFICIARIES**

The number of estimated beneficiaries is pending the final allocation amount from HUD; however, TDHCA estimates that it will assist approximately 2,772 low, very low, or extremely low income households. (This number will be updated based on final PY 2005 activity.) On the basis of historical performance, TDHCA estimates that approximately 60% of those households will be minority households.

## **DEFINITIONS**

Basic Access Standards (as required by §2306.514, Texas Government Code): These requirements apply only to newly constructed single family housing.

- (1) At least one entrance door, whether located at the front, side, or back of the building
  - (A) is on an accessible route served by a ramp or no-step entrance,
  - (B) has at least a standard 36-inch door.
- (2) On the first floor of the building,
  - (A) each interior door is at least a standard 32-inch door, unless the door provides access only to a closet of less than 15 square feet in area;
  - (B) each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold;
  - (C) each bathroom wall is reinforced for potential installation of grab bars;
  - (D) each electrical panel or breaker box, light switch, or thermostat is not higher than 48 inches above the floor; and
  - (E) each electrical plug or other receptacle is at least 15 inches above the floor.
- (3) Each breaker box is located inside the building on the first floor.

A person who builds single family affordable housing to which this section applies may obtain a waiver from TDHCA of the requirement described by Subsection (a)(1)(A) if the cost of grading the terrain to meet the requirement is prohibitively expensive.

Colonia: A colonia is an unincorporated community located within 150 miles of the Texas-Mexico border, or a city or town within the 150 mile region that has a population less than 10,000 according to the latest US Census data. The majority population is composed of individuals and families of low and very low income who lack safe, sanitary and decent housing, together with basic services as potable water, adequate sewage systems, drainage, streets, and utilities.

Community Housing Development Organization (CHDO): A private nonprofit organization with a 501(c)(3) or (4) federal tax exemption. The CHDO must include providing decent, affordable housing to low income households as one of its purposes in its charter, articles of incorporation, or bylaws. It must serve a specific, delineated geographic area: either a neighborhood, several neighborhoods, city, town, village, county, or multicounty area (but not the entire state). CHDOs are certified through TDHCA on an annual basis and as applications are made by eligible applicants.

Consortium: An organization of geographically contiguous units of general local government that act as a single unit of general local government for purposes of the HOME program.

Extremely Low Income Family: Family whose income is between 0 and 30% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.



Low Income Family: Family whose income does not exceed 80% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

Nonparticipating Jurisdiction: A state or unit of general local government that does not receive an annual allocation of HUD program funds and is not part of a HUD Consortium.

Participating Jurisdiction: A state or unit of general local government that receives an allocation of HOME Program funds directly from HUD.

Persons with Disabilities: A household composed of one or more persons, at least one of whom is an adult, who has a disability. A person is considered to have a disability if the person has a physical, mental, or emotional impairment that

- is expected to be of long-continued and indefinite duration,
- substantially impedes his or her ability to live independently, and
- is of such a nature that such ability could be improved by more suitable housing conditions.

Special Needs Populations: Includes the following: persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, the elderly, victims of domestic violence, persons living in colonias, the homeless, and migrant farmworkers.

Very Low Income Family: Family whose income does not exceed 50% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

## ELIGIBLE APPLICANTS

- Units of General Local Government
- Nonprofit and For-Profit Organizations
- Community Housing Development Organizations (CHDOs)
- Public Housing Agencies (PHAs)

## DESCRIPTION OF ACTIVITIES

### *Single Family*

*Owner-Occupied Housing Assistance (OCC)*. Rehabilitation or reconstruction cost assistance is provided to homeowners for the repair or reconstruction of their existing homes. The homes must be the principal residence of the homeowner.

At the completion of the assistance, all properties must meet the International Residential Code and local building codes. If a home is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code, required for any applicants utilizing federal or state money administered by TDHCA in the construction of single family homes.

OCC will comprise approximately 65% of the HOME allocation that will be available through the Regional Allocation Formula process—approximately \$16,852,875.

*Tenant-Based Rental Assistance (TBRA)*. Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed two years. TBRA allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance.

TBRA will comprise approximately 15% of the HOME allocation that will be available through the Regional Allocation Formula process—approximately \$3,889,125.

*Homebuyer Assistance (HBA)*. Down payment and closing cost assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for the following:

- Construction costs associated with architectural barrier removal in assisting homebuyers with disabilities by modifying a home purchased with HOME assistance to meet their accessibility needs.
- Acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents.
- Construction costs associated with the rehabilitation of a home purchased with HOME assistance.

Under the Contract for Deed and CHDO Set-Asides, eligible homebuyers may receive loans up to \$10,000 per household for down payment and closing costs, depending on the location of the property, in the form of a 2nd- or 3rd-lien loan. Eligible homebuyers with disabilities may receive loans up to \$15,000 for down payment and closing costs, regardless of the location of the property. Eligible first time homebuyers may receive \$10,000 or 6% of the purchase price, whichever is greater, for down payment and closing costs in the form of a 2nd- or 3rd-lien loan under the American Dream Downpayment Initiative. HBA loans are to be repaid at the time of resale of the property, refinance of the first lien, or repayment of the first lien. The amount of recapture will be based on the pro-rata share of the remaining term.

At the completion of the assistance, all properties must meet the International Residential Code or the Colonia Housing Standards, if located in a colonia, and local building codes. Compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code, is also required for any applicants utilizing federal or state money administered by TDHCA in the construction of single family homes.

Excluding set-aside funds listed below, this activity will comprise approximately 20% of the HOME allocation that will be available through the Regional Allocation Formula process, approximately \$5,185,500.

HBA may be awarded through the CHDO Set-Aside, Contract for Deed Set-Aside, and American Dream Downpayment Initiative.

### ***Multifamily***

*Rental Housing Development and Preservation*. Awards for eligible applicants are to be used for the construction, acquisition, and rehabilitation of affordable multifamily rental housing. The Department will not provide funding for the refinancing and/or acquisition of affordable housing developments that were

constructed within the past 5 years. Eligible applicants include nonprofit organizations, CHDOs, units of general local government, for-profit housing development organizations, sole proprietors, and public housing authorities.

Owners are required to make housing units available to low, very low, and extremely low income families and must meet long-term rent restrictions. A standard underwriting review will be performed on applications under this activity. TDHCA will determine, based on the underwriting review, whether the award will be made as a loan or grant. Owners of rental units assisted with HOME funds must comply with initial and long-term income restrictions and must keep the units affordable for a minimum period. Housing assisted with HOME funds must, upon completion, meet all applicable local and state construction standards and building codes. Additionally, the owner and/or all future owners of a HOME-assisted rental project must maintain all units in full compliance with local, state, and federal housing codes, which include, but are not limited to, the International Residential Code and Section 504 of the 1973 Rehabilitation Act for the full required period of affordability. Terms of the loans provided under this activity are recommended by TDHCA's Real Estate Analysis Division.

The use of HOME Rental Housing Development funds will be limited to those allowable under 24 CFR part 92. Eligible expenses and activities may further be limited by TDHCA in accordance with state legislation. Rental Housing Development funds may also be used for the acquisition and/or rehabilitation (including barrier removal activities) for the preservation of existing affordable or subsidized rental housing. Refinancing of existing affordable properties is not an eligible activity.

Additionally, TDHCA will ensure that all multifamily rental housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18% of the units in developments with 50 or more units, and no more than 36% of the units in developments with less than 50 units, for persons with disabilities.

## **SET ASIDES**

TDHCA will use the following set asides to direct its funding to address federal and state legislative requirements or departmental program objectives. According to §2306.111(d-1) of TDHCA's enabling legislation, funds are not required to be allocated using a Regional Allocation Formula if funds are reserved for contract for deed conversions, set asides mandated by state or federal law, or equal not more than 10% of the total allocation of funds for the program.

### ***Administrative Expenses***

This allowable cost is for the reimbursement of costs associated with the administration of the HOME Program. Up to 4% of project dollars awarded may be provided to applicants receiving HOME funds for the cost of administering the program. For-profit organizations are not eligible to receive this fee. TDHCA retains the balance of the fee to cover the internal cost of administering the statewide program. TDHCA may utilize these funds for construction and Section 504 inspection costs as needed.

### ***American Dream Downpayment Initiative***

The American Dream Downpayment Initiative (ADDI) was signed into law on December 16, 2003, and was created to help homebuyers with down payment and closing cost assistance. ADDI aims to increase the

homeownership rate, especially among lower income and minority households, and revitalize and stabilize communities.

Under ADDI, a first time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to the purchase of a home with assistance under ADDI assistance. The term also includes displaced homemakers and single parents. The minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is \$1,000. The amount of ADDI assistance provided to any family may not exceed the greater of six percent of the purchase price of a single family housing unit or \$10,000. This assistance is in the form of a second- or third-lien loan. First time homebuyers receiving ADDI assistance will be required to participate in a homebuyer counseling course.

For PY 2006, \$1,500,000 is reserved for down payment assistance and may, at the discretion of TDHCA, include funds for rehabilitation for first time homebuyers in conjunction with home purchases assisted with ADDI funds. The rehabilitation may not exceed 20% of the annual ADDI allocation. These funds are included in the 20% allocated for HBA.

Notification of available funding will be sent to those on the TDHCA mailing list and will be posted on TDHCA's website. TDHCA promoted and discussed this initiative at the public hearings held in all 13 Uniform State Service Regions in the fall of 2005. The public hearings were held in Abilene, Arlington, Austin, Beaumont, Corpus Christi, El Paso, Houston, Lubbock, McAllen, Midland, Mt. Pleasant, San Antonio, Temple. TDHCA will work closely with the Manufactured Housing Division to create awareness of ADDI funds available to eligible first time homebuyers.

These funds are a Federally mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

### ***CHDO Set-Aside***

In response to Hurricane Rita, on October 4, 2005, HUD released a waiver suspending the 15 percent HOME CHDO set-aside requirement for PY 2005 and PY 2006 HOME allocations. TDHCA has elected to utilize a portion of this CHDO set-aside to assist disaster victims in the 28-county area impacted by the hurricane. The remaining funds from the PY 2006 CHDO set-aside, in addition to unawarded funds from prior year CHDO set-asides including PY 2005 funds and CHDO deobligated funds will be made available in December 2005 for CHDO multifamily development. This amounts to approximately \$10 million that will be made available to CHDOs on a first-come, first-served basis through a notice of funding availability. CHDO Set-Aside developments are owned, developed, or sponsored by the CHDO, and result in the development of affordable rental and homeownership units. Development includes developments that have a construction component, either in the form of new construction or rehabilitation of existing units.

If the CHDO owns the project in partnership, it or its wholly owned for-profit or nonprofit subsidiary must be the managing general partner. These organizations may apply for multifamily rental housing acquisition, rehabilitation, or new construction, as well as for the acquisition, rehabilitation, or new construction of single family housing. CHDOs can also apply for homebuyer assistance if their organization is the owner, developer, or sponsor of the single family housing project. In addition, other eligible activities under the CHDO Set-Aside include the following:

- CHDO Operating Expenses. In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity. Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50% of the CHDO's total annual operating expenses in that fiscal year or \$50,000, whichever is greater. The Department reserves the right to limit an applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.
- Predevelopment Loans. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Predevelopment loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, TDHCA may elect to waive predevelopment loan repayment, in whole or in part, if there are impediments to project development that TDHCA determines are reasonably beyond the control of the CHDO.
- Colonia Model Subdivision Loan Program. Subchapter GG of Chapter 2306, Texas Government Code, created this program to provide low-interest or possibly interest-free loans to promote the development of new, high-quality, residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. TDHCA will only make loans to CHDOs certified by TDHCA and for the types of activities and costs described under the previous section regarding CHDO Predevelopment Loans. To assist TDHCA in meeting this mandate, \$1,000,000 in HOME Program funds will be targeted to assist households described under this initiative.

These funds are a Federally mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

### **Disaster Relief**

The HUD requirement that a PJ must use 15 percent of its allocation for housing owned, developed, or sponsored by CHDOs [24 CFR 92.301(a)(1)] is suspended by HUD for the PY 2005 and PY 2006 allocations by an October 4, 2005, waiver. Therefore, TDHCA has elected to utilize a portion of these funds to assist disaster victims in the 28-county area impacted by Hurricane Rita. Approximately \$8 million of PY 2005 and PY 2006 funds will be made available through a notice of funding availability to assist homeowners rehabilitate their residences.

### ***Contract for Deed Conversions***

The 79th Legislature passed Appropriations Rider 11 to TDHCA's appropriation, which requires TDHCA to spend no less than \$4 million for the biennium on contract for deed conversions for families that reside in a colonia and earn 60% or less of the applicable area median family income (AMFI). Furthermore, TDHCA should convert no less than 400 contracts for deeds into traditional notes and deeds of trust by August 31, 2007. The intent of this program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Households served under this initiative must not earn more than 60% of AMFI and the home converted must be their primary residence. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet TDHCA's definition of a colonia.

To assist TDHCA in meeting this mandate, \$2,000,000 in PY 2006 HOME program funds will be targeted to assist households described under this initiative.

These funds are a State mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

***Persons with Disabilities (5% of Allocation)***

Subject to the availability of qualified applications, a minimum of 5 percent of annual HOME Program funds will be allocated to applicants serving persons with disabilities—approximately \$2,225,000. Eligible applicants may include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. HOME funds may be expended in a PJ, but only if it funds a rental development that serves persons with disabilities, unless otherwise approved by the Board.

In PY 2006, TDHCA will allocate \$500,000 to the Home of Your Own (HOYO) coalition for homeownership activities for persons with disabilities. The HOYO program coordinates existing homeownership services, which streamlines the process homebuyers must follow, including homebuyer counseling, down payment assistance, and architectural barrier removal. These funds may be used statewide, including in participating jurisdictions.

These funds represent less than 10% of the annual allocation and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

***Rental Housing Preservation and Rental Housing Development Programs***

TDHCA will reserve \$2,000,000 for Rental Housing Preservation and \$3,000,000 for Rental Housing Development activities from PY 2006 funding.

These funds represent less than 10% of the annual allocation and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

**SPECIAL INITIATIVES**

***Persons with Disabilities***

In addition to the set aside for persons with disabilities, TDHCA will also ensure that housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will be limited to reserving no more than 18% of the units in developments with 50 or more units, and no more than 36% of the units in developments with less than 50 units, for persons with disabilities.

***Special Needs Populations***

Subject to the availability of qualified applications, TDHCA has a goal to allocate a minimum of 20% of the annual HOME allocation to applicants serving persons with special needs. Eligible applicants include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. All HOME Program activities will be included in attaining this goal. Additional scoring criteria may be established under each of the eligible activities to assist TDHCA in reaching its goal.

## FUND DISTRIBUTION

Section 2306.111, Texas Government Code, mandates TDHCA to allocate housing funds awarded in the HOME, Housing Trust Fund, and Housing Tax Credit programs to each Uniform State Service Region using a formula developed by TDHCA.

Project funds, with the exception of the CHDO Set-Aside, Contract for Deed Conversions, Colonia Model Subdivision Loan Program, Rental Housing Preservation, and Rental Housing Development, will be awarded based on the Regional Allocation Formula utilizing the following percentage per region.

**HOME Regional, Rural, and Urban/Exurban Funding Amounts**

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/Exurban Funding Amount	Urban/Exurban Funding %
1	Lubbock	\$1,798,446	6.9%	\$1,798,171	100.0%	\$275	0.0%
2	Abilene	\$1,228,643	4.7%	\$1,195,707	97.3%	\$32,937	2.7%
3	Dallas/Fort Worth	\$2,904,962	11.2%	\$1,151,933	39.7%	\$1,753,030	60.3%
4	Tyler	\$3,555,755	13.7%	\$2,845,604	80.0%	\$710,150	20.0%
5	Beaumont	\$1,651,052	6.4%	\$1,451,420	87.9%	\$199,631	12.1%
6	Houston	\$1,823,443	7.0%	\$694,582	38.1%	\$1,128,861	61.9%
7	Austin/Round Rock	\$1,090,977	4.2%	\$531,128	48.7%	\$559,849	51.3%
8	Waco	\$1,343,077	5.2%	\$802,080	59.7%	\$540,998	40.3%
9	San Antonio	\$1,547,843	6.0%	\$872,990	56.4%	\$674,853	43.6%
10	Corpus Christi	\$2,085,896	8.0%	\$1,411,114	67.7%	\$674,782	32.3%
11	Brownsville/Harlingen	\$4,713,360	18.2%	\$3,179,318	67.5%	\$1,534,042	32.5%
12	San Angelo	\$1,567,553	6.0%	\$599,679	38.3%	\$967,874	61.7%
13	El Paso	\$616,491	2.4%	\$390,734	63.4%	\$225,757	36.6%
	Total	\$25,927,500	100.0%	\$16,924,460	65.3%	\$9,003,040	34.7%

## ELIGIBLE SERVICE AREAS

Per Section 2306.111(c), the Department shall expend at least 95 percent of HOME funds for the benefit of non-participating jurisdictions (non-PJ) areas of the state. The remaining 5 percent of HOME funds may be expended in a participating jurisdiction (PJ), but only if it funds a rental development that serves persons with disabilities, unless otherwise approved by the Board.

Activity associated with disaster relief efforts for victims of Hurricane Rita is an exception to the Section 2306.111(c) funding distribution requirement. On September 20, 2005, Governor Perry issued a proclamation as provided for under Texas Government Code §418.014. This proclamation declared areas impacted by Hurricane Rita to be a disaster area. As part of this declaration, the Governor also invoked the procedures under Texas Government Code §418.016 suspending all rules and regulations that may inhibit prompt response to this threat during the duration of the incident. TDHCA has communicated with the Governor's office that for purposes of specialized Hurricane support, suspension of Texas Government Code §2306.111 (distribution limitations) is necessary. For this waiver to remain in effect, the Governor will need to reaffirm the disaster declaration every thirty days as required by statute.

## **REVIEW OF APPLICATIONS**

All programs will be operating and announced by the release of either an open or competitive cycle Notice of Funding Availability. Applicants must submit a completed application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA and/or application guidelines. Applications containing false information and applications not received by the deadline will be disqualified. Disqualified applicants are notified in writing. All applications must be received by the Department by 5 p.m. on the date identified in the NOFA and/or application guidelines, regardless of method of delivery.

Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner. The Department will accept applications on an ongoing basis, until such date when the Department makes notice to the public that the Open Application Cycle has been closed. Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then, each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) for review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review.

Applications received by the Department in response to a Competitive Application Cycle NOFA will be reviewed for threshold and scoring criteria in accordance with the rules for application review published in the NOFA and/or application guidelines.

## **SELECTION PROCESS**

All applications for funds received under competitive funding cycles are reviewed for threshold requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Qualifying applications are funded only if the score exceeds the minimum score established in the State of Texas HOME Program rules. Applications will be recommended up to the limit of funds available per activity and region. Should an activity not have enough qualified applicants, the funds will be redirected to the next activity in the region that had a higher number of qualified applicants.

All applications received under open funding cycles will be reviewed for threshold requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Applications submitted for development activities will also receive a review for financial feasibility and underwriting. Because applications are reviewed on a "first come, first served" basis, applications will be reviewed and recommended for funding in the manner prescribed in TDHCA's Open Cycle rules at 10 TAC §53.58.

## **MATCH REQUIREMENTS**

TDHCA will provide matching contributions from several sources for HOME funds drawn down from the State's HOME Investment Trust Funds Treasury account within the fiscal year. The State sources include the following:



- 1) Loans originated from the proceeds of single family mortgage revenue bonds issued by the State. TDHCA will apply no more than 25% of bond proceeds to meet its annual match requirement.
  - 2) Match contributions from the State's Housing Trust Fund to affordable housing projects that are not HOME assisted, but that meet the requirements as specified in 24 CFR 92.219(b)(2).
  - 3) Eligible match contributions from State recipients, as specified in 24 CFR 92.220.
  - 4) Match contributions from local political jurisdictions provided through the abatement of real estate property taxes for affordable housing properties developed and owned by qualified CHDO applicants.
- Additionally, TDHCA will continue to carry forward match credit.

## DEOBLIGATED HOME PROGRAM FUNDS

When administrators have not successfully expended the HOME funds within their contract period, TDHCA deobligates the funds and pools the dollars to award applicants according to TDHCA's Deobligation Policy. TDHCA's Deobligation Policy allows for awards from deobligated funds only for the following categories: appeals from applicants that are approved by the TDHCA's Board, disaster relief applicants, special needs applicants, applicants serving the colonias, and for other eligible uses as determined by TDHCA's Board of Directors, or the Executive Director at the Board's direction.

## APPLICABLE FEDERAL AND STATE REGULATIONS

HOME funds will be distributed in accordance with the eligible activities and eligible costs listed in 24 CFR 92.205–92.209 and 10 TAC Chapter 53. All local administrators will be required to execute certifications that the program will be administered according to federal HOME regulations and State HOME Rules.

Developments receiving funding from TDHCA must comply with accessibility standards required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), as amended, and specified under 24 CFR Part 8, Subpart C. This includes a provision that a minimum of 5% of the total dwelling units or at least one unit, whichever is greater, must be made accessible for individuals with mobility impairments. An additional 2% of the total number of dwelling units or at least one unit, whichever is greater, must be accessible for individuals with hearing or vision impairments. In the event that a project does not meet the requirements of Section 504, TDHCA will consider using HOME deobligated funds for eligible Section 504 activities with the purpose of bringing noncompliant projects into compliance when appropriate and when such a request is supported by circumstances beyond the control of the administrator. This provision will not apply if Section 504 activities were included as part of the budget in contracts between TDHCA and administrators.

## THE PLANNING PROCESS AND PUBLIC PARTICIPATION

The planning process will include a review of the federal and state regulations that govern the HOME Program, the regional needs assessment, and Department goals and mandates.

The *2006 State of Texas Consolidated Plan One-Year Action Plan (Draft for Public Comment)* was available for public comment from September 19, 2005 through October 18, 2005 (a 30-day public comment period). Additionally, TDHCA held 13 public hearings in which constituents were given the opportunity to make general comments on the direction of all Department programs. During this time, citizens and organizations were encouraged to send written comment on the Plan via mail, email, or fax.

Any amendments made to the HOME Program Rules are published in the *Texas Register* for a 30-day comment period. The HOME Program also receives public comment during TDHCA Board of Directors meetings.

## MINORITY PARTICIPATION

TDHCA encourages minority employment and participation among all applicants under the HOME Program. All applicants to the HOME Program are required to submit an affirmative marketing plan as part of the application process. Additionally, TDHCA encourages applicant outreach to Historically Underutilized Businesses.

## RECAPTURE PROVISIONS UNDER THE HOMEBUYER ASSISTANCE PROGRAM

If the participating jurisdiction intends to use HOME funds for homebuyers, the guidelines for resale or recapture must be described as required in 24 CFR 92.254(a)(5).

TDHCA has elected to utilize the recapture provision under 24 CFR 92.254(a)(5)(ii) as its method of recapturing HOME funds under any Homebuyer Program the State administers.

(A) The following methods of recapture would be acceptable to TDHCA and will be identified in the down payment assistance note prior to closing:

(1) Recapture the amount of the HOME investment reduced or prorated based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available net proceeds.

(2) If the net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds) are in excess of the amount of the HOME investment that is subject to recapture, then the net proceeds may be divided proportionately between TDHCA and the homeowner as set forth in the following mathematical formulas

$$\frac{\text{HOME investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{net proceeds} = \text{HOME amount to be recaptured}$$

$$\frac{\text{homeowner investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{net proceeds} = \text{amount to homeowner}$$

(B) The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit. This is also the amount upon which the affordability period is based. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development subsidy). The recaptured funds must be used to carry out HOME-eligible activities. If HOME funds were used for development subsidy and therefore not subject to recapture, the resale provisions at 24 CFR 92.254(a)(5)(i) apply.

(C) Upon recapture of the HOME funds used in a single family homebuyer project with more than one unit, the affordability period on the rental units may be terminated at the discretion of TDHCA.

In certain instances, TDHCA may choose to utilize the resale provision at 24 CFR 92.254(a)(5)(i) under any homebuyer program the State administers.

(A) The following method of resale would be acceptable to TDHCA and will be identified in the down payment assistance note prior to closing:

- (1) Resale requirements must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low or very low income family and will use the property as its principal residence.
  - (2) The resale requirement must also ensure that the price at resale provides the original HOME-assisted owner a fair return on investment (including the homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to a reasonable range of low or very low income homebuyers.
  - (3) The period of affordability is based on the total amount of HOME funds invested in the housing.
- (B) Except as provided in paragraph 24 CFR 92.254(a)(5)(i)(B), deed restrictions, covenants running with the land, or other similar mechanisms must be used as the mechanism to impose the resale requirements.
- (1) The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD.
  - (2) The participating jurisdiction may use purchase options, rights of first refusal, or other preemptive rights to purchase the housing before foreclosure in an effort to preserve affordability.
  - (3) The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event obtains an ownership interest in the housing.
  - (4) In the event of the above termination events, the HOME investment that is subject to recapture is based on the amount of available net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds), if any, from the sale.
  - (5) If the net proceeds are insufficient to repay the loan and the homebuyer's down payment and any capital investment, the homebuyer's investment is paid in full first from the available proceeds from the resale and the loan repaid to the extent that proceeds are available.
  - (6) If there are no net proceeds, repayment of the loan is not required.
  - (7) Any net proceeds in excess of homebuyer's investment and the amount to be repaid under the loan are paid to the seller of the property.

## **FORECLOSURES UNDER THE MULTIFAMILY RENTAL HOUSING DEVELOPMENT PROGRAMS**

If the property becomes the subject of a foreclosure proceeding that results in the sale of part or all of the property, all sums in excess of those paid to superior lien holders shall be paid to TDHCA to apply to the outstanding balance under the loan. If there are insufficient funds to pay off the loan, TDHCA may, at its own discretion, waive the payment of any or all of the outstanding loan balance.

The Department also plans to utilize HOME funds for the management and administration of properties that have been foreclosed upon by the Department as a superior lien holder. These funds will be taken from the 10% in HOME funds available to the Department for administration of its programs.

## **OTHER FORMS OF INVESTMENT**

If a participating jurisdiction intends to use other forms of investment not described in §92.205(b), a description of the other forms of investment must be provided.

The State is not proposing to use any form of investment in its HOME Program that is not already listed as an eligible form of investment in 24 CFR 92.205(b).

## **REFINANCING DEBT**

If the State intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR § 92.206(b).

The Department may use HOME funds to refinance existing debt secured by multifamily and single family housing that is being rehabilitated with HOME funds as described in 24 CFR § 92.206(b). The Department shall use its underwriting and evaluation standards for refinanced properties in accordance with its administrative rules.

**HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS 2006 ACTION PLAN -  
PENDING FINAL APPROVAL FROM DSHS BOARD**

## **OTHER ACTIONS**

The following section lists other actions taken by the State to fulfill the consolidated planning requirements concerning the provision of affordable housing. For a complete account of all of the State's actions, please also consult the program statements for the formula grants in the previous section as many of the formula grants also address the issues listed below.

### **COMPLIANCE MONITORING**

It is one of the functions of the Portfolio Management and Compliance Division to oversee the development and enforcement of compliance procedures to ensure that program requirements are met. This monitoring is accomplished through participation in program development, technical assistance, and field visits. Compliance staff are responsible for monitoring occupancy requirements established in restrictive use agreements. Examples are, but not limited to, monitoring occupancy requirements of the Housing Tax Credit Program in accordance with Section 42, monitoring income eligibility and tenure of affordability in the HOME Program, and monitoring income and rent eligibility for the Housing Trust Fund and Private Activity Bonds. The Compliance Division is also responsible for the post-construction or post-rehabilitation monitoring of multifamily properties.

### **HOUSING TAX CREDIT (HTC) PROGRAM**

The HTC Program directs private capital toward the creation of affordable rental housing by providing financial incentives to nonprofit and for-profit developers of multifamily housing. Interested persons should obtain a copy of the *Housing Tax Credit Qualified Allocation Plan and Rules (QAP)* for a more detailed description of the program. A number of other descriptive documents are available on TDHCA's web site at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us).

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons	X	
Homelessness prevention	X	
Special needs of homeless persons	X	
Meeting underserved needs	X	
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards	X	
Reduce the number of poverty-level families	X	
Develop institutional structure	X	
Enhance coordination between public and private housing and social service agencies	X	
Foster public housing resident initiatives	X	

### **EMERGENCY SHELTER AND TRANSITIONAL HOUSING NEEDS OF HOMELESS PERSONS**

The HTC Program, by providing financial incentives to nonprofit and for-profit developers of transitional housing, addresses some needs of homeless persons.

#### ***Homelessness Prevention***

The HTC Program awards points toward allocations for projects designed solely as transitional housing for homeless persons with supportive services designed to assist tenants in locating and retaining

permanent housing. The program's selection criteria awards points to developments in danger of foreclosure, with consequent loss of affordable rental units. Maintaining the affordability of these developments aids in preventing the homelessness of the tenants.

### ***Special Needs of Homeless Persons***

The program awards points to encourage the development of projects specifically for homeless persons and that provide appropriate supportive services for this population.

### ***Meeting Underserved Needs***

The program awards points and sets priorities to encourage developments that serve the groups with the most need. Through the QAP's selection criteria, TDHCA provides preferences to applications that:

- are located in underserved areas where the federal, state, or local government is trying to encourage development;
- supply housing in areas with the greatest need for affordable housing; and
- provide units for tenants at lower income levels.

### ***Foster and Maintain Affordable Housing***

The fundamental purpose of the HTC Program is fostering and maintaining affordable housing. The QAP's scope states the following:

*"TDHCA shall administer the program to encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, accessible, affordable rental housing in the private marketplace; maximize the number of suitable, accessible, affordable residential rental units added to the state's housing supply; prevent losses for any reason to the state's supply of suitable, accessible, affordable residential rental units by enabling the rehabilitation of rental housing or by providing other preventive financial support; and provide for the participation of for-profit organizations and provide for and encourage the participation of nonprofit organizations in the acquisition, development, and operation of accessible affordable housing developments in rural and urban communities."*

### ***Remove Barriers to Affordable Housing***

This activity is indirectly addressed by building developments that are comparable to market-rate properties in construction and amenities. Furthermore, overcoming the local opposition to affordable housing through education is addressed in HTC literature. The HTC Program also encourages its developers to accept tenants on the waiting lists of public housing authorities. Points are awarded for marketing HTC projects to such tenants.

### ***Reducing Lead-Based Paint Hazards***

TDHCA's HTC Program requires an environmental site assessment (ESA) as part of the application package. Such an assessment accounts for all environmental hazards, including lead-based paint. The engineers performing ESAs have a very high level of awareness of the lead-based paint issue because of the prevalence of the problem.

***Reducing the Number of Poverty-Level Families***

This issue is addressed by the provision of supportive tenant services that would not normally be available to the resident. By awarding selection criteria points, the QAP encourages the provision of supportive services that can often assist families in raising their income level and financial knowledge. Examples of such services include job training, money management classes, adult education, health and nutritional courses, credit counseling, and homeownership training.

***Developing Institutional Structure***

Though not explicitly addressed, the existence of the program’s Nonprofit Set-Aside and points given for nonprofit participation encourage the proliferation of nonprofits. Program provisions are known to have resulted in the creation of a very small number of nonprofits in past allocation years.

***Enhancing Coordination between Public & Private Housing and Social Service Agencies***

The provision of supportive services is encouraged by the awarding of points for such services in the QAP. Supportive services are frequently a part of tax credit developments. The HTC Program facilitates the construction of affordable housing by both public and private entities. The program oversees the dispersion of properties built with tax credits in consideration of the location of all affordable housing developments, including projects that are not associated with the tax credit program.

***Fostering Public Housing Resident Initiatives***

Public housing resident initiatives are implicitly addressed in the QAP, which provides points to owners who enter into an agreement to sell a tax credit development to a tenant organization. As a result of the provision, a very small number of owners have submitted applications including proposals to establish tenant organizations for the purpose indicated.

**HOUSING TRUST FUND**

The Housing Trust Fund (HTF) is the only State-funded program dedicated to the development of affordable housing. The program provides funding to finance, acquire, rehabilitate, and develop affordable, decent, safe, and sanitary housing for low, very low, and extremely low income persons and families. Included in these categories are persons with special needs (i.e., homeless, elderly, persons with disabilities, and persons with HIV/AIDS).

Local units of government, public housing authorities, community housing development organizations (CHDO), nonprofit organizations, or for-profit entities are eligible to apply for funding under this program.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons	X	
Homelessness prevention		X
Special needs of homeless persons	X	
Meeting underserved needs	X	
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards	X	
Reduce the number of poverty-level families		X
Develop institutional structure	X	
Enhance coordination between public and private housing and social service agencies	X	



Foster public housing resident initiatives		X
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### ***Emergency Shelter and Transitional Housing Needs of Homeless Persons***

Under HTF, funding for the acquisition, new development, or rehabilitation of transitional housing for the homeless is an eligible activity.

The Department has reserved approximately \$1.8 million in HTF funding for the purpose of supporting disaster relief efforts in fiscal year 2006. The Department's Board approved the use of HTF funds for this purpose in September 2005. Further details about the disaster relief program will be forth coming in January 2006. Additional funding may be approved for this activity.

### ***Special Needs of Homeless Persons***

The homeless are considered a special needs group under the HTF. Additionally, HTF requires applicants to list the types of services or programs that will be available to residents whose homes were assisted with HTF dollars. Examples of these services are job training, childcare, counseling, and meal services. These types of services can be crucial in reducing the number of poverty-level families. This raises the consciousness of applicants with regard to the importance of these services and serves to enhance coordination between public and private housing and social service agencies.

### ***Meeting Underserved Needs***

The program provides funding to finance, acquire, rehabilitate, and develop affordable, decent, safe, and sanitary housing for low, very low, and extremely low income persons and families. Included in these categories are persons with special needs (i.e., homeless, elderly, persons with disabilities, and persons with HIV/AIDS). HTF strives for a broad geographic distribution of projects, with a focus on rural, underserved areas. For HTF funded rental developments:

- single family affordable housing must be made accessible to persons with disabilities in accordance with §2306.514 of the Texas Government Code; and
- multifamily housing units must have a minimum of 5 percent of the units accessible for individuals with mobility impairments and an additional 2 percent of the units shall be accessible for individuals with hearing or vision impairments.

### ***Fostering and Maintaining Affordable Housing***

Through its funding activities, HTF preserves affordable housing stock and creates new affordable housing. Through this process, HTF works to meet the underserved housing needs of Texans. HTF provides affordable housing assistance through other program activities as well.

HTF's Capacity Building Program has enhanced the ability of nonprofit organizations to develop affordable housing by providing training in real estate development, construction management, property management, and housing finance.

HTF's Predevelopment Loan Fund has provided organizations with funding for predevelopment expenses. For many organizations, the up-front costs associated with the development of affordable housing provide a significant barrier. By awarding predevelopment funding to nonprofits that demonstrate the capacity to develop affordable housing, this cost barrier can be reduced or eliminated.

***Removing Barriers to Affordable Housing***

This activity is indirectly addressed by building developments that are comparable to market rate properties in construction and amenities.

***Reducing Lead-Based Paint Hazards***

Developments assisted with HTF funds are required to address the issue of lead-based paint. Program requirements state that applicants are to provide a Phase One environmental survey on all proposed new development or rehabilitation. The Phase One survey is required to contain both lead-based paint and asbestos components to identify any potential hazards for residents. If these materials are found on the property, the owner is required to submit a plan for either the removal or containment of the substance prior to work proceeding.

***Developing Institutional Structure***

In 2005, the Housing Trust Fund provided approximately \$400,000 in grant funding to 12 nonprofits to hire staff or contract with technical assistance providers in an effort to increase the organizational capacity and the production of affordable housing. The Capacity Building program is not subject to the regional allocation plan since it represents less than 10% of the annual Housing Trust Fund allocation.

Approval for the fiscal year 2006 Capacity Building program is pending final review from the Department's Board in January, 2006.

***Enhancing Coordination between Public and Private Housing and Social Service Agencies***

Rewarding applicants for providing tenant services raises the consciousness of applicants with regard to the importance of these services and serves to enhance coordination between public and private housing and social service agencies.

**MULTIFAMILY BOND PROGRAM**

TDHCA's Multifamily Bond Program provides the State with the opportunity to increase the affordable housing stock at no cost or liability to the State. The programs allow for financing of affordable multifamily housing through private investment rather than through the use of public funds.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention		X
Special needs of homeless persons		X
Meeting underserved needs		X
Foster and maintain affordable housing	X	
Remove barriers to affordable housing		X
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families		X
Develop institutional structure		X
Enhance coordination between public and private housing and social service agencies		X
Foster public housing resident initiatives		X

### ***Fostering and Maintaining Affordable Housing***

The Multifamily Bond Program provides long-term variable or fixed-rate financing to nonprofit and for-profit developers of new or existing multifamily rental properties to generate and/or preserve affordable rental housing. TDHCA may finance individual multifamily developments or pools of properties located throughout the state. Under the program, developers agree to set aside a prescribed percentage of a property's units for rent to persons and families of low, very low, and moderate income, as well as to persons with special needs. TDHCA finances properties under the program through the sale of mortgage revenue bonds.

### **SINGLE FAMILY BOND PROGRAMS**

These programs are for the purchase of single family homes by first time homebuyers. The Single Family Bond Program is designed to assist very low, low, and moderate income families.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention		X
Special needs of homeless persons		X
Meeting underserved needs		X
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families		X
Develop institutional structure		X
Enhance coordination between public and private housing and social service agencies		X
Foster public housing resident initiatives		X

### ***Fostering and Maintaining Affordable Housing***

Single family lending fosters affordable housing primarily through administration of the Mortgage Revenue Bond (MRB) First Time Homebuyer Program. This program channels low-interest mortgage money through participating Texas lenders to eligible families who are either purchasing their first home or who have not owned a home within the preceding three years.

### ***Removing Barriers to Affordable Housing***

Single family programs assist in overcoming barriers to mortgage financing by offering down payment assistance programs. Qualified individuals and families (115% or less of AMFI) may receive grants or zero-percent subordinate financing to cover down payment and allowable closing costs. This financing lowers the overall monthly housing obligation expense and overcomes the "lack of funds" hurdle typically faced by low to moderate income households.

### **ENERGY ASSISTANCE PROGRAMS**

The Weatherization Assistance Programs and Comprehensive Energy Assistance Program provide housing-related assistance by reducing energy expenses and energy consumption through assistance with utility payments and weatherization. Both programs are federally funded.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention	X	
Special needs of homeless persons		X
Meeting underserved needs	X	

*OTHER ACTIONS*

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Foster and maintain affordable housing		X
Remove barriers to affordable housing		X
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families	X	
Develop institutional structure		X
Enhance coordination between public and private housing and social service agencies	X	
Foster public housing resident initiatives		X

***Homelessness Prevention***

A number of studies have shown that high energy costs contribute to home abandonment. Reducing energy consumption and increasing energy affordability through the Weatherization Assistance Program (WAP) and the Comprehensive Energy Assistance Program (CEAP) allows households to meet their overall housing expenses.

***Meeting Underserved Needs***

Community assessments conducted by community action agencies (CAAs) indicate that energy assistance programs are greatly needed in low income areas. In some areas, TDHCA programs may be the only energy assistance programs available.

***Reduce the Number of Poverty-Level Families***

CEAP takes a case management approach to energy assistance by which the program addresses the underlying contributing causes to energy induced hardship. Often this involves enrolling clients in education, training, and employment programs.

***Enhance Coordination between Public and Private Housing and Social Service Agencies***

The energy assistance program deals with many housing issues in an indirect manner through its involvement in a number of partnership programs with investor-owned utilities in the provision of weatherization services.

**OFFICE OF COLONIA INITIATIVES**

The Office of Colonia Initiatives (OCI) was created and charged with the responsibility of coordinating all colonia initiatives and managing portions of TDHCA's existing programs targeted to colonias. All of the assistance provided by OCI is designed for border communities and/or colonia residents. A colonia is defined as a geographic area located within 150 miles of the Texas-Mexico border that has a majority population composed of individuals and families of low, very low, and extremely low income who lack safe, sanitary, and sound housing together with basic services such as potable water, adequate sewage systems, drainage, streets, and utilities.

	Applicable	Not Applicable
Emergency shelter and transitional housing needs of homeless persons		X
Homelessness prevention		X
Special needs of homeless persons		X
Meeting underserved needs	X	
Foster and maintain affordable housing	X	
Remove barriers to affordable housing	X	
Reduce lead-based paint hazards		X
Reduce the number of poverty-level families		X

Develop institutional structure	X	
Enhance coordination between public and private housing and social service agencies	X	
Foster public housing resident initiatives		X

### ***Meeting Underserved Needs***

OCI meets the need of underserved populations by virtue of the programs' geographical area and by focusing on extremely low and very low income households (at or below 60% of AMFI) that are exceptionally prone to poverty.

### ***Fostering and Maintaining Affordable Housing***

OCI fosters affordable housing through the Texas Bootstrap Loan Program created by the 76th Texas Legislature to promote and enhance homeownership for very low income Texans by providing loan funds to purchase or refinance real property on which to build new residential housing or improve existing residential housing. This program is specifically designed to promote self-help construction methods and allow residents to build their own homes.

Another method used to foster affordable housing is the Contract for Deed Conversion Program, whereby eligible residents can apply to convert their existing contract for deed into a traditional note and deed of trust. This allows residents to begin to build equity on their property and use their property as collateral for securing a construction/rehabilitation loan.

Additionally, the intent of the Colonia Model Subdivision Loan Program is to provide low-interest loans for the development of new, high-quality, residential subdivisions that provide alternatives to substandard colonias.

### ***Removing Barriers to Affordable Housing***

There are presently seven counties (El Paso, Webb, Starr, Hidalgo, Maverick, Val Verde, and Cameron/Willacy) with Colonia Self-Help Centers. These centers provide technical assistance in housing finance and rehabilitation, new construction, surveying and platting, construction skills, tool libraries, credit and debt counseling, grant preparation, infrastructure construction and access, consumer education, and other improvements.

Additionally, OCI has created a Colonia Resident Advisory Committee that advises TDHCA regarding the needs of colonia residents, as well as programs and activities operated through the self-help centers. Other examples of barrier removal include obtaining a waiver from HUD allowing for the use of a new set of housing standards for Texas' colonias. This set of minimum standards, known as the Colonia Housing Standards (CHS), was adopted by HUD and FHA to insure loans in the colonias. The new standards provide basic, safe, sanitary, and structurally sound housing needed to alleviate the existing health risks in the areas. OCI has also developed and implemented a consumer education program for residents purchasing residential property under a contract for deed. This program provides valuable information on the rights and responsibilities of purchasing residential property under a contract for deed vs. a traditional note and deed of trust.

### ***Developing Institutional Structure***

OCI oversees three Border Field Offices (BFOs) located in Edinburg, El Paso, and Laredo that serve a 75-county area with a primary purpose to provide technical assistance to units of local governments, nonprofits, for-profits, colonia residents, and the general public on Department's programs and services through on-site visits and other outreach activities along the Texas-Mexico border region. Each BFO is responsible for marketing Department programs and services to colonia and border residents. In addition, BFOs conduct on-site loan packaging and processing, homebuyer counseling, inspections, and administration of the various contracts regarding the Department's border and colonia initiatives such as the Colonia Self-Help Centers, Contract for Deed Conversion Program, and the Texas Bootstrap Loan Program. This collaboration of efforts serves as a mechanism for improving developing institutional structures that are responsive to the needs of colonia residents.

### ***Enhancing Coordination between Public and Private Housing and Social Service Agencies***

Through the Texas Border Infrastructure Group, chaired by the Secretary of State's Office, OCI created *The Border Resource Guide* containing up-to-date program funding information for federal, state, local, and bi-national organizations. *The Border Resource Guide* is distributed throughout the Texas-Mexico border to assist organizations and inform them of funding opportunities.

Another effort managed by OCI includes the operation of three Border Field Offices located in Edinburg, Laredo, and El Paso. Through the efforts of border field representatives, coordination and communication between public and private agencies is maintained. Technical support is provided to organizations needing assistance in accessing department resources and/or seeking funding opportunities.

## **TEXAS DEPARTMENT OF STATE HEALTH SERVICES (DSHS)**

During 2006, DSHS anticipates the following other activities:

- DSHS is implementing a new activity as allowed under 24 CFR 574.300 for Supportive Services. These services will be limited primarily to case management and the purchase of smoke detectors for HOPWA clients.
- Based on statewide stakeholder meetings held during the Fall of 2005, DSHS will implement changes to the current Administrative Agency structure. Due to diminishing funding, the state may make changes to maximize our HIV client services dollars.
  - DSHS will provide additional guidance to Administrative Agencies and Project Sponsors on HOPWA administrative caps, and implement corrective action where needed. The State and the Administrative Agencies combined may not use more than 3% of the overall grant award for costs relating to grant administration, as defined at 24 CFR 574.3. Project Sponsors carrying out HOPWA activities through the state program may not use more than 7% of the amounts they receive for administrative costs (see 24 CFR Section 574.300(b)(10)(i)-(ii)). Administrative costs are defined as "costs for general management, oversight, coordination, evaluation, and reporting on eligible activities. Such costs do not include costs directly related to carrying out eligible activities, since these costs are eligible as part of the activity delivery costs of such activities."
  - DSHS will implement changes to funding of certain Administrative Agencies and Project Sponsors in compliance with OMB Bulletin No. 03-04, *Revised Definitions of Metropolitan Statistical Areas, New Definitions of Metropolitan Statistical Areas and Combined Statistical Areas and Guidance on Uses of the Statistical Definitions of These Areas*, as indicated in the following table:

HOPWA FORMULA JURISDICTIONS		Changes in Service Areas Using New MSA Definitions, Including Divisions	
NAME OF HOPWA GRANTEE FOR THE METROPOLITAN STATISTICAL AREA (MSA) OR DIVISION	Counties Added to Prior Service Area	Counties Cut From Prior Service Area	
TEXAS	Henderson & Hood	Atascosa, Austin, Bandera, Brazoria, Delta, Galveston, Kendall, Medina, San Jacinto, & Wise	
AUSTIN-ROUND ROCK, TX			
DALLAS-PLANO-IRVING, TX DIVISON	Delta	Henderson	
FORT WORTH-ARLINGTON, TX DIVISON	Wise	Hood	
HOUSTON-BAYTOWN-SUGAR LAND, TX	Austin, Brazoria, Galveston & San Jacinto		
SAN ANTONIO, TX	Atascosa, Bandera, Kendall & Medina		

Note: This table is an excerpt from a table published in the US Department of Housing and Urban Development publication CPD-03-11.

- HOPWA Administrative Agencies and Project Sponsors will be responsible for implementing the new Outcome Performance Measurement system beginning 02/01/06–01/31/07. For additional details about the proposed Outcome Performance Measurement System, please reference Federal Register/Vol. 70, No. 111/Friday, June 10, 2005/Notices.

## SUMMARY OF PUBLIC COMMENT

The Plan was made available for public comment from September 19, through October 18, 2005. Comment was accepted in writing and at 13 Consolidated hearings held across the state. Approximately 97 individuals attended the public hearings held in the following cities: Abilene, Arlington, Austin, Corpus Christi, Crockett, El Paso, Houston, Lubbock, McAllen, Midland, Mt. Pleasant, San Antonio, and Temple.

The comments summarized below were received during the public hearings or submitted in writing. To review hearing transcripts, contact TDHCA's Division of Policy and Public Affairs at 512-475-3976.

## GENERAL COMMENTS RECEIVED DURING THE PUBLIC COMMENT PERIOD THAT COULD AFFECT THE HOME PROGRAM

### *Comment: Disaster Relief Policy Development*

A few comments were provided on issues to consider in developing disaster relief programs. These included both using rental assistance for short-term help and rental development funding to increase the available housing supply.

*"...I would strongly encourage...lifting that requirement of home funds not being used in the participating jurisdictions. You've got to lift that, because that's where all the Katrina evacuees are. There's very few in the rural areas. They are inner-city folks who have relocated. They'd like to continue to be close to inner-city folks, and we have a lot of that in this area, and every city does. Unfortunately what's going to end up happening is a higher level of blighted living conditions unless money is infused. You could use TBRA vouchers, the HOME Program TBRA vouchers, on a temporary basis. Many of these folks are going to return home. Many may go someplace else, so the TBRA voucher, I would think, would be a good, short-term utilization for housing.*

*Secondly, if you've got some other funding source available such as through the Housing Trust Fund, perhaps that could go into your bricks and sticks, your actual building of additional housing stock, because we are going to see in Corpus Christi -- I guarantee you we're going to run up against, There ain't no more housing, or there is no more housing in Corpus Christi that not only the Katrina evacuees but our local folks who have been on waiting lists for so, so long with the public housing, with Section 8 housing."*

*"The City of Corpus Christi is an entitlement -- has entitlement HOME allocation, CDBG and ESG. Many times those dollars had to be spread out amongst -- what? -- 30, 40 agencies. They may have good programs, but there's not enough money...I believe that the State of Texas should (consider sharing resources for entitlement areas for) disaster-related activit(ies). We're talking about a housing stock that needs to be brought up to standards. We're talking about a nonexistent housing stock for emergency shelter type of activity for those evacuees. Lets us(e) some of these dollars to build ...apartments... We're talking about an 18-month period here, so if the State could redirect some of those dollars to this effort that we're having locally here... We could probably do a lot of good stuff, good things. So I'm suggesting,...like a million dollars, you know, for example. Right. Sure. It's a lot of money. But still there's a need out there. We talk about 130 families still without shelter, without homes, and we don't want to (re)place it with the homeless situation."*

#### ▪ Department Response

The Department has received a number of state and federal waivers that allow it to more effectively use its HOME funds for Disaster relief.



The following revision was made to allow funding in PJs for Hurricane Rita disaster relief.

*“Activity associated with disaster relief efforts for victims of Hurricane Rita is an exception to the Section 2306.111(c) funding distribution requirement. On September 20, 2005, Governor Perry issued a proclamation as provided for under Texas Government Code §418.014. This proclamation declared areas impacted by Hurricane Rita to be a disaster area. As part of this declaration, the Governor also invoked the procedures under Texas Government Code §418.016 suspending all rules and regulations that may inhibit prompt response to this threat during the duration of the incident. TDHCA has communicated with the Governor's office that for purposes of specialized Hurricane support, suspension of Texas Government Code §2306.111 (distribution limitations) is necessary. For this waiver to remain in effect, the Governor will need to reaffirm the disaster declaration every thirty days as required by statute.”*

The following revisions to the CHDO set aside description and the addition of a Disaster Relief set aside were made to allow CHDO funds to be used for Hurricane Rita disaster relief.

### ***“CHDO Set-Aside***

*In response to Hurricane Rita, on October 4, 2005, HUD released a waiver suspending the 15 percent HOME CHDO set-aside requirement for PY 2005 and PY 2006 HOME allocations. TDHCA has elected to utilize a portion of this CHDO set-aside to assist disaster victims in the 28-county area impacted by the hurricane. The remaining funds from the PY 2006 CHDO set-aside, in addition to unawarded funds from prior year CHDO set-asides including PY 2005 funds and CHDO deobligated funds will be made available in December 2005 for CHDO multifamily development. This amounts to approximately \$10 million that will be made available to CHDOs on a first-come, first-served basis through a notice of funding availability. CHDO Set-Aside developments are owned, developed, or sponsored by the CHDO, and result in the development of affordable rental and homeownership units. Development includes developments that have a construction component, either in the form of new construction or rehabilitation of existing units.*

*If the CHDO owns the project in partnership, it or its wholly owned for-profit or nonprofit subsidiary must be the managing general partner. These organizations may apply for multifamily rental housing acquisition, rehabilitation, or new construction, as well as for the acquisition, rehabilitation, or new construction of single family housing. CHDOs can also apply for homebuyer assistance if their organization is the owner, developer, or sponsor of the single family housing project. In addition, other eligible activities under the CHDO Set-Aside include the following:*

- *CHDO Operating Expenses. In accordance with 24 CFR 92.208, up to 5 percent of the Department's HOME allocation will be used for the operating expenses of CHDOs. The Department may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity. Award amount for CHDO Operating Expenses shall not exceed in any fiscal year 50% of the CHDO's total annual operating expenses in that fiscal year or \$50,000, whichever is greater. The Department reserves the right to limit an applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses.*
- *Predevelopment Loans. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Predevelopment loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, TDHCA may elect to waive predevelopment loan repayment, in whole or in part, if there are impediments to project development that TDHCA determines are reasonably beyond the control of the CHDO.*

- *Colonia Model Subdivision Loan Program. Subchapter GG of Chapter 2306, Texas Government Code, created this program to provide low-interest or possibly interest-free loans to promote the development of new, high-quality, residential subdivisions that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. TDHCA will only make loans to CHDOs certified by TDHCA and for the types of activities and costs described under the previous section regarding CHDO Predevelopment Loans. To assist TDHCA in meeting this mandate, \$1,000,000 in HOME Program funds will be targeted to assist households described under this initiative.*

*These funds are a Federally mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code."*

#### *Disaster Relief*

*The HUD requirement that a PJ must use 15 percent of its allocation for housing owned, developed, or sponsored by CHDOs [24 CFR 92.301(a)(1)] is suspended by HUD for the PY 2005 and PY 2006 allocations by an October 4, 2005, waiver. Therefore, TDHCA has elected to utilize a portion of these funds to assist disaster victims in the 28-county area impacted by Hurricane Rita. Approximately \$8 million of PY 2005 and PY 2006 funds will be made available through a notice of funding availability to assist homeowners rehabilitate their residences.*

Additionally, TDHCA has reserved \$1.8 million of the Housing Trust Fund for this purpose.

*The Department has reserved approximately \$1.8 million in HTF funding for the purpose of supporting disaster relief efforts in fiscal year 2006. The Department's Board approved the use of HTF funds for this purpose in September 2005. Further details about the disaster relief program will be forth coming in January 2006. Additional funding may be approved for this activity.*

#### **Comment: Transportation Issues**

A few comments were provided on the need to provide incentives to ensure that rental developments are built in areas that have good access to public transportation.

*"While you're not directly involved...with the ability to extend the transit system, I think that that is something that is -- that just further defines where people will have to find homes or residences."*

*"It's true all around Corpus Christi, that transportation is very, very critical for a lot of folks that are transit-dependent; they don't have cars. When you give credit for transportation on your applications, one of the things I've noticed is people have a choice of taking that 5 points there or 5 points over here. Very often when they're looking at people with disabilities, what they think most likely many of them, the developers think, Well, let's see; these people use special transit services, so therefore, having a bus stop may not be that important. I can get another 5 points over here. So the incentive may not truly be incentivizing the developers to put developments near transportation outlets. People with disabilities can use regular transportation if it's accessible. They don't need to have special transit services. The primary reason they have that is because there is no public transportation that is accessible or the sidewalks aren't accessible or whatever, whatever, on and on. But I think as you look at incentives, realize that it may not fully cover what the reality is that's going on."*

- **Department Response**  
Given the competitive nature of the programs it is thought that the selection criteria points provide an incentive for applicants to consider transportation and a variety of other area amenities when choosing sites. No changes to the One Year Action Plan are suggested.

### **Comment: Public Comment Administration**

A couple of general comments were made on the process and scheduling of the public comment period and Departmental responses.

*"I think that having a face-to-face contact with the people who not only run the programs but also write them, the procedures and the policies, is great. It's really very good. It's very reassuring. I think that we need to follow on the next phase. How can we get some feedback as to whether some of these comments get anyplace? What's the chances of getting some of these policies and procedures changed, and what do we need to do, particularly for organizations like ours that -- we're an advocate organization, and we are committed to see that these programs reach the populations that we serve. So it's very important for us to know what feedback we can get, and hopefully that these will be not only the first contact, but maybe some community roundtables, some further discussion, so that together we can find some solutions to these very, very severe crises that we're facing and the people we serve face."*

*"...Many of the programs...directly affect the county. Not necessarily the city of El Paso, because the city of El Paso is an entitlement area, and they receive their funds directly. And maybe for the next time we have these hearings, we should do these hearings out there in the county. Maybe the city of Socorro or other areas that are directly affected by your funding in the programs...I speak for many nonprofits that are out there, and that sometimes transportation is an issue, and I know for many residents that should be benefiting from these programs, transportation is a big issue."*

- **Department Response**

TDHCA continues to refine the public comment process. As was done last year, the public hearing transcripts were posted to a "TDHCA Consolidated Public Hearings" page on the TDHCA website. Additionally, all written comment was scanned and posted to the site as well. This year, a comment tracking table was added so commenters could more easily verify that their comments had been received. The table contained the source of each comment, the comment topic, and the number of the document on the website that contained the comment. For all of the items taken for public comment, TDHCA provides reasoned responses to each comment.

In 2006, TDHCA will research the possible use of telephone and video conference technology to help provide effective and ongoing interaction across the state. This will be of increasing importance given the increasing costs of transportation. No changes to the One Year Action Plan are suggested.

### **Comment: Fair Housing**

A comment was made as to the need to increase affirmatively furthering fair housing efforts.

*"We're a civil rights, nonprofit organization that's funded by HUD to affirmatively further fair housing. We work along the U.S.-Mexico border; we cover the four border states. In El Paso we have our main office, and we'll be opening an office in McAllen next year, and one in New Mexico the end of this year. Our main focus is to -- and mission is to promote fair housing, to enforce our fair housing laws. And the border faces a lot of discrimination. Believe it or not, the last 14 months we've investigated close to 38 fair housing complaints. Just yesterday we got a charge on an individual that was discriminating using CDBG funds. He used close to \$430,000 to rehab a property, and he was discriminating against families with children. That's happening every day along the U.S.-Mexico border. Under federal law, every agency that receives federal funds, like the HOME Program and CDBG they're required to affirmatively further fair housing. And to comply with this requirement, an agency may go from doing a poster contest to actual funding programs of enforcement or education and outreach. Before coming here, I contacted the TDHCA and ORCA to see exactly what they're*

*doing to -- for the fair housing. And they've been participating in community affairs, they've been distributing information, which is good. But it's more than that, it's more than educating the public. People know their rights, but what's going to happen next, who's going to enforce the law? We're the only enforcement agency, between Arizona and Brownsville, within 150 miles from the border. So our resources are limited. In the State of Texas, ORCA and TDHCA need to allocate funding to enforce these laws. It's very unfortunate that people that are receiving federal funds to open up opportunities for affordable housing are doing the opposite."*

▪ Department Response

TDHCA will be working to update its affirmative housing plan in 2006. This process will involve a committee of interested parties to help provide guidance. At the time this process begins, an invitation to participate on this committee will be offered to a wide variety of organizations such as the commentator. No changes to the One Year Action Plan are suggested.

***Comment: Policies to Assist Persons with Disabilities***

One commenter provided a number of suggestions on policies to improve the provision of assistance to persons with disabilities.

*"...The lack of accessible affordable housing for people with disabilities has always been a major barrier to independence...We have four major recommendations (to assist with this issue).*

*First of them is for creation of a program to provide housing and utility deposit assistance for people with disabilities on a cross-disability basis. Currently, that is available only through HOPWA....All persons with disabilities can benefit from programs that will permit them to obtain or retain permanent housing. Having programs in place with deposits will give more people the opportunity to live independently in the community.*

*We would direct all TDHCA funds to banks and other financial institutions that have proven active in community reinvestment and development efforts, not just based on size. TDHCA can take a more proactive role in community development and rehabilitation if they reward both big and small banks that work to support their communities rather than just to enrich themselves.*

*We support the development of pilots throughout the state for land reassembly and redevelopment, similar to Houston, and an urban homesteading pilot program...Programs that permit tax delinquent properties and land to be occupied serve the public interest more effectively than leaving the properties as uncared for vacant eyesores. Using land banking and allowing people to obtain permanent housing through homesteading will create more stable, vibrant neighborhoods to benefit all Texans.*

*We ask for use of community block development grants and other HUD monies to assure wheelchair accessibility to emergency shelters and facilities. There are no shelters in this area that identify themselves as wheelchair accessible. While many organizations would like to have access, they have limited funds for anything not related to daily operation. After Hurricane Katrina and then, with Hurricane Rita, people with disabilities were shoveled into nursing homes and assisted living facilities. If the temporary shelters were available, it would be easier for evacuees to move into the community. Now that these individuals are in institutions, they will have to prove that they do not belong in such restrictive environments."*

▪ Department Response

Currently, TDHCA does not have funding available for pilot programs for special purposes like land banking, community development activities, and renter assistance deposits. Funding from the

Emergency Shelter Grants Program could be used to help address facility accessibility issues. No changes to the One Year Action Plan are suggested.

## SPECIFIC COMMENTS REGARDING THE HOME PROGRAM

### ***Comment: Texas Home of Your Own Funding from the HOME Program***

*"I am here in support of the continuation of the Department's commitment to Texas Home of Your Own program. The HOYO program continues to expand opportunities for home ownership among a greatly underserved population. Low income persons with disabilities, TDHCA has been a partner since 1996. It has been a great partnership. We have served over 250 homeowners. We want and need this partnership to continue, because it really does benefit all of us, and we appreciate that it continues to be in the plan."*

*"We also want to express our support for the Housing Trust Fund capacity building program as well as the predevelopment program. These programs have supported UCP Texas in our recent efforts to provide affordable, accessible and integrated rental housing."*

*"Opportunities for people with disabilities, our first project which is a partnership with Tekoa Partners...This project could not have happened without you all's support and the ability to help us learn how to do HUD 8-11 project..."*

*"We want to express our appreciation for your demonstrated commitment to providing housing for people with disabilities, and in an integrated setting. And that is what we are talking about when you are talking about rental. And we want to thank the Department staff that continue to work to see that people with disabilities have equal access to housing opportunities. And we look forward to a continued partnership..."*

- Department response

As the funding activities discussed in the comment were included in the draft One Year Action Plan, no changes are suggested.

### ***Comment: Use of HOME Funding for Persons in Participating Jurisdictions***

A few comments were made as to the need to use HOME funding in Participating Jurisdictions for tenant based rental assistance for persons with disabilities. The following comment is typical of this suggestion.

*"We...provide relocation assistance for persons with disabilities in nursing facilities, coming out into the community...One of the major barriers is the availability of affordable and accessible housing. What has been extremely helpful in helping these people locate and find decent, adequate, affordable, accessible housing is the use of TBRA vouchers. TDHCA did allocate close to \$4 million, I believe, 2003 allocation that was specific to this purpose. It was not utilized as quickly as hoped. A lot of that had to do with the population and the folks that are providing the services not having housing experience...With this program, (there was no) restriction on utilizing the TBRA vouchers or HOME funds within a participating jurisdiction. That was absolutely essential. Most of the folks that we are relocating are in urban areas. They continue to want to live in urban areas. I think you're also aware that that's where most of the Katrina evacuees are as well. What that does is puts extreme burden onto the housing stock in urban areas..."*

*These contracts relocating people are not going away. The Texas legislature has authorized over the next four years to continue this activity. Right now in our area, we have 41 people in various stages. They're actually pending relocation in the Coastal Bend area. At least 50 percent of them are waiting on housing that they can be able to access. We're fortunate that we do have some TBRA vouchers right now. We have 22, I believe, left in this area. Those will be running out. At that point, we don't know what we're going to have for housing....(It is requested that the limitation of providing) HOME funds only in rural areas outside the participating jurisdiction be lifted."*

- Department Response  
TDHCA is responsible for distributing HOME funding for the balance of state that does not receive this type of funding directly from HUD as a Participating Jurisdiction. In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5% of its HOME allocation to be awarded to applicants in PJs. Based on the increased capacity of organizations in non-PJ areas as evidenced by an oversubscription rate in the 2004 and 2005 application cycles for non rental development activities there appears to be a substantial need for this kind of activity in rural areas. Given the limited amount of available funding, TDHCA will no longer fund nonrental development activity applications in PJ areas. No changes to the One Year Action Plan are suggested.

***Comment: §53.53(k) Applicant Requirements***

Several localities request that the value of services provided by third-party organizations, including contractors and consultants that go beyond their contractual duties, be considered as eligible match thereby expanding the sources and amounts of matching funds available to smaller, poorer communities.

- Department Response  
The proposed addition to the rule, §53.53(k), is intended to clarify the federal match and conflict of interest requirements of the HOME Program. The new language does not exclude third-party organizations, such as contractors, consultants, or service providers from providing match as long as the third-party organization is not deriving a monetary benefit from the award. Given that a conflict of interest and/or a monetary benefit may arise from an organization under contract from an award, such procured and/or contractually bound organizations are strictly prohibited from providing match. Additionally, a third-party organization may not provide a portion of their services as match and still derive a monetary benefit from the award. It is important to note that any party providing matching contributions cannot bid or be procured through a selection process by the Administrator of a contract, as this would be considered a conflict of interest and in violation of program rules. Staff believes this new language benefits all applicants and stakeholders, by clarifying the Department's definition and application of the federal rules. No new changes are recommended.

***Comment: §53.55. Program Activities***

A request was made asking that the rules governing Tenant Based Rental Assistance (TBRA) be changed to provide for "transfer of vouchers" in times of crisis like the recent hurricanes.

- Department Response  
HOME TBRA assistance is portable; the assistance moves with the household. If the household no longer wishes to rent a particular unit, the household may take its assistance and move to another approved rental unit within the Administrator's service area. In times of natural disasters, the Department may have the ability to consider policy changes to utilize funds in impacted areas. The Department is in the process of seeking waivers from the U.S. Department of Housing and Urban Development (HUD) and is exploring all funding options to better assist displaced households. No change is recommended.

***Comment: §53.57. Distribution of Funds***

A request was made to increase the administrative fees for program Administrators.

- Department Response  
Staff believes that 4% of the project funds awarded as administrative dollars is sufficient to execute a HOME Single Family contract. In addition to administrative fees, Administrators may access the applicable activity soft costs to assist in administering the Program. Given that soft costs are not eligible to TBRA Administrators, the Department is reviewing the percentage of administrative dollars awarded to this activity. The Department works to provide other forms of assistance to nonprofit administrators, including Capacity Building and CHDO Operating Expenses. No change is recommended.

***Comment: §53.60. General Selection Criteria***

Several localities expressed the desire that Cash Reserves/Bridge Loans not be considered as a scoring criterion in future Single Family HOME Applications, claiming they are never truly utilized by grantees, it is not a HUD requirement, and it places an undue hardship on smaller, poorer communities.

- Department Response  
Staff annually reviews, and when necessary revises, the various scoring components used to award funding. Staff will consider the necessity of each scoring item when we evaluate the 2006 Single Family HOME Application. No change is recommended for the rule.

***Comment: Provision of Information and Training***

A comment was made regarding the administration of the HOME Program. The commenter noted that the Department's website does not provide sufficient information to applicants regarding local Participating Jurisdictions and program requirements and that Department staff, HUD, and local officials provide conflicting information in that regard. Comment does request that additional HOME training be provided for rental development applicants.

- Department Response  
Staff modifies and updates the Department's website, as necessary. Information on Participating Jurisdictions is available on the website under the 2005 HOME Funding Cycle. It is staff's desire for the website to be as useful as possible, and we will reevaluate the information currently available and further elaborate and/or clarify the information presented. The Department also plans to update its training materials and provide quarterly trainings for HOME rental applicants. No change is recommended to the rule.

***Comment: Open Cycles***

A comment was made on the use of HOME funds as a supplementary funding source to private activity bond (PAB) financed developments. It was noted that the timing of application processes between PAB and HOME applications creates limitations in terms of filing applications and closings. It was also noted that both programs should continue to be open cycles, and that the Department consider extending the HOME application cycle to a full year, rather than having a closed period.

- Department Response  
Staff is supportive of finding new ways to layer HOME funds with the Department's other financing tools for at least several months a year. However, closing the HOME rental development cycle is



necessary for planning and evaluative purposes for at least a limited period. No change is recommended to the rule.

***Comment: Public Transportation***

Speakers requested that TBRA activities consider the location of public transportation as a selection item, especially when serving special needs populations. Speakers also requested that the Department reconsider funding TBRA in Participating Jurisdictions.

▪ Department Response

The Department allows an applicant receiving TBRA assistance the right to choose a dwelling of his or her choice given it meets all applicable codes and standards. The Department feels it is vital that an individual's needs be met, and that all housing options with viable supportive services are available for an individual to rent. Additionally, at the time of application submission, a Contract Administrator does not know which clients will be assisted, or the dwellings they would choose upon receiving rental assistance. It would not be prudent to make transportation a scoring criterion given this unknown. In prior years, due to concerns about the lack of organizational capacity to serve persons with disabilities in rural areas, TDHCA allowed 5% of its HOME allocation to be awarded to applicants in PJs. Based on the increase in capacity of organizations in non-PJ areas as evidenced by an oversubscription rate in the 2004 and 2005 application cycles for single family activities, TDHCA will no longer fund single family activity applications in PJ areas. No change is recommended to the rule.

***Comment: Increase in Owner Occupied Rehabilitation (OCC) Per Unit Subsidy***

Speaker requested the Department to consider an increase in the per-unit maximum in the Owner Occupied Rehabilitation program to \$65,000 or \$70,000. Speaker noted that construction materials are increasing rapidly and that the current level of subsidy is not sufficient.

▪ Department Response

The Department is currently considering revisions to the per unit maximum in the Owner Occupied Housing Assistance activity based on research being conducted on 4 of 5 construction and material costs across the state. Any changes will be made through the Department's HOME Program Guidelines. No change is recommended to the rule.

***Comment: TBRA Voucher Duration***

Speaker commented that the duration of a TBRA voucher is not long enough to assist a household in becoming self-sufficient or receiving Section 8 assistance.

▪ Department Response

In accordance with the HOME federal program rules, TBRA may only be a source of temporary housing assistance. The Department currently allows an individual to receive up to 24 months of rental assistance under a Contract Administrator's TBRA contract. The term of 24 months of assistance is a federally mandated timeline. The Department feels this is a sufficient amount of time to find more permanent housing and complete a self-sufficiency program required when receiving TBRA assistance. Contract Administrators have the option of reapplying for TBRA funds, and have the ability to serve the same household for an additional 24 months. It should be noted that TBRA funds are highly competitive, and a Contract Administrator should never rely on receiving an award. No change is recommended to the rule.

### ***Comment: Match Requirements***

Comment was received on match requirements for Administrators. Commenters noted that nonprofits and smaller entities are placed at a disadvantage in competitive programs because of the current match requirement in Single Family HOME programs.

- Department Response  
Each year, HUD determines if a state is economically distressed, and reduces the match requirement for these states. Texas has historically been classified as an economically distressed state and is only required to report 12.5%, rather than 25%, of the annual allocation in matching funds. The Department realizes the difficulty for any applicant to provide matching funds, much less the smaller, less prosperous municipalities and nonprofits. The Department understands match is a sensitive issue. The Department is actively taking measures to ensure a level playing field exists. The Department has strived in years past to remedy the possible inequities and is currently in the process of reviewing these scoring criteria for the 2006 Single Family HOME Funding Cycle. No change is recommended to the rule.

### ***Comment Regional Allocation of Community Housing Development Organization (CHDO) Funds***

Speakers requested that the HOME CHDO program consider regionally allocating funds to ensure that rural regions are equally represented in funding awards.

- Department Response  
The Department finds that regionally allocating funding through the HOME CHDO program will limit its effectiveness and reduce our ability to fully allocate these funds. Applicants are welcome to apply for funding through the open cycle process, which allows for small rural applicants to respond to development opportunities within their communities. It should be noted that the Department is limited by state statute from awarding HOME funds to local Participating Jurisdictions, which are predominately urban areas. The CHDO NOFA has also been under subscribed for the past two years, and the Department is working hard to find qualified applicants for this program. No change is recommended to the rule.

## **COMMENTS REGARDING THE HOME, HTC, AND HTF AFFORDABLE HOUSING NEEDS SCORE**

### ***Comment: Consideration of the Need Characteristics of Specific Regions and Census Tracts***

*"Looking at the Affordable Needs Score, it, as traditionally, is very low for Region 12, and my question is that, for instance, Big Spring, Howard County, is number one and number two in the state for lead-based paint. When you look at the Affordable Needs Score, is some of that type of data put in there, because if it is, then it looks like it should be higher, just the fact that you have number one and number two in Region 12. And I think that when you look at -- you know, if you do it on population, we're going to be way down there, but if you look at actual needs, there are --*

*...(A)nother problem with the Affordable Needs Score and where it gets skewed sometimes is there are pockets of poverty that are surrounded with clusters of wealth, and you can't reach those pockets of poverty, because when you look at it by census tract, it skews the census tract methodology. And*

*so somehow there has to be a method created or looked at where we can reach those pockets of poverty. I can take you within just a few blocks of my office, and I can show you a home that still has outdoor facilities. I can show you a house that's been lived in for a number of years that's never had electricity, still uses coal oil lamps, and yet we can't reach those because of the way the Affordable Needs Score is skewed..."*

- Department Response

The AHNS serves as a measure of the general level of affordable housing need in an area. As such, it does not provide a scoring preference based on location specific housing problems. The number of substandard dwellings in the community provides some measure of housing quality standards which would include such issues as lead based paint.

While addressing lead based paint issues are certainly important, it would probably be more appropriate to add a scoring preference in the application selection criteria. That way preference could be given to applications that work to eliminate specific types of housing need that align with overarching Departmental goals.

With regard to the suggestion that specific Census tracts need to be served due to their need characteristics, the AHNS does not use tract level data to avoid unit concentration of affordable housing within specific small geographic areas and associated fair housing issues. Rather, it evaluates the housing need of the entire community and compares that level of need to other places in the region.

With regard to the specific example of Big Spring as raised by the commenter, the AHNS actually seems to be functioning rather well. Of the rural communities Big Spring would compete against for HTCs in Region 12, only one other place has a higher score. This place, Christoval, has never received an award of HTCs. Christoval's population is only 422. Under the 2006 AHNS methodology, it is likely that Christoval's future score would decrease if it actually received a credit award. That is because the methodology now considers previous TDHCA funding activity in generating a place's AHNS. For HOME, Big Spring has the highest score possible in all activities except for owner occupied rehab. The owner occupied rehab score is only one point below the maximum score.

***Comment: Using the AHNS to Discourage the Overconcentration of Affordable Housing in Primarily High-Minority, Low-Income Areas***

*"... (O)ne of the things we really need to focus on is for the state to gather information, ... which show that -- and I just ran it in Dallas, Fort Worth, Austin, and Houston -- that approximately 75 percent of the tax credit units that have been funded since 2000 in the state of Texas have gone to primarily low-income, primarily minority-concentrated areas. And as we all know, we're under a federal mandate, because of the Fair Housing Act of 1968, to disseminate particularly federally funded housing out into non-impacted areas. The whole concept is -- to summarize it really is not to continue to create ghettos like we did with the old HUD programs.*

*...(T)he City of Dallas has been under, for a long time, a federal mandate...that says we have to get housing out of the impacted areas. My fear is, if you look at what we've done since 2000, what we're continuing to do is concentrate low-income people in particular areas of the cities...*

*...In terms of the Affordable Housing Needs Score, ...we might want to... hav(e) some scoring, which I guess really isn't state-mandated, but -- or legislatively mandated, but have some scoring that really*

*focuses on doing deals outside of impacted areas. If to the extent that you're doing a deal that's in a high income suburb that doesn't have a lot of minority population, maybe you score some additional points for doing that. It might also help offset some of the issues ... that have to do with "not in my backyard," because right now there's an awful lot of points in the QAP that you get for getting things like state senator, state rep report, which you can't really get without getting city council support, which you can't really get without getting home owner support..*

*And also there's points for things like neighborhood associations, and to the extent you try and -- because I've tried the last two years -- to do deals outside of minority areas, out in the suburbs, in one instance I had to actually sue a city who tried everything possible to stop us, because they just didn't want affordable housing in that area. And in another case I had a county commissioners' court decide to vote unanimously not to approve our bonds when the only objection was that the home owners didn't want it there, in their nice, high income neighborhood. So if we're going to make any progress on attempting to address the needs for affordable housing outside of impacted areas, we're going to have to come up with some way of counterbalancing the "not in my backyard" points that are in the QAP."*

▪ Department Response

The overconcentration of affordable housing in primarily high-minority, low-income areas is an issue that was given a great deal of consideration when developing the Qualified Allocation Plan, of which the AHNS is a scoring component.

As was previously discussed, the AHNS serves as a measure of the general level of affordable housing need in an area. This helps to distribute funds to places within the region based on the level of need present within the entire community. As such it does not give scoring preferences to specific areas within a particular place. For example, if a preference was included in the AHNS for a "high income suburb that doesn't have a lot of minority population," there would be nothing to preclude the site from being located within a high minority tract within that place.

As previously discussed, the AHNS also does not use tract level data to avoid unit concentration of affordable housing within specific small geographic areas and associated fair housing issues. Within each community, there is a wide ranging set of community housing and development goals and market conditions. The AHNS should not complicate how these neighborhood level issues are addressed by trying to combine scoring factors in an attempt to meet a variety of housing goals through the use of a single score.

As the commenter seems to be pointing out, this issue would be better addressed at the program application selection criteria level. The draft Qualified Allocation Plan included a number of items that may help alleviate the concentration issues discussed by the commenter. TDHCA will continue to work to address distribution and concentration issues associated with its funding awards.

## COMMENTS REGARDING THE HOME, HTC, AND HTF REGIONAL ALLOCATION FORMULA

### ***Comment: Weighting Multifamily Bond Financing in RAF's Consideration of Available Funding***

*"We are in support of the proposed Regional Allocation Formula for 2006 Housing Tax Credits. The methodology you have used in accounting for 4% tax credits and bonds is an improvement over last*

*year, and we feel is much more in line with the intent of the original legislation which created the Regional Allocation Formula (SB 1112 by Shapleigh, 76th Legislative Session). The new methodology better acknowledges that the largest metropolitan areas of the state, which are also the ones with the highest median family incomes (Dallas-Ft. Worth, Houston, Austin and San Antonio), are the only areas of the state that have access to 4% tax credits and bond deals, and allows the poorest regions of the state (such as El Paso and the other border areas) to access its fair share of the programs designed to help the poorest families in the state."*

- Department Response

This comment supports the 2006 proposed change in the way the RAF considers multifamily bond funding. As no additional comment was received on this issue, no changes to the RAF methodology are recommended.

***Comment: RAF's Consideration of the Use of HTC Funding for Disaster Relief***

*"...(G)iven the recent hurricanes in I guess what would be Region 5, in Beaumont, Port Arthur area, it might make sense for us to consider at least the flexibility in the various programs to reallocate some resources to the extent that the federal government doesn't step to the plate and do it, to reallocate some of the housing resources to that particular region. And what I proposed ... was something like 5 percent or 7 percent or whatever of, for instance, the tax credits. Give the Board the discretion between now and the time that we ultimately have to take applications to re-allocate the credits over to Region 5, and you just take 7 percent from all the other regions, and just allocate it over there. If you look at the impact on each particular region, it's really pretty minor, but it would make a huge impact in terms of addressing the needs of the hurricane victims in that particular region.*

*...(I)f we wait for the federal government it's going to be too late..., if we've already finalized all of our plans for next year, for the state to address that issue. And we can do it without federal dollars if we just do kind of a re-allocation within the state, or at least have the flexibility to do that, if the federal government doesn't do it."*

- Department Response

Section 2306.111(d) of the Government Code requires objective measures of affordable housing need to be part of the RAF. Currently, quantitative data is not available on the type and level of need in each region that has changed since the 2000 Census because of the recent disasters. Even if such data was available, it could then be argued by other regions that their need should be updated to reflect increased need related to the hurricanes (or other disasters) or ongoing immigration since the Census was conducted. While the decennial occurrence of the Census obviously limits the RAF's ability to respond to ongoing change, it provides a detailed statewide assessment of each region's general level of need.

This comment, however, does raise the idea that providing a means of updating the 2000 Census need data could be a valuable addition to the RAF methodology. However, given the significance of this change, it is thought that the related changes to the RAF would require going out for additional public comment. Given current data limitations and program application cycle timing requirements, TDHCA will study this issue over the next year and provide options on how this might be accomplished for the proposed 2007 RAF.

No changes to the RAF methodology are recommended for the 2006 RAF.

***Comment: Updating Place Geography Type Designations to Reflect Population and Boundary Changes Since the 2000 Census***

*"...After reviewing the Dallas 2004 MAPSCO Directory, pages 10A and 10B, you will note that Wylie touches Garland strip annexation twice. The strip divides Wylie and Rowlett and then goes up along Lake Ray Hubber and then touches Wylie again. Garland is over 215,000 plus in population. So this would qualify Wylie as urban/exurban based on Wylie touching Garland."*

▪ Department Response

The mapping software TDHCA uses to categorize places based on their boundary proximity uses 2000 Census data and boundaries. Since places may have annexed more territory since 2000, the RAF methodology will be clarified to note that place designations may be updated from "Rural" to "Urban/Exurban" if the applicant can provide a letter from the jurisdiction indicating that their place's city limits touch the city limits of another place that has a population greater than 20,000. It should be noted that because state law ties the word "population" to the decennial census, proximity to another urban area is the only thing that can change a place's rural designation until the next census is conducted.

The inclusion of the following notes in the RAF methodology is suggested:

*"Applicants may petition TDHCA to update the "Rural" designation of a place within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the place has an incorporated area boundary that touches the boundary of another place with a population of over 20,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the:*

- *pre-application submission period for HTC applications, or*
- *application submission period for HOME applications."*

*"The definition of "population" in state law (Sec. 311.005(3), Government Code) is "the population shown by the most recent federal decennial census." Because of this requirement, the decennial census place population must be used to make the area type determination."*

***Comment: Contract for Deed***

*"Set up a hotline where families can call to report the existence of contract for deed arrangements. Make this information available to non-profit entities so they may follow-up with conversion program information."*

▪ Department Response

In 1996, OCI set up a toll-free hotline 1-800-462-4251 for colonia and border residents to call for assistance. In addition, Border Field Offices were created to allow constituents to call or go in person to receive assistance or to report improper activity. TDHCA has just announced its agency-wide toll-free number 1-800-525-0657. The Secretary of State has an Ombudsman's Program that colonia residents may also contact directly with any issues.

**PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION**

**PROGRAMS COMMITTEE DISCUSSION ITEM**

**December 14, 2005**

**Discussion**

Discussion of the Department's Proposed Policy regarding implementation of Section 504 of the Rehabilitation Act of 1973 with regard to multifamily properties.

**Background**

Section 504 provides for nondiscrimination in all programs, services and activities receiving federal financial assistance; and in programs, services and activities conducted by Executive agencies. These regulations are codified at 24 CFR Part 8.

Section 504 states:

“No otherwise qualified individual with a disability in the United States... shall, solely by reason of her or his disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program, service or activity receiving Federal financial assistance or under any program or activity conducted by any Executive agency or by the United States Postal Service.”

HUD's regulations at 24 CFR Part 8 apply to all applicants for, and recipients of, HUD financial assistance in the operation of programs or activities receiving such assistance.

**New Construction**

HUD regulations implementing Section 504 at 24 CFR §8.22(a) require that new construction of multifamily projects be designed and constructed to be readily accessible to and usable by persons with disabilities. Multifamily housing projects are defined at 24 CFR §8.3 as “projects containing five or more dwelling units”. Both the individual units and the common areas in the building must be accessible.

For **new construction** of multifamily rental projects, a minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments. An additional 2 percent of the dwelling units (but at a minimum, not less than one unit) must be accessible to individuals with sensory impairments (i.e. hearing or vision impairments), unless HUD prescribes a higher number pursuant to 24 CFR §8.22(c).

**Rehabilitation**

**Substantial alterations** – Section 504 requires that if alterations are undertaken for a housing project that has 15 or more units, and the rehabilitation costs will be 75 percent or more of the replacement cost of the completed facility, then such developments are considered to have undergone “substantial alterations” (24 CFR §8.23(a)). For substantial alterations of multifamily

rental housing, the accessibility requirements contained in 24 CFR §8.22 must be followed – a minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments.

**Other alterations** – When other alterations that do not meet the regulatory definition of substantial alterations are undertaken in multifamily rental housing projects of any size, these alterations must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with disabilities, until a minimum of 5 percent of the dwelling units (but not less than one unit) are accessible to people with mobility impairments, unless HUD prescribes a higher number pursuant to 24 CFR 8.23(b)(2). If alterations of single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, then the entire dwelling unit shall be made accessible. For this category of rehabilitation the additional 2 percent of the dwelling units requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible. **A recipient is not required to make a dwelling unit, common area, facility or element accessible, if doing so would impose undue financial and administrative burdens on the operation of the multifamily housing project. (24 CFR §8.23(b)) Therefore, recipients are required to provide access in covered alterations up to the point of being infeasible or an undue financial and administrative burden.**

### **Accessibility Standards**

Dwelling units designed and constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) will be deemed to comply with the Section 504 regulation. Accessible units must be, to the maximum extent feasible, distributed throughout the projects and sites, and must be available in a sufficient range of sizes and amenities so as not to limit choice.

### **State requirements**

Sections 2306.6722 and 2306.6730 both require HTC developments to comply with Section 504. The Texas Fair Housing Act (Title 40, Part 20, Chapter 819) does not require an owner to pay for modifications but allows the tenant to pay for modifications.



## **TDHCA Section 504 Proposed Policy**

Section 2306.6730 states “A project to which a low income housing tax credit is allocated under this subchapter shall comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), as amended, and specified under 24 C.F.R. Part 8, Subpart C.”

To implement this section of the Texas Government Code, the following policy is proposed.

All multifamily applications requesting funding for new construction and substantial alteration must comply with 24 CFR Part 8, Subpart C.

All multifamily applications requesting rehabilitation funding that is not Substantial Alteration as defined in 24 CFR §8.23 (a) must submit an Accessibility Plan which is developed in accordance with 24 CFR §8.24 and meets the requirements for a transition plan as described therein. This Accessibility Plan will be an exhibit to the application.

The Accessibility Plan at minimum shall:

- (1) Identify physical obstacles at the proposed property that limit the accessibility to individuals with physical disabilities.
- (2) Describe in detail the methods that will be used to make the property accessible.
- (3) Specify the schedule for taking the steps necessary to make the property accessible, and if the time period extends beyond the anticipated Placed in Service date, identify steps that will be taken during each year of the transition period.
- (4) Indicate the individual responsible for implementation of the plan.
- (5) Identify the persons or groups with whose assistance the plan was prepared.

24 CFR §8.23(b) provides that accessibility must be provided to the maximum extent feasible; this phrase does not require a developer to do things that would impose “undue financial and administrative burdens on the operation” of the project.

The Department shall receive the Developer’s Accessibility Plan and certification of financial infeasibility prior to funding. Developers are encouraged to employ architects and other professionals who are knowledgeable regarding accessibility issues.

If after submission of the Accessibility Plan, the developer believes that a particular alteration (or group of alterations) would entail such undue financial and administrative burdens, the developer must provide the Department with certified documents, describing such burdens and providing appropriate support documentation to substantiate that they would involve undue financial and administrative burdens.

The Multifamily Finance Production Division, with assistance from the Real Estate Analysis Division will review this request and may request additional documentation to support the developer’s certification. Multifamily Finance Production will determine if the Accessibility Plan is adequate and whether any certification of undue financial and administrative burdens will be accepted.

**Discussion of Proposed Disaster Relief  
Strategies**



## Memorandum

**To:** Edwina Carrington  
**From:** Gordon Anderson  
**cc:** Bill Dally, Michael Lyttle  
**Date:** November 10, 2005  
**Re:** TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for October 2005. The information provided focuses primarily on activities Executive and staff has taken on voluntarily, as opposed to those mandated by the Legislature (i.e., tax credit hearings, TEFRA hearings, etc.). This list may not account for every activity undertaken by staff, as there may be a limited number of events not brought to my attention.

For brevity sake, the chart provides the name of the event, its location, the date of the event, division(s) participating in the event, and an explanation of what role staff played in the event. Should you wish to obtain additional details regarding these events, I will be happy to provide you with this information.

## TDHCA Outreach Activities, October 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>
First Thursday Income Eligibility Training	Austin	October 6	Portfolio Management & Compliance	Training
Single Family Mortgage Revenue and Refunding Bonds Hearing	Austin	October 10	Single Family	Public Hearing
Legislative Budget Board meeting	Austin	October 11	Executive, Manufactured Housing, Policy & Public Affairs	Meeting
Texas Low Income Housing Information Service Hurricane Housing Forum	Austin	October 11	Policy & Public Affairs	Presentation
HOME/Owner-Occupied Implementation Workshop	Austin	October 11 – 12	Portfolio Management & Compliance	Training
HOME/ADDI & TBRA Implementation Workshop	Austin	October 13 – 14	Portfolio Management & Compliance	Training
TSAHC Board meeting	Austin	October 14	Policy & Public Affairs	Monitoring
“United Texas – Housing Initiatives That Work” Realtor Training	Arlington	October 17	Single Family	Training
KCOH-AM Talk Radio	Houston	October 18	Single Family	Interview
“United Texas – Housing Initiatives That Work” Realtor Training	New Braunfels	October 19	Single Family	Training
Circle of Ten Annual Funder’s Forum	Tyler	October 19 – 20	Executive, Single Family	Presentation, Participant
Spectrum Seminars Conference	Boston	October 26 – 28	Portfolio Management & Compliance	Presentation
Texas Municipal League 2005 Conference	Grapevine	October 26 – 28	Policy & Public Affairs	Exhibitor
State Auditor’s Office – Texas Government Accountability Conference	Austin	November 1	Internal Audit	Presentation

**COMMUNITY AFFAIRS DIVISION**

**REPORT ITEM**

**SENATE BILL 712 TEXAS WEATHERIZATION ASSISTANCE PROGRAM  
DECEMBER 1, 2005**

In November 2005 representatives from the Texas Department of Housing and Community Affairs met with representatives from the Texas Public Utilities Commission (PUC), Texas Legal Services, Texas Association of Community Action Agencies (TACAA), and five (5) unbundled Transmission and Distribution Utilities (TDUs) in an effort to launch the Texas Weatherization Assistance Program (TxWAP). The TxWAP program, pursuant to Senate Bill 712, satisfies the TDU's efforts to target low income energy efficiency programs as described in Section 39.9.3(f)(2) of PURA (Public Utility Regulatory Act). The TxWAP will be implemented in calendar years 2006 and 2007. The program will be funded by five (5) TDU's in areas currently under electric competition in the amount of \$5,000,000 each year for two years. The TxWAP will be operated through and in conjunction with the current Department of Energy (DOE) WAP funded Agencies in order to maximize the energy savings potential for each weatherized unit. The Department will operate the program under established DOE guidelines. To be eligible for TxWAP grants individuals must:

- Live in an area where electric competition exists;
- Be at or below 125% of the federal poverty guidelines;
- Live in a dwelling that can benefit from energy saving measures;
- Rent or own the dwelling unit;
- Cool or Heat the dwelling with electricity.

Eligible dwelling units may receive energy saving measures such as:

- Insulation (attic, wall, and floor);
- Air infiltration (caulk and weather-stripping);
- Heating Ventilation and Air Conditioning (compressor, coils, ducts);
- Compact fluorescent lighting (CFL);
- Refrigerator replacement;
- Room air conditioning replacements (refrigerated air and heat pumps);
- Water saving devices;
- Carbon Monoxide detectors.

**COMMUNITY AFFAIRS DIVISION**

**REPORT ITEM  
UPCOMING VISIT FROM GENERAL ACCOUNTABILITY OFFICE  
REVIEW OF COMMUNITY SERVICES BLOCK GRANT ADMINISTRATION  
DECEMBER 14, 2005**

In a letter dated November 3, 2005, the U.S. Government Accountability Office (GAO) informed the Department that at the request of Congress, the GAO recently began studying the administration of the Community Services Block Grant (CSBG) in selected states, which include Pennsylvania, Illinois, and Texas. Specifically, GAO will focus on the following questions: (1) to what extent has the Department of Health and Human Services' oversight of states' efforts to monitor subgrantees complied with federal laws and standards; (2) what efforts have selected states made to monitor subgrantees' compliance with fiscal requirements and performance standards; and (3) to what extent were CSBG training and technical assistance funds targeted to subgrantees with financial or management problems and what is known about the effectiveness of the assistance?

A significant part of this study will involve site visits to state agencies to learn about federal and state monitoring processes and procedures for follow-up on issues of concern. During the GAO visit, they will meet with key state staff that is knowledgeable about: (1) state monitoring efforts for CSBG and related programs; (2) subgrantees coping with management challenges; and (3) the type of federally funded training and technical assistance subgrantees receive to address these challenges. GAO also will visit three subgrantees, including at least one that has faced management challenges since 2003.

Two GAO analysts will begin the visit with an entrance interview with appropriate Department staff on Tuesday, December 13, 2005. During the rest of the week, they will visit Community Action Inc. of Hays, Caldwell, and Blanco Counties in San Marcos, Community Services of Northeast Texas in Linden, the Dallas Urban League. We have provided the GAO the following information:

- For the three local agencies we will be visiting, their most recent on-site monitoring reports and any follow-up correspondences related to those visits;
- Information on local agencies in your state identified as "in-crisis" or identified as having significant financial or performance management issues;
- Information on the state's performance system, goals, and standards and any processes or tools used to monitor performance of subgrantees;
- Copy of your most recent annual performance report;
- Copies of the current subgrantee applications and agreements for three local agencies we will be visiting; and
- On-site monitoring tools for 2003-2005 and a list of subgrantees the state visited in those years.

We also provided to GAO requested monitoring records for 3 eligible entities they do not plan to visit, including Concho Valley Community Action Agency in San Angelo, Gulf Coast Community Services Association in Houston, and Community Services, Inc. in Corsicana.

Coincidentally, we had a CSBG/CEAP joint monitoring trip scheduled for Community Services of Northeast Texas during the time that the GAO will be there, which will give them to opportunity to observe our monitors and our monitoring process on site, which has not occurred during any other state visits.

**COMMUNITY AFFAIRS DIVISION**

**REPORT ITEM**

**HOUSING CHOICE VOUCHER PROGRAM (SECTION 8)  
SECTION EIGHT MANAGEMENT ASSESSMENT PROGRAM (SEMAP) EVALUATION  
DECEMBER 14, 2005**

The U.S. Department of Housing and Urban Development (HUD) annually evaluates the performance and administration of the Housing Choice Voucher Program for Public Housing Authorities (PHAs). HUD uses their national database of tenant information, information from audits conducted annually by independent auditors, and data provided by each PHA to assign a rating on 14 performance indicators and an overall performance rating of high, standard, or troubled.

HUD has completed its revised Section Eight Management Assessment Program (SEMAP) evaluation of the Department's Section 8 Program, and in a letter dated November 3, 2005, rated the program as a **High Performer** for Fiscal Year 2005, with a score of 125 of 130 points or 96% percent on its recent evaluation. The Department's SEMAP evaluation score has improved over the past 4 years. Last year, HUD rated the Department as "Standard" at 86%.

The 15 indicators of the SEMAP review are:

1. Selection from waiting list;
2. Reasonable Rent;
3. Determination of adjusted income;
4. Utility allowance schedule;
5. HQS quality control;
6. HQS enforcement;
7. Expanding housing opportunities;
8. Payment Standards;
9. Annual reexaminations;
10. Correct tenant rent calculations;
11. Pre-Contract inspections;
12. Annual HQS inspections;
13. Lease up;
14. FSS enrollment and escrow; and
15. Bonus Indicator.