BOARD MEETING OF DECEMBER 18, 2008

C. Kent Conine, Chair

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Gloria Ray, Vice-Chair
Leslie Bingham Escareño, Member
Tomas Cardenas, Member
Sonny Flores, Member
Juan Muñoz, 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

WORKSHOP FOR COMMUNITY AFFAIRS PROGRAMS
DECEMBER 18, 2008

ROLL CALL

	Present	Absent
Bingham Escareño, Leslie, Member	___________	___________
Cardenas, Tomas, Member	___________	___________
Conine, C. Kent, Chair	___________	___________
Muñoz, Juan, Member	___________	___________
Ray, Gloria, Vice-Chair	___________	___________
Flores, Sonny, Member	___________	___________
Number Present	___________	
Number Absent		___________

_______________________, Presiding Officer

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
WORKSHOP FOR COMMUNITY AFFAIRS PROGRAMS

A G E N D A

8:30 am
December 18, 2008

Capitol Extension Auditorium
1500 Congress
Austin, TX

CALL TO ORDER, ROLL CALL

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.

The Board will meet for approximately one hour prior to the regular Governing Board Meeting to discuss the following:

1. Staff update on the TDHCA Community Affairs programs including, the Community Services Block Grant, Comprehensive Energy Assistance Program, Weatherization Assistance Program, and the Emergency Shelter Grants Program.

2. Panel Discussion by sub-recipients of the TDHCA Community Affairs programs on operations at the local level.

ADJOURN

To access this agenda & details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Nidia Hiroms, 512-475-3934; TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Nidia Hiroms, 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.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING
December 18, 2008

ROLL CALL

	Present	Absent
Bingham Escareño, Leslie, Member	___________	___________
Cardenas, Tomas, Member	___________	___________
Conine, C. Kent, Chair	___________	___________
Muñoz, Juan, Member	___________	___________
Ray, Gloria, Vice-Chair	___________	___________
Flores, Sonny, Member	___________	___________
Number Present	___________	
Number Absent		___________

_______________________, Presiding Officer

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

A G E N D A

9:45 am
December 18, 2008

Capitol Extension Auditorium
1500 Congress
Austin, TX

CALL TO ORDER, ROLL CALL — Kent Conine, Chairman
CERTIFICATION OF QUORUM

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.

The Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

CONSENT AGENDA
Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the consent agenda alter any requirements provided under Texas Government Code Chapter 551, the Texas Open Meetings Act.

Item 1: Approval of the following items presented in the Board materials:

Legal Division: — Kevin Hamby, Secretary to the Board

a) Resolution of the Board of Directors adopting Resolution No 09-020, designating signature authority due to reorganization and the designation of new signature designees

b) Presentation, Discussion and Possible Approval of Signature Authority Resolution authorizing certain individuals to sign documents when approved by the Executive Director

c) Presentation, Discussion and Possible Action on the final order adopting amendments to Title 10, Part 1 of the Texas Administrative Code, §90.8 concerning forms related to the Migrant Labor Housing Facilities for publication in the *Texas Register*

Financial Administration: — David Cervantes, Dir. Financial Administration

d) Presentation, Discussion and Possible Approval of authorizing of Housing Finance Division residual funds for the purpose of a contingency reserve fund to provide additional support to the Department's bond indentures, Resolution No. 09-021

Housing Resource Center: — Brenda Hull, Mgr. Housing Resource Ctr

e) Presentation, Discussion and Possible Approval of the 2009 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment)

f) Presentation, Discussion and Possible Approval of a Request for Proposals (RFP) for a Market Analysis of El Paso Metropolitan Statistical Area (MSA)

Multifamily Finance:

g) Presentation, Discussion and Possible Approval of Housing Tax Credit Extensions — Robbye Meyer, Dir. Multifamily

060623	East Texas Pines Apartments	Houston
06007	Landa Place Apartments	New Braunfels

060189	Concho Village Apartments	San Angelo
07178	Tammye's Pointe	Eagle Pass

Community Affairs:

h) Presentation, Discussion and Possible Approval for publication in the *Texas Register* of a final order adopting the repeal of 10 TAC Chapter 5 Community Services Programs, Chapter 6 Energy Assistance Programs and Chapter 8 Project Access Program Rules

i) Presentation, Discussion and Possible Approval of the Program Year 2009 Comprehensive Energy Assistance Program Annual Funding Allocation

j) Presentation, Discussion and Possible Approval of the Investor Owned Utility (IOU) weatherization contracts and the allocation of the funds for the El Paso Electric (EPE), Southwestern Public Services (SPS) and Southwestern Electric Power Company (SWEPCO)

HOME and Housing Trust Fund:

k) Presentation, Discussion and Possible Approval to publish the proposed amendment of 10 TAC Chapter 53, HOME Program Rule, Subchapter A, §53.1, §53.8(a), Subchapter C, §53.30 Subchapter D, §53.47(a)(4), and Subchapter G, §53.80(e)(1) for comment in the *Texas Register*

l) Presentation, Discussion and Possible Approval of the Housing Trust Fund 2009 Texas Veterans Housing Support Program and Homeownership SuperNOFA Notices of Funding Availability (NOFAs)

ACTION ITEMS

Item 2: Multifamily Division Items - Housing Tax Credit Program: Robbye Meyer

a) Presentation, Discussion and Possible Approval of Housing Tax Credit Amendments Dir. Multifamily Finance

01004	Fulton Village Apartments	Houston
05082	Sphinx at Luxar	Dallas
05095	Sphinx at Reese Court Apartments	Dallas
060408	Amberwood Apartments	El Paso
07309	Glenwood Trails Apartments	Deer Park

b) Presentation, Discussion and Possible Approval to Allow Previously Returned Awards to Rescind the Return and Reinstate the Award

c) Presentation, Discussion and Possible Approval of Forward Commitments from the 2009 State Housing Credit Ceiling for the Allocation of Competitive Housing Tax Credits

d) Presentation, Discussion and Possible Approval to Allow 2006 Awarded Applications to Submit Updated Costs for Re-evaluation for Additional Credits

e) Presentation, Discussion and Possible Consideration to Allow 2007 Awarded Applications to Return Credits and Reallocate 2008 or 2009 Credits to the Applications

f) Presentation, Discussion and Possible Action on Appeals of the Additional Credit Amounts that were Awarded at the November 13, 2008 Board Meeting for 2007 and 2008 Applications

g) Presentation, Discussion and Possible Approval of 2009 Credit Ceiling for Applicants Affected by the $2 million cap limitation in 2008

h) Presentation, Discussion and Possible Consideration of Appeal of Decision to Not Approve Ownership Transfer of Credits prior to Issuance of 8609's

Item 3: Multifamily Division Items–Private Activity Bond Program: Robbye Meyer

a) Presentation, Discussion and Possible Approval of a Change in the Fee Schedule for Multifamily Tax-Exempt Bond Issuances through the Department Dir. MF

Item 4: Rules:

a) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 35, Multifamily Housing Revenue Bond Rules, and a draft of proposed new 10 TAC Chapter 35, 2009 Multifamily Revenue Bond Rules for comment in the *Texas Register* — Robbye Meyer, Dir. Multifamily Finance

Item 5: Executive: — Tom Gouris, Senior Dir. of Programs

a) Presentation, Discussion and Possible Ratification of the Substantial Amendment for the Neighborhood Stabilization Program as submitted to HUD on December 1, 2008

Item 6: Real Estate Analysis: — Tom Gouris, Dir. Real Estate Analysis

a) Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit Appeals of Underwriting

Appeals Timely Filed

b) Presentation, Discussion and Possible Action for Housing Tax Credit Appeals of Rescissions of Binding Allocation Agreements for 2008 Housing Tax Credits

c) Presentation, Discussion and Possible Action on the Issuance of IRS Forms 8609 for the 2005 Competitive Housing Tax Credit Developments with 2008 Binding Allocation Agreements for Additional Credits

Item 7: Disaster Recovery: — Kelly Crawford, Dep. Ex. Dir. Disaster Recovery

a) Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA

b) Presentation, Discussion and Possible Approval of Request for Maximum Benefit Limitations to the Homeowner Assistance Program (HAP) and Sabine Pass Restoration Program (SPRP) for CDBG Disaster Recovery Round 2

c) Presentation, Discussion and Possible Approval of Requests for Amendments to increase CDBG Disaster Recovery Multifamily Rental Recovery Awards for CDBG Round 2 Funding

7060007 Orange Navy Homes

Item 8: Community Affairs: — Amy Oehler, Dir. Community Affairs

a) Presentation, Discussion and Possible Approval of the Program Year 2009 Community Services Block Grant Annual Funding Allocation

b) Presentation, Discussion and Possible Approval of the 2009 Community Services Block Grant State Discretionary Notice of Funding Availability

Item 9: Bond Finance: — Matt Pogor, Dir. Bond Finance

a) Presentation, Discussion and Approval of Resolution No. 09-014 authorizing entering into a new float fund investment agreement for the Residential Mortgage Revenue Bond, 2000 Series B-E, 2001 Series A-E and 2003 Series A

b) Presentation, Discussion and Approval of Resolution No. 09-015 authorizing the Department to convert the interest rate mode on Single Family Variable Rate Mortgage Revenue Bonds, 2005 Series A and approve an amendment to the J.P. Morgan remarketing agreement that will allow for variable rate reset mode changes depending on market conditions and approval of the Reoffering Circular

c) Presentation, Discussion and Approval of Resolution No. 09-016 authorizing ratification of TDHCA's notice to remove J.P. Morgan as Remarketing Agent and approve a new Remarketing Agreement to convert the interest rate mode on TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Jr. Lien Series A and 2004 Series B with Piper Jaffray that will allow for variable rate reset mode changes depending on market conditions and approval of the Reoffering Circular

d) Presentation, Discussion and Approval of Resolution No. 09-017 authorizing ratification of TDHCA's notice to remove Citigroup as Remarketing Agent and approve a new Remarketing Agreement to convert the interest rate mode on TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2005 Series C with Piper Jaffray depending on market conditions and approval of the Reoffering Circular

e) Presentation, Discussion and Approval of Resolution No.09-018 authorizing TDHCA to enter into a new Remarketing Agreement with TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Series D with Piper Jaffray to convert the interest rate mode depending on market conditions and approval of the Reoffering Circular

f) Presentation, Discussion and Approval of Resolution No. 09-019 authorizing TDHCA to enter into a new Remarketing Agreement with TDHCA's Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H and 2007 Series A with J.P. Morgan to convert the interest rate mode depending on market conditions and approval of the Reoffering Circular

Item 10: HOME and Housing Trust Fund Programs Division:

Jeannie Arellano
Dir. HOME

a) Presentation, Discussion and Possible Action for Appeals:

1000819	City of Iowa Park	HBA

Appeals Timely Filed

b) Presentation, Discussion and Possible Approval of HOME Program Award Recommendations from the following list:

2008-0065	City of Carthage	Carthage
2008-0064	City of Center	Center
2008-0066	City of Jacksonville	Jacksonville
2008-0063	City of Crockett	Crockett
2008-0062	City of Palestine	Palestine
2008-0067	City of Wortham	Wortham
2008-0069	Buckner Children & Family Services, Inc. dba	Lufkin
2008-0071	City of Gladewater	Gladewater
2008-0072	County of La Salle	Cotuilla
2008-0074	City of Moody	Moody
2008-0075	City of La Feria	La Feria
2008-0076	City of Teague	Teague
2008-0079	City of Devine	Devine
2008-0077	City of Smithville	Smithville
2008-0078	City of Temple	Temple
2008-0080	City of Conroe	Conroe
2008-0081	City of Hallettsville	Hallettsville
2008-0082	City of Taylor	Taylor
2008-0082	City of Taylor	Taylor
2008-0083	City of Hughes Springs	Hughes Springs
2008-0084	Webb County	Laredo
2008-0087	City of Cuney	Cuney
2008-0086	City of Redwater	Redwater
2008-0085	City of Midland	Midland
2008-0088	Buckner Children & Family Services, Inc. dba Buckner Family Place at Hearthstone	Midland
2008-0100	City of Clarksville	Clarksville
2008-0099	City of Bogata	Bogata
2008-0098	San Benito Housing Authority	San Benito
2008-0097	Franklin County	Mount Vernon
2008-0096	City of McKinney	McKinney
2008-0091	Midland Community Development Corp.	Midland
2008-0092	Red River County	Clarksville
2008-0093	Cass County	Linden
2008-0094	City of Bloomburg	Bloomburg

2008-0095	South Plains Community Action Association, Inc.	Levelland
2008-0089	City of Terrell	Terrell
2008-0090	City of Nacogdoches	Nacogdoches
2008-0102	City Of Paris	Paris
2008-0103	City of Meadow	Meadow
2008-0104	City of Bonham	Bonham
2008-0110	City of Mineola	Mineola
2008-0107	Community Council of Southwest Texas, Inc.	Uvalde
2008-0108	Community Council of Southwest Texas, Inc.	Uvalde
2008-0109	County of Lamar	Paris
2008-0106	City of Sundown	Sundown
2008-0111	Affordable Caring Housing, Inc.	
2008-0112	El Paso Collaborative for Community and Economic Development	El Paso
2008-0114	City of Godley	Godley
2008-0113	Affordable Homes of South Texas, Inc.	McAllen
2008-0115	City of New Braunfels	New Braunfels
2008-0116	City of Pilot Point	Pilot Point
2008-0117	La Organizacion Progressiva de San Elizario	San Eliszario
2008-0101	El Paso Collaborative for Community and Economic Development	El Paso
2008-0105	Adults &Youth United Development Assoc.	San Eliszario

m) Presentation, Discussion and Possible Approval of Revisions to the HOME Rental Housing Development (RHD) Program, Community Housing Development Organization (CHDO) Rental Housing Development (RHD) Program, and 2008 Single Family (Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs) Notices of Funding Availability (NOFAs)

n) Presentation of the current HOME Fund Balance Report

Item 11: Office of Colonia Initiatives Division: — Homer Cabello, Dir. OCI

a) Presentation, Discussion and Possible Approval of a Colonia Self Help Center (SHC) Program Award to Webb County through Community Development Block Grant (CDBG) Funding

EXECUTIVE SESSION — Kent Conine, Chairman

a) Multifamily Quarterly Report for Amendments, Extensions and Ownership Transfers

b) 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

c) 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.

d) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:

1. With Respect to pending litigation styled *Rick Sims v. Texas Department of Housing and Community Affairs* filed in federal district court (new filing of previously dismissed suit)

2. With Respect to pending litigation styled *The Inclusive Communities Project*, *Inc. v. Texas Department of Housing and Community Affairs, et al* filed in federal district court

3. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

4. Potential sale of agency owned real estate and/or sales of loans

OPEN SESSION — Kent Conine, Chairman

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

1. TDHCA Outreach Activities, November 2008
2. HOME Amendments Quarterly Report

ADJOURN

To access this agenda & details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Nidia Hiroms, 512-475-3934; TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Nidia Hiroms, 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.

LEGAL SERVICES DIVISION
BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion, and possible action on a Resolution of the Board of Directors rescinding Resolution no. 08-012 and adopting Resolution No 09-020, designating signature authority due to reorganization and the designation of new signature designees.

Requested Action

Vote to approve, deny or approve with modifications resolution No. 09-020.

Background and Recommendations

The staff has undergone some changes since the last signature authority resolution was approved by the Board in early 2008. This resolution allows for the newly hired Deputy Director, and others who have had title changes to sign documents when authorized by the Executive Director. In particular, in addition to the Deputy Executive Director authority, this allows the Deputy Director for Disaster Recovery and the CDBG Field Officer to provide original signatures for recording purposes on grants and loans in the South East Texas region related to Hurricane Rita when authorized by the Executive Director. Original signatures by someone other that the Executive Director is within the Executive Director's powers once authorized to delegate the signing authority of for the transaction and meets the statutory requirements for filing real estate transactional documents.

Staff Recommendation

Staff recommends approval of the resolution.

RESOLUTION NUMBER 09-020
RESOLUTION OF THE BOARD OF DIRECTORS
RESCINDING RESOLUTION NO. 08-012
DESIGNATING SIGNATURE AUTHORITY

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official governmental agency of the State of Texas, (the "Department") was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended; and

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of, among other things, obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans of participating interests, and to mortgage, pledge or grant security interests in such mortgages of participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, on March 13, 2008, the Governing Board adopted Resolution 08-012, designating signature authority for bond and real estate transactions; and

WHEREAS, the Governing Board has now determined that Resolution 08-012, designating signature authority, should be rescinded because of the reorganization of the Department and new signature authorities designated.

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

Section 1 -- Rescission of Prior Signature Authority. The Governing Board hereby rescinds Resolution 08-012.

Section 2 -- Designation of Signature Authority for Bond Transactions. The Governing Board hereby authorizes and designates the Chairman or Vice Chairman of the Board, the Board Secretary, the Executive Director or the Acting Executive Director, the Deputy Executive Director, the Deputy Director of Agency Administration, the Director of Financial Administration, the Director of Bond Finance, the Director of Single Family Finance Production and the Director of Multifamily Finance Production as signatories for single family and multifamily bond transactions including, but not limited to letters of instruction, officer's certificates, bond transactional documents and all other documents and certificates executed in connection with such bond transactions.

Section 3 -- Designation of Signatory Authority for Real Estate Transactions. The Governing Board hereby authorizes and designates the Executive Director or the Acting

Executive Director, the Board Secretary, the Deputy Executive Director, the Deputy Director of Agency Administration, the Deputy Director for Disaster Recovery, the Director of Financial Administration, the Director of Multifamily Finance Production, the Director of the HOME Division, the CDBG Field Officer and the Director of Single Family Finance Production as signatories for earnest money contracts, deeds or conveyances of title, leases of real property, settlement statements on purchase or sale of real property, deposits and disbursements on agency bank accounts, real estate transactional documents and all other documents executed in connection with real estate transactions. Signatory authority on deposits and disbursements on agency bank accounts is limited to the Directors listed in this section.

Section 4 -- Execution of Documents. The Governing Board hereby authorizes the Executive Director or the Acting Executive Director to execute, on behalf of the Department, any and all documents necessary to effect this Resolution.

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* and Administrative Code Acts, Chapters 2001 and 2002, Texas Government Code, as amended.

PASSED AND APPROVED this ________ day of __________________, ____.

____
Chair of the Governing Board

[SEAL]

Attest:

____
Secretary of the Board

THIS ITEM HAS BEEN PULLED FROM THE AGENDA

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

DECEMBER 18, 2008

Action Items

Presentation, Discussion and Possible Action on an order adopting amendments to Title 10, Part 1 of the Texas Administrative Code, §90.8 concerning forms related to the Migrant Labor Housing Facilities for publication in the *Texas Register*.

Required Action

Reject, approve or amend the final order adopting the amendments.

Background

On September 4, 2008, the Board approved publication for comment of proposed amendments to 10 TAC §90.8 that would (1) change the assistance telephone number on the Application to Operate a Migrant Labor Facility and eliminate unnecessary language, (2) add a form for requesting a License Renewal, and (3) add the form that inspectors will use for conducting and documenting inspections.

The proposed amendments were published on September 19, 2008 in the *Texas Register* for 30 days. No comments were received. The Department believes the public will benefit as a result of adopting the proposed amendments in that the forms will be clearer and more useable, and the public will have a better idea of the items that will be reviewed during inspections.

Recommendation

Approve for publication in the *Texas Register* the notice adopting the amendments.

The Texas Department of Housing and Community Affairs (Department) adopts amendments to 10 TAC, Chapter 90, §90.8, concerning the application form for a license to operate a migrant labor housing facility without changes to the text proposed in the September 19, 2008 issue of the Texas Register (33 TexReg 7951) and will not be republished.

The amendments: (1) change the assistance telephone number on the Application to Operate a Migrant Labor Facility and eliminate unnecessary language; (2) add a form for requesting a License Renewal; and (3) add the form that inspectors will use for conducting and documenting inspections.

No comments were received concerning the proposed amendments. The Department believes that the amendments will make the forms more useable and the public will have a better idea of the items that will be reviewed during inspections.

The Board approved the final order adopting the amendments on December 18, 2008.

The amendments are adopted pursuant to the authority of the Texas Government Code, Chapter 2306 which provide the Department with the authority to adopt rules governing the administration of the Department and its programs.

§90.8. Forms.
(a) Appendix A--Application for a License to Operate a Migrant Labor Housing Facility form
Figure: 10 TAC §90.8(a) (.pdf)
(b) Appendix B--Application for Renewal of License to Operate a Migrant Labor Housing Facility
Figure: 10 TAC §90.8(b) (.pdf)
(c) Appendix C--Report of Inspection--Migrant Labor Housing Facility
Figure: 10 TAC §90.8(c) (.pdf)

Texas Department of Housing and Community Affairs
P. O. BOX 13941 Austin, Texas 78711-2489
(512) 475-4999 FAX (512) 475-0495
Pursuant to the Texas Migrant Labor Housing Facility Act, Tex. Gov. Code, §§2306.921-2306.933
Internet Address: www.tdhca.state.tx.us/mlh/index.htm

APPLICATION TO OPERATE A MIGRANT LABOR HOUSING FACILITY

(Please type or print clearly.)

******Be Sure to Complete Both Pages of this Form******

Facility Location

Facility Name:			Facility Phone #:
Facility Location or Address:			
City:	State: TX	ZIP:	County:

Facility Description

Number of Buildings: ________	Number of Units: _________	Total Capacity: _________
Water Supply ☐ Municipal ☐ Private	Sewage Disposal ☐ Municipal ☐ Septic	Cooking Facility ☐ General Mess ☐ Individual
Bathing ☐ Central ☐ Individual	Laundry ☐ Central ☐ Individual	Hand washing ☐ Central ☐ Individual

Owner/Operator Contact Information

(Address where license will be mailed, *e.g.*, address of corporation, company, or home.)

Owner Name and/or Contact Person:		
Mailing Address:		
City:	State:	ZIP
Owner Phone #:		Owner Fax:

License Fee is $250

NOTE: All new applicants are required to pay the fee listed above, and will receive a license that, unless revoked, will expire after one (1) year.

APPENDIX A

	Reason For Applying (check all that apply)	
☐ New Facility	Opening Date:	
☐ License Renewal		TDHCA License #: MLF00000
☐ Change of Location	Previous Location:	TDHCA License #: MLF00000#:
☐ Change of Name	Previous Name:	TDHCA License #: MLF00000#:
☐ Change of Ownership	Previous Owner:	TDHCA License #: MLF00000#:

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 Department of State Health Services, as they may apply to the administration of the Act by the Texas Department of Housing and Community Affairs (the "Department"). By signing this document I certify that I am an officer of the applicant or am otherwise authorized to sign this document on behalf of the applicant and that all information in this complete application is true and correct.

Signature:	Title:
Name (printed):	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 prior.
- 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 512-475-4999.
- 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 13941
AUSTIN, TX 78711-3941

*******Incomplete Applications or Improper Fees Will Delay License Issuance *******

APPENDIX B

LICENSE RENEWAL

Texas Department of Housing and Community Affairs
P. O. BOX 13981 Austin, Texas 78711-2489
Phone: 512-475-4999 or Fax: 512-475-0495
Pursuant to the Texas Migrant Labor Housing Facility Act, Tex. Gov. Code, §§2306.921-2306.933
Internet Address: http://www.tdhca.state.tx.us/migrant-housing/index.htm

APPLICATION TO OPERATE A MIGRANT LABOR HOUSING FACILITY

(Please type or print clearly.)

Facility Location			
Facility Name:			Facility Phone #:
Physical Location or Address of Facility:			
City:	State: TX	ZIP:	County:

Facility Description		
Number of Buildings: ______	Number of Units: ______	Total Capacity: ______
Water Supply	**Sewage Disposal**	**Cooking Facility**
☐ Municipal	☐ Municipal	☐ General Mess
☐ Private	☐ Septic	☐ Individual
Bathing	**Laundry**	**Hand washing**
☐ Central	☐ Central	☐ Central
☐ Individual	☐ Individual	☐ Individual

Owner/Operator Contact Information (Address where license will be mailed, *e.g.*, address of corporation, company, or home.)		
Owner Name and/or Contact Person:		
Mailing Address:		
City:	State: TX	ZIP:
Owner Phone #:		Owner Fax:

License Fee is $250

NOTE: All applicants are required to pay the fee listed above, and will receive a license that, unless revoked, will expire after one (1) year.

APPENDIX B

	Reason For Applying (check all that apply)	
☐ New Facility	Opening Date:	
☐ License Renewal		TDHCA License #: MLF00000
☐ Change of Location	Previous Location:	TDHCA License #: MLF00000
☐ Change of Name	Previous Name:	TDHCA License #: MLF00000
☐ Change of Ownership	Previous Owner:	TDHCA License #: MLF00000

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 Department of State Health Services, as they may apply to the administration of the Act by the Texas Department of Housing and Community Affairs (the "Department"). By signing this document I certify that I am an officer of the applicant or am otherwise authorized to sign this document on behalf of the applicant and that all information in this complete application is true and correct.

Signature:	Title:
Name (printed):	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 prior.
- ➢ 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 512-475-4999.
- ➢ 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 13981
AUSTIN, TX 78711-2489

*****Incomplete Applications or Improper Fees Will Delay License Issuance *****

APPENDIX C

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

4413 82nd Street Lubbock, TX 79424

Phone 806-794-2105 Fax 806-794-6876

REPORT OF INSPECTION
MIGRANT LABOR HOUSING FACILITY

Facility Information

Name of Facility: ____________________ License number if licensed: ***MLF00000***

Physical Address: ____________________ # of bldgs: __________ # of units: __________

City/State/ZIP: ____________________ Total Capacity: ____________________

Date of inspection: ____________________ Inspector: ____________________

Name of license holder's representative present: ______________________________

Inspection Information

Purpose of inspection: ☐ New license ☐ Renewal ☐ Routine ☐ Complaint

Facility Inspection: ☐ Passed ☐ Failed

References to rule sections are to 10 TAC Chapter 90. For full, exact text of the section cited, see the rules, which may be accessed on the TDHCA website at: *http://www.tdhca.state.tx.us/migrant-housing/index.htm*

	OK	Dev	Comment
Facility Site	☐	☐	
1. Section 90.2(a)(1) Site must be well-drained, free from depressions in which water mat stand. Natural sinkholes, pools, swamps or other surface collectors of water within 200 feet must be drained.	☐	☐	
2. Section 90.2(a)(2) Site free from odors, flies, noise, traffic, fire, threats to safety, flooding, overcrowding, or similar hazards.	☐	☐	
3. Section 90.2(a)(3) Site free from debris/noxious plants, uncontrolled weeds or brush.	☐	☐	
4. Section 90.2(a)(4) Adequate recreational space provided.	☐	☐	
5. Section 90.2(a)(5) No livestock feeding pens within 500 feet.	☐	☐	
6. Section 90.2(a)(6) Site not subject to periodic flooding or located so that drainage from and through site would endanger water supply.	☐	☐	

	OK	Dev	Comment
Water Supply	☐	☐	
7. Section 90.2(b)(1) Water supply must meet standards.	☐	☐	
8. Section 90.2(b)(2) If water supply does not meet standards, notices must be posted and bottled water must be provided.	☐	☐	
9. Section 90.2(b)(3) Facility must be connected to public water if possible.	☐	☐	
10. Section 90.2(b)(4) Adequate arrangements for hot water for bathing, laundry, cooking, and dishwashing in all facility sites.	☐	☐	
11. Section 90.2(b)(5) Water pressure at least 20 psi and minimum static of 35 psi for each living arrangement and utility building.	☐	☐	
12. Section 90.2(b)(6) Adequate drinking fountains in common areas and dining facilities.	☐	☐	
13. Section 90.2(b)(7) Each sink should provide hot and cold water through a single faucet that enables hot and cold water to be mixed to adjust the temperature.	☐	☐	
Waste Disposal/Sanitation	☐	☐	
14. Section 90.2(c)(1) Effective sewage disposal. No sewage on surface.	☐	☐	
15. Section 90.2(c)(2) Connected to sewer systems, if available.	☐	☐	
16. Section 90.2(c)(3) All other disposal systems (septic, portable toilets, etc.) conform to Texas Department of State Health Services Standards.	☐	☐	
17. Section 90.2(c)(4) Portable toilets not mechanically ventilated have adequate screened ventilation openings.	☐	☐	
Facilities	☐	☐	
18. Section 90.2(d)(1) Constructed to protect from the elements. Good repair and sanitary conditions. **Each unit shall have a smoke detector.**	☐	☐	
19. Section 90.2(d)(2) Smooth, rigid, readily cleanable flooring. Ground water cannot enter.	☐	☐	
20. Section 90.2(d)(3) Combined cooking/eating, sleeping arrangements have at 100 SF per person for 18 months and over; sleeping facilities have at least 50 SF per person.	☐	☐	
21. Section 90.2(d)(4) Facilities for families with children have a separate room or partitioned area for husband and wife.	☐	☐	
22. Section 90.2(d)(5) Dormitory facilities are separated for each sex. Family housing units have separate accommodations by family.	☐	☐	
23. Section 90.2(d)(6) Adequate separate places for each person to hang clothes and store personal effects for each person.	☐	☐	
24. Section 90.2(d)(7) Minimum ceiling height is 7ft.	☐	☐	
25. Section 90.2(d)(8) Each habitable room must have window or skylight to the outside.	☐	☐	
26. Section 90.2(d)(9) No areas used for housing were previously used for mixing, loading, or storing toxic substances.	☐	☐	
Cooking and Eating	☐	☐	
27. Section 90.2(e)(1) Arrangements are adequate - Family.	☐	☐	
28. Section 90.2(e)(2) Arrangements are adequate - Dormitory.	☐	☐	
29. Section 90.2(e)(3) Central mess/Multi-family operations meet standards.	☐	☐	
Sleeping Arrangements	☐	☐	
30. Section 90.2(f)(1) Sleeping arrangements in good repair and sanitary condition.	☐	☐	
31. Section 90.2(f)(2) Mattresses and covers sanitized when user changes.	☐	☐	
32 Section 90.2(f)(3) Sleeping arrangements adequately spaced.	☐	☐	

	OK	Dev	Comment
Heating	☐	☐	
33. Section 90.2(g)(1) Installed, operable, maintains at least 68 degrees.	☐	☐	
34. Section 90.2(g)(2) Failsafe if power or fuel is interrupted.	☐	☐	
35. Section 90.2(g)(3) Walls/ceilings provided with fire proof materials, 18" around stove/pipes.	☐	☐	
36. Section 90.2(g)(4) Stoves and heat sources using combustible fuel installed to prevent fire Vented through ceiling, wall, or roof.	☐	☐	
37. Section 90.2(g)(5) Stoves and heat sources using combustible fuel must be vented. Must extend beyond peak of roof.	☐	☐	
38. Section 90.2(g)(6) Solid or liquid fuel stoves in a room with wooden or combustible flooring must be fireproofed 18" beyond the stove.	☐	☐	
39. Section 90.2(g)(7) No portable heaters other than electric.	☐	☐	
Bathrooms and Laundry Rooms	☐	☐	
40. Section 90.2(h)(1) Bathrooms separate to assure privacy.	☐	☐	
41. Section 90.2(h)(2) Tubs, showers, and sinks within 200' of each living arrangement.	☐	☐	
42. Section 90.2(h)(3) Bathrooms and laundry rooms conducive to good repair and maintained in a sanitary condition.	☐	☐	
43. Section 90.2(h)(4) Shower floors non-absorbent, non-skid, properly draining.	☐	☐	
44. Section 90.2(h)(5) Communal bathrooms Separate bathing/washing and dressing spaces. Designated as men/women.	☐	☐	
45. Section 90.2(h)(6) Communal bathrooms showerhead 3' apart per 10 persons and one lavatory sink per 6 people, 9 sf per shower.	☐	☐	
46. Section 90.2(h)(7) Separate shower stalls in communal bathrooms.	☐	☐	
47. Section 90.2(h)(8) One mechanical clothes washer per 50 occupants, one laundry tray per 100 persons, or one laundry tray or tub per 25 persons.	☐	☐	
48. Section 90.2(h)(9) Clothes drying arrangements.	☐	☐	
Toilets	☐	☐	
49. Section 90.2(i)(1) Within 200 feet of each living arrangement.	☐	☐	
50. Section 90.2(i)(2) Conducive to good repair; maintained in sanitary condition; "fly proof" and adequate capacity.	☐	☐	
51. Section 90.2(i)(3) Communal toilets separated by sex by solid floor to ceiling wall; labeled by sex in English or universal symbol.	☐	☐	
52. Section 90.2(i)(4) Communal toilets lighted naturally or by safe artificial light. Well ventilated, screened with mesh.	☐	☐	
53. Section 90.2(i)(5) Water closed or privy seats 1:1 of each sex. At least one per sex.	☐	☐	
54. Section 90.2(i)(6) Urinals in lieu of toilets for up to 1/3 of men's seats.	☐	☐	
55. Section 90.2(i)(7) Urinals and surrounding walls of nonabsorbent material.	☐	☐	
Garbage/Refuse	☐	☐	
56. Section 90.2(j)(1) Containers conveniently located/ adequate number.	☐	☐	
57. Section 90.2(j)(2) Containers must be in good repair and sanitary.	☐	☐	
58. Section 90.2(j)(3) Must be collected at twice per week.	☐	☐	

	OK	Dev	Comment
Electricity/Lighting	☐	☐	
59. Section 90.2(k)(1) All facilities shall be provided electricity.	☐	☐	
60. Section 90.2(k)(2) Each habitable room must have a ceiling or wall light and an outlet.	☐	☐	
61. Section 90.2(k)(3) Yard areas and pathways to communal arrangements to be illuminated.	☐	☐	
62. Section 90.2(k)(4) Wiring and fixtures to be to National Electric Code and state and local codes.	☐	☐	
63. Section 90.2(k)(5) Toilets and storage rooms - 20 foot light candles 30 inches from floor, other rooms 30 foot candles 30 inches from floor.	☐	☐	
Screening	☐	☐	
64. Section 90.2(l)(1) Outside openings 16 mesh or less.	☐	☐	
65. Section 90.2(l)(2) Screen doors tight and self-closing.	☐	☐	
66. Section 90.2(l)(3) Screens maintained in good repair.	☐	☐	
Insect and Rodent Control	☐	☐	
67. Section 90.2(m)(1) Housing sites, units, and utility areas constructed to exclude insects, rodents or other vermin.	☐	☐	
68. Section 90.2(m)(2) Vector control program maintained to insure effective control of insects, rodents and other vermin.	☐	☐	
69. Section 90.2(m)(3) All vector control programs provide max. protection.	☐	☐	
Fire, First Aid, and Safety	☐	☐	
70. Section 90.2(n)(1) All buildings shall be maintained and used in accordance with the provisions of state and local regulations.	☐	☐	
71. Section 90.2(n)(2) Building provides adequate fire exits.	☐	☐	
72. Section 90.2(n)(3) Communal facilities provide adequate fire exits.	☐	☐	
73. Section 90.2(n)(4) Sleeping quarters and assembly rooms on second story shall have a stairway plus permanent affixed ladder or stairway.	☐	☐	
74. Section 90.2(n)(5) Fire extinguishing equipment within 100 feet of each facility.	☐	☐	
75. Section 90.2(n)(6) 1st aid kits provided and accessible at all times. 1 per 16 unit 1 per 50 persons.	☐	☐	
76. Section 90.2(n)(7) No flammable or volatile liquids or materials stored in or adjacent to rooms used for living.	☐	☐	
77. Section 90.2(n)(8) No ag pesticides or toxic chemicals stored within facility site. 500 feet in secured location.	☐	☐	
78. Section 90.3(g) Inspection shall cover all units that are subject to being occupied.	☐	☐	

Other inspector comments:

____

____

____

____

____

FINANCIAL ADMINISTRATION DIVISION

BOARD ACTION REQUEST

December 18, 2008

Action Item

Authorizing of Housing Finance Division residual funds for the purpose of a contingency reserve fund to provide additional support to the Department's bond indentures. Resolution No. 09-021

Required Action

Approval of Resolution No. 09-021 - Authorizing of Housing Finance Division residual funds for specific purposes.

Background

In the past, the Department has approached the Board concerning uses of residual funds (funds no longer restricted by bond indenture and available for the Department's use for affordable housing purposes including contingency reserve funds to support bond indentures as designated by the Board). The Department recommends restructuring these accounts as noted.

Account Name	Proposed Distribution
Residual-CMO Defeasance ***(currently 3 accounts)***	(7,261,716)
Bond Program Admin	(238,284)
Supplemental Bond Contingency Reserve	7,500,000

Residual CMO Defeasance – Collateralized Mortgage Obligations, Series 1987-A were paid off on January 31, 1996, in accordance with the terms of the Indenture and the residual amounts on deposit in the Fund (the "Defeasance Residual") were released from the lien of the Indenture. Resolution No. 96-86 designated any remaining balances as an operating reserve for the Department and/or such purposes as deemed necessary by the Chief Financial Officer and approved by the Executive Director. *The Department recommends elimination of this fund (3 accounts) with the proceeds funding a Supplemental Bond Contingency Reserve.*

Bond Program Admin – Collection of revenue bond admin fees, bond issuance fees and other bond related fees. Used to fund housing finance expenses related to the Department's bond issuance.

Supplemental Bond Contingency Reserve – This reserve will supplement and further support the Department's Bond Indentures including the Single Family Surplus and Swap Termination Value Holdback requirement, pursuant to Section 2.16(c) of the 37th Supplement. It may also be used for other possible future bond requirements such as collateral, pledges or issuer contributions, as deemed necessary by the Executive Director, Deputy Executive Director for Administration and approved by the Board Chair.

Recommendation

Approval of Resolution No. 09-021 - Authorizing of housing finance division residual funds. The Department recommends restructuring the accounts as outlined in the table above.

Resolution No. 09-021

RESOLUTION AUTHORIZING CREATION AND FUNDING OF BOND CONTINGENCY RESERVE; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose refunding any bonds theretofore issued by the Department or the Texas Housing Agency, its predecessor (the "Agency"), under such terms, conditions and details as shall be determined by the Board; and

WHEREAS, the Department has previously issued multiple series of bonds (the "Bonds") for the purpose of financing or acquiring participating interests in single family mortgage loans under various indentures; and

WHEREAS, the Board desires to fund a Supplemental Bond Contingency Reserve to be set aside for the purpose of paying debt service on the Bonds, making any swap payments related to the Bonds, funding reserves related to the Bonds, obtaining credit facilities for the Bonds, or for any purpose related to maintaining or improving the credit ratings of the Bonds or the financial position of the indentures pursuant to which the Bonds were issued;

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

ARTICLE I

CREATION AND FUNDING OF BOND CONTINGENCY FUND

Section 1.1--Creation and Funding of Bond Contingency Fund. The Board hereby authorizes the creation of the Supplemental Bond Contingency Fund. The Department shall transfer to the Supplemental Bond Contingency Fund all amounts on deposit in the Department's Residual CMO Defeasance Accounts and sufficient amounts from the Bond Program Administration Account to cause the total amount on deposit in the Supplemental Bond Contingency Fund to equal $7,500,000.

Section 1.2--Authorized Uses of Supplemental Bond Contingency Fund. The Board hereby authorizes the use of amounts on deposit in the Supplemental Bond Contingency Fund for the purpose of paying debt service on the Bonds, making any swap payments relating to the Bonds, funding reserves related to the Bonds, obtaining credit facilities for the Bonds, or for any purpose relating to maintaining or improving the credit ratings of the Bonds or the financial position of the indentures pursuant to which the Bonds were issued, as deemed necessary by the Executive Director or the Deputy Executive Director for Administration and approved by the Board Chair.

Section 1.3--Execution and Delivery of Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.4--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; the Deputy Executive Director for Administration of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 18th day of December, 2008.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

Housing Resource Center

BOARD ACTION REQUEST

December 18, 2008

Action Items

2009 State of Texas Low Income Housing Plan and Annual Report (SLIHP) (Draft for Public Comment)

Required Action

Approval of the release of the *2009 SLIHP* for public comment. The following attachments are provided:

- Attachment A - Summary of Substantive Changes from the *2008 SLIHP*
- Attachment B - *2009 SLIHP (Draft for Public Comment)*

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) annually to the governor, lieutenant governor, speaker of the house, and legislative oversight committee members not later than 30 days after the TDHCA board receives the final SLIHP. 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 2008 performance during the preceding fiscal year (September 1, 2007, through August 31, 2008).

The SLIHP will be made available for public comment on January 5th through February 2nd, 2009. The SLIHP will be presented to the Board for final approval in March 2009.

Recommendation

Approval of the *SLIHP Draft for Public Comment* is recommended.

Attachment A

Summary of Substantial Changes from the 2008 SLIHP

- Updated Annual Report section reflecting FY 2008 program performance by households/individuals and income group for the state and each region; updated performance measure information for goals and strategies reflecting FY 2008 performance, including updated targets for FY 2009.
- Reorganized and updated program action plan section. The action plan is now organized around a Housing Support Continuum, which details programs provided by the Department from homelessness assistance through foreclosure mitigation and recovery. The action plans have also been updated to reflect any programmatic changes.
- Updated Regional Allocation Formula reflecting updated data and updated Colonia Action Plan.

Attachment B

2008 State of Texas Low Income Housing Plan and Annual Report

(Draft for Public Comment)

2009 State of Texas Low Income Housing Plan and Annual Report

(Draft for Public Comment)

Texas Department of Housing and Community Affairs
December 2009

2008 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

TABLE OF CONTENTS

SECTION 1: INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA, Department) is the State's lead agency responsible for affordable housing. TDHCA offers a Housing Support Continuum for low- to moderate-income Texans with services ranging from poverty and homelessness prevention to disaster recovery.

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 "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 for households whose income low to moderate as determined by the Area Family Median Income (AMFI). A primary function of TDHCA is to act as a conduit for federal grant funds for housing and community services. Additionally, 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.*
>
> *(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.*

Funding sources to meet the legislative goals include the U.S. Department of Housing and Urban Development, U.S. Treasury Department, U.S. Department of Health and Human Services, U.S. 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. Because of the great amount of need in proportion to the federal and state funding available, the Department strives to provide the most benefit by managing these limited resources to have the greatest impact.

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.

Housing Support Continuum Activities Overview

TDHCA's Housing Support Continuum can be divided into six categories. It should be noted that, with the exception of the Section 8 Housing Choice Voucher Program, TDHCA administers its programs and services through a network of organizations across Texas and does not fund individuals directly.

The TDHCA Housing Support Continuum is as follows:

(1) Poverty and Homelessness Prevention

For Texans who struggle with poverty or are currently homeless, TDHCA offers several programs that provide essential services to assist with basic necessities. The Community Services Block Grant Program provides essential services such as child care, health and human services, job training, farmworker assistance, nutrition services and emergency assistance that may prevent poverty. To assist low-income Texans who may have a residence but struggle to pay energy costs associated with housing, the Comprehensive Energy Assistance Program provides utility subsidies and education. The Emergency Shelter Grants Program funds homeless shelter development or preservation and emergency rental assistance.

(2) Rental Assistance

TDHCA offers a wide range of rental assistance, from subsidizing the rent of low-income Texans in market-rate units to subsidizing developments that provide reduced rent for low-income Texans. The Section 8 Housing Choice Voucher Program, the HOME Program's Tenant-Based Rental Assistance and the Housing Trust Fund Program's Tenant-Based Rental Assistance help low-income Texans who need rent subsidization in order to retain their housing. The HOME Program's Rental Housing Development, the Housing Trust Fund Program's Rental Development, the Housing Tax Credit Program and the Multifamily Bond Program subsidize developments that provide reduced rents for low-income Texans.

(3) Homebuyer Assistance and Single-Family Development

After a low-income household has become self-sufficient, the household may be ready for homeownership. TDHCA works to ensure that potential homeowners understand the responsibilities of homeownership by offering homeownership education courses as well as providing financial tools to make homeownership more attainable.

To help create informed consumers, TDHCA's Colonia Self Help Centers Program and Texas Statewide Homebuyer Education Program provide homebuyer counseling through experienced homebuyer education providers.

TDHCA also offers a broad range of financial tools to help low-income Texans transition into homeownership. The HOME Program's Homebuyer Assistance and the Housing Trust Fund Program's Homebuyer Assistance provide down payment and closing cost assistance. The First-Time Homebuyer Program has unassisted funds which provide below-market mortgage financing through participating lenders and assisted funds which provide below-market mortgage financing along with down payment and closing cost assistance. The Mortgage Credit Certificate Program provides tax credits that reduce the federal income taxes, dollar-for-dollar, and thus reduce monthly mortgage payment for qualified households.

Beyond down payment assistance, below-market mortgages and tax credits, TDHCA offers programs that assist in the development of housing to increase homeownership opportunities for low-income Texans. The Texas Bootstrap Loan Program promotes homeownership by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing through an owner-builder model. TDHCA also works with Community Housing Development Organizations to subsidize the development of single-family housing that will be sold to low-income households. The HOME Single-Family Development and Colonia Model Subdivision programs offer Community Housing Development Organizations loans or grants to construct residential subdivisions and offer down payment assistance.

(4) Rehabilitation and Weatherization

In the course of homeownership, there may come a time when substantial rehabilitation or reconstruction needs to take place. The HOME Program's Owner-Occupied Housing Assistance and the Housing Trust Fund Program's Rehabilitation Assistance provide repair or reconstruction of a low-income homeowner's existing home.

Furthermore, low-income Texans may need weatherization services to help control energy costs and thus keep the home affordable, whether they rent or own. TDHCA offers the Weatherization Assistance Program which allocates funding regionally to help households control energy costs through the installation of storm windows, attic and wall insulation, weather-stripping and sealing and energy consumption education.

(5) Foreclosure

As a result of the national foreclosing crisis, TDHCA has undertaken several programs to mitigate foreclosure.

TDHCA applied for the federal funding through the National Foreclosure Mitigation Counseling program. Under this program TDHCA would supply funds to reimburse foreclosure counseling agencies for different levels of foreclosure counseling.

TDHCA is in the process of implementing a Neighborhood Stabilization Program which will use federal funds to rehabilitate, resell or redevelop foreclosed properties. This program will stabilize communities by using properties that have the potential to become sources of blight.

(6) Disaster Recovery

When natural and man-made disasters strike, low-income households may take the longest time to recover. In an effort to reduce the recovery time, almost every department in TDHCA offers some sort of disaster assistance.

After a disaster, basic needs must be met as soon as possible. The Community Services Division offers a portion of the Community Service Block Grant funds for low-income persons who live in communities impacted by a disaster. The emergency disaster relief funds provide persons with emergency shelter, food, clothing, pharmaceutical supplies, bedding, cleaning supplies, personal hygiene items and replacement of essential appliances including stoves, refrigerators and water heaters.

Some TDHCA programs are dedicated specifically to meet the needs of communities affected by natural disasters. TDHCA's Disaster Recovery Division helps to administer two Community Development Block Grants. The first grant amount, known as Round One, has 56.8 percent dedicated to housing activities including home rehabilitation and reconstruction for those affected by Hurricane Rita. The second grant amount, known as Round Two, is being used to provide assistance to homeowners of low to moderate income whose houses were damaged by Hurricane Rita as well as reconstruct affordable rental housing stock in the impacted areas and restore critical infrastructure damaged by the hurricane. Some of Round Two funding will also be used to provide assistance for increased demands in public services in areas that have experienced a dramatic population increase due to an influx of Katrina evacuees.

To address longer-term recovery, deobligated HOME funds may be used for disaster relief through the HOME Program's Owner Occupied Assistance. HOME disaster funds target eligible homeowners in the repair, rehabilitation and reconstruction of their existing home affected by the natural disaster.

Although some household's may receive federal assistance after a disaster, some homeowners may still lack a small amount of funds for repair or rehabilitation. The Housing Trust Fund Program offers the Disaster Recovery Homeowner Repair Gap Financing Program to assist qualified households, who are lacking only a small portion of funding, fulfill their full cost of construction.

To strengthen the recovery efforts of communities affected by disasters, the Texas First-Time Homebuyer Program offers targeted funds which are used for home loans to qualified homebuyers wishing to purchase within the 22 East Texas counties designated under the Gulf Opportunity Zone Act and the 22-county area known as the Rita Go Zone.

Housing Support Continuum Activities Chart

The following table outlines TDHCA's programs. For more detailed program information, please see "TDHCA Programs" in *Section 4: Action Plan* below.

Continuum	Program/Activities	Description	Eligible Households
Poverty and Homelessness Prevention	Community Services Block Grant	Funds local agencies to provide essential services and poverty programs	<50% AMFI
	Comprehensive Energy Assistance	Funds local agencies to offer energy education, financial assistance and HVAC replacement	<50% AMFI
	Emergency Shelter Grants	Funds entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)

Continuum	Program/Activities	Description	Eligible Households
Tenant-Based Rental Assistance	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain areas	<50% AMFI
	HOME Program – Tenant-Based Rental Assistance	Grants for entities to provide tenant-based rental assistance for two years	<80% AMFI
	Housing Trust Fund Program – Tenant-Based Rental Assistance	Grants for entities to provide tenant-based rental assistance for a period of time specified in the Notice of Funding availability	<80% AMFI
Multifamily Rental Development	HOME Program – Rental Housing Development	Loans or grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Trust Fund Program – Rental Development	Loans or grants for rental housing development and other industry innovations	<80% AMFI
	Housing Tax Credit Program	Tax credits to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Bond Program	Loans to develop or preserve affordable rental housing	<60% AMFI
Homebuyer Education	Colonia Self-Help Center Program	Homebuyer education offered through Colonia Self-Help Centers and Office of Colonia Initiatives (OCI) field offices	<115% AMFI (All)
	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	<115% AMFI (All)
Homebuyer Assistance	HOME Program – Homebuyer Assistance	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	Housing Trust Fund Program – Homebuyer Assistance	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	First-Time Homebuyer Program – Unassisted Funds	Low-interest loans for first time homebuyers	<115% AMFI
	First-Time Homebuyer Program – Assisted Funds	Low-interest loans for first time homebuyers with down payment and closing costs	<80% AMFI
	Mortgage Credit Certificate Program	Annual tax credit based on the interest paid on the homebuyer's mortgage loan	<115% AMFI
Single-Family Development	Texas Bootstrap Loan Program	Funds entities to offer owner-builder loans programs	<60% AMFI
	HOME Program – Single-Family Development	Loans or grants for Community Housing Development Organizations to construct single family housing and offer down payment assistance	<80% AMFI

Continuum	Program/Activities	Description	Eligible Households
	HOME Program – Colonia Model Subdivision	Loans for Community Housing Development Organizations to develop residential subdivisions as an alternative to colonias	<60% AMFI
Rehabilitation and Weatherization	HOME Program – Owner-Occupied Assistance	Loans and grants for entities to provide home repair assistance	<80% AMFI
	Housing Trust Fund Program – Repair Assistance	Loans and grants for entities to provide home repair assistance	<80% AMFI
	Weatherization Assistance Program	Funds local agencies to provide minor home repairs to increase energy efficiency	<50% AMFI
Foreclosure	National Foreclosure Mitigation Counseling	Fund Foreclosure Counselors to assist low-income households avoid foreclosure	None required
	Neighborhood Stabilization Program	Purchase foreclosed properties to demolish or create affordable housing and stabilize existing neighborhoods	<120% AMFI
Disaster Recovery	Community Development Block Grant – Round One	Targeted disaster recovery funding to provide home repair assistance and preserve affordable rental housing	<80% AMFI
	Community Development Block Grant – Round Two	Targeted disaster recovery funding to provide home repair assistance, preserve affordable rental housing, provide infrastructure repairs and provide community services for areas with evacuees	<80-150% AMFI
	HOME Program – Disaster Recovery Owner Occupied Assistance	Deobligated HOME funds may be used for non-Participating Jurisdictions to assist with home repair, rehabilitation and reconstruction of their existing home affected by a disaster	<80% AMFI
	Housing Trust Fund Program – Disaster Recovery Rehabilitation	Disaster Recovery Homeowner Repair Gap Financing Program assists households who are lacking only a small portion of funds to fulfill their full cost of construction.	<80% AMFI
	Texas First Time Homebuyer – Targeted Funds	Assist those affected by natural disasters by improving existing residential housing through self-help construction.	<60% AMFI

Administrative Structure

Agency programs are grouped into the following divisions: Multifamily Finance Production, Texas Homeownership, HOME and Housing Trust Fund, Office of Colonia Initiatives, Disaster Recovery 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, Public Affairs and Housing Resource Center. The Manufactured Housing Division is administratively attached to TDHCA, though it is an independent entity with its own governing board.

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.

2009 State of Texas Low Income Housing Plan and Annual Report

The *2009 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 2008, 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 revised biennial plan for 2009–2010, 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 2009 and is included in accordance with legislation
- *Appendix:* Includes TDHCA's enabling legislation

Because the Plan's legislative requirements are rather extensive, TDHCA has prepared a collection of separate publications in order to fulfill requirements. TDHCA produces the following publications in compliance with §2306.072–2306.0724 of the Texas Government Code:

- *State of Texas Low Income Housing Plan and Annual Report* (this document)
- *Basic Financial Statements and Operating Budget*: Produced by TDHCA's Financial Administration Division and fulfill §2306.072(c)(1)
- *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

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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
- *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, visit http://www.tdhca.state.tx.us/finan.htm.

STATEMENT OF ACTIVITIES

The Department has many programs that provide an array of services. This section of the Plan highlights TDHCA's activities and achievements during the preceding fiscal 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
- TDHCA's progress in meeting its housing and community services goals

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.

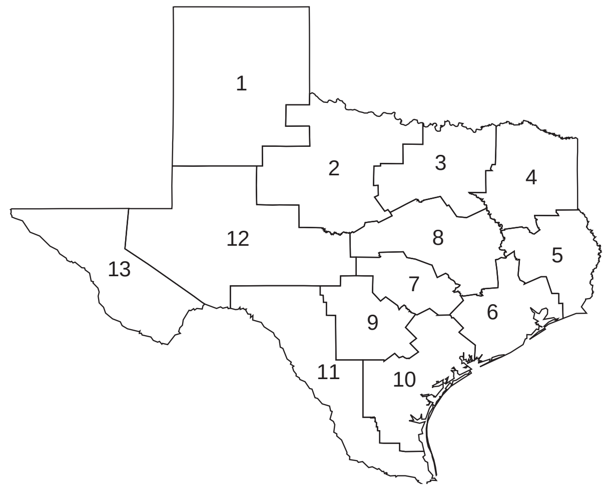


Figure 2.1 State Service Regions

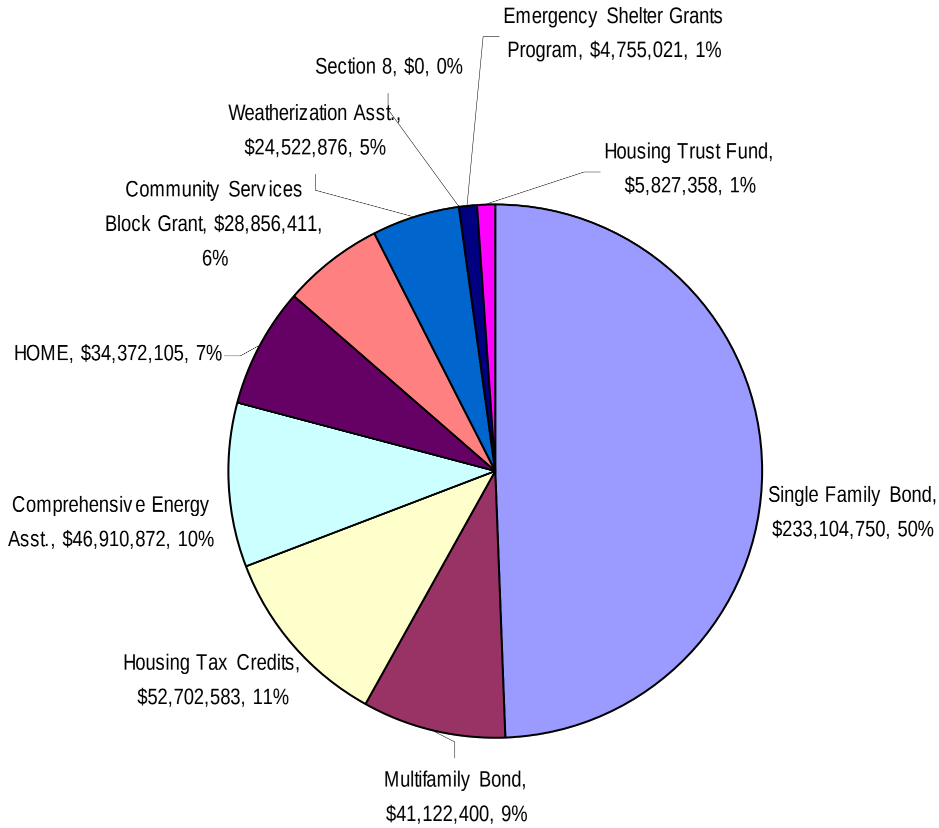
FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY ACTIVITY AND PROGRAM

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 and predevelopment funding.
  - Rehabilitation Construction activities support the acquisition, rehabilitation and preservation of multifamily units.
  - Tenant-Based Assistance supports low-income Texans through 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 2008, TDHCA committed $478,971,718 in total funds. Almost all of this funding, approximately 99 percent of the total came from federal sources. TDHCA committed funding for activities that predominantly benefited extremely low-, very low- and low-income individuals. The chart below displays the distribution of this funding by program activity.

Total Funding By Program, FY 2008
Total Funds Committed: $ 478,971,718



Funding and Households/Persons Served by Activity, FY 2008, All Activities

Household Type	Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Renter	Rental Assistance	$6,797,342	1,406	1.4%	0.2%
	New Construction	$105,329,465	4,928	22.0%	0.7%
	Rehab Construction	$22,373,106	2,656	4.7%	0.4%
Owner	Financing & Down Payment	$234,566,977	2,194	49.0%	0.3%
	Rehabilitation Assistance	$4,859,648	115	1.0%	0.0%
	Homeless Services	$4,755,021	111,291	1.0%	16.0%
	Energy Related	$71,433,748	71,996	14.9%	10.4%
	Supportive Services	$28,856,411	500,296	6.0%	72.0%
Total		$478,971,718	694,882	100.0%	100.0%

Funding and Households/Persons Served by Housing Program, FY 2008

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Rental Assistance	$0	-	$912,773	297	$0	-	$0	-	$0	-	$5,884,569	1,109
Rental New Construction	$0	-	$19,871,972	247	$5,513,480	206	$38,821,613	3,803	$41,122,400	672	$0	-
Rental Rehabilitation	$0	-	$8,178,258	429	$313,878	99	$13,880,970	2,128	$0	-	$0	-
Owner Financing & Down Pmt.	$233,104,750	2,065	$1,462,227	129	$0	-	$0	-	$0	-	$0	-
Owner Rehab. Asst	$0	-	$4,859,648	115	$0	-	$0	-	$0	-	$0	-
Total	$233,104,750	2,065	$35,284,878	1,217	$5,827,358	305	$52,702,583	5,931	$41,122,400	672	$5,884,569	1,109

*Includes $7,430,557 in additional awarded HTC. The households served were reported previously and are not reported for 2008.

Funding and Households/Persons Served by Community Affairs Programs, FY 2008

	ESGP^		CSBG^*		CEAP		WAP*	
	Funds	Ind	Funds	Ind	Funds	HH	Funds	HH
Homeless Services	$4,755,021	111,291	$0	0	$0	0	$0	0
Energy Related	$0	0	$0	0	$46,910,872	68,055	$24,522,876	3,941
Supportive Services	$0	0	$28,856,411	500,296	$0	0	$0	0
Total	$4,755,021	111,291	$28,856,411	500,296	$46,910,872	68,055	$24,522,876	3,941

*For these programs, funds and households served reflect different 12 month periods.

^ ESGP and CSBG programs represent individuals served, not households

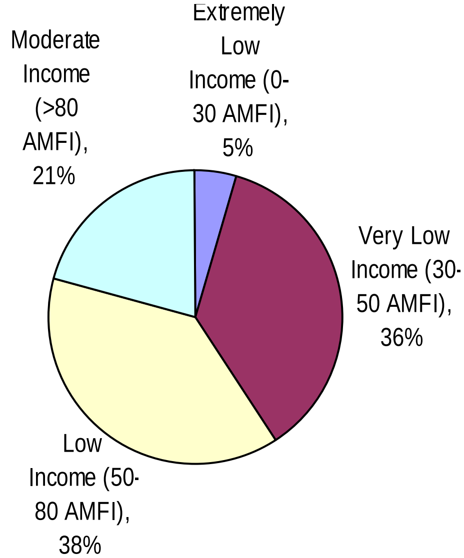
FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY INCOME GROUP

The SLIHP uses the following subcategories to refer to the needs of households or persons within specific income groups.

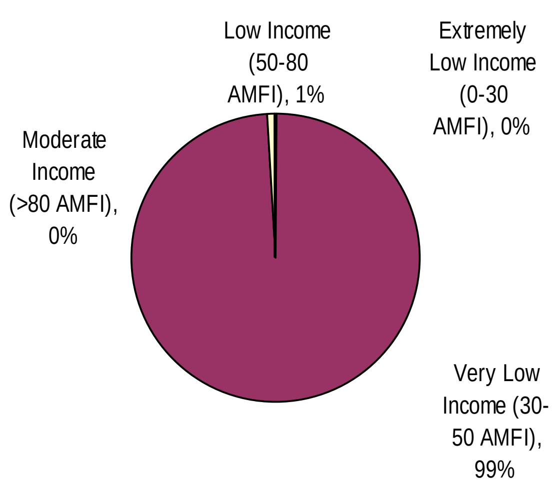
- Extremely Low Income (ELI): 0% to 30% area median family income (AMFI)
- Very Low Income (VLI): 31% to 50% (AMFI)
- Low Income (LI): 51% to 80% (AMFI)
- Moderate Income and Up (MI): >80% (AMFI)

The vast majority of households and individuals served through CEAP, WAP and ESGP 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.

Total Funding by Income Level, FY 2008



Total Households Served by Income Level, FY 2008



Funding and Households/Persons Served by Income Category, FY 2008

Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Extremely Low Income (0-30 AMFI)	$22,403,152	1,610	5%	0%
Very Low Income (30-50 AMFI)	$170,451,664	686,747	36%	99%
Low Income (50-80 AMFI)	$179,999,235	5,790	38%	1%
Moderate Income (>80 AMFI)	$98,687,110	735	21%	0%
Total	$471,541,161	694,882	100%	100%

Housing Activities

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8	
Activity	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Extremely Low Income (0-30 AMFI)	$5,742,993	60	$8,815,533	431	$680,591	59	$2,427,551	274	$0	-	$4,736,484	786
Very Low Income (30-50 AMFI)	$28,461,733	349	$17,236,425	598	$3,447,968	163	$15,199,103	1784	$0	-	$1,061,255	270
Low Income (50-80 AMFI)	$100,332,914	927	$9,232,919	188	$1,578,800	79	$27,645,372	3873	$41,122,400	672	$86,830	51
Moderate Income (>80 AMFI)	$98,567,110	729	$0	-	$120,000	4	-	0	$0	-	$0	2
Total	$233,104,750	2,065	$35,284,877	1,217	$5,827,359	305	$45,272,026	5931	$41,122,400	672	$5,884,569	1,109

Community Affairs Activities

	ESGP*		CSBG*		CEAP		WAP	
Activity	Funds	Ind	Funds	Ind	Funds	HH	Funds	HH
Extremely Low Income (0-30 AMFI)	$0	-	$0	-	$0	-	$0	-
Very Low Income (30-50 AMFI)	$4,755,021	111,291	$28,856,411	500,296	$46,910,872	68,055	$24,522,876	3,941
Low Income (50-80 AMFI)	$0	-	$0	-	$0	-	$0	-
Moderate Income (>80 AMFI)	$0	-	$0	-	$0	-	$0	-
Total	$4,755,021	111,291	$28,856,411	500,296	$46,910,872	68,055	$24,522,876	3,941

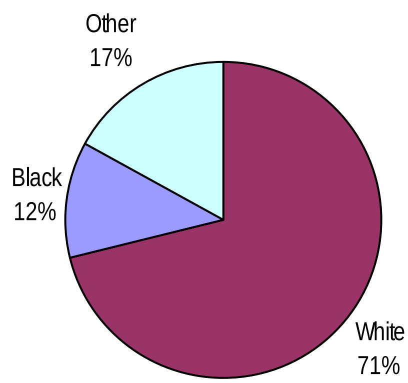
*These programs report by individuals served rather than households served.

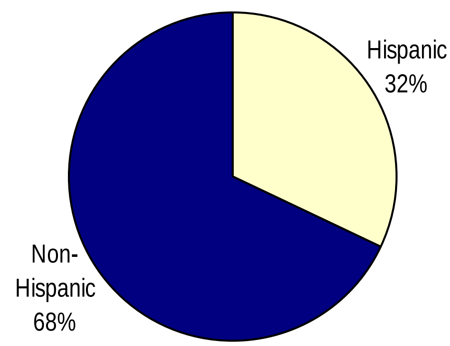
RACIAL AND ETHNIC COMPOSITION OF HOUSEHOLDS RECEIVING ASSISTANCE

As required by legislation, TDHCA reports on the racial and ethnic composition of individuals and families receiving assistance. These demographic categories are delineated according to the standards set by the U.S. Census. Accordingly, “race” is broken down into three subclassifications: White, Black and Other. “Other” includes races other than White and Black, as well as individuals with two or more races. As ethnic origin is considered to be a separate concept from racial identity, the Hispanic population is represented in a separate chart. Persons of Hispanic origin may fall under any of the racial classifications. 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. Note that the state population racial composition charts examine individuals, while the many program racial composition charts examine households.

Racial Composition of the State of Texas | **Ethnic Composition of the State of Texas**

20,851,820 Total Individuals





Housing Programs

Racial and ethnic data on housing programs is presented below using two general categories: Renter Programs and Homeowner Programs.

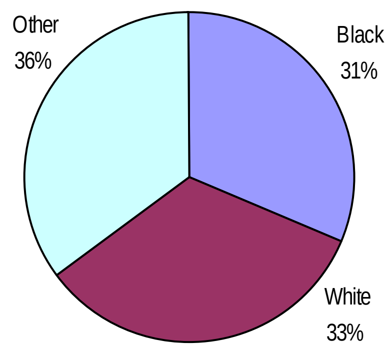
Renter Programs

The following charts depict the racial and ethnic composition of households receiving assistance from all TDHCA renter programs. Included in this category are households participating in TDHCA’s Tenant Based Rental Assistance Program (TBRA) and Section 8 Housing Choice Voucher Program, as well as households residing in TDHCA-funded multifamily properties.

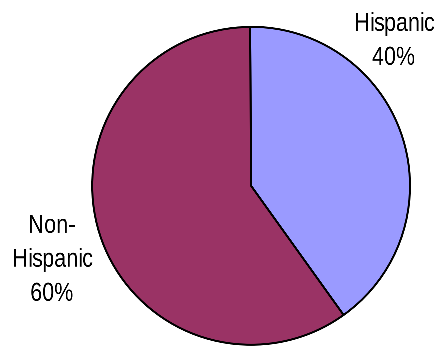
Multifamily properties receive funding through one or more of the following TDHCA programs: the Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnership Program and Multifamily Bond Program. Data for these programs is collected from the Fair Housing Sponsor Report, which is gathered each year from TDHCA-funded housing developments. The report includes information about each property, including the racial composition of the tenant population as of December 31 of the given year. Accordingly, the 2008 report is a snapshot of property characteristics on December 31, 2007.

It should be noted that the Housing Sponsor Report does not report on or represent all units financed by TDHCA. Some submitted reports describe properties under construction, which do not yet have occupied units. Some properties did not submit a report and still others did not fill out the report accurately. Therefore, TDHCA is left with usable data for only a portion of existing multifamily units. For racial and ethnicity analysis, only 82% of the unit data received from the monitored properties could be used. As a result, the following charts present a picture of race and ethnicity based on samples and may not represent actual percentages.

Racial Composition of TDHCA-Assisted Renter Households



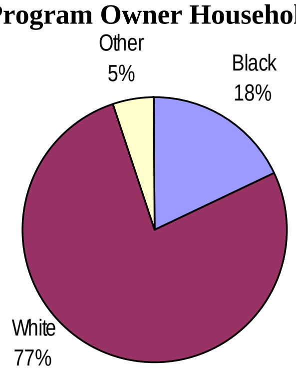
Ethnic Composition of TDHCA-Assisted Renter Households



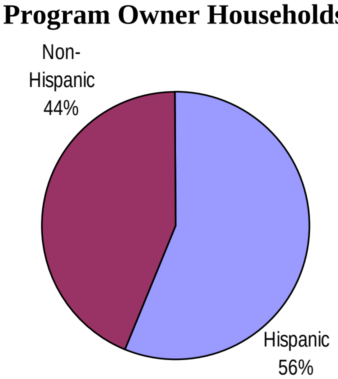
Homeowner Programs

The following charts depict the racial and ethnic composition of households receiving assistance from all TDHCA homeowner programs. TDHCA homeowner assistance comes in the form of three programs: the Single Family Bond Program, HOME Owner-Occupied Home Repair Program and HOME Homebuyer Assistance Program. Office of Colonia Initiatives programs are reported in the Homeowner Programs category under the following funding sources: HOME Program for Contract for Deed loans, Single Family Bond for some Contract for Deed loans and some Texas Bootstrap Program loans and the Housing Trust Fund for some Texas Bootstrap loans. Due to the data reporting techniques of the Single Family Bond Program, race and ethnicity are combined into one category.

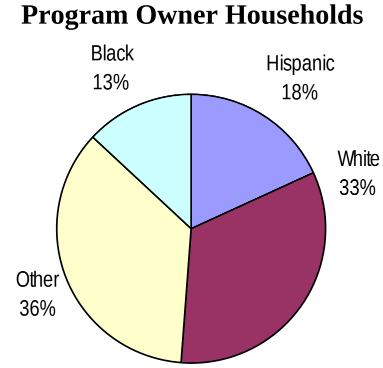
Racial Composition of HOME Program Owner Households



Ethnic Composition of HOME Program Owner Households



Ethnic Composition of SF Bond Program Owner Households



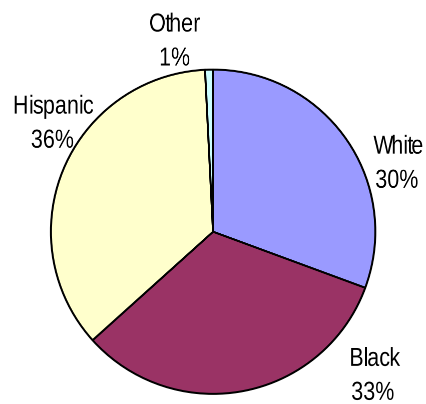
Community Affairs Programs

The Community Affairs programs allocate funding to entities with service areas that span across two or more uniform state service regions, so racial data for these programs is reported by entity rather than region. Due to the data reporting techniques of the Weatherization Assistance Program (WAP), Energy Assistance Program (CEAP) and Community Services Block Grant (CSBG) Program race and ethnicity are combined into one category. The Emergency Shelter Grant Program (ESGP) reports race and ethnicity as two separate categories

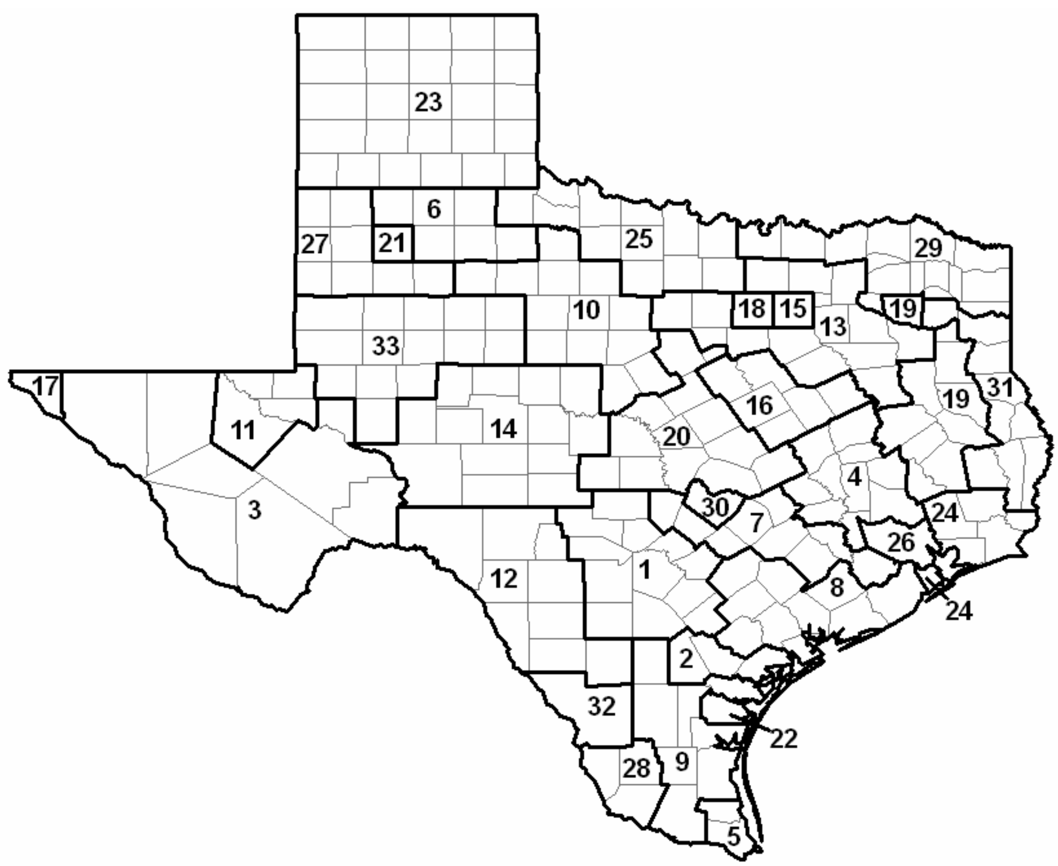
Weatherization Assistance Program

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 2008 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial and ethnic composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of WAP Assisted Households, Statewide, 2008



WAP Subcontractor Service Areas, FY 2008



Racial and Ethnic Composition of Households Receiving WAP Assistance by Subcontractor, Statewide, PY 2008

#	Contractor	WAP Counties Served	PY 2008 Allocations	Households Served	White	Black	Hispanic	Other
1	Alamo Area Council of Governments	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	980,650	384	95	67	218	4
2	Bee Community Action Agency	Bee, Live Oak, Refugio	50,965	17	2	4	11	0
3	Big Bend Community Action Committee, Inc.	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	153,480	42	2	0	39	1
4	Brazos Valley Community Action Agency	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	401,105	98	61	30	6	1
5	Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	349,427	96	1	0	95	0
6	Caprock Community Action Association, Inc.	Crosby, Dickens, Floyd, Hale, King, Motley	122,331	40	1	7	32	0
7	Combined Community Action, Inc.	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	227,389	67	45	14	8	0
8	Community Action Committee of Victoria Texas	Aransas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	316,276	46	10	13	23	0
9	Community Action Corporation of South Texas	Brooks, Hidalgo, Jim Wells, Kenedy, Kleberg, San Patricio	735,005	151	13	3	126	9
10	Community Action Program, Inc.	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton	271,731	72	52	6	14	0
11	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	46,087	18	3	0	15	0
12	Community Services Agency of South Texas	Dimmit, Edwards, Kinney, La Salle, Maverick, Real, Uvalde, Val Verde, Zavala	242,614	51	2	0	49	0
13	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	657,683	179	105	60	12	2
14	Concho Valley Community Action Agency	Coke, Coleman, Concho, Crocket, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	238,175	69	24	0	45	0
15	To Be Determined	Duval, McMullen	40,383	0	0	0	0	0

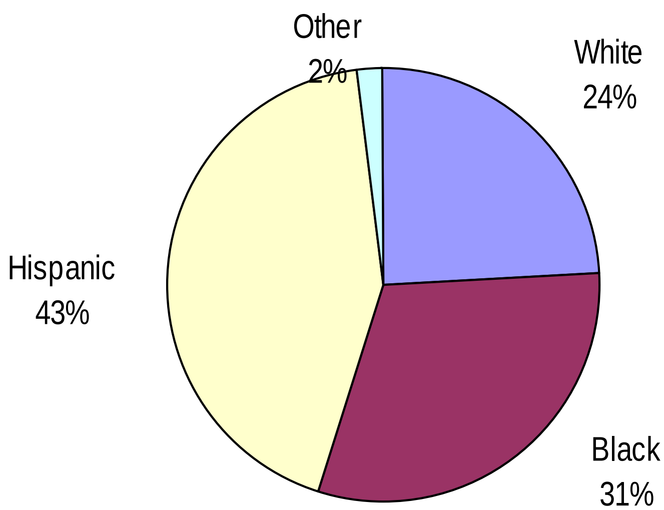
#	Contractor	WAP Counties Served	PY 2008 Allocations	Households Served	White	Black	Hispanic	Other
16	Dallas County Department of Health and Human Services	Dallas	909,553	367	114	206	43	4
17	Economic Opportunities Advancement Corporation of Planning Region XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	250,477	61	18	39	4	0
18	El Paso Community Action Program, Project BRAVO, Inc.	El Paso	486,938	186	6	1	179	0
19	Fort Worth, City of, Department of Housing	Tarrant	510,974	188	58	98	32	0
20	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	389,968	84	55	23	6	0
21	Hill Country Community Action Association, Inc.	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	293,576	124	94	12	18	0
22	Lubbock, City of, Community Development Department	Lubbock	164,903	63	16	22	24	1
23	Nueces County Community Action Agency	Nueces	207,447	61	13	1	47	0
24	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	412,968	139	73	11	54	1
25	Programs for Human Services, Inc.	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	427,378	195	84	107	2	2
26	Rolling Plains Management Corporation	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	217,780	70	39	17	14	0
27	Sheltering Arms, Inc.	Harris	1,514,169	489	21	409	53	6
28	South Plains Community Action Association, Inc.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	103,489	58	6	0	52	0
29	South Texas Development Council	Jim Hogg, Starr, Zapata	116,083	0	0	0	0	0
30	Texoma Council of Governments	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	397,788	151	91	57	3	0

#	Contractor	WAP Counties Served	PY 2008 Allocations	Households Served	White	Black	Hispanic	Other
31	Travis County Health and Human Services Department	Travis	306,460	121	38	27	54	2
32	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	229,263	85	29	56	0	0
33	Webb County Community Action Agency	Webb	156,825	81	0	0	81	0
34	West Texas Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	332,098	88	28	10	50	0
	WAP TOTAL	STATE	12,261,438	3,941	1,199	1,300	1,409	33

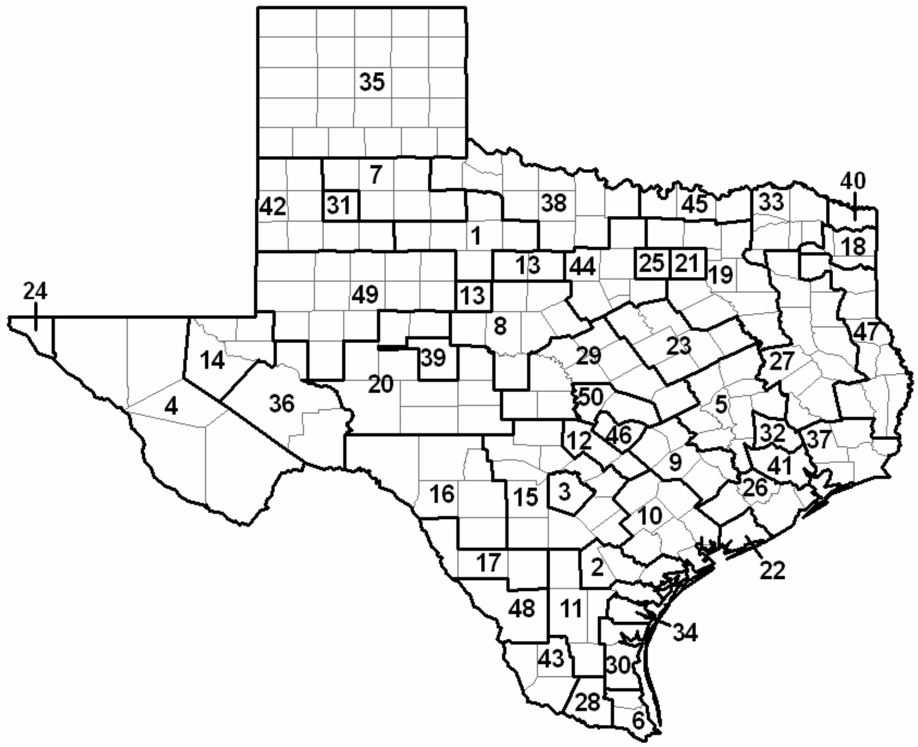
Comprehensive Energy Assistance Program

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 2008 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.

Racial and Ethnic Composition of CEAP Assisted Households, Statewide, PY 2008



CEAP Subcontractor Service Areas, FY 2008



Racial and Ethnic Composition of Households Receiving CEAP Assistance by Subcontractor, Statewide, FY 2008

#	Subcontractor	Counties Served	PY 2008 Allocation	HH Served	White	Black	Hisp.	Other
1	ASPERMONT SMALL BUSINESS DEVELOPMENT CENTER, INC.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	353,753	493	229	74	188	2
2	BEE COMMUNITY ACTION AGENCY	Bee, Live Oak, Refugio	195,452	277	32	22	221	2
3	BEXAR COUNTY DEPT. OF COMMUNITY INVESTMENT	Bexar	2,830,521	4,408	341	608	3,406	53
4	BIG BEND COMMUNITY ACTION COMMITTEE, INC.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	387,377	759	90	2	666	1
5	BRAZOS VALLEY COMMUNITY ACTION AGENCY, INC.	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington	1,142,253	1,321	289	909	114	9
6	CAMERON AND WILLACY COUNTIES COMMUNITY PROJECTS, INC.	Cameron, Willacy	1,340,061	3,627	423	97	3,107	0
7	CAPROCK COMMUNITY ACTION ASSOCIATION	Crosby, Dickens, Floyd, Hale, King, Motley	469,143	848	198	110	533	7
8	CENTRAL TEXAS OPPORTUNITIES, INC.	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels	533,906	763	591	41	123	8
9	COMBINED COMMUNITY ACTION, INC.	Austin, Bastrop, Colorado, Fayette, Lee	374,946	451	129	250	71	1
10	COMMUNITY ACTION COMMITTEE OF VICTORIA TEXAS	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria	653,615	893	274	277	340	2
11	COMMUNITY ACTION CORPORATION OF SOUTH TEXAS	Brooks, Jim Wells, San Patricio	444,486	862	48	11	802	1
12	COMMUNITY ACTION INC., OF HAYS, CALDWELL AND BLANCO COUNTIES	Blanco, Caldwell, Hays	258,153	341	111	105	119	6

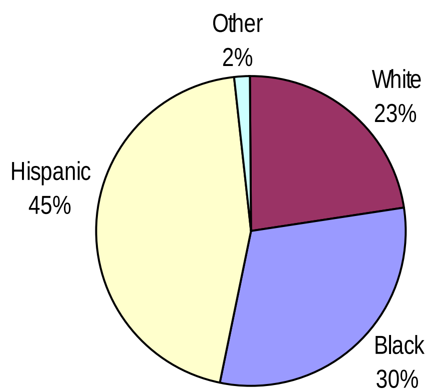
#	Subcontractor	Counties Served	PY 2008 Allocation	HH Served	White	Black	Hisp.	Other
13	COMMUNITY ACTION PROGRAM, INC.	Shackelford, Stephens, Taylor	353,311	502	211	113	177	1
14	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	176,743	241	33	15	192	1
15	COMMUNITY COUNCIL OF SOUTH CENTRAL TEXAS	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	930,291	1,658	494	79	1,073	12
16	COMMUNITY COUNCIL OF SOUTHWEST TEXAS, INC.	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	542,177	510	19	6	477	8
17	COMMUNITY SERVICES AGENCY OF SOUTH TEXAS, INC.	Dimmit, LaSalle, Maverick	388,255	493	5	1	487	0
18	COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.	Camp, Cass, Marion, Morris	309,374	661	261	364	16	20
19	COMMUNITY SERVICES, INC.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	1,672,646	2,417	1,232	886	256	43
20	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton	455,197	647	257	3	385	2
21	DALLAS COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES	Dallas	3,488,157	2,200	239	1,747	166	48
22	ECONOMIC ACTION COMMITTEE OF THE GULF COAST	Matagorda	118,950	190	40	94	55	1
23	ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PR XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	960,583	1,286	410	737	137	2
24	EL PASO COMMUNITY ACTION PROGRAM, PROJECT BRAVO, INC.	El Paso	1,867,413	3,934	110	100	3,685	39
25	FORT WORTH,CITY OF, PARKS & COMMUNITY SERVICES DEPARTMENT	Tarrant	1,959,596	3,094	794	1,742	532	26
26	GALVESTON COUNTY COMMUNITY ACTION COUNCIL, INC.	Brazoria, Fort Bend, Galveston, Wharton	1,157,635	1,455	287	857	299	12
27	GREATER EAST TEXAS COMMUNITY ACTION PROGRAM (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	1,881,776	3,035	1,017	1,820	188	10
28	HIDALGO COUNTY COMMUNITY SERVICES AGENCY	Hidalgo	2,029,569	4,180	52	5	4,118	5
29	HILL COUNTRY COMMUNITY ACTION ASSOCIATION, INC.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	811,981	967	578	200	167	22
30	KLEBERG COUNTY HUMAN SERVICES	Kenedy, Kleberg	387,602	413	24	40	349	0
31	LUBBOCK, CITY OF	Lubbock	632,407	914	217	319	373	5
32	MONTGOMERY COUNTY EMERGENCY ASSISTANCE	Montgomery	395,991	1,875	1,211	535	107	22
33	NORTHEAST TEXAS OPPORTUNITIES, INC	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	531,728	749	400	331	18	0
34	NUECES COUNTY COMMUNITY ACTION AGENCY	Nueces	795,562	762	54	180	526	2

#	Subcontractor	Counties Served	PY 2008 Allocation	HH Served	White	Black	Hisp.	Other
35	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	1,583,740	2,955	1,332	393	1,224	6
36	PECOS COUNTY COMMUNITY ACTION AGENCY	Crane, Pecos, Terrell	201,223	350	32	0	318	0
37	PROGRAMS FOR HUMAN SERVICES	Chambers, Hardin, Jefferson, Liberty, Orange	1,160,671	1,338	320	941	12	65
38	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	760,322	816	487	179	125	25
39	SAN ANGELO-TOM GREEN COUNTY HEALTH DEPARTMENT	Tom Green	259,329	339	151	27	159	2
40	SENIOR CITIZENS SERVICES OF TEXARKANA, INC.	Bowie	249,714	297	89	208	0	0
41	SHELTERING ARMS, INC.	Harris	5,806,864	7,318	785	4,869	894	770
42	SOUTH PLAINS COMMUNITY ACTION ASSOCIATION, INC.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	396,882	740	132	81	520	7
43	SOUTH TEXAS DEVELOPMENT COUNCIL	Jim Hogg, Starr, Zapata	445,179	271	2	0	269	0
44	TEXAS NEIGHBORHOOD SERVICES	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	645,574	863	742	49	67	5
45	TEXOMA COUNCIL OF GOVERNMENTS	Cooke, Fannin, Grayson	434,709	454	300	144	8	2
46	TRAVIS COUNTY HEALTH AND HUMAN SERVICES DEPARTMENT	Travis	1,175,282	680	152	297	218	13
47	TRI-COUNTY COMMUNITY ACTION, INC.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	879,228	1,011	417	574	19	1
48	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	601,422	1,061	0	1	1,033	27
49	WEST TEXAS OPPORTUNITIES, INC.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	1,273,603	1,963	533	338	1,081	11
50	WILLIAMSON-BURNET COUNTY OPPORTUNITIES, INC.	Burnet, Williamson	206,520	373	194	67	103	9
	TOTAL	STATE	46,910,872	68,055	16,368	20,848	29,523	1,316

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 2008 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.

Racial and Ethnic Composition of Individuals Receiving CSBG Assistance, Statewide, FY 2008



Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, Statewide, FY 2008

#	Contractor	Counties Served	2008 Allocation	Individuals Served	White	Hispanic	Black	Other
1	ALABAMA-COUSHATTA INDIAN RESERVATION	Polk, Tyler	63,056	158	0	1	0	157
2	ASOCIACION PRO SERVICIOS SOCIALES, INC	Jim Hogg, Starr, Webb, Zapata	109,393	999	937	62	0	0
3	ASPERMONT SMALL BUSINESS DEVELOPMENT CENTER, INC.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	150,000	1,351	477	612	202	60
4	AUSTIN, CITY OF, HEALTH & HUMAN SCVS DEPT	Travis	825,902	8,443	781	4,842	2,675	145
5	BEE COMMUNITY ACTION AGENCY	Aransas, Bee, Kenedy, Kleberg, Live Oak, Refugio	255,266	2,373	633	1,540	162	38
6	BIG BEND COMMUNITY ACTION COMMITTEE, INC.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	150,000	2,527	212	2,301	8	6
7	BRAZOS VALLEY COMMUNITY ACTION AGENCY, INC.	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington	886,036	7,330	1,656	2,435	3,076	163
8	*CAMERON AND WILLACY COUNTIES COMMUNITY PROJECTS, INC.	Cameron, Willacy	983,572	9,720	62	9,626	31	1

9	CAPROCK COMMUNITY ACTION ASSOCIATION	Crosby, Dickens, Floyd, Hale, King, Motley	171,146	2,208	369	1,608	216	15
10	CENTRAL TEXAS OPPORTUNITIES, INC.	Brown, Callahn, Coleman, Comanche, Eastland, McCulloch, Runnels	208,961	1,854	1,251	461	101	41
11	COMBINED COMMUNITY ACTION, INC.	Austin, Bastrop, Colorado, Fayette, Lee	190,846	1,002	341	175	481	5
12	COMMUNITY ACTION COMMITTEE OF VICTORIA TEXAS	Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Victoria	277,548	3,623	890	1,837	871	25
13	COMMUNITY ACTION CORPORATION OF SOUTH TEXAS	Brooks, Jim Wells, San Patricio	237,087	2,003	134	1,829	35	5
14	COMMUNITY ACTION INC., OF HAYS, CALDWELL AND BLANCO COUNTIES	Blanco, Caldwell, Hays	190,787	1,681	570	817	249	45
15	COMMUNITY ACTION PROGRAM, INC.	Mitchell, Shackelford, Stephens, Taylor	227,174	1,501	533	616	336	16
16	*COMMUNITY ACTION SOCIAL SERVICES & EDUCATION, INC.	Maverick	234,902	1,981	1	1,980	0	0
17	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	202,820	938	136	746	52	4
18	*COMMUNITY COUNCIL OF SOUTH CENTRAL TEXAS	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	582,854	6,924	1,694	4,917	255	58
19	*COMMUNITY COUNCIL OF SOUTHWEST TEXAS, INC.	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	329,175	2,001	45	1,925	16	15
20	*COMMUNITY SERVICES AGENCY OF SOUTH TEXAS, INC.	Dimmit, La Salle	165,472	741	67	674	0	0
21	COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.	Bowie, Cass, Marion, Morris,Camp	261,465	2,006	861	102	943	100
22	COMMUNITY SERVICES, INC.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	969,308	7,572	3,323	1,137	2,888	224
23	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green	260,587	1,140	355	733	43	9
24	DALLAS INTER-TRIBAL CENTER	Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall	113,561	393	12	22	6	353
25	ECONOMIC ACTION COMMITTEE OF THE GULF COAST	Matagorda	150,000	926	196	366	347	17
26	ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PR XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	473,480	3,812	937	487	2,341	47
27	EL PASO COMMUNITY ACTION PROGRAM, PROJECT BRAVO, INC.	El Paso	1,308,998	12,338	305	11,625	293	115
28	FORT WORTH,CITY OF, PARKS & COMMUNITY SERVICES DEPARTMENT	Tarrant	1,266,652	26,435	3,527	12,903	9,675	330

29	GALVESTON COUNTY COMMUNITY ACTION COUNCIL, INC.	Tarrant	762,942	4,982	813	1,217	2,856	96
30	GREATER EAST TEXAS COMMUNITY ACTION PROGRAM (GETCAP)	Brazoria, Fort Bend, Galveston, Wharton	869,691	10,203	3,345	1,137	5,580	141
31	GUADALUPE ECONOMIC SERVICES CORP	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	186,994	1,451	82	1,333	36	0
32	GULF COAST COMMUNITY SERVICES ASSOCIATION	Bailey, Briscoe, Castro, Cochran, Crosby, Deaf Smith, Dickens, Floyd, Garza, Hale, Hall, Hockley, Lamb, Lubbock, Lynn, Motley, Parmer, Swisher, Terry, Yoakum	4,073,115	12,915	724	5,136	6,961	94
33	HIDALGO COUNTY COMMUNITY SERVICES AGENCY	Harris	1,661,164	14,529	114	14,364	29	22
34	HILL COUNTRY COMMUNITY ACTION ASSOCIATION, INC.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	439,247	1,822	957	343	445	77
35	LUBBOCK, CITY OF	Lubbock	373,952	213	56	98	36	23
36	NORTHEAST TEXAS OPPORTUNITIES, INC	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	244,068	2,547	1,248	112	1,097	90
37	NUECES COUNTY COMMUNITY ACTION AGENCY	Nueces	490,346	1,930	150	1,408	320	52
38	PANHANDLE COMMUNITY SERVICES	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallum, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	568,347	10,808	4,503	4,951	1,286	68
39	PECOS COUNTY COMMUNITY ACTION AGENCY	Crane, Pecos, Terrell	150,000	725	65	656	1	3
40	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	302,806	3,651	1,811	679	867	294
41	SAN ANTONIO, CITY OF, DEPARTMENT OF COMMUNITY INITATIVES	Bexar	1,777,581	27,481	1,900	21,332	3,934	315
42	SIN FRONTERAS ORGANIZING PROJECT	El Paso	111,939	1,861	0	1,861	0	0
43	SOUTH PLAINS COMMUNITY ACTION ASSOCIATION, INC.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	187,077	2,803	389	1,935	409	70
44	SOUTH TEXAS DEVELOPMENT COUNCIL	Jim Hogg, Starr, Zapata	283,611	310	0	310	0	0
45	SOUTHEAST TEXAS REGIONAL PLANNING COMMISSION	Hardin, Jefferson, Orange	502,064	1,703	526	195	961	21

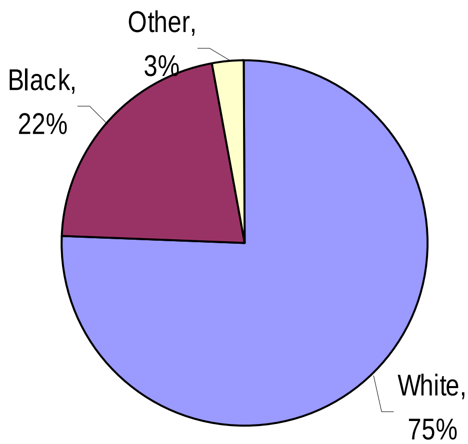
46	TEXAS NEIGHBORHOOD SERVICES	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	353,167	3,519	1,885	636	926	72
47	TEXOMA COUNCIL OF GOVERNMENTS	Cooke, Fannin, Grayson	221,012	3,251	2,841	70	277	63
48	TRI-COUNTY COMMUNITY ACTION, INC.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	364,875	3,393	1,639	153	1,557	44
49	URBAN LEAGUE OF GREATER DALLAS	Dallas	2,430,223	8,266	2,343	1,672	4,160	91
50	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	510,728	11,356	511	7,292	3,414	139
51	WEST TEXAS OPPORTUNITIES, INC.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Nolan, Scurry, Upton	565,128	6,056	555	5,121	353	27
52	WILLIAMSON-BURNET COUNTY OPPORTUNITIES, INC.	Burnet, Williamson	180,286	2,234	781	854	507	92
	TOTAL	STATE	28,856,411	251,989	47,543	139,244	61,314	3,888

*These contractors receive some additional funding to fund specialized activities for a few counties that fall outside their service area.

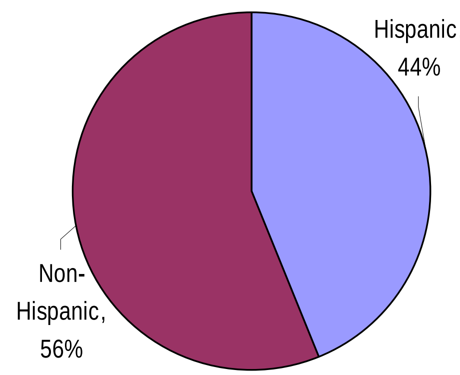
Emergency Shelter Grants Program

The Emergency Shelter Grants Program (ESGP) 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 2008 is listed according to subcontractor. Racial composition for the state is available, but is unavailable at the regional level.

Racial Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2008



Ethnic Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2008



Racial and Ethnic Composition of Individuals Receiving ESGP Assistance by Subcontractor, Statewide, FY 2008

Contractor	County	Award	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
ADVOCACY RESOURCE CENTER FOR HOUSING	Hidalgo	$51,481.00	2094	2093	1	0	2094	0
AMARILLO, CITY OF	Potter	$123,754.76	2990	2167	565	258	591	2399
AMISTAD FAMILY VIOLENCE AND RAPE CRISIS CENTER	Val Verde	$32,391.39	1382	1337	8	37	1255	127
ARLINGTON LIFE SHELTER	Tarrant	$51,690.00	1067	589	450	28	122	945
BASTROP COUNTY WOMEN'S SHELTER, D.B.A. FAMILY CRISIS CENTER	Bastrop	$55,473.00	734	483	156	95	130	604
BETHANY HOUSE OF LAREDO, INC.	Webb	$60,000.00	128	111	8	9	84	44
BONITA HOUSE OF HOPE	Harris	$61,084.00	121	43	78	0	4	117
BRIDGE OVER TROUBLED WATERS, INC., THE	Harris	$48,750.00	280	207	62	11	130	150
BROWNSVILLE, CITY OF	Cameron	$193,902.93	14004	13961	35	8	12739	1265
CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC.	Bexar	$51,408.00	232	188	40	4	156	76
CHILDREN'S CENTER, INC., THE	Galveston	$75,798.42	670	287	278	68	104	529
COLLIN INTERVENTION TO YOUTH	Collin	$64,492.70	141	83	48	10	31	110
COMAL COUNTY FAMILY VIOLENCE SHELTER	Comal	$40,554.00	1394	1285	29	71	635	750
COMPASSION MINISTRIES OF WACO, INC.	McLennan	$33,192.57	171	117	24	30	58	113
CONNECTIONS INDIVIDUAL & FAMILY SERVICES	Comal	$49,699.00	417	380	23	13	240	176
CORPUS CHRISTI HOPE HOUSE	Nueces	$54,143.69	1844	1739	80	9	998	830

Contractor	County	Award	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
COVENANT HOUSE TEXAS	Harris	$70,070.00	1700	575	1103	21	233	1466
DALLAS JEWISH COALITION/VOGEL ALCOVE	Dallas	$35,172.66	301	87	209	5	47	254
DENTON, CITY OF	Denton	$129,460.34	1769	1328	368	54	272	1478
EAST TEXAS CRISIS CENTER, INC.	Smith	$68,737.00	482	325	137	20	143	339
FAITH MISSION AND HELP CENTER, INC.	Washington	$84,092.00	419	189	226	4	49	370
FAMILY ABUSE CENTER, INC.	McLennan	$44,494.31	253	166	72	15	23	230
FAMILY CRISIS CENTER, INC.	Cameron	$145,601.00	3637	3541	50	44	3082	553
FAMILY GATEWAY, INC.	Dallas	$46,548.00	462	70	366	26	28	434
FAMILY PLACE, THE	Dallas	$47,198.00	845	370	375	100	235	610
FAMILY SERVICES OF SOUTHEAST TEXAS, INC.	Jefferson	$62,494.99	927	432	463	32	88	839
FAMILY VIOLENCE PREVENTION SERVICES, INC.	Bexar	$64,870.00	1769	1466	184	119	1163	606
FIRST STEP OF WICHITA FALLS, INC.	Wichita	$22,671.24	351	246	82	23	57	294
FOCUSING FAMILIES	Waller	$52,884.18	357	253	87	17	158	199
FORT BEND COUNTY WOMEN'S CENTER	Fort Bend County	$53,070.00	388	223	134	31	151	237
GRAYSON COUNTY JUVENILE ALTERNATIVES INC	Grayson	$57,254.00	86	60	19	7	8	78
HARMONY HOUSE, INC.	Harris	$53,968.08	24	11	12	1	1	23
HAYS COUNTY WOMEN'S CENTER	Hays	$86,398.00	532	453	57	22	304	228
HOPE ACTION CARE	Bexar	$64,561.23	183	128	53	2	97	86
HOPE'S DOOR, INC.	Collin	$39,548.81	230	144	61	25	67	163
HOUSTON AREA WOMEN'S CENTER	Harris	$65,000.00	4867	3478	1194	157	2717	2112
JOHNSON COUNTY FAMILY CRISIS CENTER	Johnson	$48,300.00	202	186	13	3	32	170
MID-COAST FAMILY SERVICES, INC.	Victoria	$42,763.14	362	259	82	21	173	189
MIDLAND FAIR HAVENS, INC.	Midland	$58,734.43	1175	882	263	30	500	675
MISSION GRANBURY, INC.	Hood	$52,196.23	116	108	3	5	0	116
MONTGOMERY COUNTY WOMEN'S CENTER	Montgomery	$72,141.07	712	481	176	55	232	480
NEW BEGINNING CENTER	Dallas	$44,754.87	737	542	157	36	328	407
NORTHWEST ASSISTANCE MINISTRIES	Harris	$63,665.82	123	37	84	2	24	99
OPPORTUNITY CENTER FOR THE HOMELESS	El Paso	$70,000.00	1937	1628	226	83	1091	846
PANHANDLE CRISIS CENTER, INC.	Ochitree	$67,249.00	590	578	0	12	310	280
PORT CITIES RESCUE MISSION MINISTRIES	Jefferson	$77,814.05	394	136	222	6	0	364
PROMISE HOUSE, INC.	Dallas	$60,000.00	226	84	139	3	47	179
PROVIDENCE MINISTRY CORPORATION	Cameron	$37,756.00	190	149	38	3	161	29
SABINE VALLEY REGIONAL MHMR CENTER	Gregg	$53,719.99	25	16	9	0	0	25
SAFE HAVEN OF TARRANT COUNTY	Tarrant	$66,048.00	5623	3652	1443	461	1973	3583
SALVATION ARMY OF ABILENE	Taylor	$73,530.98	6966	5691	1029	246	2944	4022
SALVATION ARMY OF BIG SPRING	Howard	$41,090.00	386	351	31	4	94	292
SALVATION ARMY OF CORPUS CHRISTI	Nueces	$70,259.00	1232	1081	143	8	486	746
SALVATION ARMY OF DALLAS FOR CARR P. COLLINS SERVICE CENTER	Dallas	$29,987.79	155	60	90	5	58	97
SALVATION ARMY OF EL PASO	El Paso	$42,450.58	779	736	40	3	597	182
SALVATION ARMY OF FORT WORTH FOR THE FIRST CHOICE PROGRAM	Tarrant	$66,048.00	153	69	78	6	22	131
SALVATION ARMY OF GALVESTON	Galveston	$69,995.00	15899	11623	4160	116	2256	13643
SALVATION ARMY OF KERRVILLE	Kerr	$49,934.00	467	436	28	3	110	357

Contractor	County	Award	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
SALVATION ARMY OF MCALLEN	Hidalgo	$64,999.00	1255	1228	23	3	1082	172
SALVATION ARMY OF ODESSA	Ector	$33,218.00	631	543	82	6	168	463
SALVATION ARMY OF TYLER	Smith	$72,872.10	8817	5387	3389	41	2007	6810
SALVATION ARMY OF VICTORIA	Victoria	$43,376.00	209	173	36	0	118	91
SAN ANTONIO METROPOLITAN MINISTRY, INC.	Bexar	$40,000.00	2159	1590	412	102	1104	1000
SEARCH	Harris	$129,328.00	3627	1316	2211	95	354	3268
SETON HOME	Bexar	$53,046.00	207	180	27	0	112	95
SHELTER AGENCIES FAMILES IN EAST TEXAS	Titus	$39,205.00	758	614	90	54	222	536
SIN FRONTERAS ORGANIZING PROJECT	El Paso	$70,000.00	812	811	0	1	812	0
STAR OF HOPE MISSION	Harris	$65,000.00	1911	602	1255	54	301	1610
TRAVIS COUNTY DOMESTIC VIOLENCE AND SEXUAL ASSUALT DBA SAFEPLACE	Travis	$38,666.00	706	452	110	104	355	311
TWIN CITY MISSION	Brazos	$70,000.00	769	450	210	109	156	613
WESLEY COMMUNITY CENTER	Harris	$64,779.00	464	130	333	1	102	362
WINTERGARDEN WOMEN'S SHELTER, INC.	Dimmit	$54,696.76	1268	1207	0	61	1170	98
WOMEN TOGETHER FOUNDATION, INC.	Hidalgo	$57,740.00	681	677	1	2	645	35
WOMEN'S HOME, THE	Harris	$61,917.00	97	70	25	2	7	90
WOMEN'S SHELTER OF EAST TEXAS, INC.	Nacogdoches	$47,489.00	440	250	149	41	79	361
YMCA OF METROPOLITAN DALLAS	Dallas	$42,350.00	116	68	40	8	22	94
ESGP Total	State	**$4,755,021.31**	**111,291**	**83,720**	**24,019**	**3,228**	**48,790**	**62,177**
				77%	18%	4%	46%	54%

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 TDHCA's 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 2008 goals and strategies is provided in *Section 4: Action Plan*.

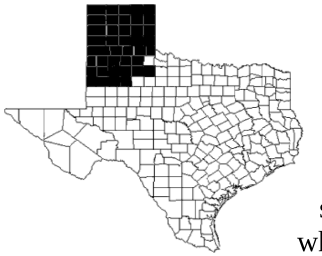
STATEMENT OF ACTIVITIES BY UNIFORM STATE SERVICE REGION

This section describes TDHCA's FY 2008 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 for these programs at the regional level. Additionally, for purposes of reporting, Office of Colonia Initiatives figures do not appear as an independent category, but rather the figures are grouped under their respective funding sources. For example, most Contracts for Deed Conversion 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 has been organized into two generalized categories of housing activity type: Renter Programs and Homeowner Programs.

For more information on the housing activity types and racial reporting categories, please see "Racial Composition of Households Receiving Assistance" under the Statement of Activities section.

REGION 1



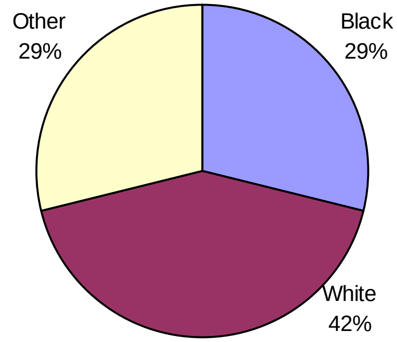
TDHCA allocated $3,502,753 in the region in FY 2008.

Homeowner programs accounted for the largest segment of this total, while “Low Income” households (50-80% AMFI) was the most served income group.

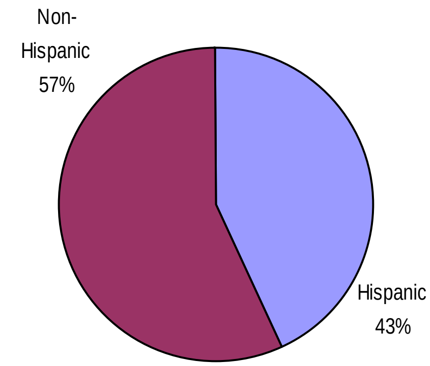
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

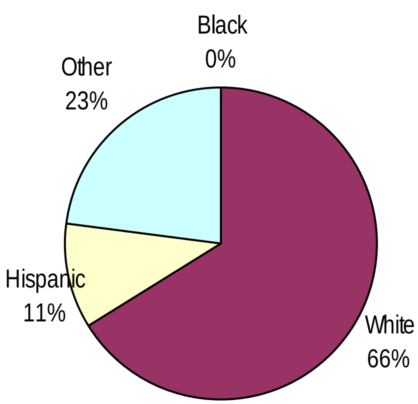


PERCENT OF COMMITTED FUNDS BY ETHNICITY



SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 1

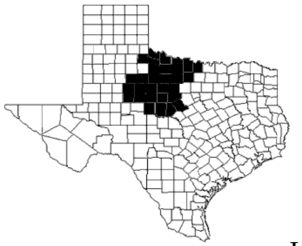
	SF Bond		HOME		HTF		HTC		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$2,317,376	35	$0	0	$0	0	$0	0	$0	0	$0	0	$2,317,376	35
Renter Programs	$0	0	$84,558	28	$0	0	$1,100,819	252	$0	0	$0	0	$1,185,377	280
Total	$2,317,376	35	$84,558	28	$0	0	$1,100,819	252	$0	0	$0	0	$3,502,753	315

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 1

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$94,254	1	$79,243	26	$0	0	$0	0	$0	0	$0	0	$173,497	27
30-50% AMFI	$1,259,423	21	$5,315	2	$0	0	$0	0	$0	0	$0	0	$1,264,738	23
50-80% AMFI	$870,699	12	$0	0	$0	0	$1,100,819	252	$0	0	$0	0	$1,971,518	264
>80% AMFI	$93,000	1	$0	0	$0	0	$0	0	$0	0	$0	0	$93,000	1
Total	$2,317,376	35	$84,558	28	$0	0	$1,100,819	252	$0	0	$0	0	$3,502,753	315

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 2



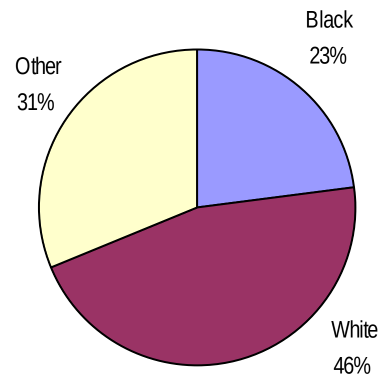
TDHCA allocated $3,364,057 in the region in FY 2008.

Homeowner programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

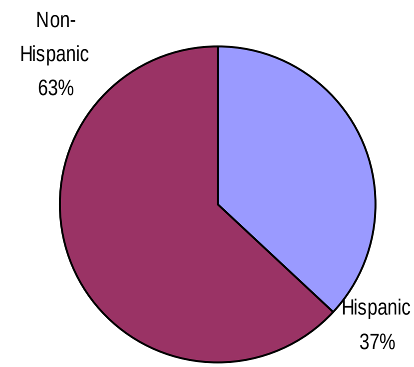
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

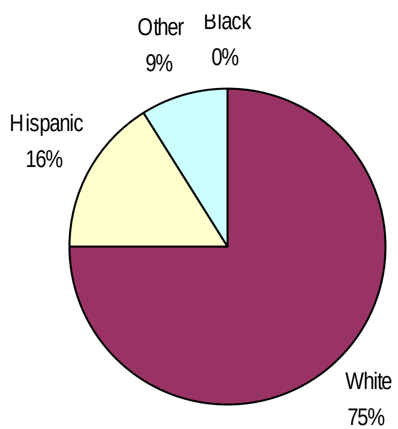


PERCENT OF COMMITTED FUNDS BY ETHNICITY



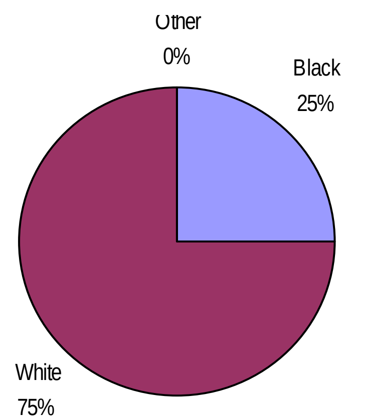
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

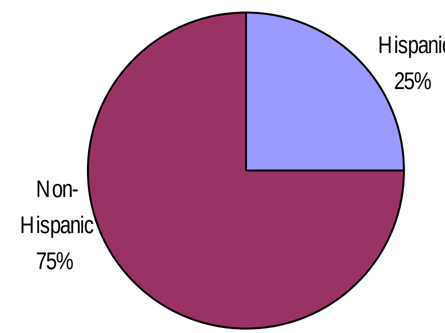


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 2

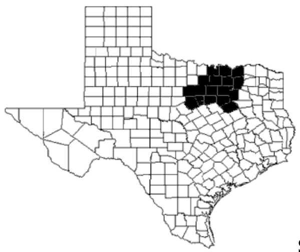
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$1,991,713	32	$239,996	4	$117,800	4	$0	0	$0	0	$0	0	$2,349,509	40
Renter Programs	$0	0	$30,696	11	$0	0	$884,554	80	$0	0	$99,298	28	$1,014,548	119
Total	$1,991,713	32	$270,692	15	$117,800	4	$884,554	80	$0	0	$99,298	28	$3,364,057	159

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 2

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$0	0	$28,336	10	$0	0	$44,228	4	$0	0	$79,402	20	$151,966	34
30-50% AMFI	$1,207,454	19	$122,358	3	$87,800	3	$309,594	28	$0	0	$16,344	5	$1,743,550	58
50-80% AMFI	$784,259	13	$119,998	2	$30,000	1	$530,732	48	$0	0	$3,552	3	$1,468,541	67
>80% AMFI	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$1,991,713	32	$270,692	15	$117,800	4	$884,554	80	$0	0	$99,298	28	$3,364,057	159

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 3



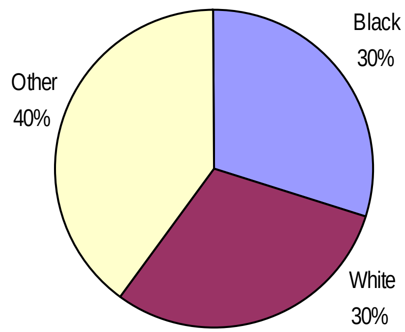
TDHCA allocated $56,698,544 in the region in FY 2008.

Homeowner programs accounted for the largest segment of this total, while “Very Low Income” households (30-50% AMFI) was the most served income group.

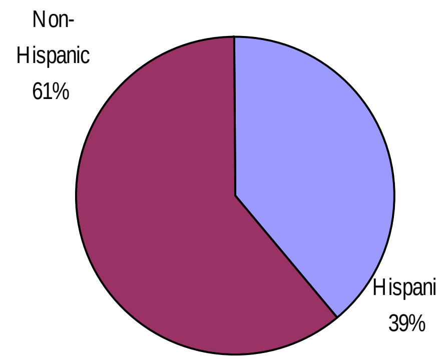
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

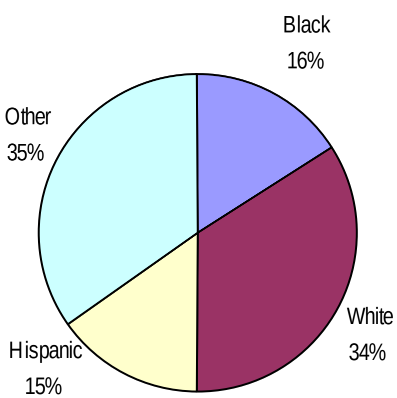


PERCENT OF COMMITTED FUNDS BY ETHNICITY



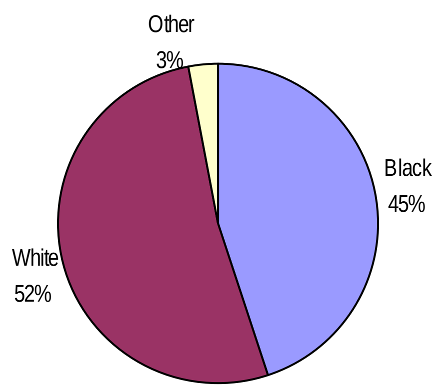
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

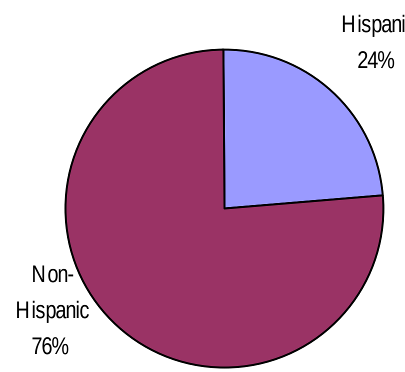


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 3

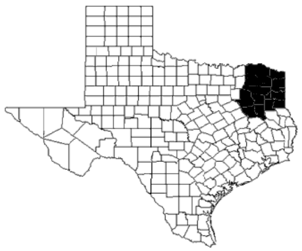
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$39,245,299	362	$783,397	31	$772,188	28	$0	0	$0	0	$0	0	$40,800,884	421
Renter Programs	$0	0	$4,723,901	145	$0	0	$9,108,071	1,006	$0	0	$2,065,689	327	$15,897,661	1478
Total	$39,245,299	362	$5,507,298	176	$772,188	28	$9,108,071	1006	$0	0	$2,065,689	327	$56,698,545	1899

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 3

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$1,142,187	13	$1,654,598	35	$55,000	2	$644,705	74	$0	0	$1,597,602	224	$5,094,092	348
30-50% AMFI	$7,128,324	82	$3,787,800	128	$610,688	22	$3,939,831	436	$0	0	$425,857	85	$15,892,500	753
50-80% AMFI	$17,776,697	167	$64,899	13	$106,500	4	$4,523,535	496	$0	0	$42,230	18	$22,513,861	698
>80% AMFI	$13,198,091	100	$0	0	$0	0	$0	0	$0	0	$0	0	$13,198,091	100
Total	$39,245,299	362	$5,507,297	176	$772,188	28	$9,108,071	1006	$0	0	$2,065,689	327	$56,698,544	1899

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 4



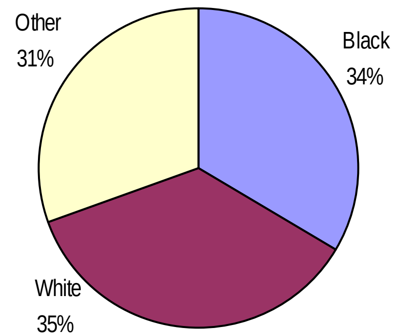
TDHCA allocated $7,897,726 in the region in FY 2008.

Renter programs accounted for the largest segment of this total, while "Very Low Income" households (30-50% AMFI) was the most served income group.

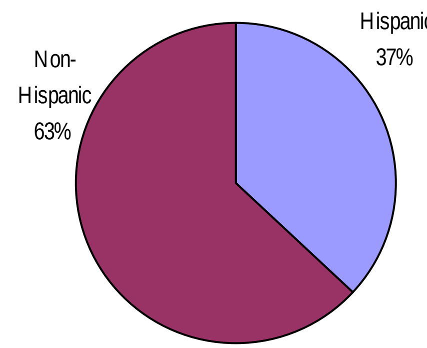
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

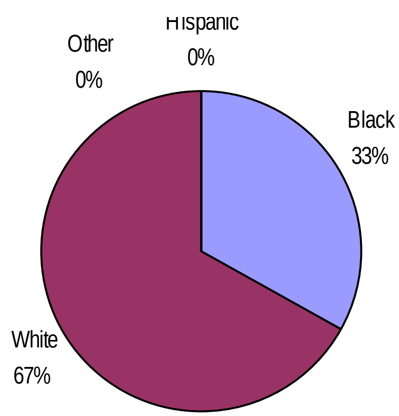


PERCENT OF COMMITTED FUNDS BY ETHNICITY



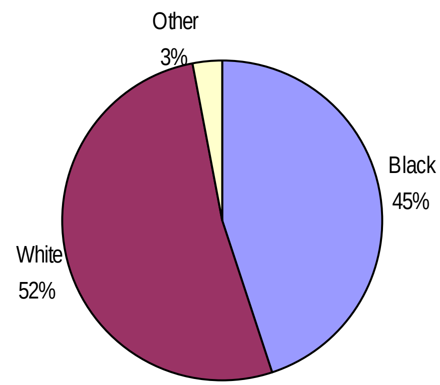
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

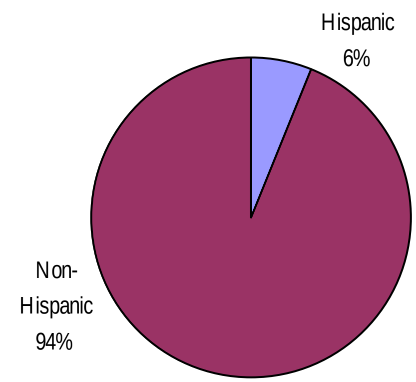


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



Funding and Households Served, by Activity and Housing Program Type, Region 4

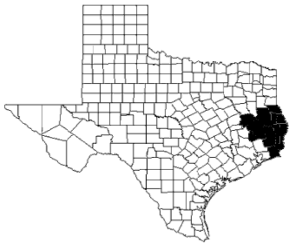
Activity	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$239,979	3	$298,410	26	$112,000	5	$0	$0	$0	0	$0	0	$650,389	34
Renter Programs	$0	0	$5,018,090	123	$0	0	$2,229,248	$210	$0	0	$0	0	$7,247,338	333
Total	$239,979	3	$5,316,500	149	$112,000	5	$2,229,248	210	$0	0	$0	0	$7,897,727	367

Funding and Households Served, by Income Category and Housing Program, Region 4

Income	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$0	0	$803,544	16	$0	0	$116,767	$11	$0	0	$0	0	$920,311	27
30-50% AMFI	$0	0	$3,125,004	108	$112,000	5	$838,354	$79	$0	0	$0	0	$4,075,358	192
50-80% AMFI	$49,634	1	$1,387,951	25	$0	0	$1,274,127	$120	$0	0	$0	0	$2,711,712	146
>80% AMFI	$190,345	2	$0	0	$0	0	$0	$0	$0	0	$0	0	$190,345	2
Total	$239,979	3	$5,316,499	149	$112,000	5	$2,229,248	210	$0	0	$0	0	$7,897,726	367

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 5



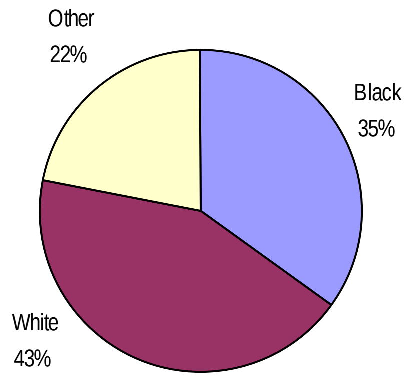
TDHCA allocated $8,303,979 in the region in FY 2008.

Renter programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

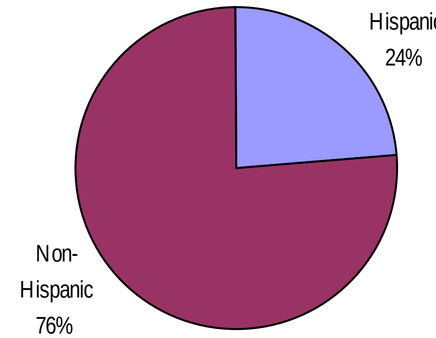
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

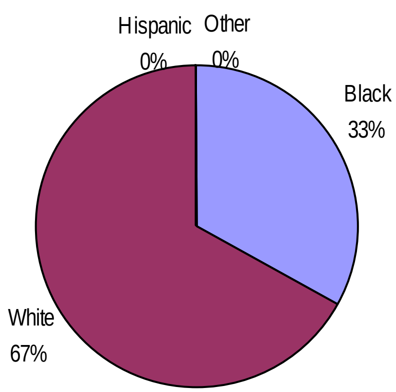


PERCENT OF COMMITTED FUNDS BY ETHNICITY



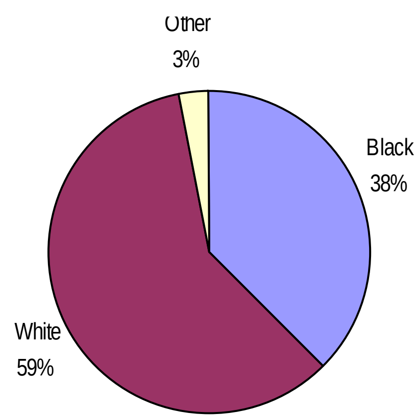
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

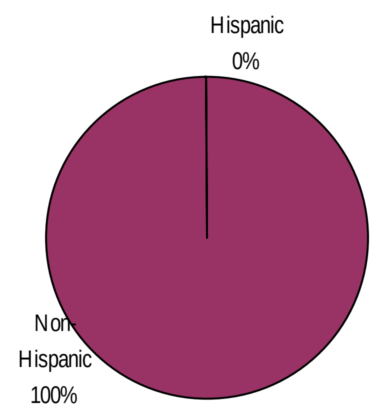


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 5

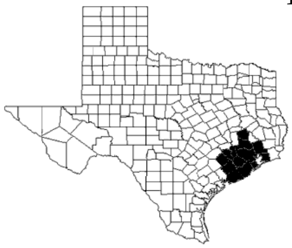
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$2,095,446	27	$1,600,693	30	$448,535	83	$0	0	$0	0	$0	0	$4,144,674	140
Renter Programs	$0	0	$844,786	105	$0	0	$3,319,518	475	$0	0	$0	0	$4,164,304	580
Total	$2,095,446	27	$2,445,479	135	$448,535	83	$3,319,518	475	$0	0	$0	0	$8,308,978	720

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 5

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$153,784	1	$1,644,125	120	$123,773	26	$127,961	12	$0	0	$0	0	$2,049,643	159
30-50% AMFI	$333,396	5	$157,733	5	$207,833	35	$937,091	88	$0	0	$0	0	$1,636,053	133
50-80% AMFI	$700,802	10	$643,621	10	$116,928	22	$2,254,467	375	$0	0	$0	0	$3,715,818	417
>80% AMFI	$907,464	11	$0	0	$0	0	$0	0	$0	0	$0	0	$907,464	11
Total	$2,095,446	27	$2,445,479	135	$448,535	83	$3,319,519	475	$0	0	$0	0	$8,308,979	720

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 6



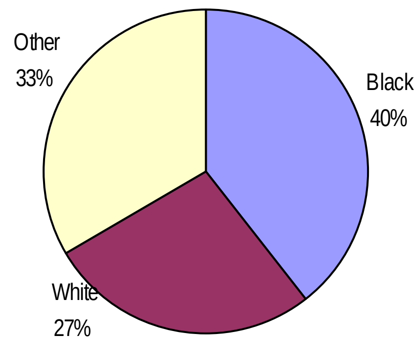
TDHCA allocated $121,656,132 in the region in FY 2008.

Renter programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

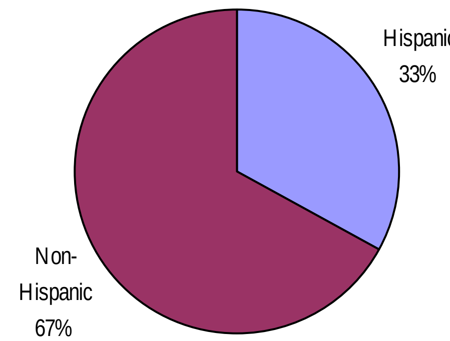
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

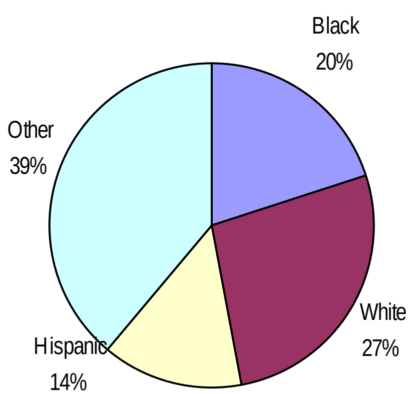


PERCENT OF COMMITTED FUNDS BY ETHNICITY



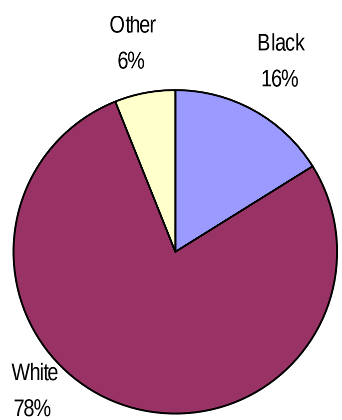
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

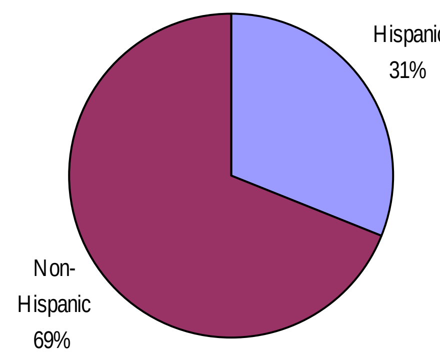


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 6

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$78,957,663	649	$952,290	30	$85,344	27	$0	$0	$0	0	$0	0	$79,995,297	706
Renter Programs	$0	0	$860,110	117	$0	0	$11,951,168	$1,631	$26,122,400	448	$2,727,157	485	$41,660,835	2681
Total	$78,957,663	649	$1,812,400	147	$85,344	27	$11,951,168	1631	$26,122,400	448	$2,727,157	485	$121,656,132	3387

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 6

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$1,240,595	12	$998,007	82	$67,208	15	$531,173	$63	$0	0	$2,246,850	351	$5,083,833	523
30-50% AMFI	$4,347,720	50	$704,006	54	$8,341	8	$4,481,769	$583	$0	0	$446,168	115	$9,988,004	810
50-80% AMFI	$27,357,355	250	$110,387	11	$9,795	4	$6,938,226	$985	$26,122,400	448	$34,139	19	$60,572,302	1717
>80% AMFI	$46,011,993	337	$0	0	$0	0	$0	$0	$0	0	$0	0	$46,011,993	337
Total	$78,957,663	649	$1,812,400	147	$85,344	27	$11,951,168	1631	$26,122,400	448	$2,727,157	485	$121,656,132	3387

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 7

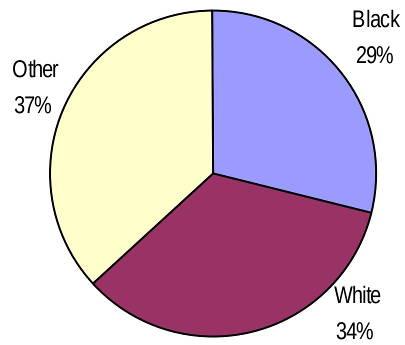
TDHCA allocated $89,612,721 in the region in FY 2008.

Homeowner programs accounted for the largest segment of this total, while "Low Income" (50-80% AMFI) households was the most served income group.

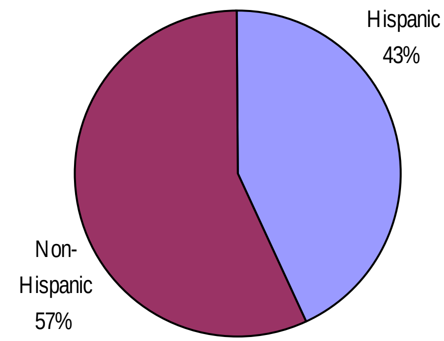
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

Renter Programs

Percent of Committed Funds by Race

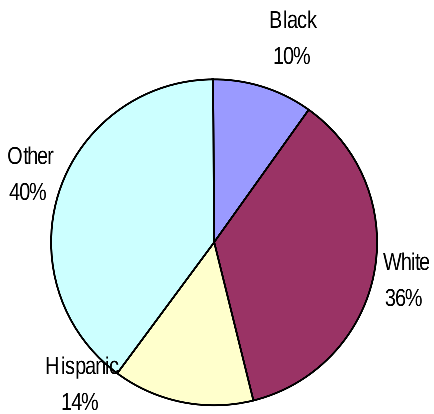


Percent of Committed Funds by Ethnicity



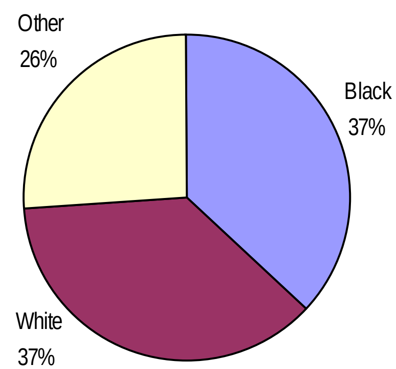
Single Family Bond Program

Percent of Committed Funds by Race and Ethnicity

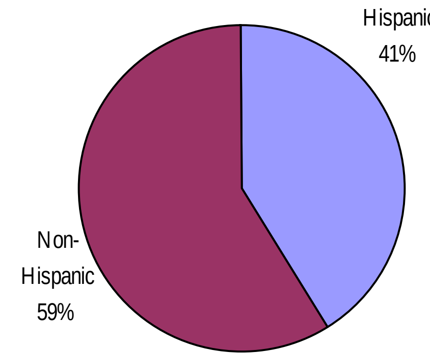


HOME Program Owner Programs

Percent of Committed Funds by Race



Percent of Committed Funds by Ethnicity



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 7

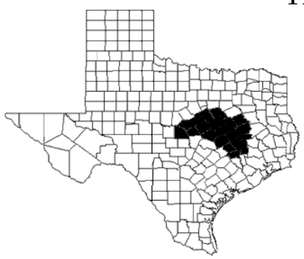
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$64,628,025	476	$207,454	20	$201,512	7	$0	0	$0	0	$0	0	$65,036,991	503
Renter Programs	$0	0	$6,905,971	87	$0	0	$2,259,992	460	$15,000,000	224	$409,766	98	$24,575,729	869
Total	$64,628,025	476	$7,113,425	107	$201,512	7	$2,259,992	460	$15,000,000	224	$409,766	98	$89,612,720	1372

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 7

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$2,300,962	18	$1,560,953	33	$81,512	3	$100,898	12	$0	0	$346,165	73	$4,390,490	139
30-50% AMFI	$7,558,279	67	$1,089,261	21	$120,000	4	$757,704	98	$0	0	$63,160	24	$9,588,404	214
50-80% AMFI	$31,914,583	242	$4,463,211	53	$0	0	$1,401,391	350	$15,000,000	224	$441	1	$52,779,626	870
>80% AMFI	$22,854,201	149	$0	0	$0	0	$0	0	$0	0	$0	0	$22,854,201	149
Total	$64,628,025	476	$7,113,425	107	$201,512	7	$2,259,993	460	$15,000,000	224	$409,766	98	$89,612,721	1372

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 8

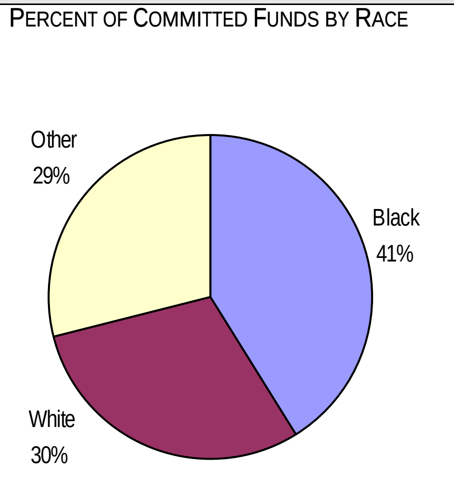


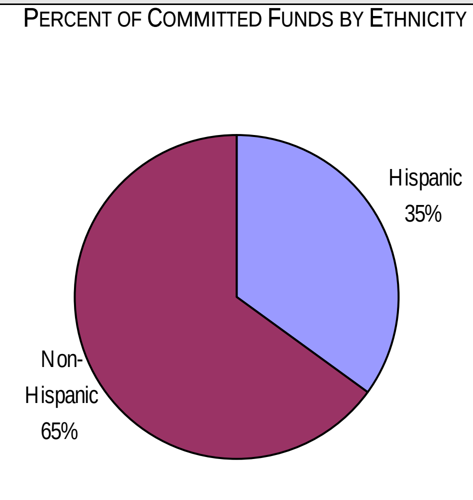
TDHCA allocated $13,509,400 in the region in FY 2008.

Renter programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

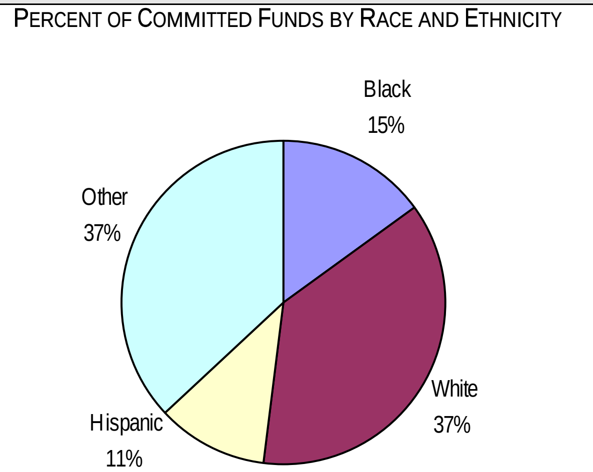
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

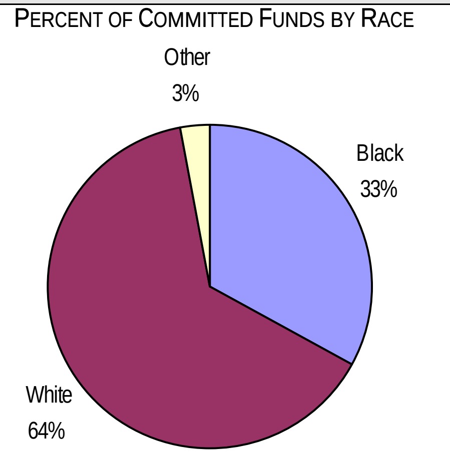


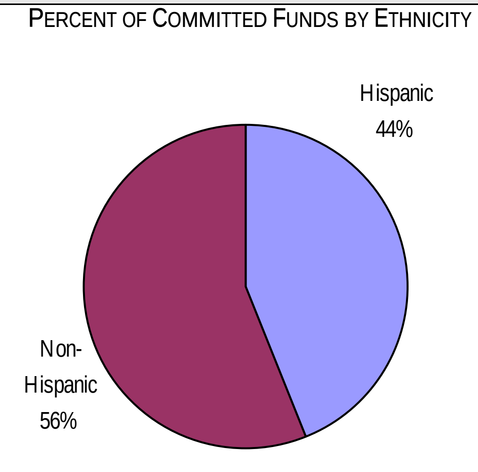


SINGLE FAMILY BOND PROGRAM



HOME PROGRAM OWNER PROGRAMS





FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 8

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$6,842,804	73	$159,010	7	$774,500	26	$0	0	$0	$0	$0	0	$7,776,314	106
Renter Programs	$0	0	$3,440,000	93	$0	0	$1,966,585	249	$0	$0	$326,501	93	$5,733,086	435
Total	$6,842,804	73	$3,599,010	100	$774,500	26	$1,966,585	249	$0	0	$326,501	93	$13,509,400	541

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 8

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$33,474	1	$486,520	11	$120,000	4	$110,289	14	$0	$0	$259,270	59	$1,009,553	89
30-50% AMFI	$738,655	12	$2,793,740	64	$505,000	17	$766,550	99	$0	$0	$63,631	25	$4,867,576	217
50-80% AMFI	$3,306,196	38	$318,750	25	$174,500	6	$1,089,746	136	$0	$0	$3,600	7	$4,892,792	212
>80% AMFI	$2,764,479	22	$0	0	$0	0	$0	0	$0	$0	$0	2	$2,764,479	24
Total	$6,842,804	73	$3,599,010	100	$799,500	27	$1,966,585	249	$0	0	$326,501	93	$13,534,400	542

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 9

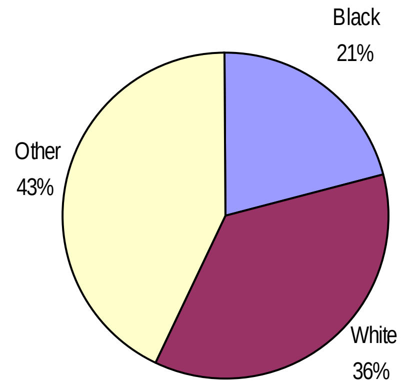
TDHCA allocated $24,163,729 in the region in FY 2008.

Homeowner programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

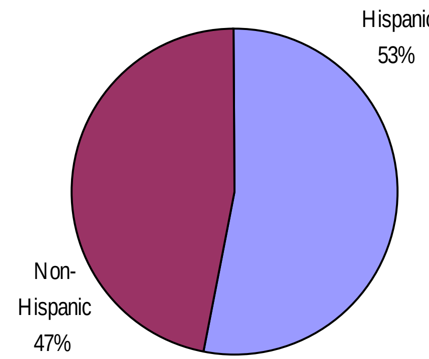
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

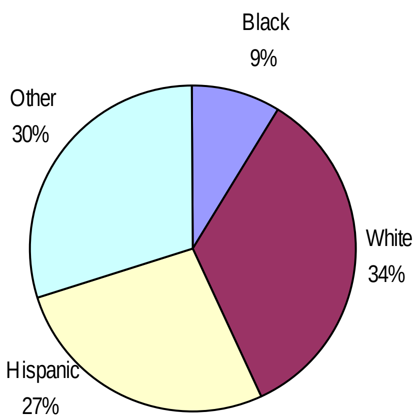


PERCENT OF COMMITTED FUNDS BY ETHNICITY



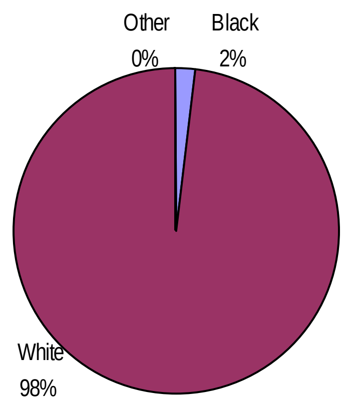
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

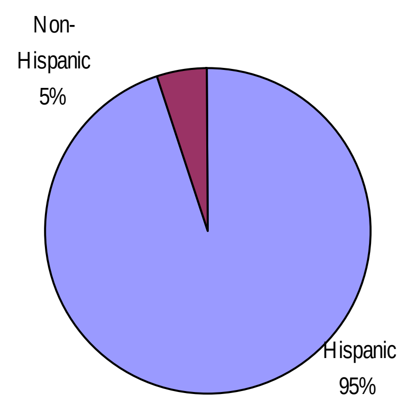


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 9

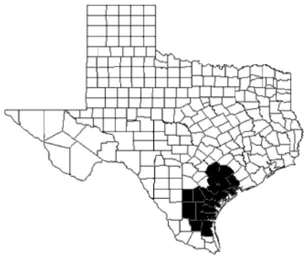
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$14,862,130	128	$0	0	$1,066,880	41	$0	0	$0	0	$0	0	$15,929,010	169
Renter Programs	$0	0	$4,204,933	117	$0	0	$3,824,133	657	$0	0	$205,653	59	$8,234,719	833
Total	$14,862,130	128	$4,204,933	117	$1,066,880	41	$3,824,133	657	$0	0	$205,653	59	$24,163,729	1002

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 9

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$135,339	2	$485,449	29	$203,097	8	$222,641	28	$0	0	$158,747	43	$1,205,273	110
30-50% AMFI	$382,836	5	$1,937,592	66	$810,236	31	$812,716	121	$0	0	$44,038	14	$3,987,418	237
50-80% AMFI	$7,269,139	66	$1,781,892	22	$53,547	2	$2,788,776	508	$0	0	$2,868	2	$11,896,222	600
>80% AMFI	$7,074,816	55	$0	0	$0	0	$0	0	$0	0	$0	0	$7,074,816	55
Total	$14,862,130	128	$4,204,933	117	$1,066,880	41	$3,824,133	657	$0	0	$205,653	59	$24,163,729	1002

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 10



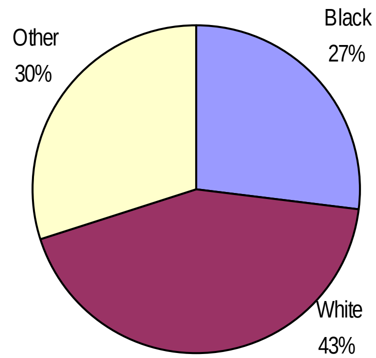
TDHCA allocated $4,369,784 in the region in FY 2008.

Homeowner programs accounted for the largest segment of this total, while “Low Income” households (50-80% AMFI) was the most served income group.

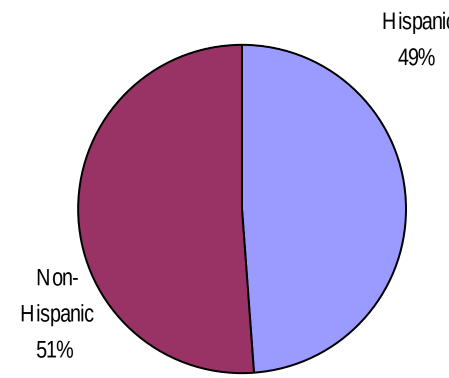
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

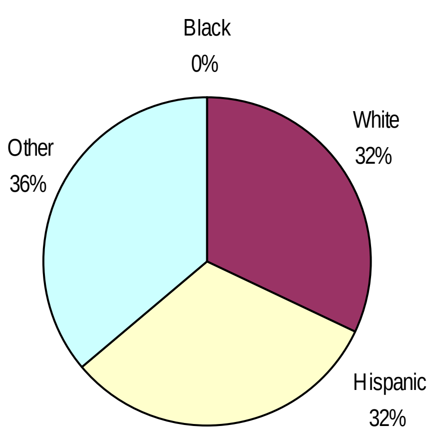


PERCENT OF COMMITTED FUNDS BY ETHNICITY



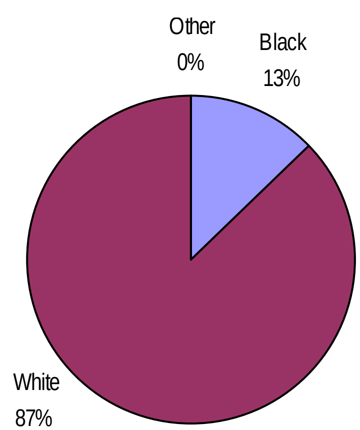
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

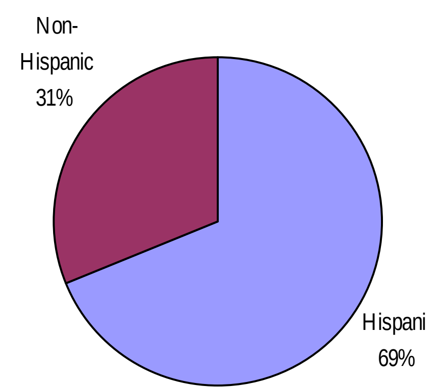


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 10

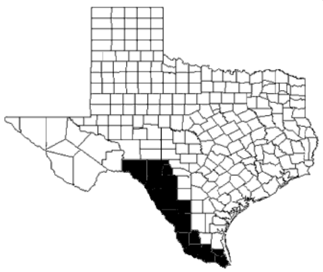
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$2,074,135	23	$336,222	7	$236,490	8	$0	0	$0	0	$0	0	$2,646,847	38
Renter Programs	$0	0	$787,790	40	$0	0	$929,969	100	$0	0	$5,178	4	$1,722,937	144
Total	$2,074,135	23	$1,124,012	47	$236,490	8	$929,969	100	$0	0	$5,178	4	$4,369,784	182

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 10

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$205,472	2	$338,730	21	$30,000	1	$46,498	5	$0	0	$5,178	4	$625,878	33
30-50% AMFI	$251,394	4	$725,282	25	$180,000	6	$325,489	35	$0	0	$0	0	$1,482,165	70
50-80% AMFI	$894,816	10	$60,000	1	$26,490	1	$557,981	60	$0	0	$0	0	$1,539,287	72
>80% AMFI	$722,453	7	$0	0	$0	0	$0	0	$0	0	$0	0	$722,453	7
Total	$2,074,135	23	$1,124,012	47	$236,490	8	$929,968	100	$0	0	$5,178	4	$4,369,783	182

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 11



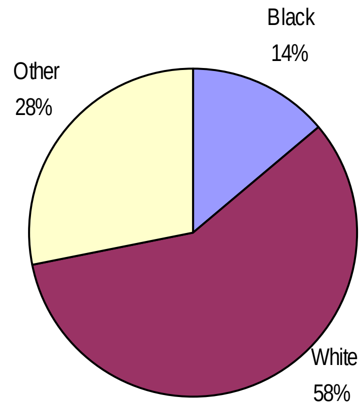
TDHCA allocated $20,615,590 in the region in FY 2008.

Homeowner programs accounted for the largest segment of this total, while "Low Income" households (50-80%) was the most served income group.

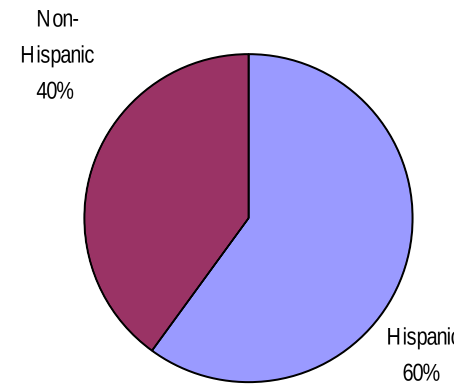
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

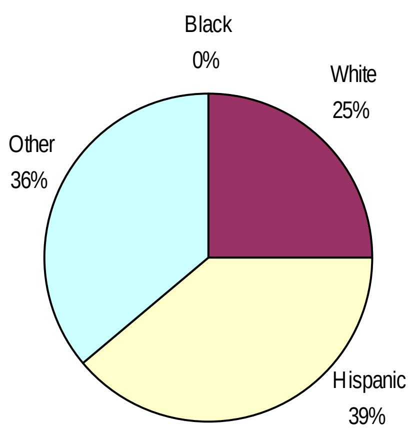


PERCENT OF COMMITTED FUNDS BY ETHNICITY



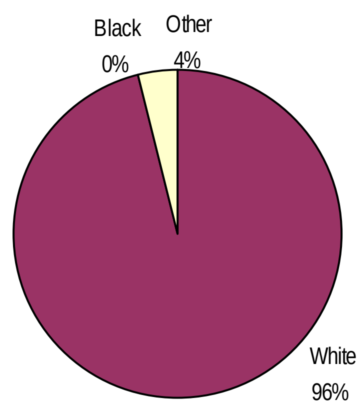
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

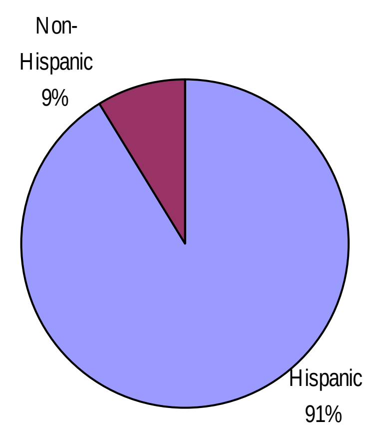


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 11

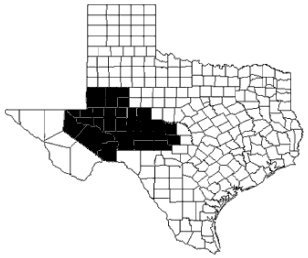
Activity	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$12,622,908	178	$1,192,962	68	$1,322,110	45	$0	0	$0	0	$0	0	$15,137,980	291
Renter Programs	$0	0	$2,022,194	94	$0	0	$3,431,908	292	$0	0	$23,508	5	$5,477,610	391
Total	$12,622,908	178	$3,215,156	162	$1,322,110	45	$3,431,908	292	$0	0	$23,508	5	$20,615,590	682

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 11

Income	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$381,826	9	$611,053	31	$0	0	$192,456	16	$0	0	$23,508	5	$1,208,843	61
30-50% AMFI	$3,571,640	62	$2,393,503	111	$402,570	14	$1,211,348	103	$0	0	$0	0	$7,579,061	290
50-80% AMFI	$6,194,531	84	$210,600	20	$799,540	27	$2,028,104	173	$0	0	$0	0	$9,232,775	304
>80% AMFI	$2,474,911	23	$0	0	$120,000	4	$0	0	$0	0	$0	0	$2,594,911	27
Total	$12,622,908	178	$3,215,156	162	$1,322,110	45	$3,431,908	292	$0	0	$23,508	5	$20,615,590	682

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 12



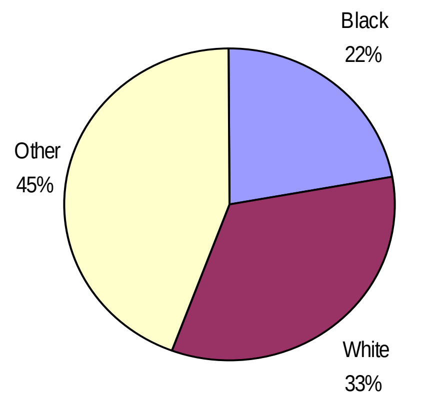
TDHCA allocated $2,268,233 in the region in FY 2008.

Renter programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

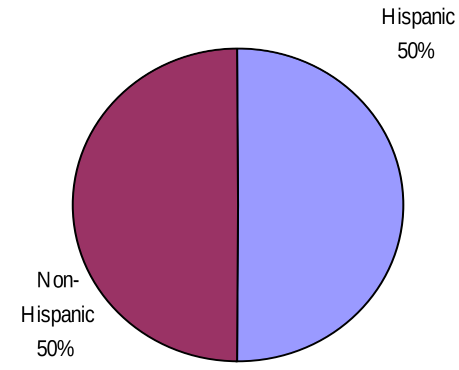
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

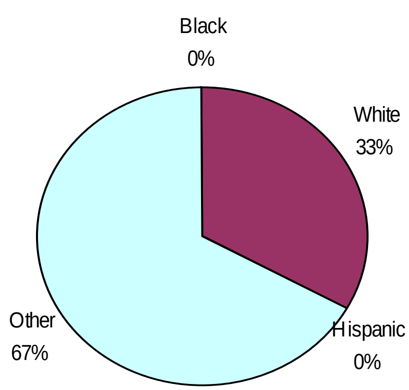


PERCENT OF COMMITTED FUNDS BY ETHNICITY



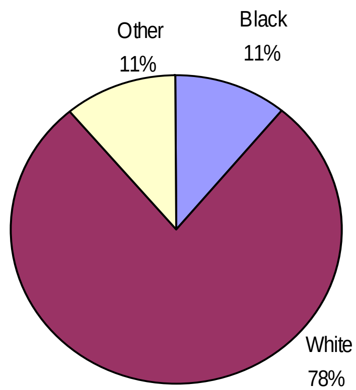
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

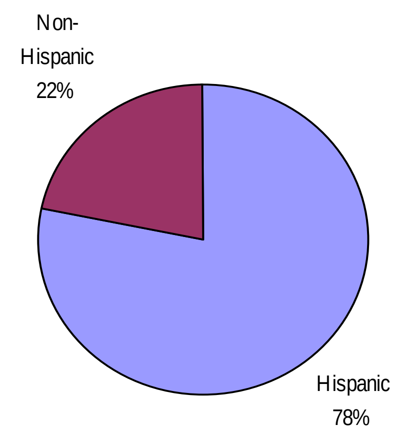


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



Funding and Households Served, by Activity and Housing Program Type, Region 12

Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC* Committed Funds	HTC* Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served	All Activities Committed Funds	All Activities Number of Households Served
Homeowner Programs	$168,878	3	$305,000	6	$82,500	3	$0	0	$0	0	$21,819	10	$578,197	22
Renter Programs	$0	0	$31,000	9	$0	0	$1,659,036	167	$0	0	$0	0	$1,690,036	176
Total	$168,878	3	$336,000	15	$82,500	3	$1,659,036	167	$0	0	$21,819	10	$2,268,233	198

Funding and Households Served, by Income Category and Housing Program, Region 12

Income	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC* Committed Funds	HTC* Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served	All Activities Committed Funds	All Activities Number of Households Served
0-30% AMFI	$0	0	$116,000	11	$0	0	$115,335	12	$0	0	$19,762	7	$251,097	30
30-50% AMFI	$168,878	3	$220,000	4	$82,500	3	$182,909	17	$0	0	$2,057	2	$656,344	29
50-80% AMFI	$0	0	$0	0	$0	0	$1,360,793	138	$0	0	$0	1	$1,360,793	138
>80% AMFI	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$168,878	3	$336,000	15	$82,500	3	$1,659,037	167	$0	0	$21,819	10	$2,268,234	198

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 13

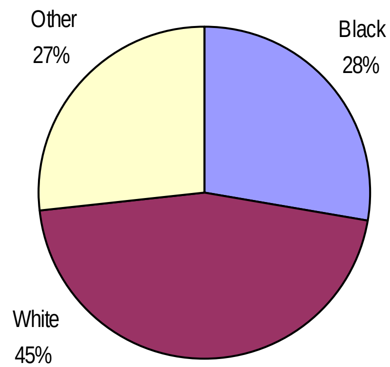
TDHCA allocated $10,528,335 in the region in FY 2008.

Homeowner programs accounted for the largest segment of this total, while "Low Income" households (50-80% AMFI) was the most served income group.

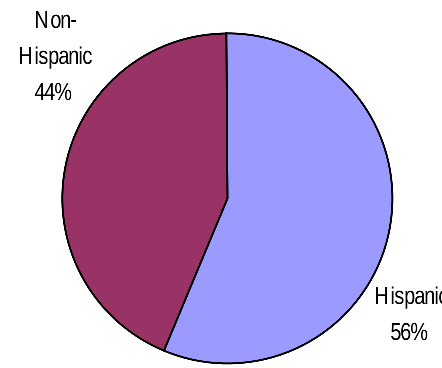
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

Renter Programs

Percent of Committed Funds by Race

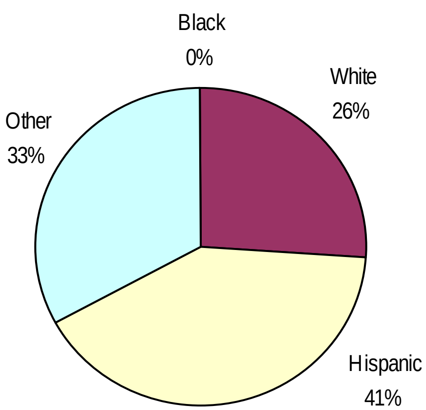


Percent of Committed Funds by Ethnicity



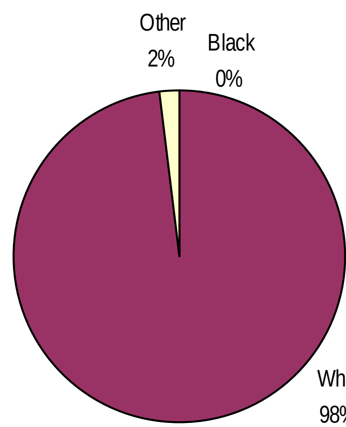
Single Family Bond Program

Percent of Committed Funds by Race and Ethnicity

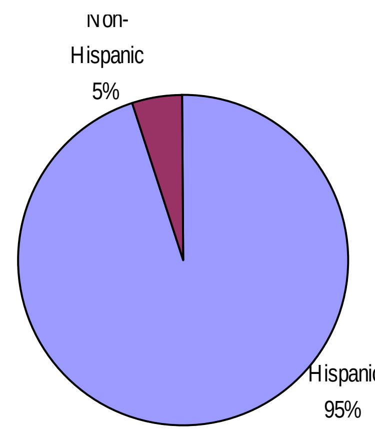


HOME Program Owner Programs

Percent of Committed Funds by Race



Percent of Committed Funds by Ethnicity



*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 13

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$7,058,394	76	$246,442	15	$607,500	28	$0	0	$0	0	$0	0	$7,912,336	119
Renter Programs	$0	0	$8,974	4	$0	0	$2,607,025	352	$0	0	$0	0	$2,615,999	356
Total	$7,058,394	76	$255,416	19	$607,500	28	$2,607,025	352	$0	0	$0	0	$10,528,335	475

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 13

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$55,100	1	$8,974	4	$0	0	$174,600	22	$0	0	$0	0	$238,674	27
30-50% AMFI	$1,513,734	19	$174,832	9	$321,000	15	$635,749	97	$0	0	$0	0	$2,645,315	140
50-80% AMFI	$3,214,203	34	$71,610	6	$261,500	12	$1,796,676	233	$0	0	$0	0	$5,343,989	285
>80% AMFI	$2,275,357	22	$0	0	$0	0	$0	0	$0	0	$0	0	$2,275,357	22
Total	$7,058,394	76	$255,416	19	$582,500	27	$2,607,025	352	$0	0	$0	0	$10,503,335	474

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

FAIR 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 publication: 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 sorted 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 Housing Resource Center at (512) 475-3976 or visit http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm.

GEOGRAPHIC DISTRIBUTION OF HOUSING TAX CREDITS

Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its 9% HTCs to the Uniform State Service Regions it uses for planning purposes. Because of the level of funding and the impact of this program in financing the multifamily development of affordable housing, this section of the Plan discusses the geographical distribution of HTCs.

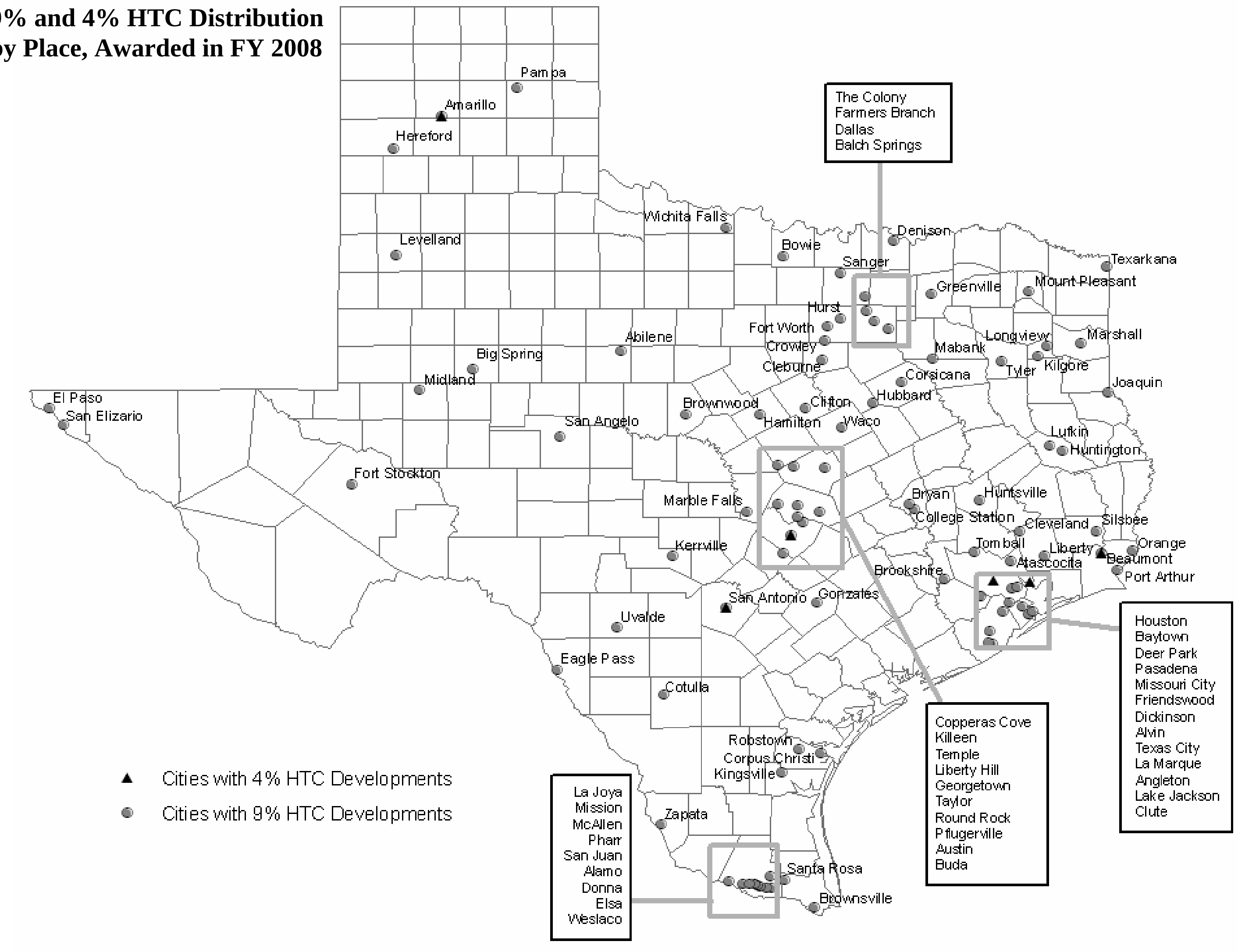
The Department allocated $49,390,716 in housing tax credits through the Competitive Housing Tax Credit application process from the 2008 ceiling. Information on these awards, as well as the entire HTC inventory, can be found on the HTC Program's web page at http://www.tdhca.state.tx.us/multifamily/htc/index.htm. The map on the following page displays the geographic distribution of the FY 2008 9% and 4% awards.

REGIONAL ALLOCATION FORMULA

The table below shows the funding distribution of FY 2008 awards by region and includes the variations between the actual distribution and the 9% HTC RAF targets. The Department plans the credit distributions to match the HTC RAF targets as closely as possible; the RAF targets apply to the 9% HTC program. To that end, as many whole awards as possible are made in each Uniform State Service Region's urban and rural subregions, based on the RAF target for each. The total remainder in each region is then collapsed into 13 regional pools. The subregion with the highest original target percentage is determined within each region and, if possible, additional awards are made in these subregions out of the region's pool. If a region does not have enough qualified applications to meet its regional credit distribution target, then those credits will be apportioned to the other regions from a statewide pool of remaining credits.

Region	All HTCs	% of All HTCs	4% HTCs	% of All 4% HTCs	9%HTCs	% of All 9% HTCs	Targeted 9% Dist. Under RAF	Difference between Actual and Targeted
1	$1,548,752	2.94%	$1,100,819	22.30%	$447,933	0.94%	4.4%	-3.44%
2	$1,118,143	2.12%	0	0.00%	$1,118,143	2.34%	2.3%	0.03%
3	$10,083,326	19.13%	$0	0.00%	$10,083,326	21.11%	21.8%	-0.67%
4	$2,636,648	5.00%	0	0.00%	$2,636,648	5.52%	5.2%	0.29%
5	$3,608,044	6.85%	814993	16.51%	$2,793,051	5.85%	2.4%	3.43%
6	$14,180,038	26.91%	$1,929,924	39.10%	$12,250,114	25.65%	21.5%	4.16%
7	$2,922,708	5.55%	$488,042	9.89%	$2,434,666	5.10%	5.5%	-0.38%
8	$2,254,763	4.28%	$0	0.00%	$2,254,763	4.72%	6.3%	-1.57%
9	$4,167,704	7.91%	$601,737	12.19%	$3,565,967	7.47%	7.4%	0.11%
10	$1,139,813	2.16%	$0	0.00%	$1,139,813	2.39%	4.3%	-1.87%
11	$4,123,162	7.82%	0	0.00%	$4,123,162	8.63%	12.5%	-3.83%
12	$1,965,605	3.73%	0	0.00%	$1,965,605	4.11%	2.6%	1.48%
13	$2,953,877	5.60%	$0	0.00%	$2,953,877	6.18%	3.9%	2.26%
Total	$52,702,583	100.00%	$4,935,515	100.00%	$47,767,068	100.00%	100.00%	0.00%

9% and 4% HTC Distribution by Place, Awarded in FY 2008



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.
- Reliable 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 Comprehensive Housing Affordability Strategy (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 U.S. 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 CHAS reports. As such, it provides a systematic framework for housing market analysis. HUD collaborated with the U.S. 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.[1]

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.

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

[1] 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.

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 U.S. Census Bureau, this report uses "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 U.S. 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.[2] 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 March 2006, TDHCA conducted the 2006 State of Texas Community Needs Survey. This survey was designed to obtain 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.

[2] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 8, 2006).

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.[3]

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 2000 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 consist of 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.[4]

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

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[3] Information for the Housing Analysis comes from the 2000 U.S. Census except where noted otherwise.
[4] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas*, by Steve H. Murdock et. al. (Texas A&M University System, December 2002), http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf (accessed May 17, 2006).

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.[5]

Poverty and Income

According to the 2000 Census, Texas has the ninth 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.[6] The primary reasons for this are the rapid growth of present minority populations and the dominance in the economy of low-paying jobs, particularly in the service-industry.[7] While manufacturing and mining continue to decline, Texas ranked third in the nation in 2003 for service industry job creation. According to U.S. 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.

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.[8]

The Texas Comptroller's Economic Update predicts that the fastest growing sector of the state economy over the next decade will be largely in industries requiring specialized education and skills. These industries include high tech communications, engineering and research.

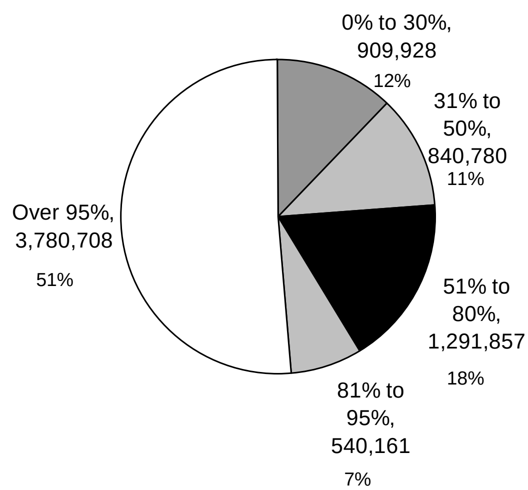
To provide a more detailed breakdown of the population by income level, this report will use the five income groups designated by HUD. Households are classified into these groups by comparing reported household incomes to HUD-adjusted median family incomes (HAMFI). The income level definitions are as follows:

- Extremely Low Income: At or below 30 percent of HAMFI
- Very Low Income: Between 31 percent and 50 percent of HAMFI

[5] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.
[6] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.
[7] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas* (Austin, TX: Center for Public Policy Priorities, September 2002).
[8] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas*.

- 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

Households by Income Group in Texas, 2000



Source: 2000 CHAS data

The chart above 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.

Households with Housing Need by Income Group

		Renter Household			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%
	Total Households	**418,681**	**552,255**	**75.8%**	**255,992**	**357,485**	**71.6%**
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%
	Total Households	**330,405**	**436,378**	**75.7%**	**220,234**	**580,845**	**37.9%**
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%
	Total Households	**255,082**	**590,346**	**43.2%**	**280,197**	**705,187**	**39.7%**
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%
	Total Households	**47,874**	**220,595**	**21.7%**	**89,624**	**321,170**	**27.9%**
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%
	Total Households	**104,572**	**867,300**	**12.1%**	**282,541**	**2,911,202**	**9.7%**
Total Households	Elderly Households	127,384	271,866	46.9%	238,306	1,106,751	21.5%
	Small Related	456,090	1,127,288	40.5%	448,791	2,522,271	17.8%
	Large Related	229,630	318,201	72.2%	292,776	695,601	42.1%
	Other Households	343,510	949,519	36.2%	148,715	551,266	27.0%
	Total Households	**1,156,614**	**2,666,874**	**43.4%**	**1,128,588**	**4,875,889**	**23.1%**

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. The following figure demonstrates that among the physically inadequate housing units for households under 80 percent of HAMFI, 44 percent are affordable to extremely low-income households.

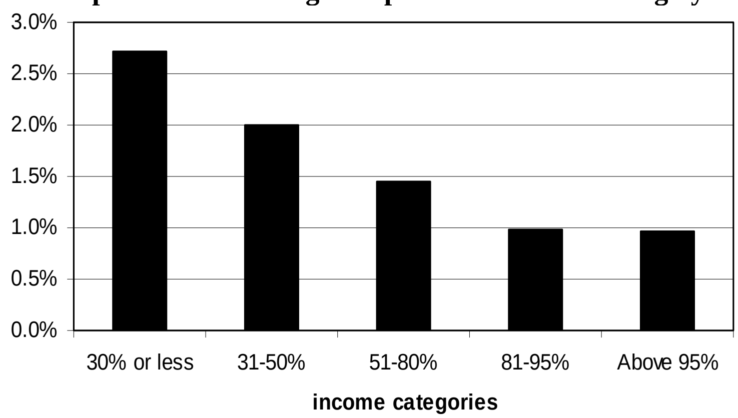
Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000

	Number	Percent
0% to 30%	25,817	44%
31% to 50%	15,907	27%
51% to 80%	16,341	28%
Total	58,065	100%

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.

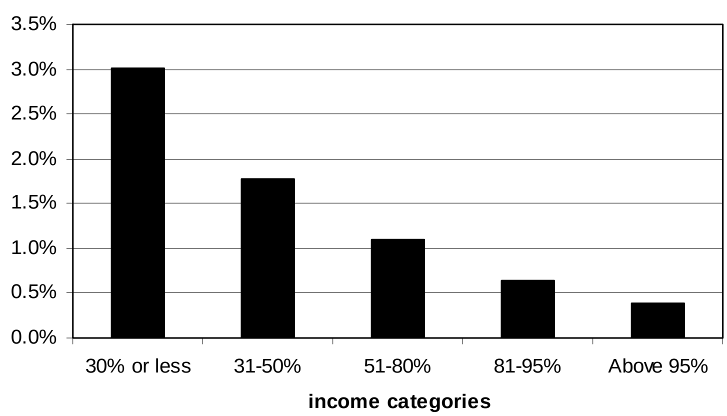
Renter-Occupied Units Lacking Complete Kitchen/Plumbing by Percent



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.

Owner-Occupied Units Lacking Complete Plumbing/Kitchen by Percent

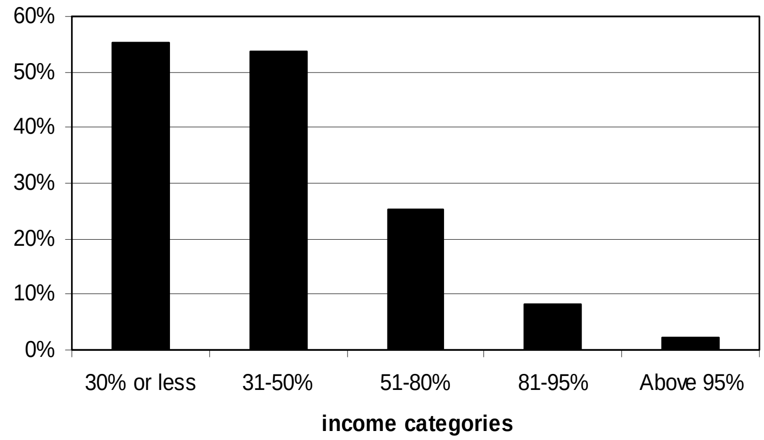


Source: 2000 CHAS data

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. 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.

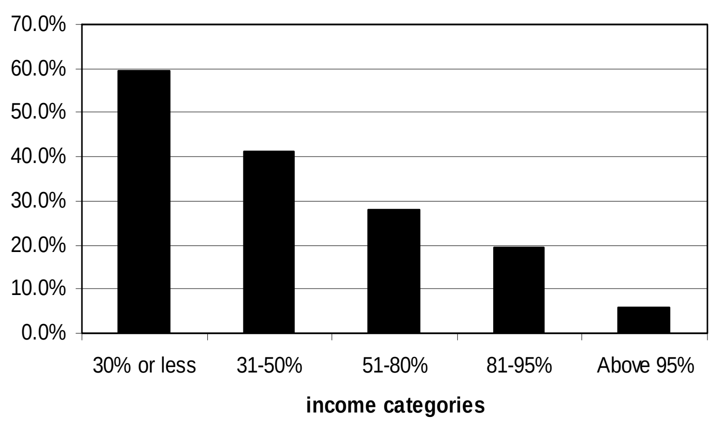
Renter Households with Excess Housing Cost Burden (>30% of Income) by percent



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 an owner household's likelihood of experiencing this problem.

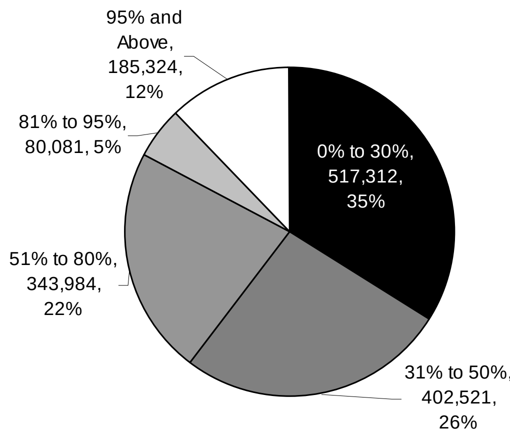
Owner Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

The chart below shows the total number and percentage of households with excess housing cost burden by income group.

Excess Housing Cost Burden by Income Group, 2000



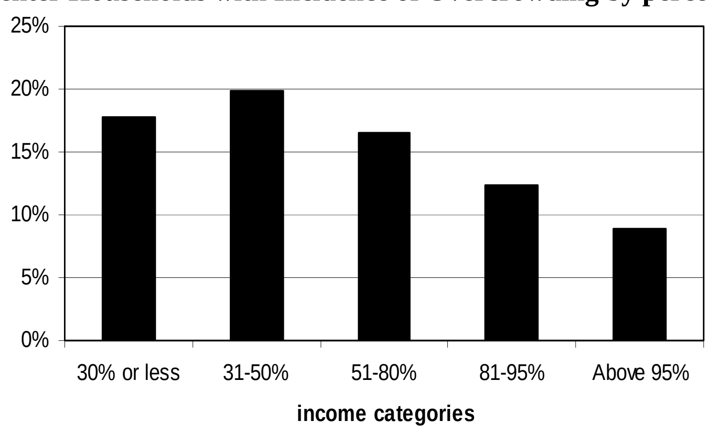
Source: 2000 CHAS Data

Overcrowding

Overcrowded housing conditions occur when a residence accommodates more than one person per each room in the dwelling. 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.

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.

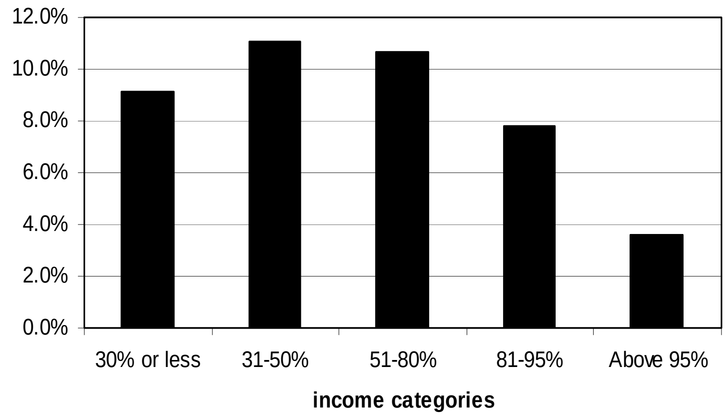
Renter Households with Incidence of Overcrowding by percent



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.

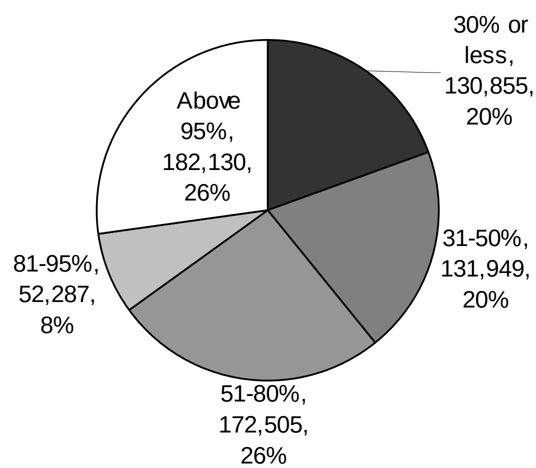
Owner Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

The chart below shows the total incidence of overcrowded households by income group.

Overcrowded Households by Income Group, 2000



Source: 2000 CHAS Database

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, households that are not low-income often limit the supply of affordable housing units available to low-income households.

The table below 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.

Occupied Affordable Housing Units by Income Group of Occupant, 2000, by percentage of HAMFI

Number of Renter units	Total	50% or less	51-80%	Above 80%
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

Percent of Renter units	Total	50% or less	51-80%	Above 80%
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%

Number of Owner units	Total	50% or less	51-80%	Above 80%
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

Percent of Owner units	Total	50% or less	51-80%	Above 80%
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%

Number of Total units	Total	50% or less	51-80%	Above 80%
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

Percent of Total units	Total	50% or less	51-80%	Above 80%
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.

State of Texas Community Needs Survey

Beginning in March 2006 and ending May 2006, the Department conducted the 2006 Community Needs Survey (CNS) online to examine housing and community service needs at the local level. The survey contained 18 questions regarding housing, community affairs and community development needs and was distributed to state representatives, state senators, mayors, county judges, city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies and Housing Opportunities for Persons with AIDS (HOPWA) agencies—a total of 2,529 individuals and entities. There was a 17.2 percent response rate for the survey.

Analysis of the 2006 CNS demonstrates a strong need for housing and energy assistance. Of those respondents ranking their community's need for general assistance, approximately 31 percent indicated that housing assistance (including down payment assistance, home repair and rental payment assistance) was their first or second priority need. Approximately 28 percent of question respondents ranked energy assistance activities as their first or second priority need. Approximately 18 percent of respondents indicated that the development of apartments was the priority need, 15 percent chose capacity building assistance and 7 percent chose homeless assistance.

A significant 49 percent indicated that home repair assistance was the greatest need when compared to home purchase assistance and rental payment assistance. Only 8 percent stated that there was a minimal need for these housing activities in their communities. Regarding rental development activities, 35 percent indicated that their community's greatest need was the construction of new rental units, while approximately 33 percent indicated that both rental construction and rehabilitation activities were the same priority. Only 13 percent identified rehabilitation of existing units as their priority need, which is the same percentage of respondents who stated that there was a minimal need for rental development in their areas.

When considering energy assistance activities, 43 percent indicated that utility payment assistance was the greatest need followed by weatherization and minor home repairs. For homeless assistance activities, a majority 48 percent indicated that there was a minimal need for this type of assistance in their communities and 16 percent did not have an opinion on the subject. Of respondents that indicated a needed activity, homeless prevention services received the highest response with 12 percent indicating that it was their priority need.

The regional results from the CNS are incorporated into the regional plans in the next section of this report. A final report on the survey, the “Report on the 2006 State of Texas Community Needs Survey,” is available online from the TDHCA Housing Resource Center at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#reports.

STATE HOUSING SUPPLY

The 2000 U.S. 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 owner-occupied units increased to 2.87 persons per unit in 2000 as compared to 2.85 per unit in 1990. The average household size for renter units decreased slightly to 2.53 persons per unit in 2000 as compared to 2.55 per unit in 1990.

Approximately 66.5 percent of the housing units in Texas are single-family units. Approximately 24.1 percent of housing units are within multifamily structures: 14.1 percent of housing units are within multifamily developments with up to 19 units and 10.0 percent of housing units are within multifamily developments with 20 units or more. The remaining 9.0 percent of housing units are mobile homes, RVs or boats.

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 U.S. 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 U.S. Department of Housing and Urban Development (HUD), public housing authorities (PHAs), Section 8 Housing Choice Vouchers, and the United States Department of Agriculture (USDA). The table also includes local housing finance corporations (HFCs), a category which encompasses 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 2008, so not all units included in the total had been built at the time of this document's publication. 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 April 2007 report, *Multifamily Housing Inventory Survey of Units for the Elderly and Disabled*, available at http://www.hud.gov/offices/hsg/mfh/hto/state/tx.pdf. Though the report title specifically references units available to the elderly and persons with disabilities, the report also contains information on family properties and therefore encompasses the full scope of HUD properties. Please note, however, that there may be double counting with units financed through other programs, including public housing.

Numbers for current PHA units and Section 8 Housing Choice Vouchers were obtained from HUD's *Housing Authority Profiles* data at https://pic.hud.gov/pic/haprofiles/haprofilelist.asp. TDHCA Section 8 vouchers are also included in this figure. USDA unit data was obtained directly from USDA staff in October 2007.

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 2008 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.

Subsidized Multifamily Units

	State Total	Percent of State Inventory
TDHCA Units	196,782	37.41%
HUD Units	102,349	19.46%
PHA Units	55,098	10.47%
Section 8 Vouchers	145,416	27.64%
USDA Units	26,435	5.02%
HFC Units*	98,826	N/A
Total	526,080	100%

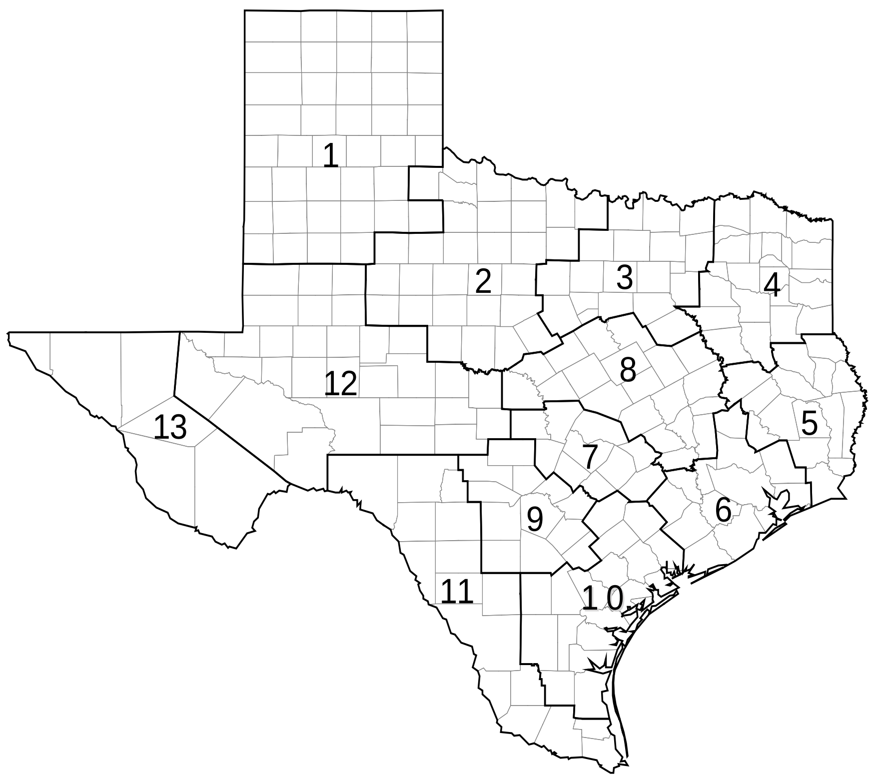
*Because HFC developments report total units and do not specify assisted units and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

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.

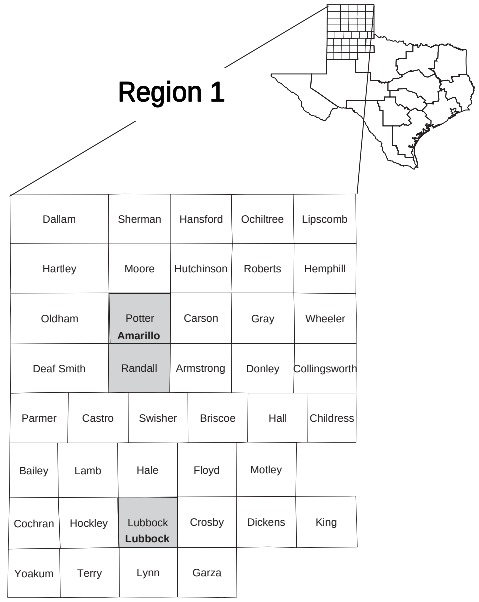
Map of the Uniform State Service Regions

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 U.S. 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.

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.

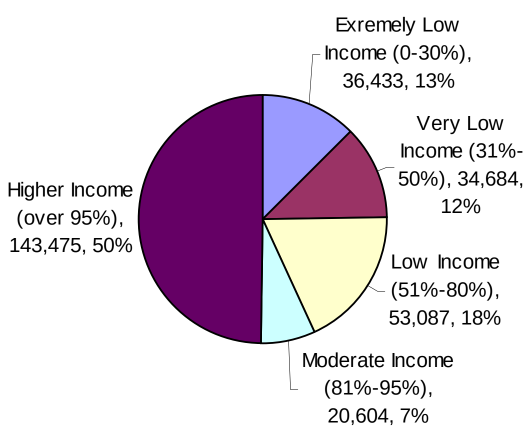
Region 1 Population Figures

	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

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. In the map of Region 1 (above), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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 individuals living in poverty in the region which makes up 15.8 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home prices for Amarillo and Lubbock are $132,700 and $113,200, respectively.[9]

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 regional population. In addition, there are 50,862 elderly individuals without disabilities in the region, which is 6.5 percent of the regional population.

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,[10] but figures vary. According to the 2000 Census, there are 1,068 people in noninstitutional group homes, including shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 167 homeless persons in Amarillo.

[9] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).
[10] Texas Interagency Council for the Homeless, "Key Facts."

HOUSING SUPPLY

According to 2000 Census data, 288,175 of the 322,045 housing units in the region are occupied, which creates an 89.5 percent occupancy rate. Of the total housing stock, almost 75 percent consists of one-unit dwellings, 15.9 percent consists of two-or-more-unit dwellings and the remainder of the stock consists of mobile homes, boats and RVs. Approximately 66.3 percent are occupied by their owners and 33.7 percent are occupied by renters.

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

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.

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

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 1, the two greatest general needs as ranked by survey respondents were energy assistance with 36 percent of total respondents and housing assistance with 28 percent of total respondents. Of the remaining respondents, 24 percent indicated that the development of apartments was the priority need, 13 percent indicated that capacity building assistance was the priority need and only 6 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, almost 40 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 25 percent. Regarding rental development by itself, 43 percent of respondents indicated that the construction of new rental units was their community’s greatest need, followed by 34 percent of respondents who indicated that the need for construction and rehabilitation of rental units was the same. When taking into account energy assistance by itself, 41 percent of respondents indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 39 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources such as 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.

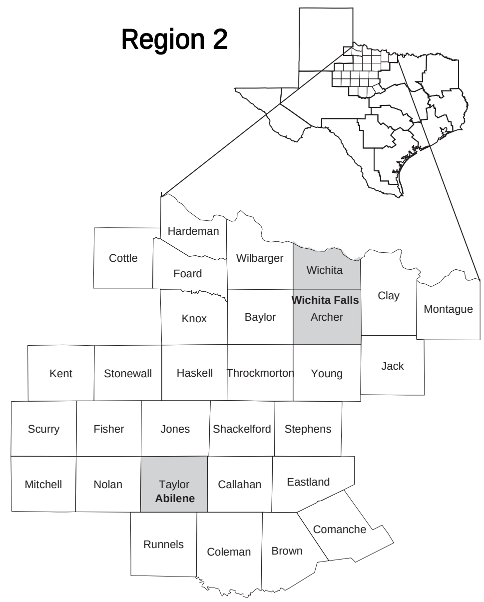
Region 1 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,114	29.7%	2.6%
HUD Units	3,451	20.0%	3.4%
PHA Units	1,304	7.6%	2.4%
Section 8 Vouchers	5,679	33.0%	3.9%
USDA Units	1,676	9.7%	6.3%
HFC Units*	1,789		
Total	17,224	100.0%	3.3%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene. 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.



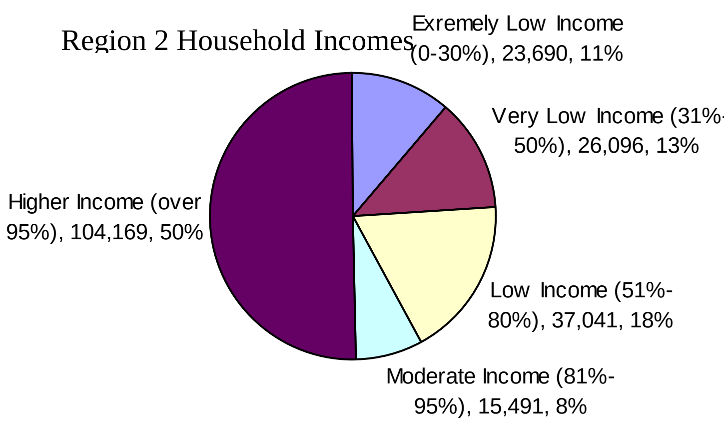
Region 2 Population Figures

	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. In the map of Region 2 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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 individuals living in poverty in the region which makes up 14.1 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home prices for Wichita Falls and Abilene are $90,000 and $106,000, respectively.[11]

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 regional population. In addition, there are 42,485 elderly individuals without disabilities in the region, which is 7.7 percent of the regional population.

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,[12] but figures vary. According to the 2000 Census, there are 609

[11] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).
[12] Texas Interagency Council for the Homeless, "Key Facts."

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, 206,388 of the 243,506 housing units in the region are occupied, creating an 84.8 percent occupancy rate. Of the total housing stock, almost 77 percent are one-unit dwellings, 12 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 69.1 percent are occupied by their owners and 30.9 percent are occupied by renters.

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

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.

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

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 2, the two greatest general needs as ranked by survey respondents were energy assistance with 33 percent of total respondents and housing assistance with 29 percent of total respondents. Of the remaining respondents, approximately 21 percent indicated that the development of apartments was the priority need, 14 percent indicated that capacity building assistance was the priority need and 14 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 54 percent of respondents indicated that home repair assistance was the greatest need, followed homebuyer assistance with 23 percent. Regarding rental development by itself, 40 percent of respondents indicated that the construction of new rental units was their community's greatest need, followed by 28 percent of respondents who indicated that the need for construction and rehabilitation was the same. When taking into account energy assistance by itself, weatherization and minor home repairs tied with utility assistance as the greatest needs, each with 47 percent of respondents.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs including 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.

Region 2 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,158	24.1%	1.6%
HUD Units	1,979	15.1%	1.9%
PHA Units	3,026	23.1%	5.5%
Section 8 Vouchers	3,009	23.0%	2.1%
USDA Units	1,925	14.7%	7.3%
HFC Units*	280		
Total	13,097	100.0%	2.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 3

Region 3, which encompasses 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.

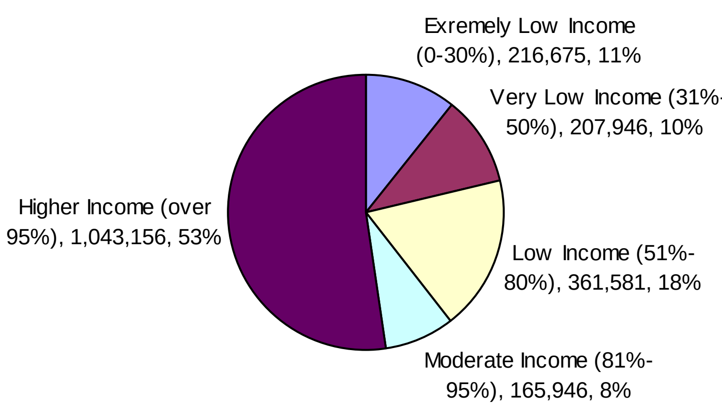
Region 3 Population Figures

	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. In the map of Region 3 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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 individuals living in poverty in the region which makes up 10.7 percent of the regional population. According to the Multiple Listing Service records for September 2008, the highest median home price is in Collin County at $197,300, while the lowest is in Sherman-Denison at $93,300.[13]

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 regional population. In addition, there are 245,186 elderly individuals without disabilities in the region, which is 4.5 percent of the regional population.

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

[13] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

200,000 homeless individuals in Texas,[14] but figures vary. According to the 2000 Census, there are 6,548 people in noninstitutional group homes, including 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, 2,004,826 of the 2,140,641 housing units in the region are occupied, creating a 93.7 percent occupancy rate. Of the total housing stock, almost 64 percent are one-unit dwellings, 30 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 60.9 percent are occupied by their owners and 39.1 percent are occupied by renters.

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

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.

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)
Renter Households					
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
Owner Households					
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
Total	610,655	165,254	146,264	154,447	140,403

Source: 2000 CHAS

[14] Texas Interagency Council for the Homeless, "Key Facts."

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 3, the two greatest general needs as ranked by survey respondents were housing assistance with 51 percent of total respondents and energy assistance with 29 percent of total respondents. Of the remaining respondents, approximately 6 percent indicated that capacity building assistance was the priority need, 5 percent of respondents indicated that the development of apartments was the priority need and only 2 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 52 percent indicated that home repair assistance was the greatest need, followed by a three-way tie between homebuyer assistance, rental subsidies and minimal need for housing assistance each with 14 percent of respondents. Regarding rental development by itself, 26 percent indicated that the need for construction and rehabilitation was approximately the same, followed by 25 percent of respondents who indicated that the rehabilitation of existing rental units was the greatest need, independent of construction of rental units. When taking into account energy assistance by itself, 39 percent of respondents indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 37 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA, and local HFCs including 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.

Region 3 Multifamily Assisted Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	60,078	41.6%	30.5%
HUD Units	28,032	19.4%	27.4%
PHA Units	8,485	5.9%	15.4%
Section 8 Vouchers	43,833	30.3%	30.1%
USDA Units	4,076	2.8%	15.4%
HFC Units*	20,892		
Total	144,504	100.0%	27.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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.

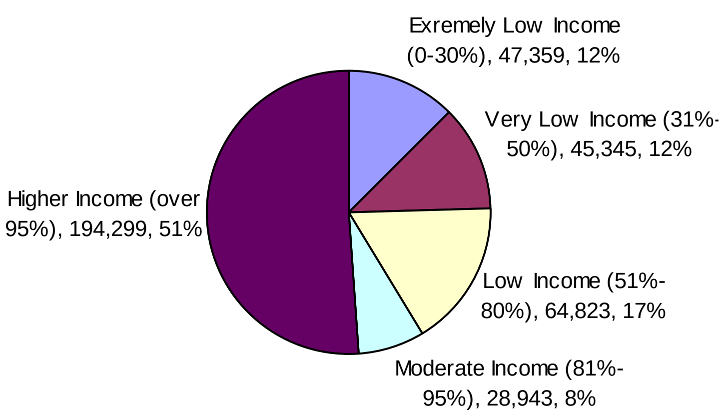
Region 4 Population Figures

	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. In the map of Region 4 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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 individuals living in poverty in the region, which makes up 15.0 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home prices for Tyler and Longview-Marshall are $129,200 and $133,100, respectively.[15]

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 regional population. In addition, there are 77,528 elderly individuals without disabilities in the region, which is 7.6 percent of the regional population.

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,[16] but figures vary. According to the 2000 Census, there are 1,309

[15] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).
[16] Texas Interagency Council for the Homeless, "Key Facts."

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. Region 4 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $1,037,418.22 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, 380,468 of the 434,792 housing units in the region are occupied, creating an 87.5 percent occupancy rate. Of the total housing stock, almost 71 percent are one-unit dwellings, 11 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 73.8 percent are occupied by their owners and 26.2 percent are occupied by renters.

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

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.

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)
Renter Households					
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
Owner Households					
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
Total	100,479	32,441	24,540	21,555	20,539

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 4, the two greatest general needs as ranked by survey respondents were housing assistance with 47 percent of total respondents and energy assistance with 26 percent of total respondents. Of the remaining respondents, approximately 15 percent indicated that the development of apartments was the priority need and 10 percent indicated that capacity building assistance was the priority need. No respondents indicated that homeless assistance was their community's priority need.

When considering housing assistance as a category by itself, 53 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 28 percent. Regarding rental development by itself, 34 percent indicated that the need for construction and rehabilitation was the same, followed by 33 percent of respondents who indicated that construction of new units without rehabilitation was the greatest need. When taking into account energy assistance by itself, 41 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 40 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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.

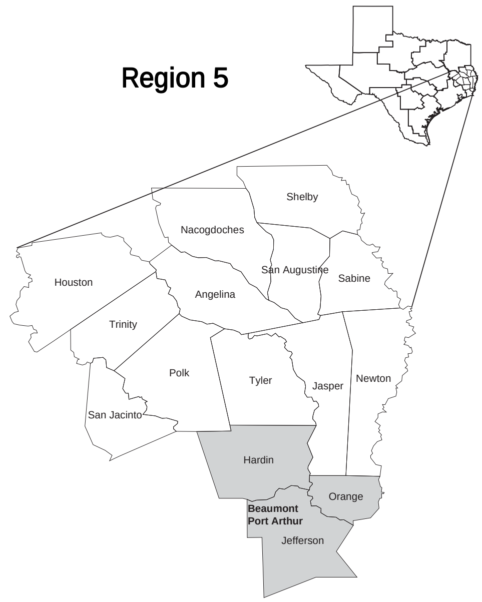
Region 4 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,700	26.6%	2.9%
HUD Units	3,577	16.7%	3.5%
PHA Units	2,252	10.5%	4.1%
Section 8 Vouchers	5,988	28.0%	4.1%
USDA Units	3,872	18.1%	14.6%
HFC Units*	1,336		
Total	21,389	100.0%	4.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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.



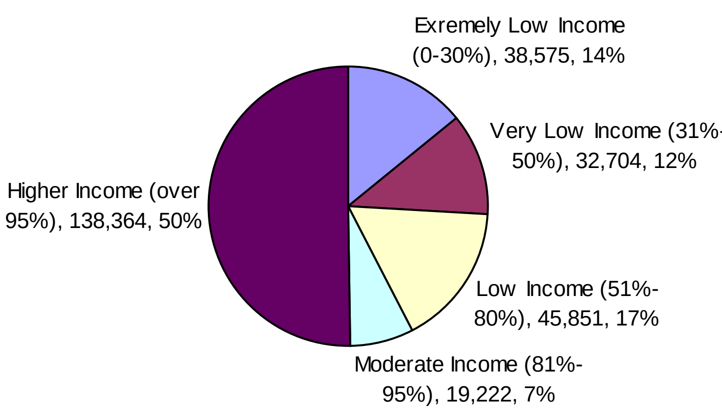
Region 5 Population Figures

	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. In the map of Region 5 (above), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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 individuals living in poverty in the region, which makes up 16.3 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home prices for Beaumont and Port Arthur are $135,500 and $136,000, respectively.[17]

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 regional population. In addition, there are 53,148 elderly individuals without disabilities in the region, which is 7.2 percent of the regional population.

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,[18] but figures vary. According to the 2000 Census, there are 672

[17] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).
[18] Texas Interagency Council for the Homeless, "Key Facts."

people in noninstitutional group homes, which include shelters, in the region. In its tabulation on emergency and transitional shelters, the Census did not count homeless persons in metropolitan areas. Region 5 also experienced significant damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $190,251,194.22 worth of damage was reported. Households affected by the hurricane have unexpected needs.

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 dwellings, 11 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 73.4 percent are occupied by their owners and 26.6 percent are occupied by renters.

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

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.

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)
Renter Households					
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
Owner Households					
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
Total	72,650	26,595	17,269	14,039	13,878

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 5, the two greatest general needs as ranked by survey respondents were housing assistance with 68 percent of total respondents and development of apartments with 17 percent of total respondents. Of the remaining respondents, approximately 13 percent indicted that energy assistance was the priority need, 11 percent indicated that capacity building assistance was the priority need and 8 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 49 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 27 percent. Regarding rental development by itself, 54 percent indicated that the need for construction and rehabilitation was the same, followed by 30 percent of respondents who indicated that construction of new units, separate from rehabilitation, was the greatest need. When taking into account energy assistance by itself, 44 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs at 40 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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.

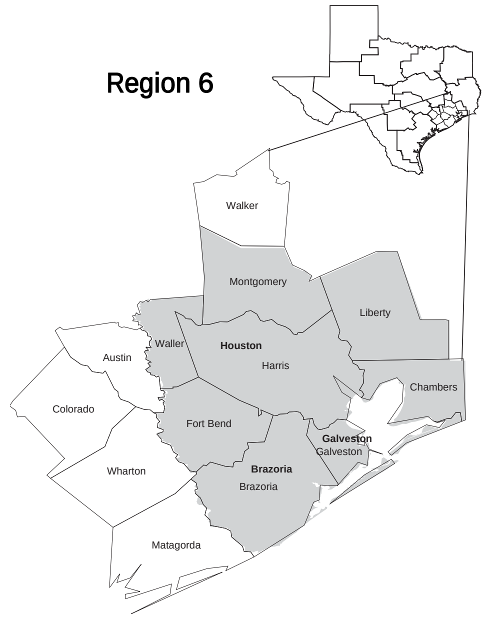
Region 5 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,869	27.4%	3.0%
HUD Units	4,134	19.3%	4.0%
PHA Units	2,368	11.1%	4.3%
Section 8 Vouchers	7,598	35.5%	5.2%
USDA Units	1,443	6.7%	5.5%
HFC Units*	1,160		
Total	21,412	100.0%	4.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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.



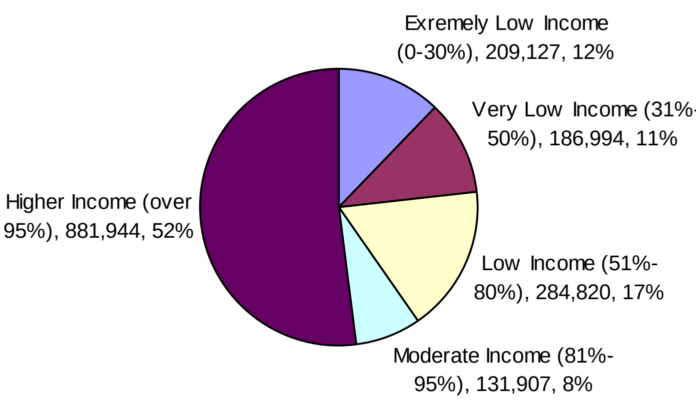
Region 6 Population Figures

	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. In the map of Region 6 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 6 Household Income



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 individuals living in poverty in the region, which makes up 13.5 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Houston is $156,600.[19] Because of the disaster caused by Hurricane Ike, the median housing price is currently unknown in Galveston.

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 801,436 persons with disabilities residing in the region, which makes up 16.3 percent of the regional population. In addition, there are 206,438 elderly individuals without disabilities in the region, which is 4.3 percent of the regional population.

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

[19] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

200,000 homeless individuals in Texas,[20] 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. Region 6 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $28,325,647.98 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, 1,702,792 of the 1,853,854 housing units in the region are occupied, creating a 91.9 percent occupancy rate. Of the total housing stock, 71 percent are one-unit dwellings, 18 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 60.9 percent are occupied by their owners and 39.1 percent are occupied by renters.

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

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.

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)
Renter Households					
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
Owner Households					
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
Total	541,869	158,090	131,967	124,868	115,338

Source: 2000 CHAS

[20] Texas Interagency Council for the Homeless, "Key Facts."

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 6, the two greatest general needs as ranked by survey respondents were housing assistance with 73 percent of total respondents and development of apartments with 14 percent of total respondents. Of the remainder of the respondents, approximately 7 percent indicated that energy assistance was the priority need and 6 percent indicated that capacity building assistance was the priority need. No respondents indicated that homeless assistance was their community's priority need.

When considering housing assistance as a category by itself, 46 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 33 percent. Regarding rental development by itself, 31 percent indicated that the need for construction and rehabilitation was the same, followed by a tie between a need for the construction of new units alone and a minimal need for rental assistance with 21 percent of respondents each. When taking into account energy assistance by itself, 39 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 37 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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.

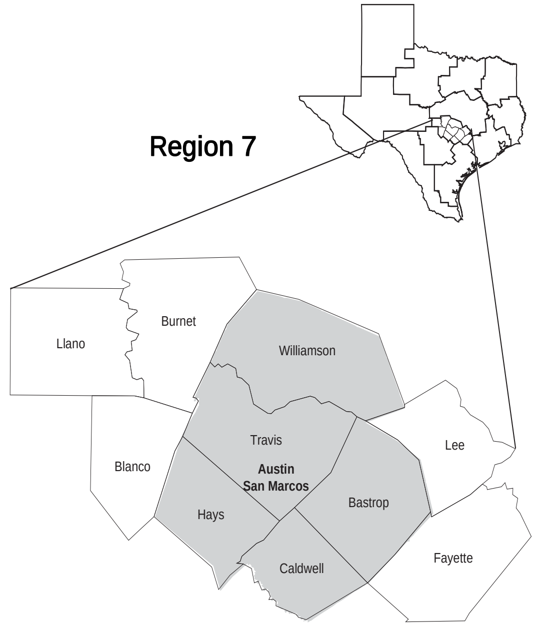
Region 6 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	54,209	48.4%	27.5%
HUD Units	27,284	24.4%	26.7%
PHA Units	5,138	4.6%	9.3%
Section 8 Vouchers	21,884	19.5%	15.0%
USDA Units	3,484	3.1%	13.2%
HFC Units*	39,127		
Total	111,999	100.0%	21.3%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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.



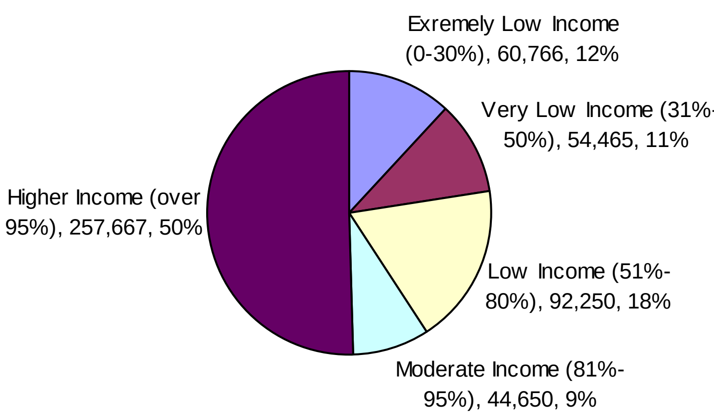
Region 7 Population Figures

	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. In the map of Region 7 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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 individuals living in poverty in the region, which makes up 10.8 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Austin is $183,300.[21]

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 regional population. In addition, there are 61,229 elderly individuals without disabilities in the region, which is 4.5 percent of the regional population.

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,[22] but figures vary. According to the 2000 Census, there are 2,354

[21] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).
[22] Texas Interagency Council for the Homeless, "Key Facts."

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, 510,555 of the 545,761 housing units in the region are occupied, creating a 93.5 percent occupancy rate. Of the total housing stock, 62 percent are one–unit dwellings, 30 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 59.8 percent are occupied by owners and 40.2 percent are occupied by renters.

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

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.

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

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 7, the two greatest general needs as ranked by survey respondents were development of apartments with 32 percent of total respondents and housing assistance with 27 percent of total respondents. Of the remaining respondents, approximately 21 percent indicated that capacity building was the priority need and 14 percent indicated that energy assistance was the priority need. No respondents indicated that homeless assistance was their community's priority need.

When considering housing assistance as a category by itself, 34 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 28 percent. Regarding rental development by itself, 45 percent indicated that their community's greatest need was the construction of new rental units, followed by 38 percent of respondents who indicated that the need for construction and rehabilitation was the same. When taking into account energy assistance by itself, 38 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 34 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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.

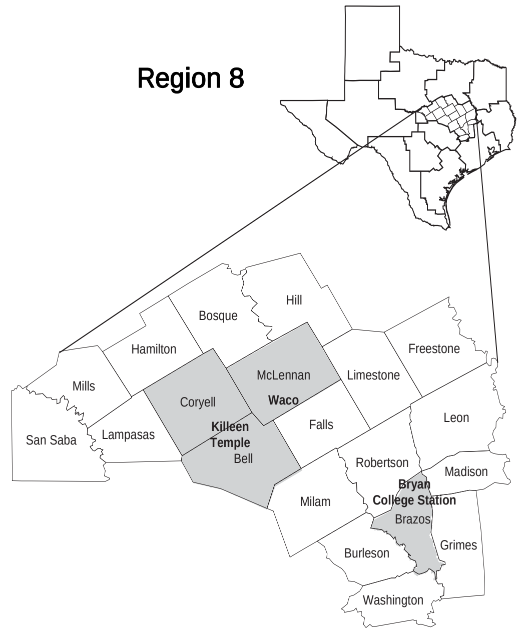
Region 7 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	17,267	48.9%	8.8%
HUD Units	5,032	14.2%	4.9%
PHA Units	3,506	9.9%	6.4%
Section 8 Vouchers	8,053	22.8%	5.5%
USDA Units	1,477	4.2%	5.6%
HFC Units*	8,276		
Total	35,335	100.0%	6.7%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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 and represents 4.6 percent of the state's total population.



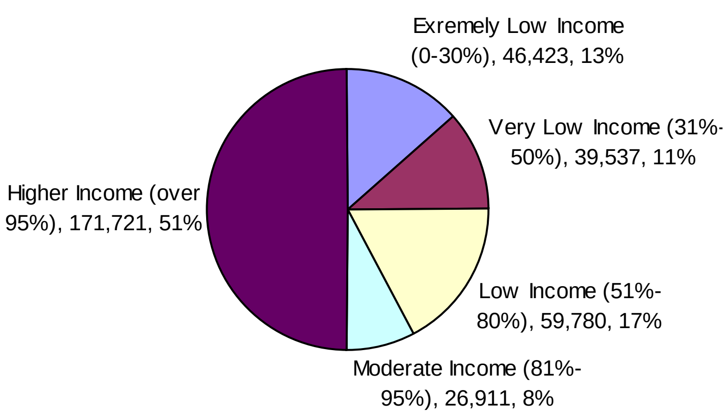
Region 8 Population Figures

	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. In the map of Region 8 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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 individuals living in poverty in the region, which makes up 15.5 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Bryan-College Station is $141,300.[23]

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 regional population. In addition, there are 55,854 elderly individuals without disabilities in the region, which is 5.8 percent of the regional population.

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,[24] but figures vary. According to the 2000 Census, there are 1,003

[23] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).
[24] Texas Interagency Council for the Homeless, "Key Facts."

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, 344,575 of the 387,627 housing units in the region are occupied creating an 88.9 percent occupancy rate. Of the total housing stock, 67 percent are one-unit dwellings, 20 percent are two-or-more units and the remainder consists of mobile homes, boats and RVs. Approximately 61.2 percent are occupied by their owners and 38.8 percent are occupied by renters.

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

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.

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)
Renter Households					
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
Owner Households					
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

According to the 2006 CNS data for Region 8, the two greatest general needs as ranked by survey respondents were housing assistance with 28 percent of total respondents and energy assistance with 21 percent of total respondents. Of the remaining respondents, approximately 18 indicated that capacity building was the priority need, 18 percent indicated that the development of apartments was the priority need and 10 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 48 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 23 percent. Regarding rental development by itself, 40 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 20 percent respondents who indicated that there was a minimal need for rental development. When taking into account energy assistance by itself, 60 percent of respondents indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 34 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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.

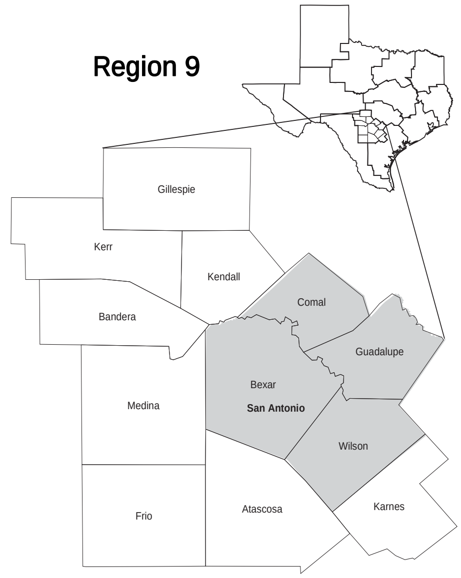
Region 8 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	6,341	26.7%	3.2%
HUD Units	4,178	17.6%	4.1%
PHA Units	2,780	11.7%	5.0%
Section 8 Vouchers	7,621	32.1%	5.2%
USDA Units	2,820	11.9%	10.7%
HFC Units*	404		
Total	23,740	100.0%	4.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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.



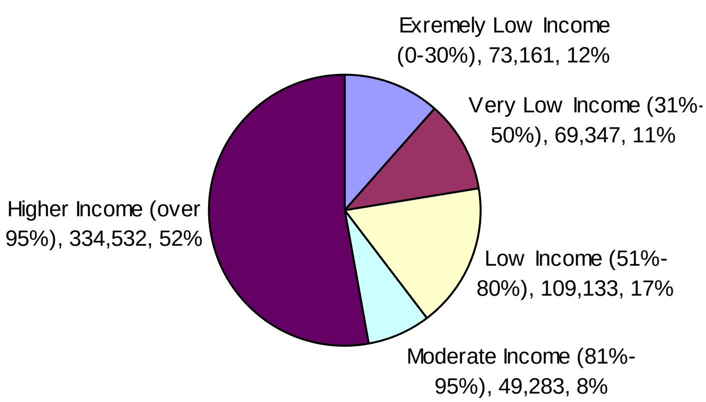
Region 9 Population Figures

	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. In the map of Region 9 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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 individuals living in poverty in the region, which makes up 14.8 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for San Antonio is $145,100.[25]

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 regional population. In addition, there are 107,974 elderly individuals without disabilities in the region, which is 6.0 percent of the regional population.

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,[26] 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.

[25] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).
[26] Texas Interagency Council for the Homeless, "Key Facts."

HOUSING SUPPLY

According to 2000 Census data, 636,796 of the 689,862 housing units in the region are occupied, creating a 92.3 percent occupancy rate. Of the total housing stock, 69 percent are one-unit dwellings, 22 percent are two-or-more-unit dwellings, 8 percent are mobile homes and the remainder are boats and RVs. Approximately 65.0 percent are occupied by their owners and 35.0 percent are occupied by renters.

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

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.

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)
Renter Households					
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
Owner Households					
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

According to the 2006 CNS data for Region 9, the two greatest general needs as ranked by survey respondents were housing assistance with 28 percent of total respondents and energy assistance with 21 percent of total respondents. Of the remaining respondents, approximately 18 percent of respondents indicated that the development of apartments was the priority need, 18 percent indicated that capacity building was the priority need and 10 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 53 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 29 percent. Regarding rental development activities by itself, 34 percent indicated that the need for construction and rehabilitation was the same, followed by a three way tie between construction of new units alone, minimal need for rental development and no opinion about rental units with 18 percent each. When taking into account energy assistance alone, 41 percent indicated that weatherization and minor home repairs was the greatest need, followed by utility assistance with 29 percent.

ASSISTED HOUSING INVENTORY

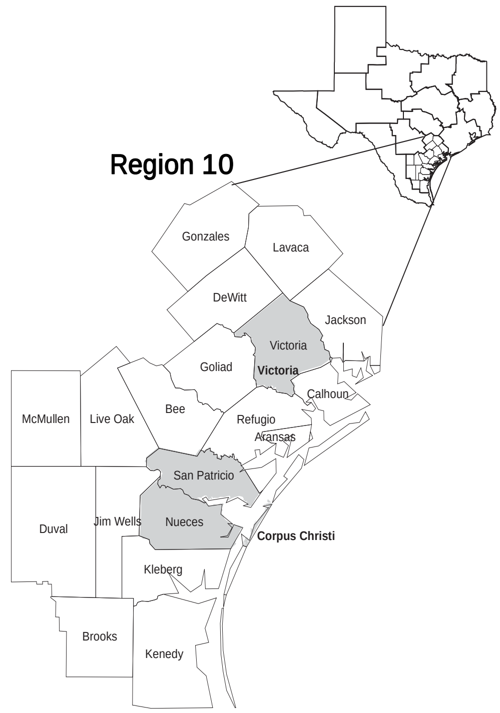
The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "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.

Region 9 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	16,288	31.4%	8.3%
HUD Units	12,080	23.3%	11.8%
PHA Units	7,458	14.4%	13.5%
Section 8 Vouchers	15,046	29.0%	10.3%
USDA Units	1,007	1.9%	3.8%
HFC Units*	23,015		
Total	51,879	100.0%	9.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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.

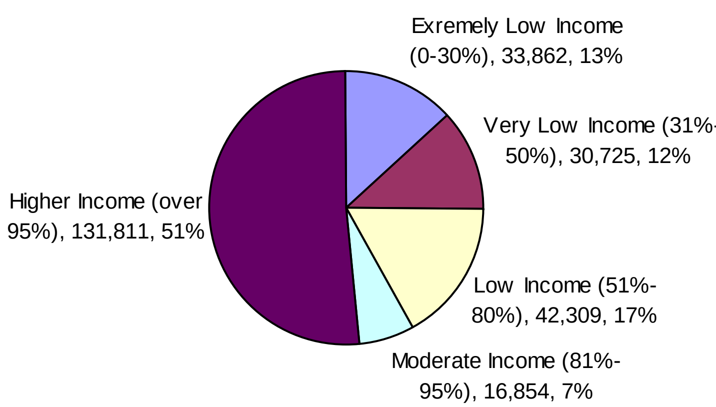
Region 10 Population Figures

	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. In the map of Region 10 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 10 Household Income



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 individuals living in poverty in the region, which makes up 18.0 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Corpus Christi is $138,100.[27]

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 regional population. In addition, there are 46,900 elderly individuals without disabilities in the region, which is 6.4 percent of the regional population.

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,[28] but figures vary. According to the 2000 Census, there are 1,456

[27] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

[28] Texas Interagency Council for the Homeless, "Key Facts."

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 dwellings, 18 percent are two-or-more-unit dwellings, 10 percent are mobile homes and the remainder are boats and RVs. Approximately 66.8 percent are occupied by their owners and 33.2 percent are occupied by renters.

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

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.

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)
Renter Households					
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
Owner Households					
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
Total	76,196	23,382	18,136	16,465	17,481

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS for Region 10, the two greatest general needs as ranked by survey respondents were housing assistance with 53 percent of total respondents and capacity building with 29 percent of total respondents. Of the remaining respondents, approximately 19 percent indicated that the development of apartments was the priority need and 18 percent indicated that energy assistance was the priority need. No respondents indicated that homeless assistance was the community’s priority need.

When considering housing assistance by itself, 81 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 9 percent. Regarding rental development by itself, 41 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 32 percent of respondents who indicated that the need for construction and rehabilitation was the same. When taking into account energy assistance by itself, 54 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 36 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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.

Region 10 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,862	25.4%	2.5%
HUD Units	4,236	22.1%	4.1%
PHA Units	4,459	23.3%	8.1%
Section 8 Vouchers	3,977	20.8%	2.7%
USDA Units	1,619	8.5%	6.1%
HFC Units*	1,073		
Total	19,153	100.0%	3.6%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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.

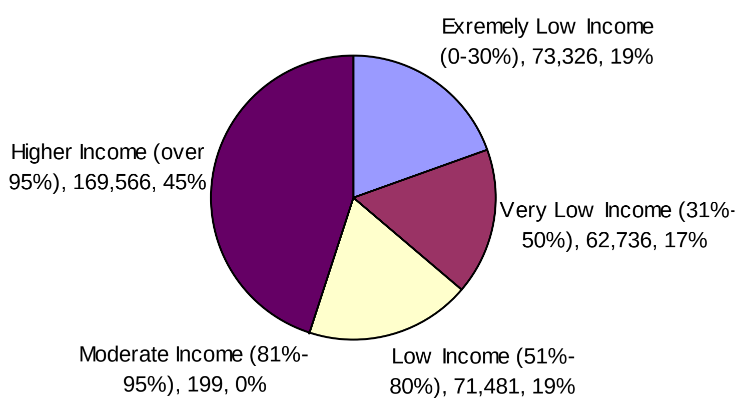
Region 11 Population Figures

	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. In the map of Region 11 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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.[29] There are 455,366 individuals living in poverty in the region, which makes up 33.9 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Brownsville is $87,900 and McAllen is $117,100.[30]

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 regional population. In addition, there are 67,505 elderly individuals without disabilities in the region, which is 5.0 percent of the regional population.

[29] 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.

[30] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

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,[31] 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, 378,275 of the 457,406 housing units in the region are occupied, creating an 82.7 percent occupancy rate. Of the total housing stock, 66 percent are one-unit dwellings, 14 percent are two-or-more-unit dwellings, 18 percent are mobile homes and the remainder consists of boats and RVs. Approximately 70.8 percent are occupied by their owners and 29.2 percent are occupied by renters.

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

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.

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)
Renter Households					
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
Owner Households					
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
Total	161,609	54,373	38,227	33,049	34,048

Source: 2000 CHAS

31 Texas Interagency Council for the Homeless, “Key Facts.”

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 11, the two greatest general needs as ranked by survey respondents were housing assistance with 62 percent of total respondents and development of apartments with 31 percent of total respondents. Of the remaining respondents, approximately 18 percent indicated that capacity building was the priority need, 13 percent indicated that the energy assistance was the priority need and 11 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 46 percent of respondents indicated that home repair assistance was the greatest need, followed by rental payment assistance at 29 percent. Regarding rental development by itself, 50 percent of respondents indicated that the need for construction and rehabilitation was the same, followed by 33 percent of respondents who indicated that construction of new units alone was the greatest need. When taking into account energy assistance by itself, 59 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 29 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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.

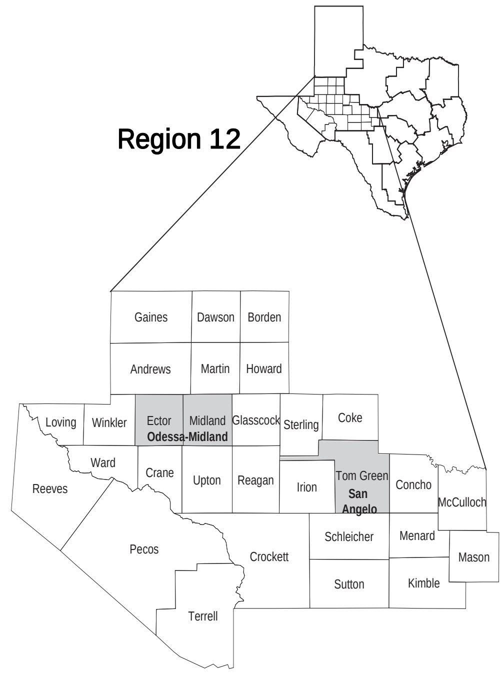
Region 11 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	9,593	26.4%	4.9%
HUD Units	4,208	11.6%	4.1%
PHA Units	6,949	19.1%	12.6%
Section 8 Vouchers	13,553	37.3%	9.3%
USDA Units	2,003	5.5%	7.6%
HFC Units*	377		
Total	36,306	100.0%	6.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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.



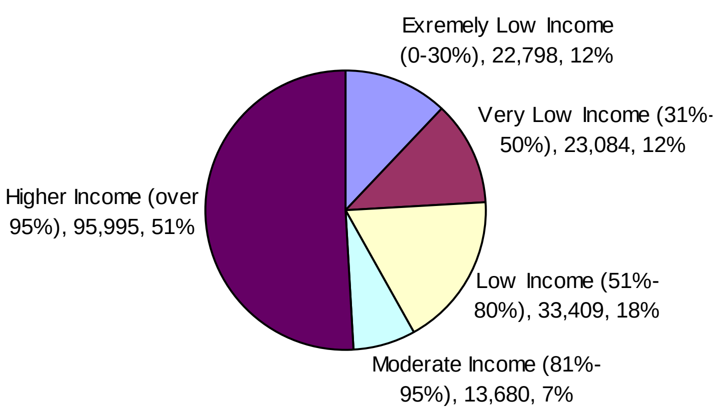
Region 12 Population Figures

	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. In the map of Region 12 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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 individuals living in poverty in the region, which makes up 16.2 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Odessa-Midland is $145,200.[32]

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 regional population. In addition, there are 35,764 elderly individuals without disabilities in the region, which is 6.8 percent of the regional population.

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,[33] but figures vary. According to the 2000 Census, there are 414

[32] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).
[33] Texas Interagency Council for the Homeless, "Key Facts."

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 creates an 85.4 percent occupancy rate. Of the total housing stock, 72 percent are one–unit dwellings, 16 percent are two-or-more-unit dwellings, 12 percent are mobile homes; and the remainder consists of boats and RVs. Approximately 70.1 percent are occupied by their owners and 29.9 percent are occupied by renters.

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

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.

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)
Renter Households					
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
Owner Households					
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

According to the 2006 CNS data for Region 12, the two greatest general needs as ranked by survey respondents were housing assistance with 50 percent of total respondents and development of apartments with 30 percent of total respondents. Of the remaining respondents, approximately 12 percent indicated that the energy assistance was the priority need, 9 percent indicated that capacity building assistance was the priority need and 9 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 50 percent of respondents indicated that home repair assistance was the greatest need, followed by rental payment assistance at 25 percent. Regarding rental development by itself, 42 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 33 percent of respondents who indicated that the need for construction and rehabilitation was the same. When taking into account energy assistance by itself, 46 percent of respondents indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 42 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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.

Region 12 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,445	34.0%	1.8%
HUD Units	1,763	17.4%	1.7%
PHA Units	1,145	11.3%	2.1%
Section 8 Vouchers	3,058	30.1%	2.1%
USDA Units	735	7.2%	2.8%
HFC Units*	104		
Total	10,146	100.0%	1.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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.

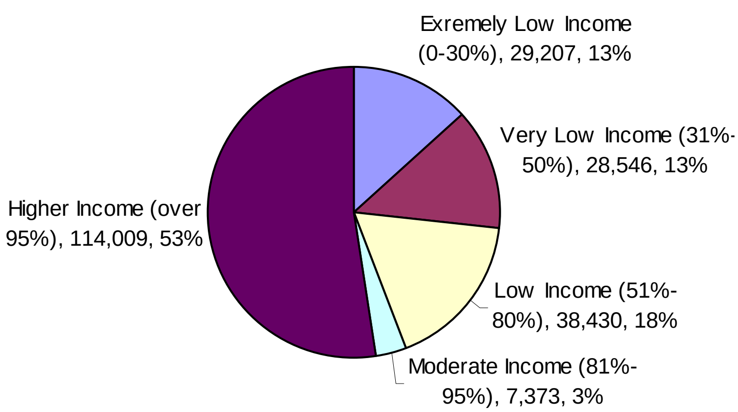
Region 13 Population Figures

	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. In the map of Region 13 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

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 individuals living in poverty in the region, which makes up 23.4 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for El Paso is $134,300.[34]

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 regional population. In addition, there are 35,421 elderly individuals without disabilities in the region, which is 5.0 percent of the regional population.

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,[35] but figures vary. According to the 2000 Census, there are 1,022

[34] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).
[35] Texas Interagency Council for the Homeless, "Key Facts."

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, 219,261 of the 236,572 housing units in the region are occupied, which creates a 92.7 percent occupancy rate. Of the total housing stock, 68 percent are one–unit dwellings, 23 percent are two-or-more unit dwellings, 8 percent are mobile homes; and the remainder consists of boats and RVs. Approximately 63.8 percent are occupied by their owners and 36.2 percent are occupied by renters.

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

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.

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	4,214	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

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 13, the two greatest general needs as ranked by survey respondents were housing assistance with 58 percent of total respondents and development of apartments with 43 percent of total respondents. Of the remaining respondents, approximately 27 percent indicated that homeless assistance as the priority need and 17 percent indicated that capacity building assistance was the priority need. No respondents indicated that energy assistance was their community’s priority need.

When considering housing assistance as a category by itself, 41 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 35 percent. Regarding rental development by itself, 46 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 24 percent of respondents who indicated that the need for construction and rehabilitation was the same. When taking into account energy assistance by itself, 52 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 24 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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.

Region 13 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,858	24.4%	2.5%
HUD Units	2,395	12.0%	2.3%
PHA Units	6,228	31.3%	11.3%
Section 8 Vouchers	6,117	30.7%	4.2%
USDA Units	298	1.5%	1.1%
HFC Units*	993		
Total	19,896	100%	3.8%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGIONAL PLANS SUMMARY

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, 6, 7 and 11 are the fastest growing regions.

Population and Poverty, 2000

Service Region	Population 2000 Census	Percent of State's Population	Population Estimate Jan 1, 2007	Percent Change 2000 to 2007	Persons in Poverty	Percent of State Poverty Total	Population for whom Poverty Status is Determined	Percent of Regional Population in Poverty
1	780,733	3.7%	803,319	2.9%	122,991	3.9%	748,227	16.4%
2	549,267	2.6%	548,496	-0.1%	77,647	2.5%	514,399	15.1%
3	5,487,477	26.3%	6,451,517	17.6%	588,688	18.9%	5,389,443	10.9%
4	1,015,648	4.9%	1,084,491	6.8%	152,036	4.9%	971,222	15.7%
5	740,952	3.6%	750,261	1.3%	120,585	3.9%	705,774	17.1%
6	4,854,454	23.3%	5,734,497	18.1%	656,239	21.0%	4,763,150	13.8%
7	1,346,833	6.5%	1,660,876	23.3%	145,060	4.7%	1,310,221	11.1%
8	963,139	4.6%	1,046,000	8.6%	149,480	4.8%	897,160	16.7%
9	1,807,868	8.7%	2,070,722	14.5%	267,118	8.6%	1,759,653	15.2%
10	732,917	3.5%	748,032	2.1%	132,214	4.2%	708,646	18.7%
11	1,343,330	6.4%	1,620,621	20.6%	455,366	14.6%	1,324,854	34.4%
12	524,884	2.5%	537,846	2.5%	85,063	2.7%	503,813	16.9%
13	704,318	3.4%	777,528	10.4%	165,122	5.3%	690,738	23.9%
State	20,851,820	100%	23,834,206	12.5%	3,117,609	100.0%	20,287,300	15.4%

Source: 2000 U.S. Census and Texas State Data Center

The table below provides information on the income breakdowns of households in each region.

Households and Income, 2000

Service Region	Total Households	Extremely Low Income (0% to 30% AMFI)	Very Low Income (31% to 50% AMFI)	Low Income (51% to 80% AMFI)	Moderate Income (81% to 95% AMFI)	Higher Income (over 95% AMFI)
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
State	7,357,471	911,402	842,209	1,293,995	541,063	3,780,708

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.

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	30,163	20,997	29,683	784
		74.7%	9.4%	6.5%	9.2%	0.2%
2	243,506	186,932	21,599	7,974	25,365	1,636
		76.8%	8.9%	3.3%	10.4%	0.7%
3	2,140,641	1,373,780	385,269	259,402	118,078	4,112
		64.2%	18.0%	12.1%	5.5%	0.2%
4	434,792	307,802	32,153	13,754	78,312	2,771
		70.8%	7.4%	3.2%	18.0%	0.6%
5	325,047	225,213	23,868	12,709	60,328	2,929
		69.3%	7.3%	3.9%	18.6%	0.9%
6	1,853,854	1,175,460	265,188	293,889	115,535	3,782
		63.4%	14.3%	15.9%	6.2%	0.2%
7	545,761	339,272	96,402	66,390	41,991	1,706
		62.2%	17.7%	12.2%	7.7%	0.3%
8	387,627	259,909	58,646	19,960	47,492	1,620
		67.1%	15.1%	5.1%	12.3%	0.4%
9	689,862	476,751	101,504	52,139	57,339	2,129
		69.1%	14.7%	7.6%	8.3%	0.3%
10	298,494	212,067	36,198	17,165	30,936	2,128
		71.0%	12.1%	5.8%	10.4%	0.7%
11	457,406	303,046	45,937	18,112	80,947	9,364
		66.3%	10.0%	4.0%	17.7%	2.0%
12	221,968	159,092	21,931	13,796	26,240	909
		71.7%	9.9%	6.2%	11.8%	0.4%
13	236,572	161,168	32,741	22,814	19,406	443
		68.1%	13.8%	9.6%	8.2%	0.2%
State	8,157,575	5,420,910	1,151,599	819,101	731,652	34,313
		66.5%	14.1%	10.0%	9.0%	0.4%

Source: 2000 U.S. 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.

Housing Units by Occupancy, 2000

		Owner Occupied		Renter Occupied	
Service Region	Total Tenure	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%
State	7,393,354	4,716,959	63.8%	2,676,395	36.2%

Source: 2000 U.S. Census

NEED INDICATORS

The chart below 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.

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
State	726,044	305,640	234,534	148,450	18,285	19,135

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.

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	1,264	553	322	301	88
2	799	330	161	237	71
3	7,977	2,968	2,087	2,247	675
4	1,647	724	425	363	135
5	1,195	549	300	270	76
6	7,646	3,228	1,892	2,034	492
7	2,482	1,170	562	565	185
8	1,402	601	354	355	92
9	2,613	1,137	484	751	241
10	1,164	513	234	355	62
11	4,209	2,474	1,099	636	0
12	836	355	253	204	24
13	1,330	470	539	297	24
State	34,564	15,072	8,712	8,615	2,165

Source: CHAS Database

The table below 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.

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
State	387,714	98,249	86,840	98,053	27,446	77,126

Source: CHAS Database

The table below 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.

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
State	806,818	212,461	168,478	197,427	62,263	166,189

Source: CHAS Database

The table below 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.

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
State	39,350	10,805	7,233	7,835	2,052

Source: CHAS Database

The table below shows that Region 6 has the highest number of overcrowded owner households.

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	6527	19,571
4	10,259	1,233	1,477	2,496	1116	3,937
5	8,491	925	970	1,991	949	3,656
6	66,212	7,391	10,243	18,303	7269	23,006
7	12,315	1,038	2,055	3,503	1459	4,260
8	8,900	741	1,055	2,293	942	3,869
9	25,439	2,644	4,107	6,555	3171	8,962
10	10,929	1,235	1,563	2,421	1000	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
State	283,593	32,814	45,216	75,385	25,174	105,004

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.

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	% 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%
State	193,301	100.0%	840,758	100.0%	1,034,059	100.0%

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. Please see the "Assisted Housing Inventory" under "State of Texas" for data explanations.

Assisted Multifamily Units

Region	TDHCA Units	HUD Units	PHA Units	Section 8 Vouchers	USDA Units	HFC units*	Total Assisted Units
1	5,114	3,451	1,304	5,679	1,676	1,789	17,224
2	3,158	1,979	3,026	3,009	1,925	280	13,097
3	60,078	28,032	8,485	43,833	4,076	20,892	144,504
4	5,700	3,577	2,252	5,988	3,872	1,336	21,389
5	5,869	4,134	2,368	7,598	1,443	1,160	21,412
6	54,209	27,284	5,138	21,884	3,484	39,127	111,999
7	17,267	5,032	3,506	8,053	1,477	8,276	35,335
8	6,341	4,178	2,780	7,621	2,820	404	23,740
9	16,288	12,080	7,458	15,046	1,007	23,015	51,879
10	4,862	4,236	4,459	3,977	1,619	1,073	19,153
11	9,593	4,208	6,949	13,553	2,003	377	36,306
12	3,445	1,763	1,145	3,058	735	104	10,146
13	4,858	2,395	6,228	6,117	298	993	19,896
State	196,782	102,349	55,098	145,416	26,435	98,826	526,080

*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.

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:

- **Programs:**
  - Description of each TDHCA program, including funding source, administrator, purpose, targeted population, budget and contact information
- **Housing Support Continuum:**
  - Activities undertaken by each of the programs that address the different phases of the Housing Support Continuum
- **Policy Priorities:**
  - Overarching Department-wide policies and policy-driven actions
- **Regional Allocation Plans:**
  - Distribution of TDHCA's resources across the 13 State Service Regions
- **Goals and Objectives:**
  - Program performance based upon measures developed with the State's Legislative Budget Board and the Governor's Office of Budget and Planning

TDHCA PROGRAMS

TDHCA's 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, recipients, targeted beneficiaries, set-asides and special initiatives. Details of each program's activities are located in the Housing Support Continuum in the following segment.

A list of TDHCA programs, organized by their Division, follows:

- **Community Affairs Division:**
  - Community Services Block Grant Program
  - Comprehensive Energy Assistance Program
  - Emergency Shelter Grants Program
  - Section 8 Housing Choice Voucher Program
  - Weatherization Assistance Program
- **Disaster Recovery Division:**
  - Community Development Block Grant - Disaster Recovery Round One and Round Two
- **HOME and Housing Trust Fund Division:**
  - HOME Investment Partnerships Program
  - Housing Trust Fund Program
- **Manufactured Housing Division**
- **Multifamily Finance Production Division:**
  - Housing Tax Credit Program
  - Multifamily Bond Program
- **New Programs:**
  - National Foreclosure Mitigation Counseling Program
  - Neighborhood Stabilization Program
- **Office of Colonia Initiatives:**
  - Colonia Self-Help Center Program
  - Texas Bootstrap Loan Program
- **Texas Homeownership Division:**
  - First-Time Homebuyer Program
  - Mortgage Credit Certificate Program
  - Texas Statewide Homebuyer Education Program

Information for each Division and its programs can be found below.

COMMUNITY AFFAIRS DIVISION

The Community Affairs Division offers the Community Services Block Grant Program, Comprehensive Energy Assistance Program, Emergency Shelter Grants Program, Section 8 Housing Choice Voucher Program and Weatherization Assistance Program.

Above: Community Service Block Grants help to provide food to low-income Texans.

Community Services Block Grant Program

The Community Services Block Grant Program (CSBG), received from the U.S. Department of Health and Human Services (USHHS), is utilized to fund CSBG-eligible entities and to fund activities that support the intent of the CSBG Act. TDHCA provides administrative support funds to Community Action Agencies (CAAs) and other human service delivery organizations that offer emergency and poverty-related programs to lower-income persons.

Ninety-percent of the funds are targeted to low-income individuals and funds are also utilized to provide assistance to Native Americans and migrant and seasonal farmworkers. Income eligibility is for persons at or below 125 percent of the current federal income poverty guidelines issued by USHHS.

CSBG provides administrative support to 48 CSBG-eligible entities. Five percent of the State's CSBG allocation is used to fund innovative projects that address the causes of poverty, promote client self-sufficiency, or promote community revitalization; provide emergency disaster relief assistance to persons impacted by a natural or man-made disaster; provide funding to organizations serving Native Americans and migrant or seasonal farm workers; and provide funding for other eligible discretionary activities as authorized by the Department's Board. Five percent of the CSBG allocation is used for administrative funds for awarded entities.

Allocations to the CSBG–eligible entities are based 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 2009, the Department will utilize the 2000 Census population figures at 125 percent of poverty, a base of $50,000 and a floor allocation of $150,000.

Community Services Block Grant Program funding for FY 2009 will be $31,311,981.
Additional documentation, including the CSBG Plan, may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/pubs.htm#cs. For more information, contact the Community Services Section at (512) 475-3905.

Comprehensive Energy Assistance Program

The Comprehensive Energy Assistance Program (CEAP) is funded by the USHHS' Low Income Home Energy Assistance Program (LIHEAP). The purpose of the CEAP is to provide energy assistance to eligible households. TDHCA administers the program through a network of 51 CEAP Subrecipients. The Subrecipients consist of CAAs, nonprofit entities and units of local government. The targeted beneficiaries of CEAP in Texas are households with an income at or below 125 percent of federal poverty guidelines, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption.

The allocation formula for CEAP uses the following five factors and corresponding weights to distribute its funds by county: non-elderly poverty household factor (40 percent); elderly poverty household factor (40 percent); inverse poverty household density factor (5 percent); median income variance factor (5 percent); and weather factor (10 percent).

Comprehensive Energy Assistance Program funding for FY 2009: $128,928,638.

The Energy Assistance plans and rules may be accessed online at http://www.tdhca.state.tx.us/ea on the TDHCA website. For more information contact the Energy Assistance Section at (512) 475-3951. To apply for CEAP, call 1-877-399-8939, toll free, using a land phone.

Emergency Shelter Grants Program

The Emergency Shelter Grants Program (ESGP) receives funding from U.S. Department of Housing and Urban Development (HUD) 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. ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 uniform state service regions and funds are dispersed according to a regional allocation formula. 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. Demonstrating the need for homeless shelter and services, for the 2008 ESGP application cycle, the Department received 120 applications and was able to fund only 78 applications.

Projected Emergency Shelter Grants Program funding for FY 2009 is expected to be level funding as 2008: $5,261,641.

See the *State of Texas Consolidated Plan: One Year Action Plan* at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#consolidated for further details on the ESGP. For more information, contact the Community Services Section at (512) 475-3905.

Section 8 Housing Choice Voucher Program

TDHCA receives funding for the Section 8 Housing Choice Voucher (Section 8) Program from HUD. The Section 8 Program provides rental assistance payments on behalf of low-income individuals and families, including the elderly and persons with disabilities. The Section 8 Program currently contracts with units of local governments, community action agencies and public housing authorities to assist with the administration of approximately 1,000 housing choice vouchers. The Department administers vouchers in 31 counties.

Eligible households' gross income does not exceed 50% of HUD's median income guidelines. HUD requires 75% of all new households admitted to the program be at or below 30% of the area median income. Eligibility is based on several factors, including the household's income, size and composition, citizenship status, assets, medical and childcare expenses.

Projected Section 8 Housing Choice Voucher Program funding for FY 2009: *The dollar amount will be included in the final version of this document.*

Additional documentation, including the Section 8 Plan, may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/pubs.htm#sec8. For more information, contact the Section 8 Program at (512) 475-3892.

Weatherization Assistance Program

The Weatherization Assistance Program (WAP) is funded by the U.S. Department of Energy and LIHEAP. 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. The Texas Department of Housing and Community Affairs (the Department) administers the WAP through a network of 34 WAP Subrecipients. The Subrecipients consist of community action agencies, nonprofit entities and units of local government. The targeted beneficiaries of WAP in Texas are households with an income at or below 125 percent of federal poverty with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption.

Partnerships between the Department and Investor Owned Utility companies, which include Entergy, El Paso Electric, Southwest Electric Power Company and Southwest Public Service, provide weatherization measures to low-income utility customers in the regulated electric market areas. These partnerships increase the total number of low-income households that receive weatherization services and allow the Department to leverage the federal weatherization funds with the energy company funds.

The allocation formula for the Weatherization Assistance program uses the following five factors and corresponding weights to distribute its funds by county: non-elderly poverty household factor (40 percent); elderly poverty household factor (40 percent); inverse poverty household density factor (5 percent); median income variance factor (5 percent); and weather factor (10 percent).

Projected Weatherization Assistance Program funding for FY 2009: $30,735,284.

The Energy Assistance plans and rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/ea/index.htm. For more information, contact the Energy Assistance Section at (512) 475-3951. To apply for weatherization, call 1-888-606-8889, toll free, using a land phone.

DISASTER RECOVERY DIVISION

The Disaster Recovery Division administers Community Development Block Grant Disaster Recovery Programs.

CDBG Disaster Recovery Programs Round One and Round Two

In August 2005, Hurricane Katrina made landfall in Louisiana and then in September 2005, Hurricane Rita made landfall near Sabine Pass on the southeast Texas Gulf coast. Texas experienced an influx of evacuees from Louisiana escaping Hurricane Katrina and over 75,000 homes in southeast Texas were severely damaged or destroyed as a result of Rita. According to the Federal Emergency Management Agency (FEMA), 640,968 Katrina and Rita applicants for assistance were residing in Texas as of February 1, 2006.

TDHCA is the administrator of two CDBG allocations for disaster recovery funding in Texas under the Department of Defense Appropriations Act, 2006, Public Laws 109-148 and 109-234. The targeted populations for these funds are households affected by Hurricane Rita and Katrina who have incomes not exceeding 80 percent of AMFI.

Above: Disaster recovery funds in Sabine Pass help to elevate a home to make it better able to weather future storms.

For Round One of funding, under Public Law 109-148 a total of $74.5 million was awarded to Texas to rebuild the southeast Texas region devastated by Hurricane Rita. Of all funds awarded, 56.8 percent is dedicated to housing activities including home rehabilitation, reconstruction and other eligible activities to help the residents of southeast Texas recover from this disaster.

In July 2006, the TDHCA Board approved awards to three councils of governments (COGs) in the region to rebuild damaged homes, and in August 2006 funds were awarded to four COGs that applied for the CDBG funds on behalf of cities, counties and Indian tribes for infrastructure repairs.

For Round Two of funding, under Public Law 109-234 HUD announced in August 2006 that Texas would receive an additional $428 million in CDBG disaster funding to promote long-term recovery in the areas affected by the disaster.

The action plan for the second round of CDBG funding for disaster recovery was approved by HUD on April 13, 2007. CDBG Disaster Recovery Programs Round Two funds are being used to provide assistance to homeowners of low to moderate income whose houses were damaged by Hurricane Rita, to restore and protect owner occupied housing stock in the community of Sabine Pass which was severely damaged by the storm, to repair, rehabilitate and reconstruct affordable rental housing stock in the impacted areas, to restore critical infrastructure damaged by the hurricane and to provide assistance to the City of Houston and Harris County for increased demands in public services, law enforcement, judicial services and community development in areas that have experienced a dramatic population increase due to an influx of Katrina evacuees.

Additional information about Round One CDBG Disaster Recovery Programs can be found online at http://www.tdhca.state.tx.us/cdbg/first-supplemental/. For more information, contact Jennifer Molinari at (512) 475-2224 or jennifer.molinari@tdhca.state.tx.us. Additional information about Round Two CDBG Disaster Recovery Programs can be found online at http://www.tdhca.state.tx.us/cdbg/second-supplemental/. For more information, contact Jen Joyce at (512) 475-3995 or jennifer.joyce@tdhca.state.tx.us.

HOME and Housing Trust Fund Division

The HOME and Housing Trust Fund Division offers the HOME Investment Partnership Program and the Housing Trust Fund Program.

Above: This home in Lockhart became wheelchair accessible at its front entrance as part of its rehabilitation through the HOME Program's Owner Occupied Assistance.

HOME Investment Partnerships Program

The HOME Investment Partnerships (HOME) Program is authorized under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.) and receives funding from HUD.

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. To achieve this purpose, the HOME Program provides loans and grants to units of local government, Public Housing Authorities (PHAs), Community Housing Development Organizations (CHDOs), nonprofit organizations and for-profit entities. These funds are awarded as specified in the published Notices of Funding Availability (NOFAs). 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.

According to §2306.111, Texas Government Code, in administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (Act), the Department shall expend 95 percent of these funds for the benefit of non-participating jurisdictions that do not qualify to receive funds under the Act directly from HUD. As established in Section 2306.111(c) of the Texas Government Code and subject to the submission of qualified applications, 5 percent of the annual HOME Program allocation shall be allocated for applications serving persons with disabilities living in any part of the state.

There are four major activities in the HOME program including: Owner-Occupied (OCC) Rehabilitation Housing Assistance, Tenant-Based Rental Assistance (TBRA), Homebuyer Assistance (HBA) and Rental Housing Development (RHD). The HOME Program is also in the process of modifying RHD to include both single-family and multifamily developments.

See the *State of Texas Consolidated Plan: One Year Action Plan* at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#consolidated for further details on the HOME Program. The HOME Program Rule may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/home-division/index.htm. For more information regarding HOME single family activities, contact the HOME and Housing Trust Fund Division directly at (512) 463-8921.

Housing Trust Fund Program

The Housing Trust Fund Program receives several sources of funding from the State of Texas including: multifamily bond issuance fees, loan repayments and other funds that are received and appropriated by the Department or Legislature. Housing Trust Fund is the only State-authorized program for affordable housing development. Funding is awarded as loans and grants to nonprofits, units of local government, public housing agencies and for-profit entities. The targeted beneficiaries of the program are low-, very low- and extremely low-income households.

NOFAs will be released identifying the activities for which funds can actually be applied in accordance with the Annual Plan as prescribed in Rider 10(d) of the Department's General Appropriations Act.

Projected Housing Trust Fund Program Funding for FY 2009: $5,800,000.

The Housing Trust Fund Rule and Funding Plan may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/home-division/htf/index.htm. For more information on the Housing Trust Fund program, contact the HOME and Housing Trust Fund Division at (512) 463-8921.

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; by providing consumers with fair and effective remedies; and by providing economic stability to manufacturers, retailers, installers and brokers. The Manufactured Housing Division licenses manufactured housing professionals and maintains records of the ownership, location, real or personal property status and lien status (on personal property homes) on manufactured homes. It also records tax liens on manufactured homes. Because of its regulatory nature, the Manufactured Housing Division has its own governing board and executive director.

Relying on a team of trained inspectors operating from eight locations around the state, the Division inspects manufactured homes throughout the Texas. Additionally, the Manufactured Housing Division works collectively with TDHCA by inspecting properties for the Portfolio Management and Compliance

Division and by inspecting and licensing Migrant Labor Facilities. The Manufactured Housing Division also handles approximately 1,200 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.

MULTIFAMILY FINANCE PRODUCTION DIVISION

Above: A Multifamily Bond development , Spring Terrace in Austin is a Single-Room-Occupancy complex that has "green" features such as solar panels and a rain collector.

The Multifamily Finance Production Division offers the Housing Tax Credit Program and the Multifamily Bond Program.

Housing Tax Credit Program

The Housing Tax Credit (HTC) Program receives authority from the U.S. Treasury Department to provide tax credits to nonprofits, for-profit developers and syndicators or investors. The program supports the development of rental properties that include reduced rents for low-income Texans. The targeted beneficiaries of the program are very low- and extremely low-income families at or below 60 percent of AMFI.

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 $2.00 per capita of the state population, excluding additional temporary Housing Tax Credit authority received under the Housing and Economic Recovery Act of 2008 (HERA). Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the state annual tax credit allocation. TDHCA is the only entity in the state with the authority to allocate housing tax credits under this program. The State's distribution of the credits is administered by TDHCA's *2009 Housing Tax Credit Program 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.

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 $15,000 per rental unit of construction hard costs, unless financed with TX-USDA-RHS, in which case the minimum is $9,000. 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 annual tax credit allocation 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. Tax 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 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 2009, including estimated additional disaster recovery and economic stimulus allocations: $66,400,000

The *2009 Housing Tax Credit Program QAP* may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/multifamily/htc/index.htm. 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 housing Mortgage Revenue Bonds (MRBs) under the Private Activity Bond Program (PAB) to fund loans to nonprofit and for-profit developers who assist very low- to moderate-income Texans. Owners elect to set aside units in each development according to §1372, Texas Government Code. Rental developments must comply with Section 504 unit standards.

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. Under MRBs issued for private activities, funding priorities are as follows:

- Priority 1:
  - (a) Set aside 50% of units rent capped at 30% of 50% of AMFI and the remaining 50% of units rents capped at 30% of 60% of AMFI; or
  - (b) Set aside 15% of units rent capped at 30% of 30% of AMFI and the remaining 85% of units rent capped at 30% of 60% of AMFI; or
  - (c) Set aside 100% of units rent capped at 30% of 60% of AMFI for developments located in a census tract with median income that is higher than the median income of the county, MSA or PMSA in which the census tract is located.
- Priority 2:
  - (a) Set aside 100% of units rent capped at 30% of 60% of AMFI
- Priority 3:
  - (a) Any qualified residential rental development

The State will set aside 22 percent of the annual private activity volume cap for multifamily developments. Approximately $440 million in issuance authority will be made available to various issuers to finance multifamily developments, of which 20 percent, or approximately $88 million, will be made available exclusively to TDHCA. On August 15th of each year, any allocations in the subcategories of the bond program that have not been reserved pool into one allocation fund. This is an opportunity for TDHCA to apply for additional allocation and which allows TDHCA to issue more bonds than the set-aside of $88 million.

PAB Issuance authority per individual development 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 program will be scored and ranked by priority and highest score. TDHCA will be accepting applications throughout the 2008 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 Housing Tax Credits.

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 AMFI.

Projected Multifamily Bond Program Funding for FY 2009, including additional disaster recovery and economic stimulus authority: $120,000,000

The Multifamily Housing Revenue Bond Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/multifamily/bond/index.htm. For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

NEW PROGRAMS

Because of the rapid changes in the housing industry, there have been several new programs added to TDHCA. Currently, these programs are under development and have not yet been assigned to a Division.

National Foreclosure Mitigation Counseling Program

HERA gave authority to NeighborWorks America to continue the National Foreclosure Mitigation Counseling (NFMC) Program which was first created by the FY 2008 Consolidated Appropriations Act. NFMC funds are federal funds available for foreclosure intervention counseling, training and administration expenses. The purpose of the program is to expand and supplement foreclosure counseling.

TDHCA partnered with HUD-approved foreclosure mitigation counseling organizations that met the NeighborWorks' experience threshold in order to create an application for funding. TDHCA will jointly administer the program with the Texas State Affordable Housing Corporation (TSAHC). Funding will be awarded to the partner nonprofit organizations and local units of government included in the application submitted to NeighborWorks America.

The partner organizations have written plans for providing in-person counseling with homeowners in danger of foreclosure. Eligible recipients of foreclosure intervention counseling must be owner-occupants of single-family (one-unit to four-unit) properties with mortgages in default or danger of default. Many of the partner organizations also work with toll-free foreclosure prevention hotlines.

All funds will be targeted to "areas of greatest need" which are defined as areas experiencing a high rate of subprime lending, delinquent loans and foreclosure starts. Approximately 88 percent will be targeted to low-income or minority homeowners or neighborhoods.

Projected National Foreclosure Mitigation Program Funding for FY 2009: $491,490

For more information, contact the Brenda Hull, Housing Resource Center, at (512) 305-9038 or brenda.hull@tdhca.state.tx.us.

Neighborhood Stabilization Program

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by HERA as a supplemental allocation to the CDBG Program through an amendment to the existing *2008 State of Texas Consolidated Plan One-Year Action Plan*. The purpose of the program is to redevelop into affordable housing or acquire and hold abandoned and foreclosed properties in areas that are documented to have the greatest need for declining property values as a result of excessive foreclosures. Units of local governments and other entities with the consent of the local governments are eligible to apply for these funds.

According to the NSP Action Plan Substantial Amendment, each subrecipient will be required to target as a goal at least 35% of their non-administrative allocation to benefit households with incomes less than or equal to 50% of AMFI. Acquisition of real property allows a grantee to purchase the abandoned or foreclosed properties to rehabilitate and sell to households earning 120% AMFI or below.

TDHCA along with ORCA and TSAHC will work together to administer the $102 million in funds received from HUD. TDHCA is taking the lead role in this partnership. Initially the Department proposes to distribute the funds as follows:

- Direct Awards $ 51 million
- Select Pool $ 31 million
- TSAHC Land Bank $ 10 million
- Administration $ 10 million

Projected NSP Funding for FY 2009: $102,000,000

The NSP Plan may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/nsp/. A contact person for this program has yet to be assigned.

OFFICE OF COLONIA INITIATIVES

The Office of Colonia Initiatives Division offers two programs: the Colonia Self-Help Center Program and the Texas Bootstrap Loan Program.

Above: This home in Pharr was built through the Texas Bootstrap Loan Program with funds from TDHCA and labor from the homeowner.

Colonia Self-Help Center Program

In 1995, the 74th Legislature passed Senate Bill 1509, a legislative directive to establish colonia Self-Help Centers (SHCs) in Cameron/Willacy, Hidalgo, Starr, Webb and El Paso counties. Funded through CDBGs, this program also allows the Department to establish a colonia SHC in any other county if the county is designated as an economically distressed area. Operation of the colonia SHCs is managed by a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the capacity to operate a center.

These colonia SHCs provide concentrated on-site technical assistance to low- and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education.

Colonia Self-Help Center Program funding for FY 2009: $1,700,000

More detail can be found in *Section 6: Colonia Action Plan.* Additional information may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/oci/centers. For more information, contact Robert Stevenson at (512) 463-2179 or robert.stevenson@tdhca.state.tx.us.

Texas Bootstrap Loan Program (Owner-Builder)

The Texas Bootstrap Loan program provides loans through certified non-profit organizations for self-help housing initiatives. Identified as the Owner-Builder Loan Program in Texas Government Code 2306.751, the Texas Bootstrap Loan Program promotes and enhances homeownership for low-income Texans by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing throughout Texas. The majority of the funds are received through the Housing Trust Fund and small amounts are gathered through other sources.

Projected Texas Bootstrap Loan Program funding for FY 2009: $3,000,000

More detail can be found in *Section 6: Colonia Action Plan.* Additional information may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/oci/bootstrap.jsp. For more information, contact Raul Gonzales at (512) 475-1473 or raul.gonzales@tdhca.state.tx.us.

TEXAS HOMEOWNERSHIP DIVISION

The Homeownership Division offers the First-Time Homebuyer Program, Mortgage Credit Certificate Program and the Texas Statewide Homebuyer Education Program.

First-Time Homebuyer Program

The First-Time Homebuyer Program receives funding from tax-exempt and taxable mortgage revenue bonds called Single-Family Bonds. The program is offered through a network of participating lenders. The 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 and the purchase price of the home must not exceed stipulated maximum purchase price limits. A minimum of 30 percent of program funds will be set aside to assist Texans earning 60 percent or less of program income limits. A portion of the funds will also be set aside for borrowers earning between 61% and 80% of the program income limits.

Above: A family tells their story about using the First-Time Homebuyer Program to purchase their home.

The First-Time Homebuyer Program offers eligible homebuyers two types of funds: unassisted and assisted. Unassisted funds are available for borrowers at or below 115 percent of AMFI and do not include down payment and closing costs. Assisted funds are available for eligible borrowers at or below 80 percent of AMFI and include down payment and closing cost assistance on a first-come, first-served basis.

Income limits for the program are set by the IRS Tax Code (1986) based on income figures determined by HUD. 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 gains 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 HUD, respectively

Projected Texas First-Time Homebuyer Program funding for FY 2009: $300,000,000

The Texas First-Time Homebuyer Program Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/homeownership/index.htm. For more information, contact Eric Pike, Texas Homeownership Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First-Time Homebuyer information packet, please call 1-800-792-1119.

Mortgage Credit Certificate Program

TDHCA has the power to issue Mortgage Credit Certificates (MCCs) through its bond authority. The program is offered through a network of approved lenders. An MCC provides a tax credit that will reduce the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. 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 funding for FY 2009: $120,000,000

The Texas First-Time Homebuyer Program Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/homeownership/index.htm. For more information, contact Eric Pike, Texas Homeownership Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us.

Texas Statewide Homebuyer Education Program

TDHCA funds the Texas Statewide Homebuyer Education Program (TSHEP) and contracts with training professionals to offer 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. The classes are conducted by NeighborWorks America. In addition, a referral service for individuals interested in taking a homebuyer education class is available through TDHCA.

Projected Texas Statewide Homebuyer Education Program funding for FY 2009: $90,000

For more information, contact Dina Gonzalez, Texas Homeownership Division at (512) 475-3993 or dina.gonzalez@tdhca.state.tx.us.

Housing Support Continuum

The Housing Support Continuum consists of a series of phases that low-income households may experience at different times of their lives and the assistance provided through the network of TDHCA-funded service providers in regard to each phase. The Housing Support Continuum has six phases: (1) Poverty and Homelessness Prevention, (2) Rental Assistance, (3) Homebuyer Assistance, (4) Weatherization and Rehabilitation, (5) Foreclosure and (6) Disaster Recovery.

(1) Poverty and Homelessness Prevention

The Housing Support Continuum begins with activities that work to prevent poverty and homelessness.

Community Services Block Grant Program (CSBG)

CSBG activities can be instrumental in preventing homelessness in the lowest-income populations. Activities for CSBG program 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; migrant farmworker 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.

Comprehensive Energy Assistance Program (CEAP)

For those low-income Texans who have housing, subsidizing or reducing the energy costs may help keep that housing affordable and prevent homelessness. An applicant seeking energy assistance applies to the local CEAP Subrecipient for assistance. The Subrecipient determines income-eligibility, prioritizes status (this includes a review of billing history to determine energy burden and consumption) and determines which CEAP component is most appropriate for the eligible applicant. If the CEAP applicant is eligible and meets program priorities, the CEAP Subrecipient makes an energy payment to an energy company through a vendor agreement with energy providers. Additionally, some households qualify for repair, replacement or retrofit of inefficient heating and cooling appliances.

There are four CEAP components:

- The Elderly and/or Disabled Component is designed to assist households with at least one member who is elderly and/or disabled. Households can receive up to four energy payments in a program year. Assistance is based on energy consumption in the previous 12 months, energy burden (percentage of income used for energy) and the income category for which the household qualifies.
- The Co-Payment Component is designed to assist households by providing client education, budget counseling and assisting households with energy payments for six to twelve months.
- The Heating and Cooling Component is designed to address inefficient heating and cooling appliances through repair, replacement, or retrofit for households that have high energy consumption
- The Energy Crisis Component is designed to provide one-time energy assistance to households during a period of extreme temperatures or an energy supply shortage. In some instances, Energy Crisis funds can be used to address natural disasters.

Emergency Shelter Grants Program (ESGP)

ESGP is the primary program used specifically to provide shelter to homeless Texans or those faced with 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; medical and psychological counseling; assistance with obtaining permanent housing; and costs related to maintenance, operation administration, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings.

(2) RENTAL ASSISTANCE AND MULTIFAMILY DEVELOPMENT

For low-income Texans who have difficulty affording rent, TDHCA offers two main types of support: rental subsidies for low-income Texans and rental development subsidies for developers who, in turn, produce housing with reduced rents for low-income Texans.

Section 8 Housing Choice Voucher Program

The Section 8 Housing Choice Voucher Program provides rental subsidies for decent, safe and sanitary housing to eligible households. TDHCA pays approved rent amounts directly to property owners. Qualified households may select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs.

HOME Investment Partnerships Program – Tenant-Based Rental Assistance (TBRA)

The HOME Program's TBRA provides rental subsidy, security and utility deposit assistance. TBRA allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance, in accordance with written tenant selection policies, for a period not to exceed 24 months. The tenant must also participate in a self-sufficiency program while receiving TBRA assistance.

Housing Trust Fund Program – Tenant-Based Rental Assistance (TBRA)

The Housing Trust Fund Program's TBRA is an eligible activity for the Housing Trust Fund. TBRA subsidizes rental payments for low-income Texans. Assistance includes security and utility deposits. The assisted tenant may move from a dwelling unit with a right to continued assistance. While TBRA is an eligible activity under the program's Rule, this activity may not occur each year.

HOME Investment Partnerships Program – Rental Housing Development (RHD)

HOME's RHD funds are awarded to eligible applicants 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 as defined by HUD.

Housing Trust Fund Program – Rental Production

The acquisition, rehabilitation and new construction of affordable rental housing are eligible activities for the Housing Trust Fund. Housing Trust Fund monies have typically been used as gap financing in developments and combined with other Department programs, like the HOME Program and HTC Program. While acquisition, rehabilitation and new construction are eligible activities under the program's Rule, this activity may not occur each year.

Housing Tax Credit (HTC) Program

The purpose of HTC Program 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.

Multifamily Bond Program

The proceeds of the bonds issued by TDHCA are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low-, low- and moderate-income households. 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.

(3) Homebuyer Assistance and Single-Family Development

Homeownership may help to build equity for a low-income household, raise the household out of the low-income financial category and promote self-sufficiency. An asset development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments rather than incremental increases in income. TDHCA helps to educate potential homeowners about the opportunities and dangers of homeownership as well as offering varying degrees of financial assistance.

Colonia Self-Help Center Program

The colonia Self-Help Center (SHC) program provides outreach, education and technical assistance to colonia residents. Colonia SHCs provide technical assistance in credit and debt counseling, housing finance, contract for deed conversions, capital access for mortgages, as well as in grant writing, housing rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help construction, infrastructure constructions and access.

Texas Statewide Homebuyer Education Program

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.

HOME Investment Partnerships Program – Homebuyer Assistance (HBA)

HBA includes down payment and closing cost assistance and is provided to homebuyers for the acquisition of affordable single family housing, including manufactured housing. Homebuyer Assistance with Rehabilitation (HBAR) also offers down payment and closing cost assistance and also includes construction costs associated with architectural barrier removal for homebuyers with disabilities. HBA and HBAR may also be used for acquisition costs associated with Contract for Deed conversions.

Housing Trust Fund Program – Homebuyer Assistance

The acquisition of affordable housing is an eligible activity for the Housing Trust Fund. Acquisition can include down payment and closing costs for low- to moderate-income Texans, as specified in the NOFA. While acquisition of affordable housing is an eligible activity under the program's Rule, this activity may not occur each year.

First-Time Homebuyer Program – Unassisted Funds

The First-Time Homebuyer 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.

First-Time Homebuyer Program - Assisted Funds

First-Time Homebuyer's assisted funds currently provides up to 4 percent of the amount of the mortgage loan as down payment and closing cost assistance to eligible households which receive loans through the First-Time Homebuyer Program. The amount of down payment and closing cost assistance may vary by bond issuance.

Mortgage Credit Certificate (MCC) Program

An MCC provides a tax credit that will reduce the federal income taxes 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. The amount of the annual tax credit may equal 30 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed $2,000 per year. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program provides funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing. For more detailed information, see *Section 6: Colonia Action Plan*.

HOME Investment Partnerships Program – Single-Family Development

The HOME Program's Single-Family Development activity provides loans or grants for Community Housing Development Organizations (CHDOs) to construct single-family housing and offer down payment assistance to low-income Texans.

HOME Investment Partnership Program - Colonia Model Subdivision Program

The Colonia Model Subdivision Program, administered through the HOME Program, provides loans to develop residential subdivisions as alternatives to colonias.

(4) Rehabilitation and Weatherization

Once a house is owned by low-income Texans, repairs or rehabilitation to the house may be necessary. In addition, by providing minor repairs and weatherization to owned or rented housing, the energy costs associated with housing will be reduced. TDHCA offers both these services.

HOME Investment Partnerships Program – Owner Occupied Assistance (OCC)

OCC rehabilitation or reconstruction cost assistance is provided to homeowners for the repair or reconstruction of their existing home, which must be the principal residence of the homeowner. At the completion of the assistance, all properties must meet the Texas Minimum Construction Standards, the International Residential Code (IRC) 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.

Housing Trust Fund Program – Rehabilitation Assistance

The rehabilitation of affordable homeownership developments is an eligible activity for the Housing Trust Fund. While rehabilitation is an eligible activity under the program's Rule, this activity may not occur each year.

Weatherization Assistance Program (WAP)

The purpose of WAP is to provide cost-effective weatherization measures to improve the energy efficiency of eligible client households. In order to provide weatherization measures for a dwelling, the household must meet income-eligibility criteria and the measures must meet specific energy-savings goals. Typical weatherization measures include attic and wall insulation, weather-stripping and air sealing measures, heating and cooling unit repair and/or replacement, energy efficient appliances such as refrigerator replacement, caulking and replacement of inefficient heating and cooling units and minor roof repair. WAP also provides energy conservation education.

(5) Foreclosure

As a result of the national foreclosure crisis, TDHCA has undertaken programs to prevent foreclosure and stabilize neighborhoods.

National Foreclosure Mitigation Counseling (NFMC)

The purpose of NFMC is to reimburse HUD-Approved foreclosure counseling agencies for different levels of foreclosure mitigation counseling. Foreclosure mitigation counseling includes, but is not limited to, financial analysis of the client's situation, research to determine the current value of the home and a review of options available to the client, such as financial restructuring. While the most desirable outcome is to help homeowners obtain a mortgage they can afford, the purpose of the program is to prevent foreclosure and, in some instances, the only way to successfully cure a default may be to sell the home.

Neighborhood Stabilization Program (NSP)

NSP will provide funds to local units of government and other entities with the consent of the local governments to provide clearance, financing mechanisms, acquisition of real property, rehabilitation, creation of land banks or trusts and redevelopment of foreclosed properties.

According to the NSP Action Plan and subject to approval by HUD, clearance will allow a grantee to remove dangerous structures that pose a threat to human health, safety, and public welfare and allow for the future private redevelopment of the property. Financing mechanisms will allow homebuyers to acquire foreclosed homes if the acquisition is for not more than 85% of the approved appraisal fair market value at the time of foreclosure and the home has been vacant and the seller has not made payment for 90 days. Acquisition of real property allows a grantee to purchase the abandoned or foreclosed properties to rehabilitate and sell to households earning 120% AMFI or below. Rehabilitation will allow rehabilitation and/or improvement of existing structures to a condition that brings the structure into in compliance with Texas Minimum Construction Standards. Local and statewide land banking activities will provide long-term affordability to low- and moderate-income households through the use of shared-equity agreements, limited-equity agreements, ground leases, and other regulatory restrictions, coordinated by TSAHC. Redevelopment of demolished or vacant properties will address areas of greatest need throughout the state wherever there are large amounts of demolished or vacant properties that are contributing to declining land values.

(6) Disaster Recovery

In the event of disasters TDHCA is committed to quickly, efficiently and responsibly locating funds and developing programs and initiatives to assist affected households and communities. Below are descriptions of the disaster recovery initiatives the Department has developed.

Community Services Block Grant – Emergency Disaster Relief

As a first line of action, the Department reserves a portion of the State’s Community Services Block Grant (CSBG) funds to provide emergency disaster relief to assist low-income persons who live in communities impacted by a natural or man-made disaster. The CSBG emergency disaster relief funds are distributed to CSBG eligible entities and are to be utilized to provide persons with emergency shelter, food, clothing, pharmaceutical supplies, bedding, cleaning supplies, personal hygiene items and replacement of essential appliances including stoves, refrigerators and water heaters.

CDBG Disaster Recovery Programs - Round One

CDBG Disaster Recovery Program Round One funds will be used for housing activities and non-housing activities for the recovery from Hurricane Rita and Katrina. CDBG Disaster Recovery Program Round One’s housing activities will include, but not be limited to, single and multifamily acquisition, demolition, repair, rehabilitation, reconstruction, and new construction as appropriate for the specific local needs to address damage as a result of Hurricane Rita. Flood buyouts of homes damaged by Hurricane Rita in which the owner will repurchase a home are considered housing activities.

CDBG Disaster Recovery Program Round One’s non-housing activities will include, but not be limited to, FEMA Infrastructure Grant Program match, FEMA Hazard Mitigation Grant Program match (including drainage projects, flood buyouts in which the property is converted into open, undeveloped land, and safe-room and community storm shelters), Natural Resource and Conservation Service (NRCS-USDA) flood and drainage projects, roads and bridges, water control facilities, water and waste water facilities, buildings and equipment, hospitals and other medical facilities, utilities, parks and recreational facilities, debris removal, public/community shelters, and loan funds for businesses. The Office of Rural Community Affairs (ORCA) will administer the non-housing activities through a contract with TDHCA and approved by TDHCA’s Governing Board.

CDBG Disaster Recovery Programs - Round Two

CDBG Disaster Recovery Programs funds for Round Two are divided among the Homeowners Assistance Program, the Sabine Pass Restoration Program, the Multifamily Rental Housing Stock Preservation Program, the Restoration of Critical Infrastructure Program and the City of Houston and Harris County Public Service and Community Development Program.

The Homeowner Assistance Program is available for homeowners with incomes up to 80 percent of AMFI whose homes were damaged by Hurricane Rita. All grant amounts or deferred forgivable loans will be based on damage to the dwelling and will be used for rehabilitation and new construction.

The Sabine Pass Restoration Program provides three types of assistance. (1) Home rehabilitation and reconstruction assistance will be made available for homeowners with incomes up to 150 percent of AMFI. (2) Homeowners may also apply for assistance to defray the costs of elevating rehabilitated or reconstructed homes and increase a home’s ability to survive another storm event. (3) If uncommitted funding remains available after 180 days, eligible homeowners with damage to more than 50 percent of the home’s market value may apply for a grant to purchase a new home in the Rita Go Zone.

Multifamily Rental Housing Stock Preservation Program will be made available in the form of a grant or loan to the owners of affordable rental properties that were damaged by Hurricane Rita to rehabilitate the properties.

The Restoration of Critical Infrastructure Program can be used for flood and drainage projects, including flood buyouts in which the property is converted into open, undeveloped land; repair of roads and bridges, utilities, water control facilities, water supply facilities, waste water facilities, buildings and equipment, hospitals and other medical facilities; and debris removal. The Office of Rural Community Affairs (ORCA) will administer activities awarded under this program through a contract with TDHCA and approved by TDHCA's Governing Board.

The City of Houston and Harris County Public Service and Community Development Program provides funding for public service, community development and housing activities in areas comprised predominantly of low- to moderate-income households and where it can be clearly demonstrated that the population within the area has seen a dramatic population increase due to an influx of Katrina evacuees.

HOME Program – Disaster Recovery Owner Occupied Assistance (OCC)

In accordance with Texas Administrative Code, Title 10, Part 1 Chapter 1, subchapter A §1.19 and TAC Section 2306.111, the Department may use HOME deobligated funds for disaster relief through its HOME OCC activity. HOME disaster funds are designed specifically to assist eligible homeowners in the repair, rehabilitation and reconstruction of their existing home affected by the natural disaster, with emphasis on assisting those who have no other means of assistance, or as gap financing after any federal assistance. Assisted homeowners must have an income that is below 80% of AMFI, as defined by HUD, must occupy the property as their principal residence and must have been directly affected by the disaster.

There are two types of disaster declarations, a Federally-declared disaster and a State-declared disaster. Communities in federally declared disaster areas must first apply to the federal government in order to allow counties to access any available federal funds to provide assistance to eligible victims of the disaster. After 90 days, the Department's HOME deobligated funds may be made available to these areas. For State declared disasters, the Department receives a State disaster declaration from the Governor's Office. The Department will notify county officials in the affected areas of the availability of disaster relief funds for which they may apply.

Housing Trust Fund Program – Disaster Recovery Rehabilitation

Although federal assistance is often available after a natural disaster, some homeowners will still need gap financing. Housing Trust Fund monies have been committed through Disaster Recovery Homeowner Repair Gap Financing Program to assist qualified households, who are lacking only a small portion of funds, fulfill their full cost of construction.

Texas First-Time Homebuyer Program – Targeted Funds

Texas First-Time Homebuyer Program offers Targeted Funds for areas of severe economic distress. In June 2007, TDHCA announced the release of $15.6 million in home loans made available to qualified homebuyers wishing to purchase a home within the 22 East Texas counties designated under the Gulf Opportunity Zone Act of 2005. In September 2007, an additional $32 million in First-Time Homebuyer Program funds were released for use within targeted areas including the 22-county area known as the Rita Go Zone.

POLICY PRIORITIES

The Policy Priorities segment describes policies TDHCA uses to address specific types of housing concerns and standards. Furthermore, TDHCA establishes policies to specifically target special needs populations.

A list of housing concerns and standards follows:

- **Fair Housing:**
  - Providing assistance without regard to race, color, religion, sex, disability, familial status or national origin
- **Rural Needs:**
  - Meeting the housing needs of the less-populous areas of the state
- **Extremely Low-Income Households and Households Living in Poverty:**
  - Addressing the underserved needs of extremely low-income households
- **Energy Efficiency:**
  - Encouraging energy efficiency in housing and appliances
- **Lead-Based Paint:**
  - Ensuring notification and safe handling of lead-based paint

HUD identified five special needs populations and TDHCA works to support these HUD-designated populations. To tailor its programs to meet Texas' particular needs, TDHCA has also included colonia residents and migrant farmworkers as special needs populations.

A list of special needs populations follows:

- **Homeless Populations**
- **Persons with Disabilities**
- **Elderly Populations**
- **Persons with Alcohol and Substance Abuse Issues**
- **Public Housing Residents**
- **Colonia Residents**
- **Migrant Farmworkers**

A short description of each housing concern and standard and special needs population is included below. Following the descriptions are policy-driven actions undertaken by TDHCA.

FAIR HOUSING

Through program requirements and compliance monitoring, TDHCA works to ensure that housing programs benefit individuals without regard to race, color, religion, sex, disability, familial status or national origin, as outlined in 10 TAC 1.60. 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.

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.

Policy-Driven Action: 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 Human Rights Division of the Texas Workforce Commission which was created under the Texas Fair Housing Act to directly address public grievances related to fair housing.

This policy does not apply to the Section 8 Housing Choice Voucher Program, but the Section 8 Admittance Policy has been adopted by the TDHCA Board is a follows:

- Managers and owners of HTC properties are prohibited from having policies, practices, procedures and/or screening criteria that 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.

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.

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, for FY 2008, the median income for Texas metropolitan statistical areas is $57,300 compared to $43,600 for non-metro area households.[36]

Policy-Driven Action: Combined with a strategy of interagency collaboration, TDHCA's HOME, Housing Trust Fund, HTC and Section 8 Housing Choice Voucher programs all have specific measures to address rural populations.

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 rural areas. It requires more effort to generate 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 allocations for housing program funds, prioritization of activities that are most needed in rural areas and increasing awareness of TDHCA programs in rural areas.

Section 2306.111(d) of the Texas Government Code requires that the TDHCA Regional Allocation Formula consider rural and urban areas in its distribution of program funding. Because of this, allocations for the HOME, Housing Trust Fund and HTC programs in allocated by rural and urban areas within each region.

Additionally for HTC, the HTC Regional Allocation Formula provides for a minimum of $500,000 rural allocation in each uniform state service region and a minimum of 20 percent of the state's tax credit amount is reserved for rural areas. Furthermore, TDHCA and the Office of Rural Community Affairs (ORCA) administer the HTC Program rural regional allocation. ORCA assists in developing all thresholds, scoring and underwriting criteria for rural regional allocation and must approve the criteria.

[36] HUD, "Estimated Median Family Incomes for FY 2008," http://www.huduser.org/datasets/il/il08/medians_2008.pdf (accessed November 20, 2008).

ORCA also participates in the evaluation and site inspection of rural developments proposed under the rural allocation.

Ninety-five percent of the TDHCA HOME funds serve households in Non-Participating Jurisdictions, primarily rural areas of the state. Participating Jurisdictions are those large metropolitan counties and places that receive their HOME funds directly from HUD. Five percent of the annual HOME Program allocation is set aside for applicants serving persons with disabilities regardless of their location in the state (as required by Section 2306.111(c) of the Texas Government Code).

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.

EXTREMELY LOW-INCOME HOUSEHOLDS AND HOUSEHOLDS LIVING IN POVERTY

According to the 2000 U.S. Census, Texas has the ninth highest poverty rate among the states: 15.4 percent compared to the national rate of 12.4 percent. The U.S. Department of Health and Human Services defines the 2008 poverty guideline as $21,200 in income for a family of four,[37] and many poor families make substantially less than this. Poverty can be self-perpetuating, creating barriers to education, health care and the financial stability provided by homeownership.

The data presented in the Housing Analysis section of this report shows that households with lower incomes have higher incidences of housing problems. There is a minimal difference 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.

Policy-Driven Action: TDHCA has an important role in addressing poverty in Texas. 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.

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.

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 5 in the 2008-2009 Appropriations Act, specifically calls upon TDHCA to prioritize funding toward individuals and families that are earning less than 60 percent of the area median family income. This rider 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 incentives for applicants to set aside units for very low- and extremely low-income households.

The Department provides low-income persons with energy, emergency and housing assistance to meet the basic necessities, as described in the Housing Support Continuum above. All programs and divisions, with the exception of the Manufactured Housing Division, have income guidelines that target low- to moderate-income Texans and households in need.

[37] U.S. Department of Health and Human Services, "The 2005 HHS Poverty Guidelines," http://aspe.hhs.gov/POVERTY/08fedreg.htm (accessed November 12, 2008).

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.

Policy-Driven Action: TDHCA offers training, workshops and conferences to encourage energy efficiency as well as specific measures in its CEAP, WAP, HOME Program, HTC Program and Multifamily Bond Program that address energy efficiency.

The Department encourages 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.

CEAP and WAP allocate funding to help households control energy costs through utility payment assistance, the installation of weatherization measures and energy conservation education. Weatherization services include the installation of storm windows, repair and/or replacement of heating and cooling appliances, attic and wall insulation and weather-stripping and sealing.

The HOME, HTC and Multifamily Bond programs require applicants for multifamily developments to adhere to the statewide energy code and provide Energy Star Rated appliances. The HTC Program also gives points for the use of energy-efficient alternative construction materials including R-15 wall and R-30 ceiling insulation, structurally insulated panels and 14 SEER (seasonal energy efficiency ratio) cooling units.

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 U.S. homes contain lead paint.[38]

Policy-Driven Action: The ESGP, HTC Program, Multifamily Bond Program, HOME Program and Housing Trust Fund Program all require lead-based paint screening for certain activities.

The ESGP, HTC Program and Multifamily Bond Program require an environmental assessment, which includes an evaluation of lead-based paint hazards, for rehabilitation or demolition required for new construction. Any lead-based paint must be addressed before the development can move forward.

The HOME Program and Housing Trust Fund Program require lead screening in housing built before 1978. Requirements for acquisition, rehabilitation and tenant-based rental assistance activities are distribution of the EPA-approved information pamphlet "Protect Your Family from Lead in Your Home" prior to receipt of assistance; notification to property owners if an assessment observes lead hazards; and, if detected, the paint must be stabilized and clearance must be provided. For the HOME Program, requirements for rehabilitation activities fall into three categories based on the amount of federal assistance.

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[38] National Safety Council, "Lead Poisoning," (December 2004) http://www.nsc.org/library/facts/lead.htm (accessed August 9, 2006).

Homeless Populations (Special Needs)

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 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.

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 surveys 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: (1) literally homeless, which describes people who have no permanent residence and stay in shelters or public places; (2) marginally homeless, which describes people who live temporarily with other people and have no prospects for housing; and (3) people at risk of homelessness, which describes people who 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.

Policy-Driven Action: The first phase of the Housing Support Continuum above is "(1) Poverty and Homelessness Prevention" and the Department's Programs have several activities to address this population's special needs. For instance, the HTC Program and the Housing Trust Fund program both can be used for homeless populations. In addition, TDHCA works in conjunction with the Texas Interagency Council for the Homeless.

While the HTC Program is well-known and primarily used for the construction, acquisition and/or rehabilitation of new, existing, at-risk and rural housing, the HTC Program can also be used to develop transitional housing and permanent supportive housing for homeless populations. Furthermore, according to the *2009 Housing Tax Credit Program QAP*, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as people who are homeless.

The Housing Trust Fund Program may develop or rehabilitate transitional housing and permanent supportive housing for homeless populations. While acquisition, rehabilitation and new construction are eligible activities under the program's Rule, this activity may not occur each year.

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. The Council's major mandates include:

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among service 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.

PERSONS WITH DISABILITIES (SPECIAL NEEDS)

According to the 2000 U.S. Census, there are approximately 3,605,542 disabled, civilian, non-institutionalized persons over the age of five in Texas, or approximately 19 percent of total population. 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.

Housing opportunities for people with disabilities are often 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 2006*, SSI recipients who rely on SSI for their main source of income would pay 87.6 percent of their income to rent an efficiency unit and 97.0 percent of their income to rent a one-bedroom apartment in Texas.[39]

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. Housing developers may choose to provide "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.

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. Advocates considered access to rehabilitation funds for single family housing a priority. The rehabilitation funds would 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. Likewise, the availability of rental vouchers that provide options beyond institutional settings was found to be a high priority.

Policy-Driven Action: The CEAP, WAP, HOME Program, Housing Trust Fund Program, HTC Program, Multifamily Bond Program and Section 8 Program all have specific measures to address the needs of people with disabilities. Furthermore, the Integrated Housing Rule, as implemented by TDHCA, works to meet the needs of people with disabilities. In addition, TDHCA plays an active role in the Promoting

[39] Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2006*, by Ann O'Hara, Emily Cooper, Andrew Zovistoski and Jonathan Buttrick (Boston, MA: Technical Assistance Collaborative Inc., 2007), http://www.tacinc.org/Docs/HH/PricedOut2006/Tables.htm (accessed November 12, 2008).

Independence Advisory Committee and the Disability Advisory Workgroup which both collaborate with groups representing people with disabilities.

Priority for energy assistance through CEAP and WAP is given to the persons with disabilities as well as other special needs and prioritized groups. Local providers must implement special outreach efforts for these special needs populations.

As established in Section 2306.111(c) of the Texas Government Code and subject to the submission of qualified applications, five percent of the annual HOME Program allocation shall be allocated for applications serving persons with disabilities living in any part of the state. Furthermore, the HOME activity HBAR provides down payment and closing cost assistance as well as construction costs associated with architectural barrier removal to assist homebuyers with disabilities.

HOME, Housing Trust Fund, HTC and Multifamily Bond developments that are new construction must conform to Section 504 standards, which require that at least five percent of the development's units be accessible for persons with physical disabilities and at least two percent of the units be accessible for persons with hearing and visual impairments.

According to the *2009 Housing Tax Credit Program QAP*, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as people with disabilities.

TDHCA's Section 8 Housing Choice Vouchers Program administers the Project Access program to assist low-income non-elderly persons with disabilities in transitioning from institutions into the community by providing access to affordable housing. Eligible households are those that meet the Section 8 criteria, have a permanent disability, are less than 62 years of age and are either an At-Risk Applicant and a previous resident or a current resident of a nursing facility, intermediate care facility, or board and care facility at the time of voucher issuance.

The CDBG Disaster Recovery Program Round Two's Sabine Pass Restoration Program offers homeowner whose household includes a person with a disability or an elderly person the opportunity to apply for an additional $15,000 in assistance for accessibility-related costs associated with elevating the dwelling.

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 Workgroup, developed an integrated housing rule to address this concern. The Integrated Housing Rule, for use by all Department housing programs, is found at 10 TAC 1.15 and is summarized as follows

- 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; (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) TDHCA Board waivers of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

Promoting Independence Advisory Committee

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. Governor Rick Perry's Executive Order RP 13 complements GWB 99-2. Now known as the Promoting Independence Advisory Committee, the PIAC assists the Health and Human Services Commission 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. TDHCA participates in PIAC meetings and is a member of the Housing subcommittee.

Disability Advisory Workgroup

TDHCA has found that directly involving program beneficiary representatives, community advocates and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a working group format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process. TDHCA has actively maintained a Disability Advisory Workgroup which provides ongoing guidance to the Executive Director on how TDHCA's programs can most effectively serve persons with disabilities.

ELDERLY POPULATIONS (SPECIAL NEEDS)

According to the 2000 U.S. Census, approximately two million of people in Texas are 65 years of age or older, or about 9.9 percent of the population. The State of Texas Senior Housing Assessment found that 91 percent of survey respondents expressed a desire to stay in their own homes as long as possible and two-thirds believed that they would always live in their homes.[40] Of all elderly households nationwide, 73 percent owned their own homes free and clear. However, elderly homeowners generally live in older homes than the majority of the population; the median year of construction for homes owned by elderly households was 1965 and 5.3 percent had physical problems.[41] Due to their age, homes owned by the elderly are often in need of weatherization and repair.

Policy-Driven Action: The CEAP, WAP, HOME Program, HTC Program and Multifamily Bond Program have specific activities that service elderly Texans.

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[40] Texas Department of Aging and Disability Services, *The State of Our State on Aging 2005* (Austin, TX: Texas Department of Aging and Disability Services, May 2005), 27, http://www.dads.state.tx.us/news_info/publications/studies/2005_sos_exec_summary.pdf (accessed July 28, 2006).
[41] U.S. Department of Health and Human Services, *A Profile on Older Americans: 2005*, 11.

The Department's energy assistance and weatherization programs, CEAP and WAP respectively, give preference to the elderly as well as other special needs and priority populations. Subrecipients must conduct outreach activities for these special needs populations.

The OCC activity, offered through the HOME Program, provides funds for the repair and rehabilitation of homes owned by very low-income households and many of the assisted households are elderly.

A Qualified Elderly Development is a development type that is eligible for funding through the HTC and Multifamily Bond programs. A Qualified Elderly Development is a development in which elderly residents occupy 80 to 100 percent of the units.

The CDBG Disaster Recovery Program Round Two's Sabine Pass Restoration Program offers homeowner whose household includes a person with a disability or an elderly person the opportunity to apply for an additional $15,000 in assistance for accessibility-related costs associated with elevating the dwelling.

PERSONS WITH ALCOHOL AND SUBSTANCE ABUSE ISSUES (SPECIAL NEEDS)

The Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services (DSHS), 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 both alcohol and drug-related problems.[42] Of the 56,858 total admissions to DSHS-funded treatment programs during 2005, admitted individuals were 58.3 percent male with an average age of 31.6, an average 11th grade education and an average annual income of $5,753.[43] Furthermore, 22.4 percent were employed, 9.7 percent were homeless, 52.4 had family or marital problems and 45 percent reported psychological and emotional problems. 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 substance abuse issues 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.

Policy-Driven Action: The HTC Program addresses the needs of people with alcohol and substance abuse issues.

According to the *2009 Housing Tax Credit Program QAP*, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as people with alcohol and drug addiction.

PERSONS WITH HIV/AIDS (SPECIAL NEEDS)

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 DSHS, in 2005, there were 56,012 reported persons living with HIV/AIDS in Texas.[44] The majority of these cases were located in Bexar,

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[42] 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 July 28, 2006).

[43] Jane Carlisle Maxwell, Substance Abuse Trends in Texas: June 2006 (Austin, TX: Gulf Coast Addition Technology Transfer Center, June 2006), 21, http://www.utexas.edu/research/cswr/gcattc/Trends/trends606.pdf (accessed August 2, 2006).

[44] Texas Department of State Health Services, HIV/STD Epidemiology and Surveillance Branch, *Texas HIV/STD Surveillance Report: 2005 Annual Report* (Austin, TX: Texas Department of State Health Services), 3, http://www.dshs.state.tx.us/hivstd/stats/pdf/surv_2005.pdf (accessed August 2, 2006).

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 DSHS statewide program, the cities of Austin, Dallas, Fort Worth, Houston and San Antonio receive HOPWA funds directly from HUD.

Policy-Driven Action: The HTC Program addresses the needs of people with HIV/AIDS.

According to the *2009 Housing Tax Credit Program QAP*, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as people with AIDS/HIV.

PUBLIC HOUSING RESIDENTS (SPECIAL NEEDS)

According to HUD data, there are 55,098 units of public housing and 145,416 Section 8 Housing Choice Vouchers in Texas.[45]

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.

Policy-Driven Action: 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.

COLONIA RESIDENTS (SPECIAL NEEDS)

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, consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood and

- 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.

The Texas Secretary of State reports that there are more than 2,294 Texas colonias with 400,000 residents.[46] Colonia residents are generally unskilled, lack a formal education and do not have stable

[45] HUD, "Public Housing Agency (HA) Profiles" http://www.hud.gov/offices/pih/systems/pic/haprofiles/index.cfm (accessed November 1, 2007).
[46] Texas Secretary of State, "Colonia FAQ's," http://www.sos.state.tx.us/border/colonias/faqs.shtml (accessed August 10, 2006).

employment. The majority of colonia residents do fieldwork, construction work or factory work and the unemployment rate ranges from 20 to 60 percent.[47]

According to 2000 U.S. 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. 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.

Policy-Driven Action: The Office of Colonia Initiatives (OCI), HOME Program and HTC Program all address the special needs of colonia residents.

In 1996, in an effort to place more emphasis on addressing the needs of colonias, OCI at TDHCA 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.

As part of its plan to improve the living conditions in colonias, OCI offers OCI Border Field Offices. The three OCI border field offices provide technical assistance to the counties and colonia self-help centers.

The HOME Program administers two activities that affect colonias. The Contract for Deed Conversion Initiative, a HOME Program HBA activity, facilitates homeownership by converting contracts for deed into traditional mortgages. Many of these Contracts for Deeds are in colonias. Also, the Colonia Model Subdivision Program provides loans to develop residential subdivisions as alternatives to colonias.

According to the 2009 Housing Tax Credit Program QAP, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as colonia residents.

Migrant Farmworkers (Special Needs)

According to the U.S. 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 occupies temporary housing for purposes of employment.[48] The U.S. Department of Health and Human Services estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.[49]

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and frequent 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.[50] 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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[47] Texas Secretary of State, "Colonia FAQ's."

[48] U.S. 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 09, 2006).

[49] U.S. Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study,* 13–18.

[50] 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 9, 2006).

Policy-Driven Action: TDHCA addresses farmworker issues by licensing and inspecting migrant farmworker housing and conducting periodic studies on farmworker needs. In addition, the CSBG and HTC programs serve seasonal farmworkers.

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 directed TDHCA to complete a study on quantity, availability, need and quality of migrant farm labor housing facilities in Texas. See http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#reports for a copy of the report.

CSBG funds, which are used for poverty-prevention, are utilized to provide assistance to migrant and seasonal farmworkers.

According to the *2009 Housing Tax Credit Program QAP*, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as migrant farmworkers.

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.

2009 REGIONAL ALLOCATION FORMULA

Sections 2306.111(d) and 2306.1115 of the Government Code require that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, HTC and Housing Trust Fund funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. Within each region, the RAF further targets funding to rural and urban areas.

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.

Slightly modified versions of the RAF are used for HOME, HTC and Housing Trust Fund because the programs have different eligible activities, households and geographical service areas. For example, because 95 percent of HOME funding must be set aside for non-Participating Jurisdictions, the HOME RAF only uses need and available resource data for non-Participating Jurisdictions.

The RAF uses the following 2000 U.S. 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.

There are a number of other funding sources that can be used to address affordable housing needs. To mitigate any inherent inequities in the regional allocation of these funds, the RAF compares each region's level of need to its level of resources. Resources from the following sources were used in the RAF: HTC, Housing Trust Fund, HUD (HOME, HOPWA, PHA capital funding and Section 8 funding), Bond Financing and United States Department of Agriculture (USDA) housing programs.

HOME Program Regional Allocation Formula

According to §2306.111, Texas Government Code, in administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (Act), the Department shall expend 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Act directly from HUD. The remaining 5 percent of HOME funds may be expended in any area of the state, but only if the funding serves persons with disabilities. Additionally, this section mandates the allocation of HOME funds to each Uniform State Service Region using a regional allocation formula.

All HOME funding awards under this plan are subject to Texas Government Code §2306.111 and as such will be distributed according the established Regional Allocation Formula (RAF). The 2009 RAF distributes funding for all HOME-funded activities except federal and state mandates for set-asides for Community Housing Development Organizations (CHDO), Housing Programs for Persons with Disabilities, Contract for Deed Conversion and Colonia Model Subdivision Program. The following table demonstrates the combined regional funding distribution for all of the HOME activities distributed under the RAF.

HOME Program RAF (DRAFT)

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,835,913	5.4%	$1,835,501	100.0%	$412	0.0%
2	Abilene	$1,251,679	3.7%	$1,216,694	97.2%	$34,985	2.8%
3	Dallas/Fort Worth	$6,701,645	19.6%	$1,945,342	29.0%	$4,756,303	71.0%
4	Tyler	$3,821,074	11.2%	$3,247,546	85.0%	$573,527	15.0%
5	Beaumont	$1,726,757	5.0%	$1,580,736	91.5%	$146,021	8.5%
6	Houston	$2,523,704	7.4%	$893,165	35.4%	$1,630,539	64.6%
7	Austin/Round Rock	$1,786,844	5.2%	$735,705	41.2%	$1,051,139	58.8%
8	Waco	$1,089,262	3.2%	$772,711	70.9%	$316,551	29.1%
9	San Antonio	$1,727,498	5.1%	$1,130,593	65.4%	$596,905	34.6%
10	Corpus Christi	$2,313,261	6.8%	$1,631,380	70.5%	$681,882	29.5%
11	Brownsville/Harlingen	$6,790,801	19.9%	$3,817,504	56.2%	$2,973,297	43.8%
12	San Angelo	$1,505,006	4.4%	$648,115	43.1%	$856,892	56.9%
13	El Paso	$1,126,557	3.3%	$822,436	73.0%	$304,121	27.0%
	Total	$34,200,000	100.0%	$20,277,426	59.3%	$13,922,574	40.7%

For more information on the RAF and further description of the formula, please contact the Housing Resource Center, at (512) 475-3976.

Housing Trust Fund Program Regional Allocation Formula

Pursuant to §2306.111(d-1) of the Texas Government Code, Housing Trust Fund programs will be regionally allocated unless the funding allocation for that program is mandated by state statute and the program's allocation represents less than 10 percent of the annual allocation for Housing Trust Fund; or serves people with disabilities; or do not exceed $3 million.

Housing Trust Fund Program RAF (DRAFT)

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$100,295	3.3%	$61,598	61.4%	$38,697	38.6%
2	Abilene	$61,533	2.1%	$39,168	63.7%	$22,365	36.3%
3	Dallas/Fort Worth	$686,855	22.9%	$51,687	7.5%	$635,168	92.5%
4	Tyler	$159,220	5.3%	$96,321	60.5%	$62,898	39.5%
5	Beaumont	$63,224	2.1%	$39,869	63.1%	$23,355	36.9%
6	Houston	$639,557	21.3%	$34,654	5.4%	$604,903	94.6%
7	Austin/Round Rock	$126,920	4.2%	$9,788	7.7%	$117,132	92.3%
8	Waco	$129,522	4.3%	$35,072	27.1%	$94,450	72.9%
9	San Antonio	$204,436	6.8%	$29,171	14.3%	$175,265	85.7%
10	Corpus Christi	$135,074	4.5%	$56,337	41.7%	$78,737	58.3%
11	Brownsville/Harlingen	$496,780	16.6%	$154,847	31.2%	$341,934	68.8%
12	San Angelo	$71,060	2.4%	$26,131	36.8%	$44,929	63.2%
13	El Paso	$125,525	4.2%	$20,333	16.2%	$105,192	83.8%
	Total	$3,000,000	100.0%	$654,975	21.8%	$2,345,025	78.2%

Note: At the time of publishing this document there were not sufficient funds in the Housing Trust Fund to require allocation under the formula. This formula and estimate of $1,000,000 is merely a model of what the RAF would be for Housing Trust Fund dollars if the program funds were increased.

Housing Tax Credit Regional Allocation Formula

In accordance with Senate Bill 264, TDHCA allocates HTC Program funds to each region using a need-based formula developed by the Department. Using the Regional Allocation Formula, each region will receive the following amount of funding for use with activities subject to the formula. Funding figures will be included in the final document.

HTC Program RAF (DRAFT)

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,542,392	3.5%	$767,576	49.8%	$774,816	50.2%
2	Abilene	$909,998	2.0%	$543,774	59.8%	$366,225	40.2%
3	Dallas/Fort Worth	$10,262,835	23.0%	$1,105,688	10.8%	$9,157,148	89.2%
4	Tyler	$1,584,958	3.5%	$987,509	62.3%	$597,449	37.7%
5	Beaumont	$1,128,417	2.5%	$717,167	63.6%	$411,250	36.4%
6	Houston	$10,899,235	24.4%	$1,055,997	9.7%	$9,843,238	90.3%
7	Austin/Round Rock	$2,965,164	6.6%	$585,957	19.8%	$2,379,207	80.2%
8	Waco	$2,121,851	4.7%	$616,272	29.0%	$1,505,579	71.0%
9	San Antonio	$3,186,848	7.1%	$609,666	19.1%	$2,577,182	80.9%
10	Corpus Christi	$1,653,060	3.7%	$693,536	42.0%	$959,523	58.0%
11	Brownsville/Harlingen	$5,682,822	12.7%	$1,693,580	29.8%	$3,989,242	70.2%
12	San Angelo	$766,130	1.7%	$553,661	72.3%	$212,469	27.7%
13	El Paso	$1,997,481	4.5%	$587,546	29.4%	$1,409,935	70.6%
	Total	$44,701,191	100.0%	$10,517,927	23.5%	$34,183,263	76.5%

As required by state statute, 15% of that ceiling is deducted for the At-Risk Set-Aside, which is not awarded regionally. The balance of the estimated ceiling is regionally allocated using this formula.

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 goal-driven, results-oriented system. 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, are used by decision makers in allocating resources, are intended to focus the Department's efforts on achieving goals and objectives and 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 2008–2009.

Because all applicants for funding are encouraged to apply for and leverage funds from multiple agency programs, HUD funds are frequently leveraged along with funds from other federal and State sources. TDHCA HOME Program funds may be used in conjunction with other TDHCA programs, however, each program area reports its performance separately.

Affordable Housing Goals and Objectives

The following goals address performance measures established by the 80th 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 for each strategy are the target numbers for the 2008 goal, the 2008 actual performance and the goal for 2009.

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.

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.

Strategy 1.1
Provide mortgage financing and homebuyer assistance through the Single-Family Mortgage Revenue Bond Program

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of single-family households assisted through the First-Time Homebuyer Program	2,016	2,034	101%	1,716

Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.

Strategy 1.1
Provide mortgage financing and homebuyer assistance through the Single-Family Mortgage Revenue Bond Program

Strategy 1.2
Provide funding through the HOME Program for affordable single family housing

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of single-family households assisted with HOME funds	1,255	935	75%	1,255

Explanation of Variance: Due to the delayed progress on current awards for the OCC activity, the Department postponed its publication of the 2008 Single Family NOFA, which includes OCC, TBRA and HBA activities, until the 4th Quarter. The Department anticipates awarding funds in FY 2009. A HBA and a TBRA NOFA were released in December of 2007. Awards for Rehabilitation Activities that provided disaster relief with OCC are funded through deobligated funds in accordance with the Department's Deobligated Funds Rule. The source of the funds for these NOFAs were deobligated dollars from previous contracts and uncommitted funds from prior years. These NOFAs were not anticipated as a part of the regular funding cycle and were not estimated as a part of the performance measure targets.

Strategy 1.3
Provide funding through the HTF program for affordable single family housing

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of single-family households assisted through the Housing Trust Fund	228	559	245%	209

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas. During the first quarter, this investment supported the rehabilitation of 100 housing units with grants or deferred forgivable loans up to $10,000. Additionally, the Department was able to award $1,062,816 from local funds funded by loan repayments and investment earnings, resulting in 102 units in Veteran's Housing assistance. During the second quarter, the Department also released a Homeownership SuperNOFA making available $1,000,000 from the annual appropriation. In June 2008, the Board approved an additional $1,000,000 in Housing Trust Fund loan repayments and investment earnings for the Homeownership SuperNOFA, increasing the total amount available to $2,000,000. This increase resulted in four additional awards assisting 80 Texas families during the 4th Quarter. The Department was able tot exceed the target due to the lower amount of assistance provided per household for the gap financing for Disaster Recovery and Veteran's Housing Assistance programs.

Strategy 1.4
Provide tenant-based rental assistance through Section 8 certificates

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of multifamily households assisted with tenant-based rental assistance	1,494	1,036	69%	1,494

Explanation of Variance: The targeted measure of 1,494 voucher was developed when HUD provided Section 8 Housing Assistance Program funds based on a specified number of vouchers. The methodology for the allocation of Section 8 Housing Assistance Program funds has changed and the Department no longer received funds based on a specified number of vouchers but rather receives a set amount of funding that limits the number of households served to approximately 1,100 a year. Consequently, the number of households served will be below target.

Strategy 1.5
Provide federal tax credits to develop rental housing

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of multifamily households assisted with HTCs	12,261	10,076	82%	11,779

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% (competitive application cycle) rental development funding awards. The 9% Housing Tax Credit program is statutorily required to award funding during the fourth quarter of each fiscal year. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

Strategy 1.6
Provide funding through the HOME Program for affordable multifamily housing

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of multifamily households assisted with HOME funds	500	663	133%	526

Explanation of Variance: The Department has made HOME funds available for this activity since October 2007 and awarded twenty awards in conjunction with the Housing Tax Credit awards at the July 31, 2008 board meeting. Additional HOME funds that were deobligated from single-family activities were made available for this strategy. This allowed the Department to maintain a continuous, open-cycle NOFA and facilitated the timely commitment and expenditure of HOEM funds in accordance with federal requirements.

Strategy 1.7
Provide funding through the Housing Trust Fund for affordable multifamily housing

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of multifamily households assisted through the Housing Trust Fund	784	0	0%	800

Explanation of Variance: The Housing Trust Fund Rental Production Program NOFA has been available since October 2007. The Department has only received one applicant which was withdrawn to pursue another source of funding. These funds have been combined with the 2009 Housing Trust Fund multifamily program into a new NOFA, which will allow for subsidy layering with Housing Tax Credits. Several applications have already been received and are undergoing review. The Department anticipates all of the funds to be awarded in FY 2009.

Strategy 1.8
Provide funding through the Mortgage Revenue Bond Program for affordable multifamily housing

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of households assisted through the Mortgage Revenue Bond Program	2,393	878	37%	2,217

Explanation of Variance: This measure is tied to the bond market which is experiencing a dramatic slowdown. Economic conditions in the equity markets have made it very difficult for developers to present financially feasible applications to the Department.

GOAL 2: TDHCA will promote improved housing conditions for extremely low-, very low- and low-income households by providing information and technical assistance.

Strategy 2.1
Provide information and technical assistance to the public through the Public Affairs Division and the Housing Resource Center

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of information and technical assistance requests completed	4,900	6,109	125%	4,900

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this fiscal year, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the qualify of the data colleted for information and technical assistance requests.

Strategy 2.2
To provide technical assistance to colonias through field offices

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of on-site technical assistance visits conducted annually from the field offices	800	904	113%	800

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the colonia SHC Program, OCI Field Staff continues to provide technical assistance to units of local governments and nonprofit organizations. The Texas Bootstrap Loan Program Reservation System has necessitated increased technical activities. In addition, technical assistance visits have increased for the colonia SHC Program due to environmental assessments and other related federal regulations.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of colonia residents receiving assistance	7,650	8,666	113%	8,000

Explanation of Variance: The Department focuses on empowering the units of local government and nonprofit organizations to work with the colonia residents on a one-on-one basis through the colonia SHCs. Due to increased outreach efforts more colonia residents are utilizing the programs and activities of the colonia SHCs.

Strategy Measure (C)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of entities and/or individuals receiving informational resources	1,000	2,987	299%	1,000

Explanation of Variance: During the first quarter, the Department conducted a large mail out to promote the Texas Bootstrap Loan Program Reservation System NOFA. During the fourth quarter the Department distributed informational resources to units of local governments and nonprofit organizations in response to Hurricane Dolly.

GOAL 3: TDHCA will improve living conditions for the poor and homeless and reduce the cost of home energy for very low-income Texans.

Strategy 3.1
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.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of persons assisted through homeless and poverty related funds	512,244	539,436	105%	512,244

Explanation of Variance: This measure is impacted by the number of persons assisted through the CSBG and ESGP. Beginning in January 2006, the Department revised the reporting procedures for CSBG subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds. Additionally, funding for the ESGP was higher than anticipated when the measures were set.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of persons assisted that achieve incomes above poverty level.	2,200	3,024	137%	2,200

Explanation of Variance: Each year CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.

Strategy Measure (C)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of shelters assisted through the Emergency Shelter Grant Program	73	78	107%	73

Explanation of Variance: This measure represents the number of contracts issued under ESGP. At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

Strategy 3.2
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.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of households assisted through CEAP	51,502	49,833	97%	51,502

Explanation of Variance: No explanation required.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of dwelling units weatherized through WAP	3,004	4,000	133%	2,960

Explanation of Variance: Additional one-time funding for the program enabled the weatherization subrecipients to exceed their quarterly and annual targets for assistance.

GOAL 4: TDHCA will ensure compliance with the Texas Department of Housing and Community Affairs' federal and state program mandates.

Strategy 4.1
The Portfolio Management and Compliance Division will monitor and inspect for Federal and State housing program requirements.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Total number of monitoring reviews conducted	915	1,046	114%	965

Explanation of Variance: More onsite monitoring reviews were scheduled in this quarter than were anticipated.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Total number of units administered	242,766	240,135	99%	252,766

Explanation of Variance: No explanation needed.

Strategy 4.2
The Portfolio Management and Compliance Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Total number of monitoring reviews conducted	12,715	8,735	69%	12,765

Explanation of Variance: During this reporting period, there were fewer new contracts which would result in contract administration activity. Additionally, a significant number of contracts have been deobligated within the last three reporting periods which ahs also resulted in decreased pipeline activity. The numbers reported reflect activity on contracts pending from the previous years. The Department has released the 2008 HOME Single Family NOFA during the 4th Quarter and anticipates an increase in the activities reported during the 1st Quarter of FY 2009.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of contracts administered	430	259	60%	430

Explanation of Variance: During this reporting period, there were few new contracts which would result in these reviews. Additionally, a significant number of contracts have been deobligated which has also resulted in decreased reviews. The reviews reported reflect activity on contracts pending from the previous years. The Department released the 2008 HOME Single Family NOFA during the 4th Quarter and anticipates an increase in these reviews in the beginning of FY 2009.

GOAL 5: To protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Strategy 5.1
Provide titling and licensing services in a timely and efficient manner.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of manufactured housing statements of ownership and location issued	90,000	62,384	69.32%	90,000

Explanation of Variance: The measure is under the projected total because there were fewer applications received and there was an increase in incomplete applications that cannot be processed until the required information is received by the Department. The increase in incomplete applications is due to many sellers being unaware of the new requirement in §1201.206(g) of the Standards Act that became effective on 01/01/2008, which requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold that are not in a retailer's inventory. To educate the public and tax offices, the Department posted notice of the requirement on the Department's website and mailed a notice letter in January 2008 to all tax assessor-collectors.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of licenses issued	4,000	3,601	90.03	4,000

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Strategy 5.2
Conduct inspections of manufactured homes in a timely manner.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of routine installation inspections conducted	6,000	3,632	61%	6,000

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% of the installation inspections received. The actual year-to-date inspection rate is 26%.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of non-routine installation inspections conducted	2,200	2,294	104%	2,200

Explanation of Variance: No explanation required.

Strategy 5.3
To process consumer complaints, conduct investigations and take administrative actions to protect the general public and consumers.

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of complaints resolved	1,250	803	64%	1,250

Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer 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.*

Strategy 6.1
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	2008 Target	2008 Actual	% of Goal	2009 Target
Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.	$30,000,000	$48,611,358	162%	$30,000,000

Note: For more information, 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.*

Strategy 7.1
The housing finance divisions shall adopt an annual goal to apply no less than 20% of the division's total housing funds toward housing assistance for individuals and families earning between 31% and 60% of median family income.

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31% and 60% of median family income.	20%	56%	282%	20%

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

Strategy 8.1
Help colonia residents become property owners by converting their contracts for deed into traditional mortgages.

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60% of median family income.	$2,000,000	$528,769	26%	$2,000,000

Explanation of Variance: Rider 6 of the Department's appropriations act requires that the Department $2,000,000 a year towards completing 100 contract for deed conversions. The decline in the number of contract for deed requests has inhibited the ability of the Department to attain the target; however $9.2 million in funds is currently available for this activity through 2009.

Note: For more information, see Rider 6 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 80th Legislature, Regular Session.

The following TDHCA-designated goal addresses the housing needs of persons with special needs.

GOAL 9: TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs.

Strategy 9.1
Dedicate no less than 20% of the HOME project allocation for applicants that target persons with special needs.

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Percent of the HOME project allocation awarded to applicants that target persons with special needs.	20%	26%	130%	20%

Strategy 9.2:
Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

Strategy Activities:
- Assist counties and local governments in assessing local needs for persons with special needs.
- Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- Set up a referral service to provide this information at no cost to the consumer.
- 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.

Strategy 9.3:
Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

Strategy Activities:
- Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
- Continue working with agencies, advocates and other interested parties in the development of programs that will address the needs of persons with special needs.
- 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.

Strategy 9.4:
Discourage the segregation of persons with special needs from the general public.

Strategy Activities:
- Increase the awareness of the availability of conventional housing programs for persons with special needs.
- 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 includes a summary of public comment.

- *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

PARTICIPATION IN TDHCA PROGRAMS

Texas is an economically, regionally and demographically diverse state. The Department recognizes this by establishing criteria to distribute funds based on the priorities established in TDHCA's governing statute. It is incumbent upon TDHCA to increase the public's awareness of available funding opportunities so that its funds will reach those in need across the state.

Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, the TDHCA staff reaches out to interested parties at informational workshops and conferences across the state to share information about TDHCA programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact TDHCA for further technical assistance in accessing TDHCA programs.
- The Department's Division of Public Affairs is responsible for media releases, attends conferences and maintains conference information booths on behalf of TDHCA, as well as coordinates media interviews and speaking events.
- 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, is one of TDHCA's most successful marketing tools and affordable housing resources.
- TDHCA also operates a listserv e-mail service, where subscribed individuals and entities can receive email updated on TDHCA information, announcements and trainings.
- TDHCA is involved with 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

The Department 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 The Department's policies, rules, planning documents and programs, the Department has consolidated its public hearings. In addition to these annual public hearings, individual program sections hold various hearings and program workshops throughout the year. Furthermore, the TDHCA Board accepts extensive public comment on programmatic and related policy agenda items at monthly board meetings.

The Department 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. The Department maintains a voluntary membership e-mail list which it uses to notify all interested parties of public hearings and public comment periods. Additionally, pertinent information is posted as an announcement in the *Texas Register* and on TDHCA's website. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, or email.

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.

Communication between TDHCA and numerous organizations results in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. In March 2006, TDHCA mailed out the 2006 Community Needs Survey to approximately 2,500 state representatives and senators, mayors, county judges, city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies and Housing Opportunities for Persons with AIDS (HOPWA) agencies to gather preliminary input on local perceptions of housing, community affairs and community development needs. TDHCA uses this input when preparing the Plan and in program planning and development.

PUBLIC HEARING

From October to December 2008, TDHCA worked on the draft version of the *2009 State of Texas Low Income Housing Plan and Annual Report.* The draft will be submitted to the TDHCA Board of Directors for approval at the December 2008 Board meeting and will be released for public comment in accordance with §2306.0732 and §2306.0661. The hearing notice will be published in the *Texas Register*. During the comment period, the public will encouraged to submit input toward the Plan in writing via mail, fax, or e-mail.

PUBLIC COMMENT

Public comment will be included in the final version of this document.

SECTION 6: 2009-2010 COLONIA ACTION PLAN

POLICY GOALS

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the TDHCA 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 of colonia residents and to educate the public regarding the services that TDHCA has to offer.

The OCI Division was created to do the following:

- 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 that serve the targeted colonia population.
- Provide consumer 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 meet current and future community needs.
- Solicit input from colonia residents on major funding decisions that will affect border communities.

OVERVIEW

The US-Mexico border region is dotted with hundreds of rural subdivisions called colonias, which are characterized by high levels of poverty and substandard living conditions. Several different definitions of colonias are used by various funding sources and agencies due to differing mandates. Generally, these definitions include the concepts that colonias are rural and lacking services such as public water and wastewater systems, paved streets, drainage and safe and sanitary housing. Colonias are mostly unincorporated communities located along the US-Mexico border in the states of California, Arizona, New Mexico and Texas, with the vast majority located in Texas

While new colonias continue to develop, many have been in existence for over 50 years. A few colonia developments began as small communities of farm laborers employed by a single rancher or farmer while others originated as town sites established by land speculators as early as the 1900s. A majority of the colonias, however, emerged in the 1950s as developers discovered a large market of aspiring homebuyers who could not afford to purchase in cities or who did not have access to conventional financing mechanisms.

POPULATION AND POVERTY

Data updated in 2006 by the Texas Office of the Attorney General recorded 2,060 colonias in 30 counties within 150 miles of the Texas-Mexico border. However, approximately 1,700 of those colonias are concentrated in just seven counties directly abutting the international boundary. It should be noted that these figures represent only the documented colonias. There may be many small, rural colonias that have gone unidentified. Currently, Hidalgo County has the largest number of colonias, with 847 counted in 2006. The 13 counties running along the Texas-Mexico border have an average Hispanic or Latino population of 74.2 percent, as compared to the statewide average of 34.6 percent.

Between 2000 and 2005 many Texas border counties experienced rapid population growth. El Paso, Maverick, Webb, Zapata, Starr, Hidalgo and Cameron counties have shown an average increase in population of 12.3 percent, surpassing the state average increase of 9.6 percent. Simultaneously, a 5.4 percent average decrease in population has actually occurred in several counties that are adjacent to the border counties over the same time period. Counties experiencing large decreases include Hudspeth, Reeves, Pecos, Terrell, Edwards, Kinney, Duval, Jim Hogg and Brooks.[51]

2003 U.S. Census data placed the median household income for Texas at $39,967, while the median household income for the Texas-Mexico border counties averaged a much lower $26,606. Zavala County, near the border, posted the lowest median household income at $18,553. In the larger border-region cities El Paso, McAllen, Brownsville, Corpus Christi and Laredo, the average median values of owner-occupied housing units in 2000 was $69,640. Laredo had the highest home values at $77,900.[2]

The particular need for affordable housing in the border region can be largely attributed to the poverty level of the rapidly growing population. Counties along the Texas-Mexico border shoulder some of the highest poverty rates in the state. According to 2003 U.S. Census data, the poverty level in the state of Texas stood at 16.2 percent, while the average poverty level of counties along the Texas-Mexico border was 25.3 percent. Furthermore, the four counties with the greatest number of colonias (Hidalgo, El Paso, Starr, and Cameron), had an average poverty level of 31.5 percent, nearly double the state rate. Counties like Dimmit and Starr, at 32.7 percent and 36.2 percent respectively, were even higher.

HOUSING

According to a review completed by the Texas Comptroller's Office, most homebuilders would have a difficult time constructing houses for a sale price of less than $60,000 to $70,000. Houses in this price range would typically be affordable to workers earning $12 to $14 an hour (assuming a housing debt to income ratio of 33 percent with no additional debts). Some builders indicate that it is difficult to build lower-priced homes because many of the construction costs, including the cost of acquisition and site development, are fixed, regardless of the size of the home.[3] Land acquisition and development can add $10,000 to $20,000 to the cost of a house. For a new subdivision, the acquisition cost may be only a few thousand dollars per lot. But the 1998 cost of infrastructure—such as streets, power and water—could be as much as $15,000 per lot or higher in some areas.[4]

Owner-builder construction in colonias can face additional significant obstacles. First, federal rules, such as those that govern the HOME Program, prohibit the use of affordable housing funds to acquire land unless the affordable structure is to be built within a short, sometimes impractical time. Second, lenders are typically reluctant to lend funds for owner-builder construction because these borrowers may have little or no collateral. Third, owner-builders may not be sufficiently skilled and may end up building substandard housing without appropriate supervision or guidance. Some governmental housing programs limit the private housing market from serving border residents because they offer no profit incentive for housing professionals, builders, lenders and real estate agents to serve low-wage workers. Program administrators acknowledge profit as an ingredient in encouraging home construction.

COLONIA NEEDS ASSESSMENT

The following table displays housing quality data from 14 of the 28 colonias served by the Department's Self-Help Center Program. This sample of data, reported by the participating counties as part of their

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[1] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html (Viewed July 27, 2006).
[2] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html. Viewed July 27, 2006.
[3] Bordering the Future: Homes of Our Own. Windows on State Government. Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, November 20, 1997.
[4] Bordering the Future: House Prices Reflect Production Costs. Window on State Government. Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, Nov. 20, 1997.

colonia needs assessments, provides a representation of the acute need for housing-related assistance in these communities. Each county conducted its own needs assessment by different methods and not all counties reported specific data figures. As a result, the table below contains only the data that is available. For the purposes of this assessment, "substandard homes" refers to structures in need of repair or rehabilitation, while "dilapidated homes" refers to structures necessitating total replacement.

Housing Structural Quality by Colonia, Selected Border Counties

County	Colonia Name	Total Number of Homes	Number of Substandard Homes	Number of Dilapidated Homes
Hidalgo	Chula Vista Acres	34	15	5
Hidalgo	El Flaco Chiquito	105	37	13
Hidalgo	El Charro	143	81	15
Hidalgo	Schroeder	210	90	22
Hidalgo	Southside	59	24	30
Val Verde	Val Verde Park Estates	865	113	22
Val Verde	Cienegas Terrace	510	108	36
Val Verde	Villareal	12	3	0
Val Verde	Escondido Estates	33	0	0
Starr	Casita/Garciasville	28	3	7
Starr	Camargito	91	32	13
Starr	La Puerta 1 & 2	210	43	33
Starr	Refugio	54	16	5
Starr	West Alto Bonito	174	41	35
	TOTAL	2528	606 24% of total	236 9.3% of total

PROGRAM PLAN

TDHCA, through its Office of Colonia Initiatives, administers various programs designed to improve the lives of colonia residents. This action plan outlines how various initiatives and programs will be implemented for 2008.

FY 2009 and 2010 Office of Colonia Initiatives Funding

TEXAS BOOTSTRAP LOAN PROGRAM

The Texas Bootstrap Loan Program is a statewide loan program that funds certified non-profit organizations and enables owner-builders to purchase real estate and construct or renovate a home. In 2001 the 77th Legislature amended this program under Senate Bill 322 with a legislative directive requiring continuation of an Owner Builder Loan Program through 2010.TDHCA is required under Section 2306.753(d) of the Texas Government Code, to set aside two-thirds 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, of the Water Code. A county is only eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code, if: 1) the county contains an area that meets the criteria for an economically distressed area under Section 17.92(1), Water Code; and 2) the county has adopted and enforces the model rules under Section 16.343, Water Code. The remaining one-third will be available statewide.

The program promotes and enhances homeownership for low-income Texans by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing throughout Texas. Participating owner-builders must provide a minimum of 60 percent of the labor required to build or rehabilitate the home. Section

2306.753(a) of the Texas Government Code directs TDHCA to establish a priority in directing funds to Owner-Builders with an annual income of less than $17,500. The maximum loan amount using TDHCA funds may not exceed $30,000 per Owner-Builder. The total amount of loans made with TDHCA and any other source may not exceed a combined $60,000 per household. The Department committed $6.5 million in Fiscal Year 2008 to implement this initiative from the Housing Trust Fund. TDHCA will release another NOFA in the amount of $3,000,000for FY2009, the funding for which will be available starting December 1, 2008.

In an effort to increase the Department's ability to more promptly assist households and expend funds and to better disseminate Bootstrap funds across a broader network of providers, the OCI Division of TDHCA is utilizing a new reservation system concept similar to the TDHCA First-Time Homebuyer Bond Program in order to distribute the new allocation of funding. This type of system will allow program funds to be expended more rapidly and efficiently. Under the reservation system, participating nonprofit organizations must be certified by TDHCA as a Nonprofit Owner-Builder Housing Program (NOHP) in accordance with Section 2306.755 of the Texas Government Code and must execute a Loan Origination Agreement with the Department in order to assure full compliance with program rules and guidelines. After being certified as an NOHP, the NOHP will then be able to submit individual loan applications to TDHCA on behalf of the owner-builder applicant on a first-come, first-served basis. A nonprofit will be allowed to have up to ten reservations at any given time. Funds may be reserved up to twelve months for each reservation; however, the nonprofits are required to meet specific performance benchmarks within that time period in order to retain the funding. The Department is actively working with Bootstrap recipients to garner feedback on the new system to ensure the ongoing success of the program.

COLONIA SELF-HELP CENTERS

In 1995, the 74th Legislature passed Senate Bill 1509 (Texas Government Code Subchapter Z §2306.581 - §2306.591), a legislative directive to establish colonia self-help centers (SHCs) in Cameron/Willacy, Hidalgo, Starr, Webb and El Paso counties. This program also allows the Department to establish a colonia SHC in any other county if the county is designated as an economically distressed area. Five colonias in each county are identified to receive concentrated attention from its respective SHC. Operation of the colonia SHCs is managed by a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the capacity to operate a center.

These colonia SHCs provide concentrated on-site technical assistance to low and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education. In addition, on-site technical assistance is provided to colonia residents. Key services to the designated colonias within each county receive technical assistance in the areas of housing 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 three OCI border field offices provide technical assistance to the counties and SHCs.

The colonia SHC program serves 28 colonias in the five counties designated by statute and two additional counties of Maverick and Val Verde, which were added to the program at the discretion of the Department. Each county has approximately 10,000 colonia residents who qualify as beneficiaries of these services. The Department contracts with the counties, which in turn subcontract with nonprofit organizations to administer the colonia SHC program or specific activities. The counties oversee the implementation of contractual responsibilities and ensure accountability. Before selecting subcontractor organizations, County officials conduct a needs assessment to prioritize needed services within the colonias and publish a Request for Proposal (RFP) to provide these services.

The Department designates a geographic area to receive the services provided by the colonia SHCs based upon funding proposals submitted by the counties. In consultation with the Colonia Residents Advisory Committee (C-RAC) and the appropriate unit of local government, the Department designates up to five colonias in each service area to receive concentrated attention from the colonia SHCs. The C-RAC is a committee of colonia residents appointed by the TDHCA Governing Board which advises the Board regarding the needs of colonia residents and the types of programs and activities which should be undertaken by the colonia SHCs. Each county nominates two colonia residents to serve on the committee, one of whom must reside in a colonia being serviced by the county's SHC. The committee also includes a primary and secondary representative from each county. The Department's Board of Directors appointed the current members to the C-RAC on September 19, 2001.The C-RAC meets thirty days before a contract is scheduled to be considered for award by the Board in order for their concerns, if any, to be relayed to and evaluated by the Board.

Each SHC is allocated sufficient funds to provide services within the designated colonias and if applicable, can provide limited assistance outside the service area.

The operations of the colonia SHCs are funded by HUD through the Texas Community Development Block Grant Program 2.5 percent colonia set-aside, which is approximately $1.8 million per year. The CDBG funds are transferred to the Department through a memorandum of understanding with the Office of Rural Community Affairs. CDBG funds can only be provided to eligible units of general local governments. Therefore, the Department must enter into a contract with each participating county government. The Department provides administrative and general oversight to ensure programmatic and contract compliance. In addition, colonia SHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

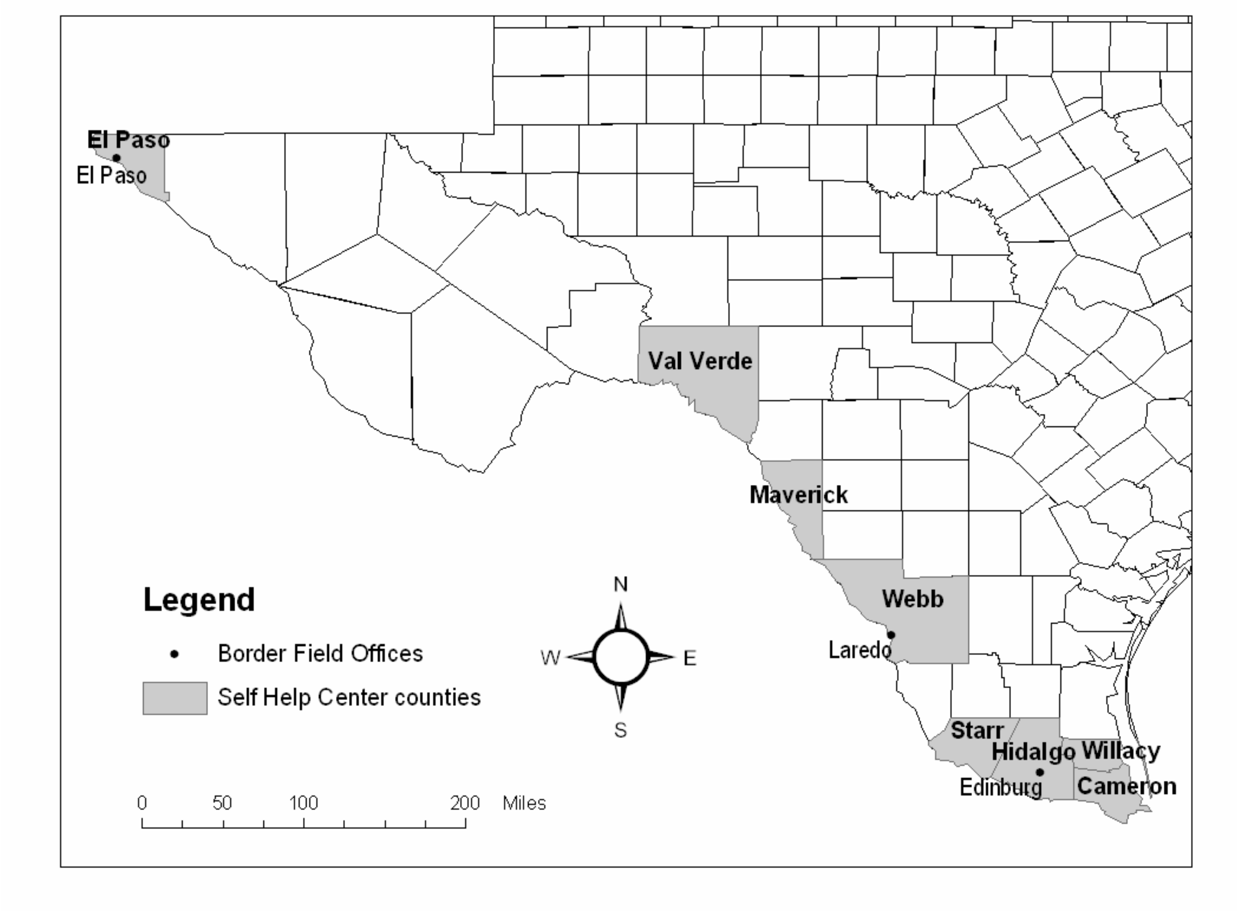
BORDER FIELD OFFICES

OCI manages three border field offices located in El Paso, Laredo and Edinburg. These border field offices administer, at the local level, various OCI programs and services and provide technical assistance to nonprofits, for profits, units of general local government, other community organizations and colonia residents along the Texas-Mexico border region. Current funding for the border field offices is partially funded from General Revenue, Bond Funds and CDBG programs. OCI will continue to maintain these three border field offices and will continue to act as a liaison between non-profit organizations and units of local government.

Occasionally, there is funding available to communities and organizations in the colonias to support local programs. Technical assistance is provided to help non-profit organizations locate funding and learn to write successful grant proposals. However, the most important aspect in seeking funding is the ability of the communities or organizations to manage the funding within its rules and program guidelines. Many communities and organizations struggle to deliver services to their colonia residents due to capacity and financial issues. Therefore, the Border Field Offices anticipate approximately 800 technical assistance visits for FY 2008 to nonprofit organizations and units of local government.

The Department recognizes the need for consumer education on topics such as filing homestead exemptions, knowing one's property rights under Contract for Deed and the challenges of homeownership. 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 House Bill 1823, which was passed during the 79th Regular Legislative Session (2005) and allows residential contract for deed buyers to have their contacts converted from a deed to a deed in trust. The educational campaign will be directed to colonia residents along the Texas-Mexico Border Region. Education services are available through the colonia SHCs and OCI Border Field Offices.

Border Field Offices and Colonia Self Help Centers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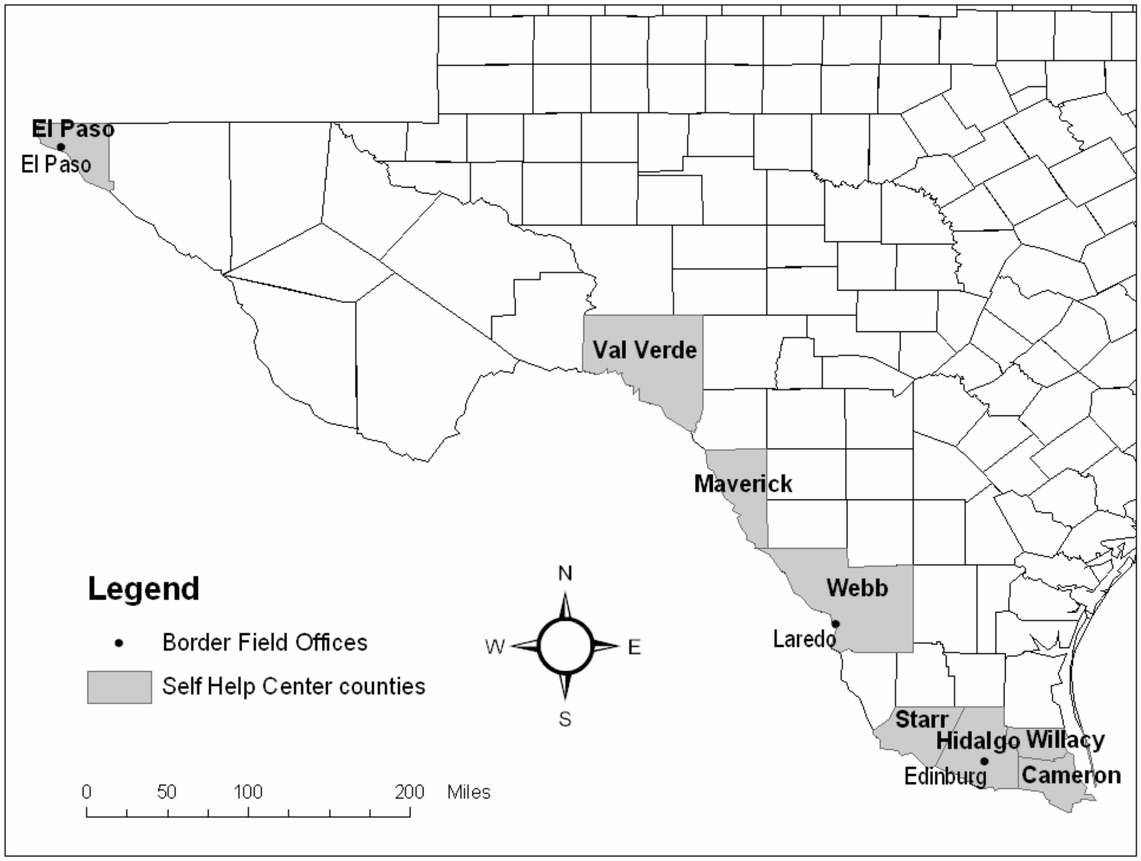
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SECTION 7: TEXAS STATE AFFORDABLE HOUSING CORPORATION ANNUAL ACTION PLAN

According to Section 2306.0721(g), the Texas State Affordable Housing Corporation ("Corporation") Annual Action Plan must be included as part of the 2009 State Low Income Housing Plan ("SLIHP").

OVERVIEW

This report is prepared in accordance with Texas Government Code, Section 2306.566, which requires the Texas State Affordable Housing Corporation ("Corporation") to develop a plan to address the state's housing needs and provide the plan to the Texas Department of Housing and Community Affairs ("TDHCA") for incorporation into the resource allocation plans in the State Low Income Housing Plan ("SLIHP"). In accordance with Section 2306.0722(b), TDHCA will provide the needs assessment information compiled for the report and plan to the Corporation. Additionally, the Corporation's plan must include specific proposals to help serve rural and other underserved areas of the state. In coordination with the Corporation, TDHCA will 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).

Sec. 2306.566 of the Texas Government Code reads:

> *COORDINATION REGARDING STATE LOW INCOME HOUSING PLAN.*
>
> *The corporation shall review the needs assessment information provided to the corporation by the department under Section 2306.0722(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.
>
> *The corporation's plan must include specific proposals to help serve rural and other underserved areas of the state.*

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, Law Enforcement or Security Officer and Emergency Medical Services Personnel Home loan Program (more commonly referred to as the Homes for Texas Heroes Program) and (3) the Home Sweet Texas Loan Program. Since 2001, the Corporation has issued over $304 million in single family and approximately $540 million in multifamily mortgage revenue bonds. The Corporation has also served 2650 income eligible individuals and/or families through its single family first-time homebuyer 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 an associate 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 and 25.9 million and by 2040 between 35.0 and 50.6 million.[52]
- 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.[53]
- 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.[54]
- 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.[55]

SINGLE FAMILY HOUSING NEEDS

- Texas may add nearly 3.8 million more students over the next 40 years creating a high demand for educators.[56]
- Population growth will mean increased public service demands and expanding markets for Texas.[57]
- 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.[58]

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[52] 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).
[53] 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*.
[54] 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).
[55] Ibid.
[56] 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*.
[57] Ibid
[58] 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).

- Lack of funds for down payment and closing costs has created one of the greatest obstacles that prevents 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.[59]
- 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 2007-2008 ranges from $27,320 per year for 0 years experience to $44,270 per year for 20 or more years of experience.[60]
- The base salary for Texas fire fighters differs across the State, but on average ranges from $20,000 per year to $60,000.[61]
- The base salary for Texas police officers ranges across the State, but on average ranges from $30,000 per year to $62,000. [62]
- The base salary for Texas correctional officers ranges from $25,416 per year to $33,936.[63]
- The base salary for Texas juvenile correctional officers ranges from $17,376 per year to $54,765.[64]

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.[65]
- According to the results of the 2003 Community Needs Survey distributed by TDHCA to cities, counties, local housing departments, public housing authorities and the U.S. 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.[66]
- 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.[67]
- 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.[68]
- 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

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[59] National Association of Home Builders, *News Details; March 24, 2004.*
[60] Texas Classroom Teachers Association: http://www.tcta.org/teacher_resources/salary_schedule.html.
[61] Salary.com
[62] Ibid.
[63] Texas Department of Criminal Justice Human Resources Division: http://www.tdcj.state.tx.us/vacancy/coinfo/salarymay08.pdf.
[64] Texas Youth Commission: http://austin.tyc.state.tx.us/cfinternet/jobopening/classifications.html.
[65] 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).

[66] Ibid.
[67] Ibid.
[68] Ibid.

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.[69]

- 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 larger metropolitan areas and targeting higher income individuals and families.[70] 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.[71]
- According to the U.S. 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.[72]
- 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.[73]
- 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.[74]

Hurricane-Affected Area Housing Needs

- Many Texas Gulf Coast residents were left with damaged or destroyed homes after Hurricane Rita came through the state. On Wednesday, December 21, 2005, the President signed into law, H.R. 4440, the "Gulf Opportunity Zone Act of 2005," to assist the Gulf Coast in its recovery from the past year's hurricane season. The Act defines three "GO Zones" for the areas hit by hurricanes Katrina, Rita and Wilma.
- According to the U.S. Census Bureau, the estimated population for the state of Texas in 2005 was 22,859,968. Of this figure, 5,416,433 live in the twenty-two designated targeted areas in the GO Zone. Areas designated as "targeted" include the following counties: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery,

[69] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).
[70] Texas Department of Housing and Community Affairs, Strategic Plan for Fiscal Years 2005-2009.
[71] Texas Department of Housing and Community Affairs, Report on the 2004 Regional Advisory Committee Meetings on Affordable Housing and Community Services Issues, November 2004.
[72] 2000 U.S. CHAS Data, Texas Department of Housing and Community Affairs
[73] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).
[74] 2000 U.S. Census Data

Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler and Walker.

The Corporation will address these pressing housing needs through the following single family, multifamily and grant programs for 2008. 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 2008. A few of the programs mentioned are mandated by the state legislature, as noted and a few have been undertaken upon the Corporation's own initiative to fulfill housing needs for identified underserved areas of the state.

CORPORATION PROGRAM DESCRIPTIONS

SINGLE FAMILY MORTGAGE REVENUE PRIVATE ACTIVITY BOND PROGRAMS

The Corporation administers the Professional Educators, Homes for Texas Heroes, and Home Sweet Texas Loan Programs. These Programs are the Corporation's Single Family Mortgage Revenue Private Activity Bond Programs. The first two Programs were established by the Legislature in 2001 and 2003, respectively and allocate, approximately$60 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 ($30 million) and Fire Fighters, EMS Personnel, Law Enforcement Officers Corrections Officers, and Public Security Officers ($26 million who are first-time home buyers.

In 2006 the Corporation created the Home Sweet Texas Loan Program which is funded by applying for bond cap after the collapse of the set-asides for all state issuers of bonds. The Home Sweet Texas Loan Program is available statewide with no professional requirements to those at or below 80 percent of the AMFI.

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. Borrowers must meet income and purchase price limits set by the Corporation, while meeting standard mortgage underwriting requirements demonstrating credit worthiness. The borrower must also occupy the purchased home as his or her primary residence.

Through each Program, eligible borrowers are able to apply for a 30 year fixed rate mortgage loan and receive down payment assistance in the form of a grant. The programs are accessible to eligible borrowers by directly contacting a trained, participating mortgage lender.

Since the inception of both the Professional Educator Home Loan Program in 2001 and the Fire Fighter and Law Enforcement or Security Officer Home Loan Program in 2003, the Corporation has only seen the demand for these programs increase. Over 2800 individuals and families have become homeowners through the assistance offered by the Corporation.

2009 IMPLEMENTATION PLAN

The Corporation's primary goal for 2008 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 home builder, real estate agent, lender and the various professional trade associations' conventions and trade shows in 2009.

In addition, the Corporation will continue to train and develop relationships with mortgage lenders and realtors who represent the Programs to the borrowers.

Given the demand for first-time homebuyer programs, other financing options available to the Corporation through its enabling legislation will be explored. If demand continues, the Corporation will continue to submit applications to the Texas Bond Review Board requesting additional volume cap during the collapse to serve new first-time homeowners.

INTERIM CONSTRUCTION AND LAND ACQUISITION PROGRAM

The Corporation's Interim Construction and Land Acquisition Loan Program supports our mission to serve the housing needs of low-, very low- and extremely low-income Texans who do not have comparable housing opportunities in rural and underserved communities. The program accomplishes this by providing short-term financing for site acquisition and interim construction to non-profit and for-profit developers to increase or preserve the stock of affordable single family homes in Texas.

The Corporation only considers proposals for a development that involves the sale of housing units to unrelated third party households. This includes developments involving, but not limited to, single-family or multi-unit residential structures, condominiums, limited equity co-operatives, subdivisions, infill construction, new construction and rehabilitation.

Funding for this program comes from investments made by public and private entities into the Corporation's single family loan pool. The Corporation may also commit its own funds to the program or borrow funds from public or private entities to finance loans. The availability of funds is dependant upon the Corporation's ability to find new investments and/or borrow funds at reasonable rates and terms. All loan commitments are conditioned upon the availability of funds.

2009 IMPLEMENTATION PLAN

The program will require new investments in order to continue operations; therefore the primary goal for the next year will be to raise at least $1 million dollars in new funding. The Corporation has created a loan loss reserve pool that can act as insurance on the repayment of funds to investors. The Corporation lent $750,000 to create 57 homes in the first year of program operations and intends to lend at least 70% of its available loan pool to qualified affordable housing developments annually. The Corporation has also created a marketing campaign for the program that includes the development of web-based materials, marketing brochures, presentation materials and clear document packages for borrowers. Staff will work with regional and statewide associations to promote the program at conferences and training events. The Corporation will track the number, cost and location of affordable housing units produced by the program to determine if the Corporation is fulfilling its mission to serve underserved populations and areas in Texas.

MULTIFAMILY PRIVATE ACTIVITY BOND PROGRAM

The Texas Legislature in 2003 allocated 10 percent of the multifamily private activity bond cap to the Corporation. The available amount for funding in 2008 was approximately $45 million and a similar amount will be available for 2009. Nonprofit and for profit developers can use the program to finance the 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 who would provide the specific housing development that would address the targeted housing need outlined in the request, whether for senior, rehabilitation, rural, supportive, migrant farm worker, or other specific housing need. Applications received in response to the request for proposals issued by the Corporation will be scored and ranked using criteria that analyzes the Developer's qualifications, experience and willingness to provide the types of multifamily housing targeted by the Corporation. Tax-exempt private activity bond financing will be allocated to the highest-scoring proposal that meets the identified housing needs of the Request for Proposals, subject to available allocation.

The Corporation issued requests for proposals in 2008 to Developers for the provision of rural, senior, preservation of at-risk housing (rehabilitation) and supportive housing. The Corporation received two applications but did not issue bonds this year. Since 2003, the Corporation has awarded $49,200,000 to create or preserve 1,258 units of affordable rental housing.

2009 Implementation Plan

The targeted areas of housing for 2009 are Preservation of At-Risk Housing, Assisted Living, Supportive Housing, Hurricane Effected Areas and Rural Housing. These targeted areas are based on current research and information received throughout the last few years.

Most recently, the Corporation conducted an electronic survey with housing stakeholders and conducted an analysis of housing production by state and local bond issuers. The Corporation also reviewed regional market studies from the Texas A&M Real Estate Center. The 2009 RFP is an evergreen RFP that will stay outstanding until all volume cap set aside for this program is allocated.

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.

The Corporation is currently updating its 501(c)(3) bond program policies.

2009 Implementation Plan

The Corporation will monitor market conditions but does not anticipate issuing new bonds under the program in 2009. 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 Multifamily Direct Lending Program supports the Corporation's mission to promote equal access to safe, decent and affordable housing with an emphasis on serving rural and underserved markets. The program provides long-term financing to non-profit and for-profit developers for the purpose of increasing and preserving the stock of affordable rental housing throughout the state of Texas.

The primary sources of funds available to this program are from investments made by public and private entities into the Corporation's multifamily loan pool. The Corporation may also commit its own funds to the program, borrow funds from public or private entities to finance loans, or act as a conduit lender for pubic or private financial institutions. The availability of funds is dependant upon the Corporation's ability to find new investments, borrow funds at reasonable rates and terms, or identify secondary purchasers of loans.

The Corporation only considers proposals for developments involving the acquisition, construction and/or rehabilitation of affordable rental housing projects containing at least 10 housing units located within the state of Texas. Developments may be comprised of scattered-sites, senior apartments, affordable assisted living, limited-equity cooperatives, single-family rental units and other nontraditional multifamily rental housing.

This program helps to expand the flow of much-needed long-term capital to the community development industry by providing fixed rate mortgages that may not be efficiently priced by traditional secondary markets- whether because of their small size ($5M and under), configuration (scattered site and urban rehabs), affordable aspects, or lack of rated credit enhancement.

The Corporation has provided over $7 million in financing to over 1,800 units of affordable housing since the program's inception. To ensure the Corporation can continue to provide flexibility in its financing strategy, new policies for the program were approved in December 2007.

2009 Implementation Plan

The Corporation has included the following goals in its 2007-2009 Business Plan for this Program. First, the Corporation intends to establish and update yearly lending policies that will guide our utilization and management of the program. Second, to expand our impact in the market, the Corporation will actively fund raise for new sources of investment and secondary market purchasers for the Corporation's loan portfolio. The Corporation has set a goal of raising $2 million for the Corporation's Multifamily Direct Lending loan pool over the next two years.

Asset Oversight and Compliance

Asset oversight of properties is required by many bond issuers, including the Corporation and TDHCA, to monitor the financial and physical health of a property and to provide suggestions for improvement. Compliance monitoring ensures that the borrowers are providing the required number of affordable units to income eligible households and that quality resident services are being provided to all residents of the property. Periodic on-site inspections and resident file reviews of affordable units ensure that federal requirements relating to the tax-exempt status of the bonds are followed.

For those properties funded by the Corporation, the Corporation has developed a convenient way for property managers/owners to submit their compliance reports online. All properties started reporting online on or before February 2005. Since that time, properties have been reporting as required on a monthly and quarterly basis and serves to streamline paper and provide convenience to the properties.

The Corporation is currently providing asset oversight for 146 properties and compliance oversight for 40 properties[75]. In May of 2006 TDHCA contracted with the Corporation to provide asset oversight services for multifamily properties financed through their bond program. The number of asset oversight reviews conducted by the Corporation for the Texas Department of Housing and Community Affairs are as follows:

[75] As of January 1, 2009

2006	73 site visits	16,956 units
2007	86 site visits	19,727 units
2008	99 site visits	22,279 units

2009 Implementation Plan

The Corporation will continue to provide high quality asset oversight and compliance monitoring services to the properties in our current portfolio and intends to increase the effectiveness and efficiency of the program. First, the Corporation intends to develop and implement compliance software for better tracking purposes. The Corporation will also work to contract with other entities to expand our asset oversight and compliance monitoring portfolio of business. The Corporation will pursue new asset oversight and/or compliance business relationships with public agencies such as HUD, the Texas Department of Housing and Community Affairs, Housing Authorities, or partnering with private owners and property management companies.

Grant Program

As a 501(c)(3) nonprofit entity, the Texas State Affordable Housing Corporation can actively pursue fundraising and grant opportunities. Since 2006, the Corporation has been making considerable strides to fundraise for new programs, such as the Texas Foundations Fund, the Interim Construction and Land Acquisition Program and the HomeWorks Loan Program. In addition, the Corporation actively fundraises for other Texas initiatives, such as the Texas Foreclosure Prevention Task Force and the Texas Statewide Homebuyer Education Program.

To date, the Corporation has received $1.5 million in grants and donations.

2009 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. The Corporation will work to fundraise for grants and will pursue low-interest loans for the Texas Foundations Fund, the HomeWorks Loan Program, the Multifamily Direct Lending Program and the Interim Construction and Land Acquisition Program. In addition, 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 2008.

HomeWorks Program

The Corporation created HomeWorks, an employer assisted housing program, in April of 2008. Employer assisted housing programs are aimed not only at providing an affordable financing product to potential homebuyers, but aid in recruiting new businesses to the State. Such programs can enhance existing businesses by offering incentives not otherwise possible to employees they would like to recruit and retain.

This program is a partnership between the Corporation and participating employers and their employees. HomeWorks offers a 30-year fixed rate mortgage through the mortgage lender of the borrower's choice. The program offers up to $4,000 in matching funds for downpayment and closing cost assistance courtesy of the Corporation and participating employers across Texas.

The Corporation and the employer match dollar for dollar, up to $2,000 each, of an employee's contribution toward downpayment and closing costs. Matching assistance is provided to the employee in the form of a 3-year deferred forgivable second lien loan *(33.33% is forgiven each year).* If the employee leaves or is terminated by the employer, the remaining balance of the assistance is to be paid back to the Corporation and/or the employer.

Participating employers contribute a maximum amount to the program and offer it to employees on a first-come, first-served basis. The employee must be employed by a participating employer for at least 6 months, with a 3 year commitment to the employer. The employee must participate in a homebuyer education course approved by the Corporation prior to closing on the loan. The employee must meet income (80% AMFI or below) and purchase price limits set by the Corporation, while meeting standard mortgage underwriting requirements demonstrating credit worthiness. The employee must also occupy the purchased home as his or her primary residence.

2009 Implementation Plan

The Corporation will continue to have discussions with interested employers across the State. The Corporation is committed to assisting borrowers bridge the gap to homeownership while strengthening the economic viability and stability of the State. The Corporation will also continue its funding raising efforts to secure additional funding for this program.

Texas Foundations Fund

The Corporation created the Texas Foundations Fund (TFF) in early 2008 to improve the living standards of Texas residents of very low-income and extremely-low income, specifically those at 50 percent or below of the area median family income.

TFF provides grants of up to $50,000 to nonprofit organizations and rural governmental entities (or their instrumentalities) for the construction, rehabilitation, and/or critical repair of single family homes for homeowners who are Texas residents of very low-income or extremely low-income, with a particular emphasis on serving very low-income disabled and rural Texans and the provision of additional supportive housing services for very low-income residents of multifamily apartment complexes.

The Corporation accepts eligible project proposals through a competitive process. A notice of funding availability is published on an annual basis when the Board of Directors determines that sufficient funds exist to award grants. Proposals are first considered by the Corporation's Advisory Council, whose members are appointed by the Corporation's Board of Directors, with final approval provided by the Board of Directors.

In October 2008, five $50,000 grants were awarded to the following organizations: Affordable Homes of South Texas, Foundation Communities, Midland Habitat for Humanity, Brazos Valley Affordable Housing Corporation, and United Cerebral Palsy of Texas.

2009 Implementation Plan

The Corporation awarded the first round of Texas Foundations Fund grant awards in October 2008 to five nonprofit organizations located throughout the state of Texas, whose projects range from the construction or critical repair of single family housing to the provision of supportive services for residents recovering from drug and alcohol abuse.

In total, we calculate the projects will assist more than 100 families and 500 individuals. An emergency second round of funding, which will support very low income residents affected by Hurricanes Ike and Dolly, will be disbursed in January 2009. The Corporation has funded the first two rounds of funding using revenue generated through its other programs. While our Board of Directors will determine how much revenue the Corporation will contribute to the third round of Texas Foundations Fund awards, we estimate that we will be able to fund at least two grant awards in the third round and will fundraise to make additional awards

NEW PROGRAM INITIATIVES FOR 2009

MORTGAGE CREDIT CERTIFICATE PROGRAM

As a result of a decline in bond market conditions and limited investor demand for housing bonds, the Corporation is exploring alternative mechanisms to offer borrowers an affordable tool when purchasing a home. The Corporation is in the process of creating a Mortgage Credit Certificate (MCC) Program.

An MCC is a federal income tax credit designed to assist persons of low to moderate income to better afford individual ownership of housing. With an MCC, the qualified homebuyer is eligible to write off a portion of the annual interest paid on the mortgage as a special tax credit, not to exceed $2,000, during each year that they occupy the home as their principal residence. The portion or amount of the tax credit is equal to the mortgage credit rate on the MCC multiplied by the annual interest paid. This credit reduces the federal income taxes of the buyer, resulting in an increase in the buyer's net earnings. Increased buyer income results in increased buyer capacity to qualify for the mortgage loan. The MCC has the potential of saving the MCC holder thousands of dollars over the life of the loan.

This MCC Program would be eligible to any borrower eligible under our Professional Educators, Homes for Texas Heroes, and Home Sweet Texas Loan Programs. The same requirements will be applicable for qualifying for an MCC as they are for qualifying for one of the Corporation's mortgage revenue private activity bond programs.

APPENDIX A

LEGISLATIVE REQUIREMENTS FOR THE STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

Sec. 2306.072. Annual Low Income Housing Report

1) Not later than March 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.
2) 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.
3) The report must include
   a) a complete operating and financial statement of the department;
   b) 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:
      i) 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;
      ii) the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department; and
      iii) the department's progress in meeting the goals established in the previous housing plan;
   c) 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;
   d) 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;
   e) 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
   f) 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:
      i) the street address and municipality or county where the property is located;
      ii) the telephone number of the property management of leasing agent;
      iii) the total number of units reported by bedroom size;
      iv) 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;
      v) the rent for each type of rental unit, reported by bedroom size;
      vi) the race or ethnic makeup of each project;
      vii) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;
      viii) 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;
      ix) 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

    x) 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.
  g) 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.
  h) 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.

Sec. 2306.0721. Low Income Housing Plan

1) Not later than March 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.
2) 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.
3) The plan must include:
  a) an estimate and analysis of the housing needs of the following populations in each uniform state service region:
    i) individuals and families of moderate, low-, very low- income and extremely low income;
    ii) individuals with special needs; and
    iii) homeless individuals;
  b) 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;
  c) 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;
  d) a description of state programs that govern the use of all available housing resources;
  e) 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;
  f) 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;
  g) strategies to provide housing for individuals and families with special needs each uniform state service region;
  h) 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;
  i) an estimate and analysis of the housing supply in each uniform state service region;
  j) 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;
  k) strategies for meeting rural housing needs;
  l) a biennial action plan
    i) addresses current policy goals for colonia programs, strategies to meet the policy goals and the projected outcomes with respect to policy goals; and
    ii) 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;

m) 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
n) 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.

4) 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.
5) 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
6) The director may subdivide the uniform state service regions as necessary for the purposes of the state low income housing plan.
7) 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).

Sec. 2306.0722. Preparation of Plan and Report

1) 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.
2) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:
   a) coordinate local, state and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;
   b) set priorities for the available housing resources to help the neediest individuals;
   c) evaluate the success of publicly supported housing programs;
   d) survey and identify the unmet housing needs of persons the department is required to assist;
   e) ensure that housing programs benefit a person regardless of the persons' race, ethnicity, sex, or national origin;
   f) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
   g) develop housing programs through an open, fair and public process;
   h) 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);
   i) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;
   j) 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;
   k) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
   l) use the following standardized categories to describe the income of program applicants and beneficiaries:
      i) to 30 percent of area median income adjusted for family size;
      ii) more than 30 to 60 percent of area median income adjusted for family size;
      iii) more than 60 to 80 percent of area median income adjusted for family size;

    iv) more than 80 to 115 percent of area median income adjusted for family size; or
    v) more than 115 percent of area median income adjusted for family size; and

m) 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.

n) provide the needs assessment information compiled for the report and plan to the Texas State Affordable Housing Corporation.

Sec. 2306.0723. Public Participation Requirements

1) The Department shall consider the annual low income housing report to be a rule and in developing the report shall follow rulemaking procedures required by Chapter 2001.

Sec. 2306.0724. Fair Housing Sponsor Report

1) 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.
2) The department shall adopt rules regarding the procedure for filing the report.
3) The department shall maintain the reports in electronic and hard-copy formats readily available to the public at no cost.
4) A housing sponsor who fails to file a report in a timely manner is subject to the following sanctions, as determined by the department:
    a) denial of a request for additional funding; or
    b) an administrative penalty in an amount not to exceed $1,000, assessed in the manner provided for an administrative penalty under Section 2306.6023.

Housing Resource Center

BOARD ACTION ITEM
December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of a Request for Proposals (RFP) for a Market Analysis of El Paso Metropolitan Statistical Area (MSA).

Requested Action

Approve, deny or approve with amendments the RFP for a Market Analysis of El Paso MSA and authorize the Executive Director to negotiate and approve a contract for market study services in accordance with the RFP.

Background

In Chapter 2306 of the Government Code, specifically §2306.259 Affordable Housing Research and Information Program, the Department is required to establish a research and information program and contract for the following types of activities:

(1) periodic market studies to determine the need for housing for families of extremely low, very low, and low income in census tracts throughout the state;

(2) research from qualified professionals to determine the effect of affordable housing developments on property values, social conditions, and quality of life in surrounding neighborhoods;

(3) independent research in affordable housing design and development approaches that enhance community acceptance of affordable housing and improve the quality of life for the residents of the housing; and

(4) public education and outreach efforts to assist the public in understanding the nature and purpose of affordable housing and the process for public participation in the administration of affordable housing programs.

In the Department's appropriations for the 2008-2009 biennium, the Legislature provided for $240,000 in funding earmarked for these activities. This Board action item addresses item (1) of the Affordable Housing Research and Information Program. To date, the Department has commissioned four area-wide market studies: Houston MSA; Deaf Smith, Castro, and Parmer Counties; McAllen-Edinburg-Pharr and Brownsville-Harlingen MSAs; and the Dallas MD. The Dallas and Valley market studies are currently under development. An announcement of the proposed RFP for a Market Analysis of El Paso MSA will be posted on the TDHCA website and in the Texas Register. As the most likely pool of respondents comes from our existing market analysts, the RFP will also be sent directly to all market analysts on our approved market study provider list.

Recommendation

Staff recommends approval of the RFP as proposed for the market analysis and authorization of the Executive Director to negotiate and approve a contract for market study services in accordance with the RFP.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Request for Proposals to Provide Market Analysis of El Paso Metropolitan Statistical Area

I. PURPOSE OF THE REQUEST

The Texas Department of Housing and Community Affairs ("the Department" or "TDHCA") is requesting proposals to provide market analysis relating to affordable housing in the El Paso Metropolitan Statistical Area ("El Paso MSA"). The El Paso MSA contains El Paso County as identified in Office of Management and Budget Bulletin No. 03-04. The market analysis report will be made available to the public and may be used by TDHCA to aid in decisions regarding its various programs.

II. SCOPE OF WORK

The selected proposal will evaluate the need for additional affordable rental housing in the El Paso MSA and issue a user friendly report for TDHCA. The respondent will define and analyze submarkets within the study area as part of the overall report. Each submarket analysis will contain the following:

A. General and Demographic Information

1. Describe the submarket's general characteristics including a map and an explanation for the selection of the boundaries. Where applicable, proposed submarkets should consider submarket boundaries established by the local apartment association. Discuss the predominant form of local government and all local government jurisdictions including overlaps and shared responsibilities. Provide additional maps of the submarket clearly identifying major transportation linkages and significant area amenities including retail, medical and educational facilities. Submarket maps should be sufficiently detailed to allow the reader to identify specific sites within the boundaries. Include maps displaying population density.
2. Describe the current economy for the submarket including existing major industries and any new or anticipated major employment impacts including significant incentives offered for corporate relocation.
3. Provide 2000 US Census data, current year estimates and five year projections for population and households, citing current, commonly used and well documented data sources. Provide a breakdown of households by tenure, income, household size, and age of head of household. Provide an analysis of the trends and/or shocks indicated by the data.
4. Consider existing studies of housing demand for the study area conducted by other entities.

B. Housing Supply Analysis

1. Describe the existing housing supply including total number of units, occupancy, absorption, tenure, turnover, number of bedrooms, typical square footages, unit and development amenities and overall condition and quality of rental housing stock. Include information on population served (market rate, low income, and project-based assistance) and targeted population (family, independent senior and special needs populations). Provide occupancy rate for all Low Income Housing Tax Credit units by income group and number of bedrooms. Provide absorption information for all developments completed within the last two years.
2. Provide an analysis of the existing housing supply and its effect on the demand for new modern units. Include an inventory of all existing affordable housing, including Public Housing and location of Housing Choice Vouchers currently in use. Discuss waiting lists for affordable housing. Address condition and redevelopment plans for Public Housing Authority housing, and identify rental housing with significant reported code violations within each submarket.
3. Describe all rental developments with rents affordable to households earning up to 100% of the area median income including those approved by TDHCA, under construction or unstabilized (less than one year at 90% occupancy). Discuss planned properties in the submarket and provide an assessment of

their impact on the market in relation to demographic trends. Include a property delivery timeline summarizing projected construction periods, placement in service, and lease-up periods.

4. Provide rental data including rental housing stock by population served (market rate, low income and project-based assistance) and type of occupancy (family, independent senior and special needs populations). Include current rents charged, typical concessions, market vacancy rates and absorption rates. Include a comparison of the market rents and the Low Income Housing Tax Credit program maximum rents. Submarket maps should provide location of individual market rate multifamily properties and location of individual subsidized affordable multifamily properties.

C. Analysis of Anticipated Demand

1. Provide detailed analysis of total demand by income group (less than 30%, 31% to 40%, 41% to 50%, 51% to 60% and 60% to 80%, 81% to 100% of AMFI), number of bedrooms, and targeted population (family, independent senior, and special needs populations). The demand analysis of the housing needs for people with disabilities will include qualitative and quantitative evaluation and recommendations, including interviews with local service providers and knowledgeable groups. The analysis of housing needs for people with disabilities will include recommendations on the demand for accessible housing units.
2. Provide a clear identification of the demand calculation methodology. The demand calculation methodology may ultimately be developed collaboratively with the Department. The demand calculation should include population and household growth and other sources that will be defined and mutually agreed to by the Contractor and the Department. The demand calculation methodology will be consistent throughout the market study based on targeted population. The demand calculation is not limited to that required under Title 10 of the Texas Administrative Code Section 1.33. Two independent models of demand are required and are generally described below.
   a. Demand based upon strict need, comprised from:
      i. Household growth;
      ii. Cost overburdened households;
      iii. Overcrowding;
      iv. Substandard housing; and,
      v. Demand from other non-overlapping sources.
   b. Demand based upon traditional transitory patterns, comprised from:
      i. Household growth;
      ii. Turnover; and,
      iii. Demand from other non-overlapping sources.
3. The demand analysis should identify the demand for additional affordable housing units for the year with the most recent baseline data available and for four years following that year.

D. Summary and Conclusions

Present summary and conclusions for each submarket in tables that identify the net affordable housing need under both a strict need demand and transitory pattern demand described in C (2) (a) and (b) above by income group, number of bedrooms, and targeted population. The net affordable housing need equals the total demand less existing, approved, under construction and unstabilized supply.

E. Appendix

Include demographic data used to complete the analysis, any relevant third party information, and a list of references cited in the body of the report.

III. RESPONSE TIME FRAME AND OTHER INFORMATION

Response submission period:	January 2, 2009 to January 23rd, 2009
TDHCA Notification:	February 13th, 2009
Draft Analysis:	May 1st, 2009
Final Analysis:	June 1st, 2009

Proposals must comply with rules and statutes relating to purchasing in the State of Texas. Late and/or unsigned proposals will not be considered. The person submitting the proposal must have the authority to bind the organization in a contract. Submissions received after 5:00PM (CST) on the due date will not be considered.

Three hard copies of the proposal should be delivered to the following address: (facsimiles will not be accepted)

Texas Department of Housing and Community Affairs
Attn: Brenda Hull, Housing Resource Center
221 East 11th Street
PO Box 13941
Austin, TX 78711-3941
(512) 475-1470

All costs directly or indirectly related to the preparation of a response to this RFP shall be the sole responsibility of and shall be borne by the respondent.

It is the express policy of the Department that parties responding to this request refrain from initiating any direct contact or communication with members of the Board of Directors with regard to this Request for Proposals during the selection process. Any violation of this policy will be considered a basis for disqualification.

Additional information regarding this RFP may be obtained from Brenda Hull at TDHCA. All requests must be in writing to (512) 305-9038 (fax) or brenda.hull@tdhca.state.tx.us (email). All questions and responses will be made available to all applicants via the Department's website (www.tdhca.state.tx.us) and will be subject to disclosure under the Public Information Law.

TDHCA shall not be obligated to proceed with any action and may decide it is in the Department's best interest to refrain from pursuing any selection process.

IV. RESPONSE FORMAT

A. Each item in Section V of this Request for Proposals must be addressed.
B. Identify the item to be addressed in the introduction to each response.
C. Please limit your response to 15 pages of text with additional information such as sample work, additional resumes and references submitted in appendix form.

V. PROPOSAL CONTENT

A. General Information
   Provide information regarding the applicant including, but not limited to:
   1. Resumes of personnel assigned to the market analysis prepared under this RFP;
   2. Number of market studies performed by the respondent for multifamily properties including those prepared according to the TDHCA Real Estate Analysis Rules and Guidelines; attach a descriptive list of types of assignments performed since 2002; a complete list of assignments performed is not necessary, but may be included in the appendix;
   3. Description of market analysis similar in size and scope to that required by this RFP;
   4. Description of familiarity with transactions involving federal and state housing programs;
   5. Description of unique qualifications including experience specific to the Dallas MD area;
   6. Certification that the respondent and its principals and key staff assigned to this proposal does not currently and is not anticipated to have an ownership interest in an entity that will apply for an allocation of funds or tax credits for affordable housing from the Department within twelve months of the due date; additional certification that the respondent and its principals and key staff assigned to this proposal does not currently and is not anticipated to have an ownership interest in an entity that will enter into contract to sell property associated with an allocation of funds or tax credits for affordable housing from the Department within twelve months;

additional certification that the respondent has not been barred from receiving funds from the Department or has been removed from the Department's approved list of market analysts for failure to perform a market study with the Department's guidelines any time in the last 24 months.

B. Approach
   1. Provide a list of the labeled submarkets with a description of the defined boundaries for each and the methodology used to determine the boundaries; include population of each;
   2. Provide maps of the study area with each submarket clearly delineated and labeled;
   3. Provide a description of the source data to be used and the methodology proposed for analysis;
   4. Provide a detailed description of the proposed demand calculations.

C. Work Plan and Schedule
Provide a proposed work plan with specific dates for deliverables including market study outline, draft, and final draft. Identify resources to be dedicated to this assignment.

D. Fee Schedule
Provide a proposed itemized cost schedule for the market analysis.

VI. SELECTION PROCEDURE

Proposals will be referred to a panel of TDHCA staff for evaluation and scoring. Staff will review proposals for compliance with the proposal content requirements and the potential for fulfillment of the scope of work criteria described herein. To assist in the preparation of the proposal, established criteria for review are provided below (weighted values in parentheses).

A. Evidence of respondent's experience in developing and conducting similar studies (25%).
B. Evidence that the conceptual framework - definition of submarkets, methods and analysis - is adequately developed and appropriate for the aims of the project (30%).
C. Submission of a realistic work plan, resources and timeline (20%).
D. A budget and explanation for the scope and quality needed for successful completion of the project. Emphasis placed on cost efficiency (25%).

VII. REQUIREMENTS

Contractor shall deliver to Department two versions of the final report: an electronic, ready to print version and an accessible electronic version to post on the Internet. The accessible version must be a tagged PDF file that passes the Section 508 Accessibility check using Acrobat Professional version 8.0 or later or an electronic version that can be easily converted to an accessible PDF.

VIII. WORK MADE FOR HIRE

All work performed pursuant to this agreement specifically including all deliverables developed or prepared for TDHCA is the exclusive property of the State of Texas. All right, title and interest in and to said property shall vest in the State of Texas and shall be deemed to be a work made for hire and made in the course of the services rendered pursuant to this agreement. To the extent that title to any work may not, by operation of law, vest in the State of Texas or such work that may not be considered a work made for hire, all rights, title and interest therein are hereby irrevocably assigned to the State of Texas.

TDHCA and/or the State of Texas shall have the right to obtain and to hold in its own name, copyrights, registrations, or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof. Contractor agrees to give TDHCA and/or the State of Texas and any person designated by TDHCA and/or the State of Texas, reasonable assistance required to assert the rights defined in this paragraph.

IX. LICENSE AGREEMENT

TDHCA shall grant to the awarded contractor a non-exclusive, irrevocable, world-wide, royalty-free, license to use, reproduce, distribute and display the materials created pursuant to this agreement, subject to the following terms and conditions. The license granted shall terminate on December 31, 2009 unless renewed by the parties in writing, terminated sooner in accordance with its terms, or if the agreement of which this clause is a part, is terminated for cause.

Each copy of the materials that the contractor distributes shall indicate on the cover that the creation of the material was funded by the Texas Department of Housing and Community Affairs. The contractor agrees that it will not charge a fee for the distribution of the materials, except to recover actual duplication and mailing costs. Contractor shall not create derivatives of or modify the content of the materials except with the express written consent of TDHCA.

Failure to comply with the terms of this license may result in immediate termination of the license agreement by TDHCA. Upon termination of this license agreement, contractor shall return the remaining materials to TDHCA, or shall destroy or distribute them, in accordance with the instructions of TDHCA.

With the prior approval of the Department, the contractor may update the market analysis prepared under this RFP. In the 12-month period following the due date, the contractor is required to provide an explanation if a market analysis submitted to TDHCA contains conclusions that contradict the findings of the market analysis prepared under this RFP.

X. OPEN RECORDS

Information submitted to TDHCA is public information and is available upon request in accordance with the Texas Public Information Act, chapter 552 of the Government Code (the "Act"). An applicant submitting any information it considers confidential as to trade secrets or commercial or financial information, which it desires not to be disclosed, must clearly identity all such information in its proposal. If information so identified by an applicant is requested from TDHCA, the applicant will be notified and given an opportunity to present its position to the Texas Attorney General, who shall make the final determination as to whether such information is excepted from disclosure under the Act. Information not clearly identified as confidential will be deemed to be non-confidential and will be made available by TDHCA upon request.

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
December 18, 2008

Action Items

Presentation, Discussion and Possible Approval for Housing Tax Credit Extensions.

Required Action

Approve, Amend or deny the requests for extensions related to three (3) 2006 and (1) 2007 Housing Tax Credit commitments.

Background

Pertinent facts about the request for extension are given below. The requests were accompanied by a mandatory $2,500 extension request fee.

HTC No. 060623, East Texas Pines Apartments (fka) Autumn Pines Apartments (Cost Certification Extension)

Summary of Request: Pursuant to §50.15(b)(2) of the 2006 Qualified Allocation Plan, "…Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins…". The owner missed the January l5, 2008 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on June 24, 2008 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	ST Moritz Partners LP
General Partner:	ST Moritz Company, LLC
Developer:	ST Moritz Company, LLC
Principals/Interested Parties:	A. Richard Wilson and Gerald Russell
City/County:	Houston/Harris
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Family
Units:	250 HTC units
2006 Allocation:	$1,132,098
Allocation per HTC Unit:	$4,528
Extension Request Fee Paid:	$2,500
Current Deadline:	January 15, 2008
New Deadline Requested:	June 24, 2008
New Deadline Recommended:	**June 24, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

CC Rec 6/24/08

The Property Group

November 11, 2008

VIA FEDEX
Texas Department of Housing and Community Affairs
TDHCA
221 E/ 11th Street
Austin, TX 78701

11-12-08P02:49 RCVD

Attn: Mr. Kent Bedell

Ref: **East Tex Pines Apartments AKA Autumn Pines Apartments**
TDHCA 060623

Dear Mr. Bedell:

Attached is our partnership check number 1127 in the amount of $2,500 representing the Late Cost Certification extension fee. We respectfully request TDHCA extend the submission period accordingly.

Give us a call if you have any questions.

Very truly yours,

Gerald W. Russell

<u>HTC No. 06007, Landa Place Apartments</u>
(Cost Certification Extension)

<u>Summary of Request:</u> Pursuant to §50.15(b)(2) of the 2006 Qualified Allocation Plan, "…Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins…". The owner missed the January l5, 2008 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on October 17, 2008 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	New Braunfels Landa Place Apartments, LP
General Partner:	New Braunfels Landa Place Developers, LLC
Developer:	New Braunfels Landa Place Builders, LLC
Principals/Interested Parties:	Lucille Jones and Leslie Clark
City/County:	New Braunfels/Comal
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Family
Units:	100 HTC units
2006 Allocation:	$655,454
Allocation per HTC Unit:	$6,555
Extension Request Fee Paid:	$2,500
Current Deadline:	January 15, 2008
New Deadline Requested:	October 17, 2008
New Deadline Recommended:	**October 17, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

NEW BRAUNFELS LANDA PLACE APARTMENTS, L.P.

2951 Fall Creek Rd. Kerrville, Texas 78028 (830) 257-5323

November 21, 2008

Robbye Meyer
Texas Department of Housing & Community Affairs
221 E. 11th St.
Austin, Texas 78701

RE: Landa Place Apartments, TDHCA #06007

Dear Robbye:

We request an extension to the Cost Certification Submission deadline for Landa Place Apartments, New Braunfels, TDHCA#06007, and have included payment in the amount of $2500 for the required Extension Fee.

In accordance with Sec 42(h)(1)(E)(i) of the Code, all Buildings in the Development are to be placed in service no later than December 31, 2008. We were able to meet and exceed that deadline, and place the buildings in service by October 31, 2007. To satisfy our syndicators, we diligently work to make the credit period election as soon as possible so that credits can be delivered to investors. We have been able to construct projects so that qualified tenants can occupy the development in phases of the development construction. However, by completing construction at the end of the credit period election year, it makes it very difficult, if not virtually impossible to submit the completed Cost Certification binder to the Department by the following January 15.

We appreciate your consideration and understanding in this matter. If you need anything else from me to process this request, please feel free to call me.

Sincerely,
New Braunfels Landa Place Apartments, L.P.
By: New Braunfels Landa Place Developers, L.L.C., its General Partner

Lucille Jones

By: Lucille Jones, Manager

CC: Kent Beddell
Rosalio Banuelos, Cost Certification Specialist
Raquel Morales, Manager, REA

HTC No. 060189, Concho Village Apartments
(Cost Certification Extension)

Summary of Request: Pursuant to §50.15(b)(2) of the 2006 Qualified Allocation Plan, "…Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins…". The owner missed the January l5, 2008 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on October 17, 2008 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	CV Affordable Housing, L.P.
General Partner:	Delphi Housing of San Angelo, LLC
Developer:	Delphi Community Housing 2006, L.P.
Principals/Interested Parties:	Daniel F. O'Dea
City/County:	San Angelo/Tom Green
Set-Aside:	At-Risk
Type of Area:	Urban
Type of Development:	Acquisition/rehab
Population Served:	Family
Units:	204 HTC units
2006 Allocation:	$1,058,680
Allocation per HTC Unit:	$5,190
Extension Request Fee Paid:	$2,500
Current Deadline:	January 15, 2008
New Deadline Requested:	October 3, 2008
New Deadline Recommended:	**October 3, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

Delphi
Affordable Housing Group

1717 West Sixth Street, Suite 315
Austin, Texas 78703
(512) 494-8200
Fax: (512) 494-8201

11-21-08 P03:31 IN

CC Rec 10/3/08

November 20, 2008

Kent Bedell
Multifamily Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: TDHCA Number 060189
Request for extension of time—late cost certification

Dear Kent:

Please accept this letter as our request for an extension of time to submit the cost certification past the January 15, 2008 deadline. The accountants were not able to submit cost certifications by January 15, 2008 due to the following reasons:

1. 100% of project costs were not recorded until July 31, 2008.
2. The information to place buildings service and deem them qualified to recognize tax credits is available up to December 31, 2007. The calculation to qualify the buildings as able to recognize credit may not be finalized until post December 31, 2007.
3. The process to record the costs associated for year end 2007 and transfer the information financial statements as is required by the accountants surpasses December 31, 2007.
4. The process which the accountant's follow to verify, calculate and determine eligible basis as well as certify to the report exceeds the January 15 deadline as determined by TDHCA.

We have also enclosed our check number 1072 in the amount of $2500 as fees for this request.

Thank you for your review of the above. If you have any questions, please do not hesitate to contact me at 512 494 8200 ext. 212.

Sincerely,

Michelle Grandt

Michelle Grandt
Vice President
512.494.8200
michelle@delphihousing.com

<u>HTC No. 07178, Aurrora Meadows (fka) Tammye's Pointe</u>
(Commencement of Substantial Construction)

<u>Summary of Request:</u> Pursuant to §49.14(c) of the 2007 Qualified Allocation Plan, "The Development Owner must submit evidence of having commenced and continued substantial construction activities. The evidence must be submitted not later than December 1 of the year after the execution of the Carryover Allocation Document with a possibility of an extension…". The owner has requested a one year extension of the deadline for commencement of substantial construction. The reason given for their request is that they have been unable to close on the equity and construction loans due to volatility in the Financial Market. The Owner has indicated that they plan on closing on both loans during the first quarter of 2009 and anticipate commencing construction on the site by April 15, 2009. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Tammye's Pointe, LTD
General Partner:	Tammye's Pointe GP, LLC
Developer:	DonCo Housing Group, LLC
Principals/Interested Parties:	Maria Martinez, Stuart Howard, Tammye Trevino, and Donald Pace
City/County:	Eagle Pass/Maverick
Set-Aside:	N/A
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Family
Units:	76 HTC units
2007 Allocation:	$983,288
Allocation per HTC Unit:	$12,938
Extension Request Fee Paid:	$2,500
Current Deadline:	December 1, 2008
New Deadline Requested:	December 1, 2009
New Deadline Recommended:	**December 1, 2009**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

TAMMYE'S POINTE, LTD
2137 N. COURTENAY PKWY – SUITE 23
MERRITT ISLAND, FLORIDA 32953

PHONE: (321) 453-3127 *FAX: (321) 453-3801*

Received

DEC - 1 2008

November 25, 2008

TDHCA
221 East 11th Street
Austin, Texas

RE: TDHCA #07178 Tammye's Pointe – Eagle Pass, TX
"Commencement of Substantial Construction"

ATTN: Kent Bedell
Multifamily Housing Specialist

Dear Mr. Bedell,

I am requesting an extension of the COC on Tammye's Pointe, because we have not started substantial construction due to the fact we have not been able to secure a good LOI from a syndicator that will let us close on the fund until the first quarter of next year. We have been assured a construction loan if we get a good LOI. We have a predevelopment loan and have been working the development with these funds.

The architectural, engineering, surveying and land purchase is complete. Permits and plating is approved. The land was cleared at one time thinking we would be starting soon, but this did not happen. If we can close on the Equity and Construction Loan by the end of the first quarter in 2009 we can start construction – Start the site by April 15, 2009 and we should have the infra structure and sub base on the streets and will have started the vertical on the clubhouse and at least 15 houses by September 15, 2009 and we will be starting at least 5 houses each week until we have all 76 houses under construction.

We are requesting a one year extension if this is possible, but we would take a six month extension if the year extension is not possible. Our main problem is that we will not make the PIS by the end of 2009. I hope the board will allow all of the 2007 deals that are not closed change their PIS date.

I am enclosing the $2,500 extension fee.

Thanking you in advance.
TAMMYE'S POINTE, LTD.

Donald Pace

Donald Pace
Gen. Partner

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Possible Approval for publication in the *Texas Register* a final order adopting repeal of 10 TAC Chapter 5 Community Services Programs, Chapter 6 Energy Assistance Programs, and Chapter 8 Project Access Program.

Requested Action

Approve or deny for publication in the *Texas Register* a final order adopting repeal of the 10 TAC Chapter 5 Community Services Programs, Chapter 6 Energy Assistance Programs, and Chapter 8 Project Access Program.

Background

On September 3, 2008, the Board approved the proposed repeal of Chapters 5, 6 and 8 allowing the rules and guidance for all Community Affairs programs to be consolidated into one chapter, 10 TAC Chapter 5.

The proposed repeal of Chapters 5, 6 and 8 and new rules concerning the Community Affairs programs were published in the *Texas Register* September 19, 2008 for a 30 day public comment period. No comments were received on the proposed repeal of Chapters 5, 6 and 8. Comments received on the new rules were presented to the Board on November 13, 2008. The Board approved the adoption of the new Title 10, Part 1 of the Texas Administrative Code, Chapter 5 concerning the Community Affairs Programs.

Recommendation

Approval for publication in the *Texas Register* of a final order adopting the repeal of 10 TAC Chapter 5 Community Services Programs, Chapter 6 Energy Assistance Programs, and Chapter 8 Project Access Program.

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of the Program Year 2009 Comprehensive Energy Assistance Program (CEAP) Funding Allocation.

Requested Action

Staff recommends Board approval of the distribution of the CEAP portion of the PY 2009 Low Income Home Energy Assistance Program (LIHEAP) grant award by the formula detailed in 10 TAC §6.203.

Background

The United States Department of Health and Human Services (USDHHS) awards LIHEAP funds annually to the State of Texas. On October 16, 2008, HHS awarded $158,109,984 in block grant funding, $11,085,977 in Emergency Contingency funding and $24,921 in Leveraging Funds for a total award of $169,220,882 to the State of Texas. Staff recommended to the Board a holdover of the maximum allowable 10% of the total LIHEAP award for PY 2010. Historically, the Department has allocated approximately 75% of available LIHEAP funding to the Comprehensive Energy Assistance Program (CEAP), the maximum allowable 15% to the Weatherization Assistance Program (WAP), and 10% to program administration, at both the subrecipient (7%) and state level (3%), as allowed by USDHHS. This was described in more detail in the 2009 plan for LIHEAP awards presented and approved at the November 13, 2008 Board meeting.

Staff is requesting approval to obligate the CEAP portion (roughly 75% plus 7% subrecipient administration) of the award less the 10% holdover.

CEAP Subrecipient Network

The CEAP subrecipient network is comprised of 51 subrecipients that provide energy assistance services to all 254 counties in the state. CEAP can provide utility assistance to eligible client households. Additionally, some households can qualify for repair, replacement and/or retrofit of inefficient heating and cooling unit or appliances in their household or rental unit. An applicant seeking utility assistance applies to the CEAP subrecipient for assistance. The subrecipient determines income-eligibility, prioritizes status (this includes a review of the billing history to determine energy burden and consumption), and determines which CEAP component is the most appropriate for that eligible applicant. If the CEAP applicant is eligible and meets program priorities, the CEAP Subrecipient makes utility payment to utility company through a vendor agreement.

Recommendation

Staff recommends approval of the allocation of $123,928,638 to the 51 CEAP subrecipients by the formula approved in 10 TAC §6.203. The remaining 15% of available funds will be distributed with the Weatherization Assistance Program (WAP) contracts, which will be presented to the Board in February 2009. A list of each CEAP subrecipient and their formula-based award amount is attached.

Obligation of the 2009 LIHEAP Award, 2009 Emergency Contingency Award, and 2009 Leveraging Incentive Award Total of $123,928,638	
CEAP Subrecipient	**Estimated Funding**
Aspermont Small Business Development	$ 932,314
Bee Community Action Agency	$ 515,112
Bexar County Community and Develoment Services	$ 7,459,838
Big Bend Community Action Agency	$ 1,020,930
Brazos Valley Community Action Agency	$ 3,010,405
Cameron-Willacy Counties Community Projects Inc.	$ 3,531,731
Caprock Community Action Association	$ 1,236,426
Central Texas Opportunities	$ 1,407,106
Combined Community Action	$ 988,170
Community Action Committee of Victoria, Texas	$ 1,722,602
Community Action Corporation of South Texas	$ 1,058,376
Community Action Inc. of Hays, Caldwell	$ 680,358
Community Action Program, Inc.	$ 931,148
Community Council of Reeves	$ 465,804
Community Council of South Central TX	$ 2,451,777
Community Council Southwest TX	$ 1,428,907
Community Services Agency of South Texas	$ 1,023,245
Community Services Inc	$ 4,408,257
Community Services Northeast Texas	$ 815,357
Concho Valley Community Action Agency	$ 1,199,672
Dallas County Department of Health and Human Services	$ 9,193,034
Economic Action Committee of the Gulf Coast	$ 313,494
Economic Opportunities Advancement Corporation of Region XI	$ 2,531,617
El Paso Community Action Program	$ 4,921,566
Fort Worth Parks & Community Services	$ 5,164,512
Galveston County Community Action Council	$ 3,050,944
Greater East Texas Community Actioin Program	$ 4,959,421
Hidalgo County Community Services Agency	$ 5,348,926
Hill Country Community Action Association	$ 2,139,973
Kleberg County Human Services	$ 1,021,525
Lubbock, City of, Community Development	$ 1,666,705
Montgomery County Emergency Asssistance	$ 1,043,634
Northeast TX Opportunities	$ 1,401,367
Nueces County Community Action Agency	$ 2,096,705
Panhandle Community Services	$ 4,173,945
Pecos County Community Action Agency	$ 530,324
Programs for Human Services	$ 3,058,947
Rolling Plains Manangement Corporation	$ 2,003,829
San Angelo-Tom Green County Health Department	$ 683,463
Senior Citizens of Texarkana	$ 658,124
Sheltering Arms Senior Services	$ 15,303,986
South Plains Community Action Association Inc.	$ 1,045,985
South Texas Development Council	$ 1,173,270
Texas Neighborhood Services	$ 1,701,408
Texoma Council Of Governments	$ 1,145,676
Travis County Health and Human Services	$ 3,097,454
Tri-County Community Action Inc.	$ 2,317,203
Unassigned Duval	$ 225,557
Unassigned McMullen	$ 182,597
Webb County Community Action Agency	$ 1,585,051
West Texas Opportunities	$ 3,356,580
Williamson-Burnet County Opportunities, Inc.	$ 544,282
	$ 123,928,638

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of the Investor Owned Utility (IOU) weatherization contracts and the allocation of the funds for the El Paso Electric (EPE), Southwestern Public Services (SPS) and Southwestern Electric Power Company (SWEPCO).

Requested Action

Staff recommends Board approval of the distribution of the IOU weatherization funds for Program Year (PY) 2009.

Background

The Texas Department of Housing and Community Affairs (the Department) administers three Weatherization Assistance Program (WAP) Investor Owned Utility (IOU) grants (EPE, SPS and SWEPCO). The funds are distributed based upon the number of electric service households in a subrecipient's service area which is reflected as an allocation percentage. These funds can be used to increase the number of weatherization services that a household can receive. In most instances, the households receive services paid for through a federal program (LIHEAP or DOE weatherization assistance) and can still benefit from additional weatherization services. The IOU contracts have a $4,000 per unit cap, and require all measures meet the Saving to Investment Ratio (SIR) of one or greater as determined by the Department's Energy Audit.

Staff is requesting approval to obligate the 2009 EPE award ($417,900), the 2009 SPS award ($300,000), the 2009 SWEPCO award ($373,631) to the appropriate weatherization subrecipients.

Summary of Weatherization Programs

Subrecipients provide cost effective weatherization measures to improve the energy efficiency of eligible client households. Typical weatherization measures include attic and wall insulation, weather-stripping and air sealing measures, heating and cooling unit repair and/or replacement, refrigerator replacement, and minor roof repair. Potential WAP client households apply for assistance with the WAP subrecipient. The subrecipient determines if the household is income-eligible and whether they meet the criteria for one or more of the priority populations and receive electric service from the IOU. Typically, if the applicant is determined eligible, the applicant is placed on a waiting list.

Once the eligible applicant list is developed the subrecipient conducts an energy assessment on the applicant's home and results are entered into a computerized Energy Audit to determine if weatherization services are appropriate. If the applicant is income eligible, is a customer of the electric company, and the applicant's home is appropriate for weatherization, the subrecipient weatherizes the client's home. The weatherization work typically is performed by an independent contractor procured through competition and with whom the subrecipient has contracted.

Recommendation

Staff recommends board approval of the IOU weatherization funding.

El Paso Electric (EPE) Company			
Contract Period: 1/1/09 - 12/31/09			
Subrecipients:	Allocation Percentage	Total Dollars	
Big Bend Community Action	20.00	$	83,580
El Paso Project BRAVO	80.00	$	334,320
		$	**417,900**
Southwest Public Services (SPS)			
Contract Period: 1/1/09 - 12/31/09			
Subrecipients:	Allocation Percentage	Total Dollars	
Caprock Community Action	8.47	$	25,417
City of Lubbock	9.39	$	28,164
Panhandle Community Services	60.64	$	181,911
South Plains Community Action Agency	17.53	$	52,583
West Texas Opportunities	3.97	$	11,925
		$	**300,000**
Southwestern Electric Power Company Program (SWEPCO)			
Contract Period: 4/1/09 - 3/31/10			
Subrecipients:	Allocation Percentage	Total Dollars	
Greater East Texas Community Action Program	37.86	$	141,457
Texoma Council of Governments	35.76	$	133,610
Tri-County Community Action Agency	21.34	$	79,733
Panhandle Community Services	5.04	$	18,831
		$	**373,631**

HOME AND HOUSING TRUST FUND PROGRAMS DIVISION

BOARD ACTION REQUEST

December 18, 2008

Action Item

Presentation, Discussion and Possible Approval to publish the proposed amendment of 10 TAC Chapter 53, HOME Program Rule, Subchapter A, §53.1 and §53.8(a), Subchapter C, §53.30, Subchapter D, §53.47(a)(4), and Subchapter G, §53.80(e)(1) for comment in the *Texas Register.*

Requested Action

Presentation, Discussion and Possible Approval to publish the proposed amendment of 10 TAC Chapter 53, HOME Program Rule, Subchapter A, §53.1 and §53.8(a), Subchapter C, §53.30, Subchapter D, §53.47(a)(4), and Subchapter G, §53.80(e)(1) for comment in the *Texas Register.*

Background

Attached behind this Board Action Item are draft amendments to the HOME Program Rule for §53.1, §53.8(a), §53.30, §53.47(a)(4), and §53.80(e)(1). While the changes to §53.1, §53.8(a), and §53.30 were proposed to the Board and approved at the November Board meeting, an administrative error in publication for the *Texas Register* prevented the formal adoption of these changes as a part of the changes adopted at the last meeting. These changes provide a minor reorganization and minor correction to the Rule to ensure compliance with all statutory requirements. The change to §53.47(a)(4) is a correction to ensure compliance with federal regulations and §53.80(e)(1) is a clarification to the title requirements to ensure that assisted households meet the federal definition of Homeownership.

As required, these amendments will be published for public comment for 30 days, with presentation for final adoption at the February Board meeting.

Summary of Significant Changes

This section outlines the changes recommended for publication for public comment. Details of the changes are outlined below:

Staff recommends the striking of the following language in §53.30:

§53.30. Activities in Consolidated Plan.
Through its Consolidated Plan, the Department has identified general guidelines for funding of a Program Activity. Applicants that meet the qualifications identified in this chapter and under the terms of a NOFA may apply for any Program Activity the Department funds. ~~*All provisions of*~~

~~this chapter apply to any Application received on or after the date of adoption of this chapter by the Department's Board. Existing Contracts or Applications received prior to the date of adoption of this chapter may be amended in writing at the request of the Administrator or Applicant and with Department approval, subjecting the Contract or Application to all provisions of this chapter. Amendments proposing only partial adoption of this chapter are not permitted and no amendment adopting this chapter shall be permitted if, in the discretion of the Department, any of the provisions of this Chapter conflict with the NOFA under which the existing Contract was awarded or Application was submitted.~~

and moving the language to the beginning of §53.1 (as approved by the Board on November 13, 2008):

§53.1. Purpose.

This chapter ~~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 USC §§12701-12839) and HUD regulations at 24 CFR, Part 92. All provisions of this chapter apply to any Application received on or after the date of adoption of this chapter by the Department's Board. Existing Contracts or Applications received prior to the date of adoption of this chapter may be amended in writing at the request of the Administrator or Applicant, and with Department approval, to subject the Contract or Application to all provisions of this chapter. Amendments proposing only partial adoption of this chapter are prohibited and no amendment adopting this chapter shall be granted if, in the discretion of the Department, any of the provisions of this chapter conflict with the NOFA under which the existing Contract was awarded or Application was submitted. 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, 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 families with affordable, decent, safe and sanitary housing.

In order to be in compliance with statutory requirements and mirror programmatic changes adopted for Chapter 51, Housing Trust Fund Rule, staff recommends the clarification in the following section (as approved by the Board on November 13, 2008):

§53.8(a). Notice of Receipt of Application or Proposed Application.

(a) Not later than the 14th day after the date an Application or a proposed Application for housing funds described by §2306.111 has been filed for multifamily or single family development, the Department shall provide written notice of the filing of the Application or proposed Application to the following Persons:

(1) the United States representative who represents the community containing the Development described in the Application;
(2) members of the legislature who represent the community containing the Development described in the Application;
(3) the presiding officer of the governing body of the political subdivision containing the Development described in the Application;
(4) any member of the governing body of a political subdivision who represents the area containing the Development described in the Application;
(5) the superintendent and the presiding officer of the board of trustees of the school district containing the Development described in the Application; and
(6) any neighborhood organizations on record with the state or county in which the Development described in the Application is to be located and whose boundaries contain the proposed development site.

Staff recommends a correction of the following language:

§53.47(a)(4). Application and Award Limitations.

(4) The Contract award amount for CHDO Operating Expenses shall not exceed:
(A) the lesser of clauses (i) or (ii) of this subparagraph:
(i) fifty percent (50%) of the CHDO's total annual operating expenses in that fiscal year; or
(ii) five percent (5%) of the CHDO funds awarded for the Project from the CHDO Set-Aside; and
(B) $50,000~~75,000~~, whichever is greater.
(C) An Applicant shall not receive more than one award of CHDO operating funds during the same fiscal year of the Department regardless of the number of Applications submitted.

In order to clarify title report requirements, staff would like to amend the following language:

§53.80 (e)(1) Documents Supporting Mortgage Loans
(e) Documentation required for OCC and HBA with Rehabilitation Loans: The Administrator must ensure the following documents are submitted to the Department in order to request preparation of Loan documents ~~be prepared~~ for the Household:

(1) A title report or a commitment to issue a title policy not older than ninety (90) days that:
(A) evidences eligible forms of homeownership pursuant to ~~Section~~§53.31(b) of this chapter~~Chapter~~ and 24 CFR §92.2; and
(B) evidences no tax lien, ~~no~~ child support lien, ~~and no~~ mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest. The title report must be a ~~non-insurance~~ report of the property reflecting ~~from~~ the current owner's ~~date of the last~~ deed vesting title ~~to the present~~, including complete

deed information,~~:~~ grantees, grantors, execution and recording dates, recording references, and legal description, as well as all ~~open~~ existing mortgage~~s~~/deed of trust~~s~~ liens.~~;~~

Recommendation

Staff recommends Board approval to publish the proposed amendment of 10 TAC Chapter 53, HOME Program Rule, Subchapter A, §53.1 and §53.8(a), Subchapter C, §53.30, Subchapter D, §53.47(a)(4), and Subchapter G, §53.80(e)(1) for comment in the *Texas Register.*

DRAFT
Board Review Pending

Texas Department of Housing and Community Affairs
"HOME Program Rule"

TITLE 10, Part 1, Chapter 53, Texas Administrative Code

Subchapter A. GENERAL

§53.1. Purpose

This chapter~~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 USC §§12701-12839) and HUD regulations at 24 CFR, Part 92. All provisions of this Chapter apply to any Application received on or after the date of adoption of this Chapter by the Department's Board. Existing Contracts or Applications received prior to the date of adoption of this Chapter may be amended in writing at the request of the Administrator or Applicant, and with Department approval, to subject the Contract or Application to all provisions of this Chapter. Amendments proposing only partial adoption of this Chapter are prohibited and no amendment adopting this Chapter shall be granted if, in the discretion of the Department, any of the provisions of this Chapter conflict with the NOFA under which the existing Contract was awarded or Application was submitted. 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, 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 families with affordable, decent, safe and sanitary housing.

§53.8. Notice of Receipt of Application or Proposed Application

(a) Not later than the 14th day after the date an Application or a proposed Application for housing funds described by §2306.111 has been filed <u>for multifamily or single family development</u>, the Department shall provide written notice of the filing of the Application or proposed Application to the following Persons:

(1) the United States representative who represents the community containing the Development described in the Application;

(2) members of the legislature who represent the community containing the Development described in the Application;

(3) the presiding officer of the governing body of the political subdivision containing the Development described in the Application;

(4) any member of the governing body of a political subdivision who represents the area containing the Development described in the Application;

(5) the superintendent and the presiding officer of the board of trustees of the school district containing the Development described in the Application; and

(6) any neighborhood organizations on record with the state or county in which the Development described in the Application is to be located and whose boundaries contain the proposed development site.

Subchapter C. PROGRAM ACTIVITIES

§53.30. Activities in Consolidated Plan

Through its Consolidated Plan, the Department has identified general guidelines for funding of a Program Activity. Applicants that meet the qualifications identified in this Chapter and under the terms of a NOFA may apply for any Program Activity the Department funds. ~~All provisions of this chapter apply to any Application received on or after the date of adoption of this chapter by the Department's Board. Existing Contracts or Applications received prior to the date of adoption of this chapter may be amended in writing at the request of the Administrator or Applicant, and with Department approval, to subject the Contract or Application to all provisions of this chapter. Amendments proposing only partial adoption of this chapter are prohibited and no amendment adopting this chapter shall be granted if, in the discretion of the Department, any of the provisions of this chapter conflict with the NOFA under which the existing Contract was awarded or Application was submitted.~~

DRAFT
Board Review Pending

Subchapter D. APPLICATION REQUIREMENTS AND PROCEDURES

§53.47(a)(4). Application and Award Limitations.

(4) The Contract award amount for CHDO Operating Expenses shall not exceed:

(A) the lesser of clauses (i) or (ii) of this subparagraph:

(i) fifty percent (50%) of the CHDO's total annual operating expenses in that fiscal year; or

(ii) five percent (5%) of the CHDO funds awarded for the Project from the CHDO Set-Aside; and

(B) $50,000~~75,000~~, whichever is greater.

(C) An Applicant shall not receive more than one award of CHDO operating funds during the same fiscal year of the Department regardless of the number of Applications submitted.

Subchapter G. LOANS AND CONTRACT ADMINISTRATION

§53.80 (e)(1) Documents Supporting Mortgage Loans

(e) Documentation required for OCC and HBA with Rehabilitation Loans: The Administrator must ensure the following documents are submitted to the Department in order to request preparation of Loan documents ~~be prepared~~ for the Household:

(1) A title report or a commitment to issue a title policy not older than ninety (90) days that:

(A) evidences eligible forms of homeownership pursuant to ~~Section~~§53.31(b) of this chapter~~Chapter~~ and 24 CFR §92.2; and

(B) evidences no tax lien, ~~no~~ child support lien, ~~and no~~ mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest. The title report must be a ~~non-insurance~~ report of the property reflecting ~~from~~ the current owner's ~~date of the last~~ deed vesting title ~~to the present~~, including complete deed information, ~~;~~ grantees, grantors, execution and recording dates, recording references, and legal description, as well as all ~~open~~ existing mortgage~~s~~/deed of trust~~s~~ liens.~~;~~

HOME AND HOUSING TRUST PROGRAMS DIVISION

BOARD ACTION REQUEST

December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of the Housing Trust Fund 2009 Texas Veterans Housing Support Program and Homeownership SuperNOFA Notices of Funding Availability (NOFAs).

Requested Action

Approve, Deny or Approve with Amendments the Housing Trust Fund 2009 Texas Veterans Housing Support Program and Homeownership SuperNOFA Notices of Funding Availability (NOFAs).

Background

During the 80th Legislative Session the Department was appropriated additional General Revenue specifically for the Housing Trust Fund. On July 31, 2008, the Board approved the 2009 Housing Trust Fund Annual Plan, which included the 2009 Texas Veterans Housing Support Program and Homeownership SuperNOFA in the amount of $1,000,000 each.

Funds for the 2009 Texas Veterans Housing Support Program will be utilized for rental subsides and homeownership assistance for low-income (80% AMFI) veterans. Up to three years of rental assistance will be available for veterans transitioning from Veteran's Affairs (VA) hospitals, other care facilities; or low income veteran's leaving the service and transitioning to civilian life. Homeownership assistance will also be available as a one-time deferred forgivable loan of up to $35,000 for down payment assistance, closing costs and accessible modifications such as ramps, accessible bathrooms and accessible kitchens.

Funds for the 2009 Homeownership SuperNOFA will provide assistance to eligible homeowners and first-time homebuyers in the form of 0% percent interest loans. Eligible activities include the following assistance programs:

- Up to $10,000 downpayment assistance for first-time homebuyers; or,
- Up to $30,000 in housing rehabilitation assistance, including architectural barrier removal, for homeowners.

The maximum award amount per organization is $250,000, including administrative funds. The availability and use of these funds are subject to the Department's Housing Trust Fund Program Rule (10 TAC Chapter 51).

Recommendation

Staff recommends approval of the Notices of Funding Availability for the 2009 Housing Trust Fund Texas Veterans Housing Support Program and Homeownership SuperNOFA for publication in the *Texas Register* and to the Department's website.

Texas Department of Housing and Community Affairs

Housing Trust Fund (HTF)

2009 Texas Veterans Housing Support Program
Notice of Funding Availability (NOFA)

1) **Summary**
   a) The Texas Department of Housing and Community Affairs ("the Department") announces the availability of $1,000,000 in funding from the Housing Trust Fund (HTF) 2009 appropriation to fund housing assistance programs for veterans. Funds will be made available for Veteran Homebuyer Assistance (VHA), Veteran Homebuyer Assistance with Rehabilitation (VHAR), and Veteran Rental Assistance (VRA).

   b) The availability and use of these funds is subject to the Department's Housing Trust Fund Rule at 10 TAC Chapter 51 ("HTF Program Rule") and Chapter 2306 of the Texas Government Code in effect at the time an application is submitted. Other regulations may also apply such as, but not limited to, 24 CFR §84.36 and §2306.5545 of the Texas Government Code for conflict of interest, 24 CFR §5.609 for income qualification, 24 CFR Part 5, subpart A for fair housing, and Chapter 2156 of the Texas Government Code and the Uniform Grant Management Act (Texas Government Code Chapter 783 and 1 Texas Administrative Code Chapter 5) for procurement. Applicants are encouraged to familiarize themselves with all of the applicable rules that govern the program.

   c) Veteran- A veteran is a Person who:
      i) Served no fewer than 90 continuous days on active duty (including active duty for training) in the Army, Navy, Air Force, Marines, Coast Guard or United States Public Health Service (unless discharged sooner by reason of a service-connected disability), or a reserve component of one of the listed branches of service, or have enlisted or received an appointment in the Texas National Guard after completing all initial active duty training requirements as a condition of enlistment or appointment, or have completed 20 years in a reserve component so as to be eligible for retirement as a condition of enlistment or appointment, or, if currently an active duty member of a listed service or a full-time reservist, have completed the initial service obligation;

ii) Served after Sept. 16, 1940 (for Texas veterans who entered the armed services before Jan. 1, 1977, and who have been discharged from active duty less than 30 years); and/or
iii) Been honorably discharged.

2) Appropriation of Housing Trust Funds

a) Funds are made available through the Housing Trust Fund and are not subject to the Regional Allocation Formula. All funds released under this NOFA shall be used for the creation of affordable housing for Texas veterans earning eighty percent (80%) or less of the Area Median Family Income (AMFI) as defined by the U.S. Department of Housing and Urban Development (HUD). Priority will be given to veterans with disabilities.

b) This NOFA will be an Open Application Cycle and funding will be available on a first-come, first-served statewide basis. Applications will be accepted by the Department on regular business days until **5:00 p.m., Friday, May 1, 2009**, regardless of method of delivery. Applicants are encouraged to review the application process cited in 10 TAC §§51.8 and 51.12 and as described herein. Applications that do not meet minimum threshold criteria will not be considered for funding.

3) Limitation on Funds

a) The Department awards Veterans Housing Support Program funds to eligible organizations. The maximum award amount may not exceed $250,000, including project, administrative, and soft costs, per Program Activity.

b) Applicants may be eligible to receive up to four percent (4%) of project costs for funding for Administrative Costs. Administrative Costs may include:
i) Application intake and processing;
ii) Affirmative marketing and brochures;
iii) Travel costs for administration and contract training;
iv) Professional Services;
v) Construction and disbursement documentation preparation;
vi) Information services;
vii) Procurement of Contractor;
viii) Project document preparation;
ix) Schedule of values; and
x) Work write-up summary.

c) Soft costs are limited to ten percent (10%) of project costs. Soft Costs may include:
i) Application intake and processing;
ii) Inspections;
iii) Procurement of Contractor;
iv) Schedule of values; and
v) Work write-up summary.

4) Activity and Applicant Eligibility

a) Eligible and Prohibited Activities are specified in the Department's Housing Trust Fund Rule. Eligible Activities will include those permissible in 10 TAC §51.6. Prohibited Activities include those in 10 TAC §51.7.

b) Eligible Applicants are Units of General Local Government, Nonprofit Organizations, and Public Housing Agencies Authorities (PHA's). Applicants may be ineligible for funding if they meet any of the criteria listed in 10 TAC §51.8(d).

c) Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

5) Affordability Requirements

a) All Housing Trust Fund-assisted housing must follow the income qualification guidelines in 24 CFR §5.609 for VHA, VRA and VHAR and adjusted income guidelines in 24 CFR §5.611 for VRA.

b) Awarded organizations will provide the VHA and VHAR assistance to the homebuyer in the form of a loan. Each loan will be in the form of a zero percent (0%) interest, 10- year deferred forgivable loan with a term based on the Households AMFI and as further described in Section 9 of this NOFA. All loans to assisted homebuyers must be evidenced by loan documents provided by the Department and must be payable to the Department.

c) If at any time prior to the full loan period there occurs a resale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted Household's principal residence, the remaining loan balance shall become due and payable.

d) Forgiveness of the loan balance is calculated based on a pro-rata annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the pro-rata share number of years of the remaining loan term.

e) In the event the home is sold (voluntary or involuntary), the assisted Household will pay the loan balance from the shared net proceeds of the sale. The shared net proceeds are the sales price minus superior loan repayment (other than Veterans Housing Support Program funds) and any closing costs. A copy of the HUD closing statement must be provided.

6) Construction Standards and Requirements

a) Housing that is constructed or rehabilitated with HTF funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HTF-assisted new construction or rehabilitation must meet, as applicable, the

International Residential Code, the HOME Program Texas Minimum Construction Standards (TMCS) and be in compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code. In addition, housing that is rehabilitated with funds awarded under this NOFA must meet all applicable energy efficiency standards established by §2306.187 of the Texas Government Code, and energy standards as verified by RESCHECK.

b) 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 applicant utilizing federal or state funds administered by TDHCA in the construction of single family homes.

c) All other HTF-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the Housing Quality Standards in 24 CFR §982.401. When HTF funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards.

d) Housing that is assisted with HTF funds must comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4821–4846) and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. §§4851–4856).

e) Awarded organizations must comply with the requirements of §2156.062,Texas Government Code and the rules promulgated by the Office of the Governor under the Uniform Grant Management Act (Texas Government Code Chapter 783 and 1 Texas Administrative Code Chapter 5) for applicable procurement laws and procedures.

f) Rental units secured through VRA must be inspected prior to occupancy and must comply with the Housing Quality Standards in 24 CFR §982.401.

g) Awarded organizations must ensure that the demolition and removal of all dilapidated units on the lot occurs prior to the Household's occupancy of the Newly Constructed or Rehabilitated housing unit.

h) Awarded organizations must ensure and verify that each building construction contractor performing activities in the amount of $10,000 or more under the Contract is registered and maintains good standing with the Texas Residential Construction Commission in accordance with Chapters 401 and 416 of the Texas Property Code.

i) Awarded organizations must ensure and verify that each housing unit being rehabilitated in the amount of $10,000 or more under the Contract is registered with the Texas Residential Construction Commission in accordance with §426.003 of the Texas Property Code.

j) Awarded organizations must provide building construction contractor oversight and ensure builder's risk coverage is provided.

k) Awarded organizations must ensure that the demolition of any housing unit does not occur less than six (6) months prior to the Contract end date.

l) Awarded organizations must ensure a Certificate of Construction Completion must be submitted to the Department upon completion of construction-related activities.

7) Affirmative Marketing Program Requirements

a) Recipients of Housing Trust Funds must adopt affirmative marketing policies and procedures in furtherance of Texas' commitment to non-discrimination and equal opportunity in housing Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability.

b) The affirmative marketing requirements and procedures adopted must include:
   i) Methods for informing the public, owners, and potential tenants about Federal Fair Housing Laws and the awarded applicant's affirmative marketing policy (e.g., the use of the Equal Housing Opportunity logotype or slogan in press releases and solicitations for owners, and written communication to fair housing and other groups);
   ii) Requirements and practices each awarded applicants must adhere to in order to carry out the Department's affirmative marketing procedures and requirements (e.g., use of commercial media, use of community contacts, use of the Equal Housing Opportunity logotype or slogan, and display of fair housing poster);
   iii) Procedures to be used by awarded applicants to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach (e.g., use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies);
   iv) Records that will be kept describing actions taken by the awarded applicants and by owners to affirmatively market units and records to assess the results of these actions; and,
   v) A description of how the awarded applicants will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

8) Conflict of Interest

a) In the procurement of property and services by recipients of Housing Trust Funds, the conflict of interest provisions in 24 CFR 85.36 and §2306.5545 of the Texas Government Code apply.

b) No persons who exercise or have exercised any functions or responsibilities with respect to activities assisted with HTF funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HTF-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

c) The conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient which is receiving HTF funds.

9) Veterans Homebuyer Assistance (VHA) and Homebuyer Assistance with Rehabilitation (VHAR) Program Details

a) Funds released under this NOFA can be allocated to administer a Veterans Homebuyer Assistance Program (VHA) and Veterans Housing Assistance with Rehabilitation (VHAR), including downpayment and closing cost assistance to eligible veteran homebuyers for the acquisition, or acquisition and rehabilitation, of affordable and accessible single family housing. Eligible veteran homebuyers must not have owned a home in the three (3) years prior to the receipt of assistance.

b) Eligible veteran homebuyers may receive loans up to $35,000 for down payment, closing costs and rehabilitation. A maximum of $15,000 of the $35,000 loan can be used for down payment and closing costs. The balance of the assistance can be used for needed accessibility modifications.

   i) If the assisted household has an income that is less than sixty percent (60%) of the area median family income or if the head or co-head of the household is an income-qualified up to eighty percent (80%) AMFI disabled veteran, the assistance will be in the form of a zero percent (0%) interest 5-year deferred, forgivable loan creating a 2nd or 3rd lien.
   ii) If the household income is below eighty percent (80%) of the AMFI, but more than sixty percent (60%) of the AMFI, then the homebuyer assistance will be in the form of a zero percent (0%) interest 10-year deferred, forgivable loan creating a 2nd or 3rd lien.

c) The following first lien purchase loan requirements are imposed for households receiving Veteran Homebuyer Assistance:

   i) No adjustable rate mortgage loans (ARMs) are allowed.
   ii) No mortgages with a loan to value equal to or greater than one hundred percent (100%) are allowed;
   iii) No subprime mortgage loans are allowed;
   iv) An origination fee and any other fee associated with the mortgage loan may not exceed two percent (2%) of the loan amount; and
   v) The income ratio (back-end ratio) may not exceed forty-five percent (45%).

d) The contract term for the VHA and VHAR Program Activity shall not exceed twenty-four (24) months and performance under the contract will be evaluated according to the following benchmarks:

i) Six (6) months, 25% of funds must be committed;
ii) Twelve (12) months, 50% of funds must be committed, 25% of funds drawn;
iii) Eighteen (18) months, 75% of funds must be committed, 50% of funds drawn; and
iv) Twenty (24) months, 100% of funds must be committed and 100% of funds drawn.

10) VHA and VHAR Threshold Criteria

a) The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

i) **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least $35,000 to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are paid by program funds. Evidence of this commitment and the amount must be included in the Applicant's resolution and budget.

ii) **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment and the amount of cash reserves for use during the contract period, naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. The resolution must be signed and dated within the six months preceding the application deadline date.

iii) **Description of Demand**: It will be a threshold requirement to submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations and assumptions must be included.

iv) **Homebuyer Counseling:** It will be a threshold requirement for each applicant to submit the level of homebuyer counseling that will be provided. A minimum of 8 hours of homebuyer counseling must be provided. Evidence must include documentation describing the level of homebuyer counseling proposed, including post purchase counseling. Applicant must state who will provide the homebuyer counseling. A copy of the curriculum and a copy of the proposed written agreement for service provider (if the applicant is not providing the service) must also be provided.

11) Veterans Rental Assistance (VRA) Program Details

a) Funds released under this NOFA can be allocated toward the Veterans Rental Assistance Program to provide eligible households rental subsidies, including security and utility deposits to tenants earning eighty percent (80%) or less of the Area Median Family Income (AMFI) as defined by HUD.

b) The contract term for VRA shall not exceed 40 months, however, individual household assistance is limited to thirty-six (36) months.

c) The Household must comply with the following initial eligibility requirements: participate in an approved self-sufficiency program; maintain principal residency in the rental unit for which the subsidy is being provided; be an income eligible household; reside in a rental unit that is located within the Administrator's Service Area; and meet all other eligibility requirements.

d) Through the VRA program, rental subsidy and security and utility deposit assistance is provided to tenants as a grant, in accordance with written tenant selection policies, for a period not to exceed thirty-six (36) months, which shall include among its objectives the securing of a permanent source of affordable housing on or before the expiration of the rental subsidy. Security deposits and utility deposits may be provided in conjunction with rental assistance. A security deposit cannot exceed two (2) months rent for the unit.

e) The rental standard must not exceed HUD's "Fair Market Rent for the Housing Choice Voucher Program." Rental units must be inspected prior to occupancy and annually by a qualified HQS inspector, and must comply with Housing Quality Standards established by HUD in 24 CFR §982.401.

f) The contract term for the VRA Program shall not exceed 40 months and performance under the contract will be evaluated according to the following benchmarks:

   i) Six (6) months, application intake complete for thirty percent (30%) for Households to be assisted;
   ii) Twelve (12) months, application intake complete for seventy-five percent (75%) for Households to be assisted;
   iii) Eighteen (18) months, one-hundred percent (100%) of funds must be committed to Households to be assisted and twenty-five (25%) of funds drawn;
   iv) Twenty-four (24) months, one-hundred percent (100%) of funds already committed and thirty-five percent (35%) of funds drawn;
   v) Thirty-six (36) months, one-hundred percent (100%) of funds already committed and fifty percent (50%) of funds drawn; and
   vi) Forty (40) months, one-hundred percent (100%) of funds already committed and one-hundred percent (100%) of funds drawn.

12) Veterans Rental Assistance (VRA) Threshold Criteria

a) The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

i) **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least one month of rent for the number of households proposed to serve as stated in the application to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are reimbursed by program funds. Evidence of this commitment and the amount must be included in the Applicant's resolution and budget.

ii) **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment and amount of cash reserves for use during the contract period, , naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. The resolution must be signed and dated within the six months preceding the application deadline date.

iii) **Description of Demand**: It will be a threshold requirement to submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations and assumptions must be included.

iv) **VRA Self Sufficiency Program:** It will be a threshold requirement for each Applicant to submit a proposed detailed Self Sufficiency Plan and must describe the process for the transition of households to permanent housing by the end of the 36-month rental assistance contract term. The documentation must describe the necessary components for the overall plan proposed for transition of potential tenants. This plan, like a case management plan, should detail the need of the tenant, how these needs will be addressed including any agreements with service providers who shall assist the tenant at meeting these needs, and a proposed timeframe for completing those activities. The plan must include:

(a) A sample household budget which will utilize existing sources of income such as employment, disability payments and other types of support that details how the assisted household will afford to be self-sufficient by the end of the 36-month rental assistance.

(b) If additional income is required to attain self-sufficiency, a plan for attaining the required education or training, or a job search plan must be included.

(c) Specific housing goals that will be completed on or before the end of the 36-month assistance period include: finding permanently subsidized housing, affordable market housing or other permanent housing solutions. The plan should include the required steps such as completing an application, approximate waiting time to get into the type of housing desired and the cost of the housing to the tenant.

13) Application Review Process

a) The application review process is described in 10 TAC §51.12.

b) 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 as applicable. Applications will continue to be prioritized for funding based on their "received date". Applications will be reviewed for applicant and activity eligibility, and threshold criteria as described in this NOFA.

c) All Applicants will be processed through the Department's Application Evaluation System, and will include a previous award and past performance evaluation. Poor past performance may disqualify an Applicant for a funding recommendation or the recommendation may include conditions.

d) Applicants Must Meet or Exceed Threshold Criteria.
   i) The Department will ensure review of materials required under the NOFA and Application Guide and will issue a notice of any Administrative Deficiencies within 45 days of the received date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase will be reviewed for recommendation to the Board.
   ii) If a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated without being processed as an Administrative Deficiency.

e) Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HTF funds before an Application has been completely reviewed. 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 consider 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 that 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.

g) Funding recommendations of eligible Applicants will be presented to the Department's Governing Board of Directors based on eligibility and limited by the total amount of funds available under this NOFA and the maximum award amount.

14) Appeals and Dispute Resolutions

a) It is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009of the 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.

b) For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC, Subchapter A §1.17 and §2306.082, Texas Government Code.

c) An Applicant may appeal decisions made by staff in accordance with 10 TAC, Subchapter A §1.7.

15) Application Submission

a) All applications submitted under this NOFA must be received on or before **5:00 p.m. on Friday, May 1, 2009, regardless of method of delivery.**

b) The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. Question regarding this NOFA should be addressed to:

Texas Department of Housing & Community Affairs
Attn: Housing Trust Fund Program Administrator
HOME and Housing Trust Fund Programs Division
221 E. 11th Street
Austin, Texas 78701
Telephone: (512) 463-8921
E-mail: HTF@tdhca.state.tx.us

c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

d) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy of the Application materials provided on compact disc (CD-ROM or DVD-ROM).

e) All Application materials including manuals, NOFA, program guidelines, and all applicable HTF rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the Housing Trust Fund Program Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

f) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $30 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. Section §2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the Veterans Housing Support Program.

g) **Application Workshop:** the Department will present application workshops in locations throughout the State which will provide an overview of the Veterans Housing Support Program Activities eligible under this NOFA and will also provide Application preparation and submission requirements, evaluation criteria, and state and federal program information. The Application workshop schedule and registration will be posted on the Department's website at www.tdhca.state.tx.us.

h) **Audit Requirements:** An applicant is not eligible to apply for funds or any other assistance from the Department unless a past audit or Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b). This is a threshold requirement outlined in the application, therefore applications that have outstanding past audits will be disqualified. Staff will not recommend applications for funding to the Department's Governing Board unless all unresolved audit findings, questions or disallowed costs are resolved per 10 TAC §1.3(c).

i) Applications must be sent via overnight delivery to:

Texas Department of Housing & Community Affairs
HOME and Housing Trust Fund Programs Division
Attn: Housing Trust Fund Program Administrator
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

Texas Department of Housing & Community Affairs
HOME and Housing Trust Fund Programs Division
Attn: Housing Trust Fund, Program Administrator
Post Office Box 13941

Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular Housing Trust Fund Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable regulations.*

Texas Department of Housing and Community Affairs

Housing Trust Fund (HTF)

2009 Texas Homeownership SuperNOFA Program
Notice of Funding Availability (NOFA)

1) Summary

a) The Texas Department of Housing and Community Affairs ("the Department") announces the availability of $1,000,000 in funding from the Housing Trust Fund (HTF) 2009 appropriation to fund housing assistance programs. Funds will be made available for Homebuyer Assistance (HBA) and Housing Rehabilitation Assistance (HRA).

b) The availability and use of these funds is subject to the Department's Housing Trust Fund Rule at 10 TAC Chapter 51 ("HTF Program Rule") and Chapter 2306 of the Texas Government Code in effect at the time an application is submitted. Other regulations may also apply such as, but not limited to, 24 CFR §84.36 and §2306.5545 of the Texas Government Code for conflict of interest, 24 CFR §5.609 for income qualification, 24 CFR Part 5, subpart A for fair housing, and Chapter 2156 of the Texas Government Code and the Uniform Grant Management Act (Texas Government Code Chapter 783 and 1 Texas Administrative Code Chapter 5) for procurement. Applicants are encouraged to familiarize themselves with all of the applicable rules that govern the program.

2) Appropriation of Housing Trust Funds

a) Funds are made available through the Housing Trust Fund and are not subject to the Regional Allocation Formula. All funds released under this NOFA shall be used for the creation of affordable housing for eligible homebuyers earning fifty percent (50%) or less of the Area Median Family Income (AMFI) as defined by the U.S. Department of Housing and Urban Development (HUD).

b) This NOFA will be an Open Application Cycle and funding will be available on a first-come, first-served statewide basis (including Participating Jurisdictions). Applications will be accepted by the Department on regular business days until **5:00 p.m., Friday, May 1, 2009**, regardless of method of delivery. Applicants are encouraged to review the application process cited in 10 TAC §§51.8 and 51.12 and as described herein.

Applications that do not meet minimum threshold criteria will not be considered for funding.

3) **Limitation on Funds**

The Department awards 2009 Homeownership SuperNOFA funds to eligible organizations. The maximum award amount may not exceed $250,000, including project, administrative, and soft costs, per Program Activity.

a) Applicants may be eligible to receive up to four percent (4%) of project costs for funding for Administrative Costs. Administrative Costs may include:
   i) Application intake and processing;
   ii) Affirmative marketing and brochures;
   iii) Travel costs for administration and contract training;
   iv) Professional Services;
   v) Construction and disbursement documentation preparation;
   vi) Information services;
   vii) Procurement of Contractor;
   viii) Project document preparation;
   ix) Schedule of values; and
   x) Work write-up summary.

b) Soft costs are limited to ten percent (10%) of project costs. Soft Costs may include:
   i) Application intake and processing;
   ii) Inspections;
   iii) Procurement of Contractor;
   iv) Schedule of values; and
   v) Work write-up summary.

4) **Activity and Applicant Eligibility**

a) Eligible and Prohibited Activities are specified in the Department's Housing Trust Fund Rule. Eligible Activities will include those permissible in 10 TAC §51.6. Prohibited Activities include those in 10 TAC §51.7.

b) Eligible Applicants are Units of General Local Government, Nonprofit Organizations, and Public Housing Agencies Authorities (PHA's). Applicants may be ineligible for funding if they meet any of the criteria listed in 10 TAC §51.8(d).

c) Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

5) **Affordability Requirements**

a) All Housing Trust Fund-assisted housing must follow the income qualification guidelines in 24 CFR §5.609.

b) Awarded organizations will provide the Homeownership SuperNOFA Program assistance to the homebuyer in the form of a loan. Each loan will be in the form of a zero percent

(0%) interest, deferred forgivable loan with a term based on the Households AMFI and as further described in Section 9 of this NOFA. All loans to assisted homebuyers/homeowners must be evidenced by loan documents provided by the Department and must be payable to the Department.

c) If at any time prior to the full loan period there occurs a resale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted Household's principal residence, the remaining loan balance shall become due and payable.

d) Forgiveness of the loan balance is calculated based on a pro-rata annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the pro-rata share number of years of the remaining loan term.

e) In the event the home is sold (voluntary or involuntary), the assisted Household will pay the loan balance from the shared net proceeds of the sale. The shared net proceeds are the sales price minus superior loan repayment (other than Homeownership SuperNOFA Program funds) and any closing costs. A copy of the HUD closing statement must be provided.

6) Construction Standards and Requirements

a) Housing that is constructed or rehabilitated with HTF funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HTF-assisted new construction or rehabilitation must meet, as applicable, the International Residential Code, the HOME Program Texas Minimum Construction Standards (TMCS) and be in compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code. In addition, housing that is rehabilitated with funds awarded under this NOFA must meet all applicable energy efficiency standards established by §2306.187,Texas Government Code, and energy standards as verified by RESCHECK.

b) 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 applicant utilizing federal or state funds administered by TDHCA in the construction of single family homes.

c) All other HTF-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the Housing Quality Standards in 24 CFR §982.401. When HTF funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards.

d) Housing that is assisted with HTF funds must comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4821–4846) and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. §§4851–4856).

e) Awarded organizations must comply with the requirements of §2156.062,Texas Government Code and the rules promulgated by the Office of the Governor under the Uniform Grant Management Act (Texas Government Code Chapter 783 and 1 Texas Administrative Code Chapter 5) for applicable procurement laws and procedures.

f) Awarded organizations must ensure that the demolition and removal of all dilapidated units on the lot occurs prior to the Household's occupancy of the Newly Constructed or Rehabilitated housing unit.

g) Awarded organizations must ensure and verify that each building construction contractor performing activities in the amount of $10,000 or more under the Contract is registered and maintains good standing with the Texas Residential Construction Commission in accordance with Chapters 401 and 416 of the Texas Property Code.

h) Awarded organizations must ensure and verify that each housing unit being rehabilitated in the amount of $10,000 or more under the Contract is registered with the Texas Residential Construction Commission in accordance with §426.003 of the Texas Property Code.

i) Awarded organizations must provide building construction contractor oversight and ensure builder's risk coverage is provided.

j) Awarded organizations must ensure that the demolition of any housing unit does not occur less than six (6) months prior to the Contract end date.

k) Awarded organizations must ensure a Certificate of Construction Completion must be submitted to the Department upon completion of construction-related activities.

7) Affirmative Marketing Program Requirements

a) Recipients of Housing Trust Funds must adopt affirmative marketing policies and procedures in furtherance of Texas' commitment to non-discrimination and equal opportunity in housing Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability.

b) The affirmative marketing requirements and procedures adopted must include:
   i) Methods for informing the public, owners, and potential tenants about Federal Fair Housing Laws and the awarded applicant's affirmative marketing policy (e.g., the use of the Equal Housing Opportunity logotype or slogan in press releases and solicitations for owners, and written communication to fair housing and other groups);

ii) Requirements and practices each awarded applicant must adhere to in order to carry out the Department's affirmative marketing procedures and requirements (e.g., use of commercial media, use of community contacts, use of the Equal Housing Opportunity logotype or slogan, and display of fair housing poster);
iii) Procedures to be used by awarded applicants to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach (e.g., use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies);
iv) Records that will be kept describing actions taken by the awarded applicants and by owners to affirmatively market units and records to assess the results of these actions; and
v) A description of how the awarded applicants will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

8) Conflict of Interest

a) In the procurement of property and services by recipients of Housing Trust Funds, the conflict of interest provisions in 24 CFR 85.36 and §2306.5545 of the Texas Government Code apply.

b) No persons who exercise or have exercised any functions or responsibilities with respect to activities assisted with HTF funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HTF-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

c) The conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient which is receiving HTF funds.

9) Homebuyer Assistance Program Details

a) Funds released under this NOFA can be allocated to administer a Homebuyer Assistance (HBA), including downpayment and closing cost assistance to eligible homebuyers for the acquisition of affordable and accessible single family housing. Eligible first-time homebuyers must not have owned a home in the three (3) years prior to the receipt of assistance.

b) Eligible homebuyers may receive loans up to $10,000 for down payment, gap financing and closing costs.

i) If the assisted household has an income that is less than fifty percent (50%) of the area median family income, the assistance will be in the form of a zero percent (0%) interest 10-year deferred, forgivable loan creating a 2nd or 3rd lien.

ii) If the household income is below fifty percent (30%) of the AMFI, the assistance will be in the form of a zero percent (0%) interest 5-year deferred, forgivable loan creating a 2nd or 3rd lien.

c) The following first lien purchase loan requirements are imposed for households receiving assistance:
   i) No adjustable rate mortgage loans (ARMs) are allowed.
   ii) No mortgages with a loan to value equal to or greater than one hundred percent (100%) are allowed;
   iii) No subprime mortgage loans are allowed;
   iv) An origination fee and any other fee associated with the mortgage loan may not exceed two percent (2%) of the loan amount; and
   v) The income ratio (back-end ratio) may not exceed forty-five percent (45%).

d) The contract term for the HBA Program Activity shall not exceed twenty-four (24) months and performance under the contract will be evaluated according to the following benchmarks:

   i) Six (6) months, twenty-five (25%) of funds must be committed;
   ii) Twelve (12) months, fifty percent (50%) of funds must be committed, twenty-five (25%) of funds drawn;
   iii) Eighteen (18) months, seventy-five percent (75%) of funds must be committed, fifty percent (50%) of funds drawn; and
   iv) Twenty (24) months, (one-hundred percent (100%) of funds already committed and one-hundred percent (100%) of funds drawn.

10) Homebuyer Assistance Threshold Criteria

a) The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

   i) **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least $30,000 to facilitate administration of the program during the Department’s disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are paid by program funds. Evidence of this commitment and the amount must be included in the Applicant’s resolution and budget.
   ii) **Resolution:** All applications submitted must include an **original** resolution from the Applicant’s direct governing body, authorizing the submission of the Application, commitment and the amount of cash reserves for use during the contract period, naming of a person and the person’s title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services

such as child care, nutrition programs, job training assistance, health services, or human services. The resolution must be signed and dated within the six months preceding the application deadline date.

iii) **Description of Demand**: It will be a threshold requirement to submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations and assumptions must be included.

iv) **Homebuyer Counseling:** It will be a threshold requirement for each applicant to submit the level of homebuyer counseling that will be provided. A minimum of 8 hours of homebuyer counseling must be provided. Evidence must include documentation describing the level of homebuyer counseling proposed, including post purchase counseling. Applicant must state who will provide the homebuyer counseling. A copy of the curriculum and a copy of the proposed written agreement for service provider (if the applicant is not providing the service) must also be provided.

11) Housing Rehabilitation Assistance Program Details

a) Funds released under this NOFA can be allocated to administer a Housing Rehabilitation Assistance (HRA) for eligible homeowners for the rehabilitation of owner-occupied single family housing. The homeowner must own the property and it must be the principal residence of the homeowner.

b) Eligible homebuyers may receive loans up to $30,000 for rehabilitation costs, including barrier removal.

i) If the assisted household has an income that is less than fifty percent (50%) of the area median family income, the assistance will be in the form of a zero percent (0%) interest 20-year deferred, forgivable loan creating a 1st, 2nd, or 3rd lien.

ii) If the household income is below thirty percent (30%) of the AMFI, the assistance will be in the form of a zero percent (0%) interest 10-year deferred, forgivable loan creating a 1st, 2nd, or 3rd lien.

c) The contract term for the HRA Program Activity shall not exceed twenty-four (24) months and performance under the contract will be evaluated according to the following benchmarks:

i) Six (6) months, twenty-five (25%) of funds must be committed;

ii) Twelve (12) months, fifty percent (50%) of funds must be committed, twenty-five (25%) of funds drawn;

iii) Eighteen (18) months, seventy-five percent (75%) of funds must be committed, fifty percent (50%) of funds drawn; and

iv) Twenty (24) months, (one-hundred percent (100%) of funds already committed and one-hundred percent (100%) of funds drawn.

12) Housing Rehabilitation Assistance Threshold Criteria

a) The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

   i) **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least $30,000 to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are paid by program funds. Evidence of this commitment and the amount must be included in the Applicant's resolution and budget.
   ii) **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment and the amount of cash reserves for use during the contract period, naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. The resolution must be signed and dated within the six months preceding the application deadline date.
   iii) **Description of Demand**: It will be a threshold requirement to submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations and assumptions must be included.

13) Application Review Process

a) The application review process is described in 10 TAC §51.12.

b) 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 as applicable. Applications will continue to be prioritized for funding based on their "received date". Applications will be reviewed for applicant and activity eligibility, and threshold criteria as described in this NOFA.

c) All Applicants will be processed through the Department's Application Evaluation System, and will include a previous award and past performance evaluation. Poor past performance may disqualify an Applicant for a funding recommendation or the recommendation may include conditions.

d) Applicants Must Meet or Exceed Threshold Criteria.
   i) The Department will ensure review of materials required under the NOFA and Application Guide and will issue a notice of any Administrative Deficiencies within forty-five (45) days of the received date. Applications with Administrative

Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase will be reviewed for recommendation to the Board.

ii) If a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated without being processed as an Administrative Deficiency.

e) Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HTF funds before an Application has been completely reviewed. 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 consider 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 that 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.

g) Funding recommendations of eligible Applicants will be presented to the Department's Governing Board of Directors based on eligibility and limited by the total amount of funds available under this NOFA and the maximum award amount.

14) Appeals and Dispute Resolutions

a) 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 of the Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154 of the 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.

b) For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC, Subchapter A §1.17 and §2306.082, Texas Government Code.

c) An Applicant may appeal decisions made by staff in accordance with 10 TAC, Subchapter A §1.7.

15) Application Submission

a) All applications submitted under this NOFA must be received on or before **5:00 p.m. on May 1, 2009, regardless of method of delivery.**

b) The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. Question regarding this NOFA should be addressed to:

Texas Department of Housing & Community Affairs
Attn: Housing Trust Fund Program Administrator
HOME and Housing Trust Fund Programs Division
221 E. 11th Street
Austin, Texas 78701
Telephone: (512) 463-8921
E-mail: HTF@tdhca.state.tx.us

c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

d) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy of the Application materials provided on compact disc (CD-ROM or DVD-ROM).

e) All Application materials including manuals, NOFA, program guidelines, and all applicable HTF rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the Housing Trust Fund Program Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

f) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $30 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. Section 2306.147(b)of theTexas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the Homeownership SuperNOFA Program.

g) **Application Workshop:** the Department will present application workshops in locations throughout the State which will provide an overview of the Homeownership SuperNOFA Program Activities eligible under this NOFA and will also provide Application preparation and submission requirements, evaluation criteria, and state and federal program information. The Application workshop schedule and registration will be posted on the Department's website at www.tdhca.state.tx.us.

h) **Audit Requirements:** An applicant is not eligible to apply for funds or any other assistance from the Department unless a past audit or Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b). This is a threshold requirement outlined in the application, therefore applications that have outstanding past audits will be disqualified. Staff will not recommend applications for funding to the Department's Governing Board unless all unresolved audit findings, questions or disallowed costs are resolved per 10 TAC §1.3(c).

i) Applications must be sent via overnight delivery to:

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HOME and Housing Trust Fund Programs Division
Attn: Housing Trust Fund Program Administrator
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

Texas Department of Housing & Community Affairs
HOME and Housing Trust Fund Programs Division
Attn: Housing Trust Fund, Program Administrator
Post Office Box 13941
Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular Housing Trust Fund Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable regulations.*

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
December 18, 2008

Action Item

Housing Tax Credit Amendments.

Requested Action

Approve, amend or deny the requests for amendments.

Background and Recommendations

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a "material alteration," would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

The requests and pertinent facts about the affected developments are summarized below. The recommendation of staff is included at the end of each write-up.

Limitations on the Approval of Amendment Requests

The approval of a request to amend an application does not exempt a development from the requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes or other statutory requirements that are not within the Board's purview. Notwithstanding information that the Department may provide as assistance, the development owner retains the ultimate responsibility for determining and implementing the courses of action that will satisfy applicable regulations.

Penalties for Amendment Requests

§50.9(c), 2008 Qualified Allocation Plan and Rules, entitled, "Adherence to Obligations," states in part:

> If a Development Owner does not produce the Development as represented in the Application; does not receive approval for an amendment to the Application by the Department prior to implementation of such amendment; or does not provide the necessary evidence for any points received by the required deadline:
>
> (1) The Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and
>
> (2) The Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:
>
> (A) Reduce the score for Applications for Competitive Housing Tax Credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by up to ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board.
>
> (B) Prohibit eligibility to apply for Housing Tax Credits for a Tax-Exempt Bond Development that are [sic] submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for up to 24 months from the date that the non-

conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board, less any time delay caused by the Department.

(C) In addition to, or in lieu of, the penalty in subparagraph A or B of this paragraph, the Board may assess a penalty fee of up to $1,000 per day for each violation.

<u>HTC No. 01004, Fulton Village Apartments (forward commitment, fka 00134)</u>

<u>Summary of Request</u>: The owner is requesting approval to substitute a nonprofit organization in the place of the Historically Underutilized Business (HUB) that was originally proposed to control the general partner. The HUB to be replaced is ProConnection, Inc. A subsidiary of APV Redevelopment Corporation (APV) would be the replacement. APV is a nonprofit organization controlled by the Housing Authority of the City of Houston via board members in common.

The presence of the HUB scored five points in the application. The application was the second highest scoring application in Houston and was approved for an award as a forward commitment. However, staff could not verify that the score determined the award of the forward commitment or, conversely, if a reduction of the score would have precluded making the award.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	Fulton Village Apartments, L.P.
General Partner:	Fulton Village Investments, LLC
Developers:	Dorothy & Robert Burchfield
Principals/Interested Parties:	Victory Street Public Facility Corporation (controlled by Housing Authority of the City of Houston); Dorothy & Robert Burchfield; William R. Paro; Richard McCauley; ProConnection, Inc.
Syndicator:	Hudson Housing Capital
Construction Lender:	HOPE VI Loan from Victory Street Public Facility Corporation
Permanent Lender:	HOPE VI Loan from Victory Street Public Facility Corporation
Other Funding:	NA
City/County:	Houston/Harris
Set-Aside:	General Population
Type of Area:	Urban
Region:	6
Type of Development:	New Construction
Population Served:	General Population
Units:	81 HTC units and 27 market rate units
2001 Allocation:	$573,256
Allocation per HTC Unit:	$7,077
Prior Board Actions:	7/01 – Approved award of tax credits\ 12/20/05 – Approved amendment (attached to letter of request)
Underwriting Reevaluation:	The proposed change to a non-profit controlled general partner would have no additional impact to the underwriting as the property was, at the latest re-underwriting, anticipated to have a 100% property tax-exemption.
Staff Recommendation:	**There is no provision in the QAP for staff to approve or recommend approval of the proposed change. However, staff does recognize that the Board has approved nonprofit organizations to be substituted for HUB entities in the past.**
Penalty Assessment:	**No penalty is recommended because the Board's approval has been requested prior to implementing the changes.**

HTC No. 05082, Sphinx at Luxar Villas

Summary of Request: The owner is requesting approval for changes in the site plan, unit plans, and parking facilities. The owner stated that the changes were made to avoid crossing the easement for a natural gas line at the rear of the site. Because of the changes, the site plan was finalized with slightly more of the rear of the site left vacant than was originally planned.

Overlaying the final site plan on the original plan indicated that the original had one building near the easement and a playground and gazebo in the easement. Therefore, the site plan required little adjustment to arrive at the final configuration and the final plan was similar to the original.

The principal changes in the unit plans were that 15 half-bathrooms were eliminated and the architect certified that the total net rentable area (NRA) of the development increased from 102,923 to 105,707 square feet, an increase of 2,784 square feet or approximately 2.7%. The half-bathrooms were removed from 15 of 27 three-bedroom units that were originally proposed to have 2.5 bathrooms, reducing the number of three-bedroom units with 2.5 bathrooms to 12. The table below shows the effect of the changes on the units that were involved.

	Application			Amendment		
Units	Number	Size	NRA	Number	Size	NRA
3BR/2.5Bath	27	1,195	32,265	12	1,256	15,072
3BR/2Bath	8	1,226	9,808	23	1,295	29,785
Total	35		42,073	35		44,857

The plans showed that the two-bathroom plan and 2.5 bathroom plan were equivalent in that both had bathroom facilities on each of the two floors in each plan and neither had more than two bedrooms sharing a bathroom. The difference between the plans was that the 2.5 bathroom plan had a half-bathroom and no bedrooms on the first floor and three bedrooms and two bathrooms on the second floor while the two-bathroom plan had a bedroom and a bathroom on the first floor and two bedrooms and a bathroom on the second floor. The changes just described were of the same form for the subject development and for Sphinx at Reese Court, HTC No. 05095, described in the next write-up below.

The application contained a discrepancy between the rent schedule, and the Building/Unit Type Configuration form in agreement with the architectural plans. The discrepancy concerned four unit types identified in the rent schedule as 1,057 square feet, 1,005 square feet, 1,044 square feet and 974 square feet. The difference among the three exhibits was that the rent schedule showed each of the subject units to have 2.5 bathrooms while the other two exhibits showed that the same units each had 1.5 bathrooms. These units were built with 1.5 bathrooms as drawn in the plans and tabulated in the Building/Unit Type Configuration form. The development was originally underwritten with the extra half bath and square footages shown on the rent schedule. The final construction was identified as being inconsistent with the original underwriting and the difference was cited as a deficiency at cost certification and now requires the Board's approval. Neither scoring nor Threshold were affected. (The foregoing discrepancy was also present in 05095 below.)

The limited reduction in the half bath for 15 units is offset by the increase in overall unit square footage and by the second full bath now being available on the first floor.

Regarding the parking facilities, the application proposed 240 open spaces and 100 carports. Upon completion, the applicant's letter stated that there were 135 open spaces, and the architect's certification stated there were 40 garages and 60 carports. Therefore, the final number of parking spaces of all types was 235. The final parking ratio was 2.4 spaces per unit and the parking was in compliance with city code.

This owner received a Binding Agreement for additional credit out of the 2008 credit ceiling. The IRS Forms 8609 must be issued by the end of this year or the owner will have to forfeit the additional credits. This amendment must be resolved and the LURA be filed to issue the Forms 8609.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	SDC Luxar Investments, LP
General Partner:	SDC Luxar Development, LLC
Developers:	Sphinx Development Corporation
Principals/Interested Parties:	Operation Relief Center, Inc. (Nonprofit); Jay Oji; Joseph Agumadu
Syndicator:	Wachovia Securities
Construction Lender:	Wachovia Bank
Permanent Lender:	Wachovia Bank
Other Funding:	NA
City/County:	Dallas/Dallas
Set-Aside:	General Population
Type of Area:	Urban
Region:	3
Type of Development:	New Construction
Population Served:	General Population
Units:	96 HTC units and 4 market rate units
2005 Allocation:	$858,445 plus a 2008 supplemental
Allocation per HTC Unit:	$8,942
Prior Board Actions:	7/05 – Approved award of tax credits
Underwriting Reevaluation:	Based on the revised information provided, staff concluded that the transaction would meet the Department's 2008 Real Estate Analysis Rules and Guidelines if approved. The final amount of the tax credits to be allocated will be determined when staff completes its review of the cost certification.
Staff Recommendation:	**Staff recommends approving the request. The changes in the parking facilities were de minimus; the elimination of the 15 half baths was compensated by the increase in square footage.**
Penalty Assessment:	**Staff recommends the assessment of appropriate penalties, pursuant to §50.9(c) of the QAP, because the request was made after the implementation of the changes.**

HTC No. 05095, Sphinx at Reese Court Apartments

Summary of Request: The owner requested approval to change the site plan, number of buildings, unit plans and parking facilities. The owner stated that the site plan and building count were changed to accommodate a detention facility and to comply with unexpected zoning provisions that required the three-story ends of the proposed buildings to be located in certain parts of the subject site and the two-story ends to be located toward the residential development of the surrounding area. In the end, the owner said that the proposed six residential buildings were converted into seven buildings and distributed over the site as the City of Dallas required.

The owner stated that the number of units and unit types and sizes remained the same except for the three-bedroom units. The owner stated that the total NRA increased 2.7% from 82,042 to 84,238 square feet, all in the three-bedroom units. The final unit schedule showed that 14 less three-bedroom units with 2.5 bathrooms and 14 more three-bedroom units with two bathrooms were built than proposed. The three-bedroom units were changed as indicated in the table below.

	Application			Amendment		
Units	Number	Size	NRA	Number	Size	NRA
3BR/2.5Bath	18	1,195	21,510	4	1,256	5,024
3BR/2Bath	8	1,226	9,808	22	1,295	28,490
Total	26		31,318	26		33,514

The plans showed that the two-bathroom plan and 2.5 bathroom plan were equivalent in that both had bathroom facilities on each of the two floors in each plan and neither had more than two bedrooms sharing a bathroom. The difference between the plans was that the 2.5 bathroom plan had a half-bathroom and no bedrooms on the first floor and three bedrooms and two bathrooms on the second floor while the two-bathroom plan had a bedroom and a bathroom on the first floor and two bedrooms and a bathroom on the second floor. The changes just described were of the same form for the subject development and for Sphinx at Luxar, HTC No. 05082, described in the previous write-up above.

The application contained a discrepancy between the rent schedule, and the Building/Unit Type Configuration form in agreement with the architectural plans. The discrepancy concerned four unit types identified in the rent schedule as 1,057 square feet, 1,005 square feet, 1,044 square feet and 974 square feet. The difference among the three exhibits was that the rent schedule showed each of the subject units to have 2.5 bathrooms while the other two exhibits showed that the same units each had 1.5 bathrooms. These units were built with 1.5 bathrooms as drawn in the plans and tabulated in the Building/Unit Type Configuration form. The development was originally underwritten with the extra half bath and square footages shown on the rent schedule. The final construction was identified as being inconsistent with the original underwriting and the difference was cited as a deficiency at cost certification and now requires the Board's approval. Neither scoring nor Threshold were affected. (The foregoing discrepancy was also present in 05082 above.)

The limited reduction in the half bath for 14 units is offset by the increase in overall unit square footage and by the second full bath now being available on the first floor.

The owner stated the changes in the parking facilities, like the site plan, were a product of City of Dallas requirements. According to the owner, it was necessary to alter the parking arrangements in response to the factors already discussed and because of the steep topography of the site. The application indicated that the development would have 172 open parking spaces and 28 garages. The owner's letter reported the numbers as 57 open parking spaces, 26 garages and 56 carports. Therefore, according to the owner, the total number of parking spaces built was reduced from 200 to 139, but with 56 additional carports and two less garages. The final parking ratio was 1.7 spaces per unit. The parking facilities complied with city code.

This owner received a Binding Agreement for additional credit out of the 2008 credit ceiling. The IRS Forms 8609 must be issued by the end of this year or the owner will have to forfeit the additional credits. This amendment must be resolved and the LURA be filed to issue the Forms 8609.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	SDC Luxar Investments, LP
General Partner:	SDC Luxar Development, LLC
Developers:	Sphinx Development Corporation
Principals/Interested Parties:	Operation Relief Center, Inc. (Nonprofit); Jay Oji; Joseph Agumadu
Syndicator:	Wachovia Securities
Construction Lender:	Wachovia Bank
Permanent Lender:	Wachovia Bank
Other Funding:	NA
City/County:	Dallas/Dallas
Set-Aside:	General Population
Type of Area:	Urban
Region:	3
Type of Development:	New Construction
Population Served:	General Population
Units:	80 HTC units
2005 Allocation:	$597,776 plus a 2008 supplemental
Allocation per HTC Unit:	$7,472
Prior Board Actions:	7/05 – Approved award of tax credits
Underwriting Reevaluation:	Based on the revised information provided, staff concluded that the transaction would meet the Department's 2008 Real Estate Analysis Rules and Guidelines if approved. The final amount of the tax credits to be allocated will be determined when staff completes its review of the cost certification.
Staff Recommendation:	**Staff recommends approving the request. The changes in the parking facilities were de minimus; the elimination of the 14 half baths was compensated by the increase in square footage.**
Penalty Assessment:	**Staff recommends the assessment of appropriate penalties, pursuant to §50.9(c) of the QAP, because the request was made after the implementation of the changes.**

<u>HTC No. 060408, Amberwood Apartments</u>

<u>Summary of Request</u>: The owner requested approval to waive the Threshold requirement to have ceiling fans in the living room and all bedrooms. Ceiling fans are present in all bedrooms but not in the living room. The owner requested that the Board accept upgraded HVAC systems in substitution for the ceiling fans that were not installed.

The owner stated that the original development proposal included a proposal to spend $557,000 to replace the condensers and air-handlers in all units. Staff verified this proposal, including the amount of the expenditure, in the property condition assessment. The owner also stated that the replacement HVAC systems were upgraded so that the total cost of the replacement units was $677,000. According to the owner the difference of $120,000 between the original proposal and the final installations was in excess of the $21,700 that ceiling fans in the living rooms would have cost. The application, including the property condition assessment, did not state the efficiency rating or other comparative physical specifications of the HVAC equipment that was present or proposed. Therefore, only the costs that were stated provide evidence of the original intentions in the application and of the amended proposal.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	Amberwood PacifiCap
General Partner:	PacifiCap Holdings XXXIX, LLC
Developers:	PacifiCap Properties Group
Principals/Interested Parties:	Chad Rennaker, Jason Rennaker
Syndicator:	Red Capital Community Development Company, LLC
Construction Lender:	Wachovia Bank
Permanent Lender:	Wachovia Bank
Other Funding:	Tax-Exempt Bond Financing (El Paso HFC, issuer)
City/County:	El Paso/El Paso
Set-Aside:	General Population
Type of Area:	Urban
Region:	13
Type of Development:	Rehabilitation
Population Served:	General Population
Units:	310 HTC units
2006 Allocation:	$489,934
Allocation per HTC Unit:	$1,580
Prior Board Actions:	7/06 – Approved award of tax credits
Underwriting Reevaluation:	A review of current operating information indicated that the credit recommendation would not be affected by the omission of ceiling fans in the unit bedrooms. Furthermore, the property condition assessment did not contemplate the cost of installing ceiling fans in the development budget. It does not appear that the change would have materially impacted underwriting the transaction and no change in the amount of the award is recommended.
Staff Recommendation:	**Staff recommends denying the request because having ceiling fans in the designated areas was a Threshold requirement and the development would not have been recommended for an award if the owner had not certified that the ceiling fans would be present.**
Penalty Assessment:	**Staff recommends the assessment of appropriate penalties, pursuant to §50.9(c) of the QAP, because the request is made after the implementation of the changes.**

HTC No. 07309, Glenwood Trails Apartments

Summary of Request: The owner requested approval to downsize the development so that construction would be feasible with the allocation awarded in 2007 as supplemented by the Board on November 13, 2008. The downsizing would change the site plan, reduce the number of residential buildings from nineteen to sixteen and reduce the number of units from 114 to 96. The change in the unit mix and net rentable area are given in the table below.

		Application			Amendment		
Target	Units	Number	Size	NRA	Number	Size	NRA
30%	1BR/1Bath	3	750	2,250	3	750	2,250
60%	1BR/1Bath	21	750	15,750	17	750	12,750
30%	2BR/2Bath	6	950	5,700	4	950	3,800
60%	2BR/2Bath	50	950	47,500	42	950	39,900
30%	3BR/2Bath	3	1,120	3,360	3	1,120	3,360
60%	3BR/2Bath	31	1,120	34,720	27	1,120	30,240
	Total	114		109,280	96		92,300

The number of units targeted for tenants at rent and income levels below 60% of AMGI would decrease under the new development proposal from twelve to ten but the percentage of such units would only decrease by 0.1%, from 10.5% to 10.4%.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a modification of the number of units or bedroom mix of units and other modifications considered significant by the board.
Owner:	Glenwood Trails, LP
General Partner:	Glenwood Trails Partners, LLC
Developers:	Kilday Realty Corporation
Principals/Interested Parties:	Les, Richard and Dianne Kilday
Syndicator:	MMA Financial
Construction Lender:	Bank of America
Permanent Lender:	Bank of America
Other Funding:	Southeast Texas Housing Finance Corporation
City/County:	Deer Park/Harris
Set-Aside:	General Population
Type of Area:	Urban/Exurban
Region:	6
Type of Development:	New Construction
Population Served:	General Population
Units:	114 HTC units
2007 Allocation:	$942,176 (plus $232,485 added in November)
Allocation per HTC Unit:	$10,304 based on 114 units and all allocations to date $12,236 based on 96 units and all allocations to date
Prior Board Actions:	7/07 – Approved award of tax credits
Underwriting Reevaluation:	The underwriting addendum supports the continued feasibility of the original number of units and suggests a reduction in credits may be required if the reduced number of units is accepted.
Staff Recommendation:	**Staff does not recommend approving the request to allow the owner to reengineer the development after the allocation of additional funds at the November 13, 2008 Board meeting as doing so would render the original application and allocation process entirely void.**
Penalty Assessment:	**No penalty is recommended because request is prior to implementation.**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Ben Sheppard,
Multifamily Finance Production Division

From: David Burrell,
Real Estate Analysis Division

Date: November 20, 2008

Re: Request for Change in General Partner of the Partnership
Fulton Village Apartments, Houston, Texas, TDHCA #01004 (fka 00134)

In accordance with your request for an evaluation of the proposed new general partner (an LLC to be formed) by the Houston Housing Authority, I have completed my review and have found the proposal to be satisfactory. The Houston Housing Authority currently has a controlled non-profit corporation (Fulton Village Redevelopment Corporation) that has a .01% ownership interest and is serving as a limited partner in the partnership. Now, the Houston Housing Authority has contracted to acquire the .01% ownership interest of the current general partner, Pro-Connection, Inc. which is a HUB. The new, To Be Formed LLC substitute managing General Partner will be a limited liability company and will be 100% owned by APV Re-Development Corporation. APV Redevelopment Corporation is a 501c(3) organization that was organized by and is under the control of the Houston Housing Authority

My review covers the financial capability of the proposed and existing organizations, but not the scoring issue whereby 5 points were given to the development at application because of the HUB General Partner participation.

The new "To Be Formed LLC" does not have financial statements; however, I have reviewed the financial statements, balance sheets and other current and historical information relating to the Houston Housing Authority and the APV Redevelopment Corporation, and have found that the To Be Formed LLC under the creation and control of the HHA and APV Redevelopment Corporation have the financial capacity and experience to participate in the program as General Partner of the subject development.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS 3rd ADDENDUM

DATE: November 21, 2005 **PROGRAM:** 9% LIHTC **FILE NUMBER:** 00134/01004

DEVELOPMENT NAME

Fulton Village Apartments

APPLICANT

Name: Fulton Village Apartments, L.P. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 2123 Governor's Circle **City:** Houston **State:** TX

Zip: 77092 **Contact:** Dorothy Burchfield **Phone:** (713) 956-5956 **Fax:** (713) 956-0166

PRINCIPALS of the APPLICANT

Name	(%)	Title
Fulton Village Investments, LLC (FVI)	0.01	General Partner
JER Hudson Housing Capital	99.99	Limited Partner
Housing Authority of the City of Houston (HACH)	n/a	Initial Limited Partner*
Dorothy Burchfield	n/a	69% Owner of GP
William R. Paro	n/a	23% Owner of GP
Robert R. Burchfield	n/a	7% Owner of GP
Richard McCauley	n/a	1% Owner of GP

*HACH will also serve as the HOPE VI conduit for development funds and provide ongoing operation subsidy through its Annual Contributions Contract (ACC) with HUD

GENERAL PARTNER

Name: Fulton Village Investments, LLC (FVI) **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 2123 Governor's Circle **City:** Houston **State:** TX

Zip: 77092 **Contact:** Dorothy Burchfield **Phone:** (713) 956-5956 **Fax:** (713) 956-0166

PROPERTY LOCATION

Location: 3300 Elser Street ☒ **QCT** ☐ **DDA**

City: Houston **County:** Harris **Zip:** 77009

REQUEST

Amount	Interest Rate	Amortization	Term
$573,256	n/a	n/a	n/a

Other Requested Terms: Annual ten-year allocation of low-income housing tax credits- awarded as 2000 forward commitment for 2001.

Proposed Use of Funds: New Construction **Set-Aside:** ☒ General ☐ Rural ☐ Non-Profit

ADDENDUM

Fulton Village Apartments was originally underwritten during the 2000 9% LIHTC cycle and subsequently received a forward commitment for 2001 annual tax credits in the amount of $573,256 based on a more restrictive than typical rent rate pattern. The Development's loan is being funded with HOPEVI proceeds through HACH which provided a non-conventional rate and term. In conjunction with the cost certification, the Owner has requested approval for a change in the rental rate structure of the development in order to eliminate discrepancies between the Department's and HUD's rent restrictions. It should be noted that the Owner's request stems from a review of the development's Land Use Restriction Agreement (LURA) by Compliance staff and staff's request that the property be re-underwritten to determine if the property could operate with standard income and rent levels without changing the owner's allocated credit amount. The Department originally restricted this development to maintain target rent set-aside levels of 27 units at 55% of AMGI, 27 units at 40% of AMGI and 27 units at 15% of AMGI with the remaining units offered at market rents. At cost certification the owner has proposed the following rental rate structure: 27 units at 30%, 27 units at 40% and 27 units at 50% with the remaining units offered at market rents.

The Owner's rent schedule at cost certification reflects the set-asides proposed and results in a potential gross rent estimate that is $99K or 14% lower than the Underwriter's estimate using proposed revised maximum HTC rents. The owner's operating expense estimate at cost certification is $27K or 9% higher than the Underwriter's current estimate. It should be noted that the Owner provided actual operating statements for the development for the entire 2004 fiscal year and for January through September of the current year. The Underwriter utilized this information for purposes of comparing the Owner's estimates to the Underwriter's estimates. While the Owner's income and expense estimates provide an acceptable 1.11 DCR, the Underwriter's estimates afford the project a significantly higher 1.73 DCR. It should be noted that the resulting debt coverage ratio for both the Owner and Underwriter is based upon the related party favorable financing of the permanent first lien mortgage amount which is currently amortized over 45 years at an interest rate of 5.12%. In order to determine whether the actual debt amount for this development could be considered a fair amount and consistent with the analysis in the original underwriting report for determining the gap analysis, the Underwriter's analysis utilized an amortization of 30 years and a 7% interest rate to determine if the actual debt amount could be reasonably expected to be serviced at an acceptable 1.10 to 1.30 DCR if it were conventionally financed and if the proposed rent set-asides were utilized. As a result, if the loan were repayable at a 30-year term and 7% interest rate the resulting DCR would be 1.23, which falls within the Department's guidelines. Therefore additional financing to reduce the gap of tax credit syndication proceeds needed is not recommended.

The Owner's actual and certified total development cost budget is $161K or 2% higher than that originally estimated at application and $541K or 7% higher than the Underwriter's estimate in 2001. At cost certification, the Owner's actual direct construction costs are $103K or 2% lower than the Underwriter's current Marshall & Swift *Residential Cost Handbook*-derived estimate. Overall, the Owner's total actual development cost estimate is within 5% of the Underwriter's estimate. Therefore, Owner's actual costs are used to determine the project's funding needs and eligible basis of $8,075,824. The development's actual eligible basis qualifies the Owner to receive more credits, however since this was a 9% transaction, it is limited to receive the $573,256 originally awarded.

As indicated above the Owner's total actual development costs were used to determine the project's eligible basis and resulting tax credit allocation. The Underwriter's proforma estimate, based on the set-asides proposed of 30%, 40% and 50% of AMGI tax credit rents and a contrived conventional loan, would suggest the actual debt amount is reasonable and provide a debt coverage ratio that is within the Department's guidelines of 1.10 to 1.30. As a result of this analysis, 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.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $573,256 ANNUALLY FOR TEN YEARS.

Underwriter:	Raquel Morales	**Date:**	November 21, 2005
Director of Real Estate Analysis:	Tom Gouris	**Date:**	November 21, 2005

COST CERTIFICATION: Comparative Analysis

Fulton Village Apartments, Houston, HTC#1004
Reviewed by: Brenda Hull/Raquel Morales
Date: 5/6/05

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	UW Net Rent	Rent per Month	CC Net Rent	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC30%	6	1	1	760	$343	$301		$1,806	$301	$0.40	$42.00	$24.00
TC40%	6	1	1	760	457	$415		2,490	415	0.55	42.00	24.00
TC50%	6	1	1	860	571	$529		$3,174	$529	$0.62	42.00	24.00
MR	6	1	1	860		$517		3,102	517	0.60	42.00	24.00
TC30%	11	2	2.5	965	411	$358		$3,938	$358	$0.37	53.00	30.00
TC40%	13	2	2.5	965	549	$496		6,448	496	0.51	53.00	30.00
TC50%	12	2	2.5	965	686	$633		$7,596	$633	$0.66	53.00	30.00
MR	12	2	2.5	965		$625		7,500	625	0.65	53.00	30.00
TC30%	2	2	2	997	411	$358		$716	$358	$0.36	53.00	30.00
TC50%	1	2	2	1,105	686	$633		633	633	0.57	53.00	30.00
MR	1	2	2	1,105		$625		$625	$625	$0.57	53.00	30.00
TC30%	5	3	2.5	1,191	475	$412		2,060	412	0.35	63.00	36.00
TC40%	5	3	2.5	1,191	634	$571		$2,855	$571	$0.48	63.00	36.00
TC50%	5	3	2.5	1,191	793	$730		3,650	730	0.61	63.00	36.00
MR	5	3	2.5	1,191		$778		$3,890	$778	$0.65	63.00	36.00
TC30%	3	4	3	1,365	531	$453		1,359	453	0.33	78.00	42.00
TC40%	3	4	3	1,365	708	$630		$1,890	$630	$0.46	78.00	42.00
TC50%	3	4	3	1,365	885	$807		2,421	807	0.59	78.00	42.00
MR	3	4	3	1,365		$1,318		$3,954	$1,318	$0.97	78.00	42.00
TOTAL:	108		**AVERAGE:**	1,020	$421	$557		$60,107		$0.55	$55.19	$31.11

					TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT			
INCOME	Total Net Rentable Sq Ft:		110,164								
POTENTIAL GROSS RENT				$99,264	$721,284	$692,001	$649,500	$622,020			
Secondary Income			Per Unit Per Month:	$10.00	12,960	12,960	12,960		$0.00	Per Unit Per Month	
Other Support Income: (describe)					0	0	0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$734,244	$704,961	$662,460	$622,020			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(55,068)	(52,872)	(49,680)	(46,656)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0	0	0				
EFFECTIVE GROSS INCOME					$679,176	$652,089	$612,780	$575,364			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.09%	$383	$0.38	$41,333	$37,176	$21,326	$29,959	$0.27	$277	5.21%
Management		4.00%	252	0.25	27,167	35,167	33,388	23,328	0.21	216	4.05%
Payroll & Payroll Tax		14.98%	942	0.92	101,716	83,846	80,728	137,926	1.25	1,277	23.97%
Repairs & Maintenance		6.43%	404	0.40	43,644	43,635	26,781	34,050	0.31	315	5.92%
Utilities		2.69%	169	0.17	18,238	20,998	7,868	24,600	0.22	228	4.28%
Water, Sewer, & Trash		5.94%	373	0.37	40,320	22,913	28,242	46,400	0.42	430	8.06%
Property Insurance		2.60%	163	0.16	17,626	17,620	20,640	20,708	0.19	192	3.60%
Property Tax	Tax Exempt	0.00%	0	0.00	0	2,500	6,100	0	0.00	0	0.00%
Reserve for Replacements		3.18%	200	0.20	21,600	21,600	54,000	21,604	0.20	200	3.75%
Other Expenses: Security		0.14%	9	0.01	960	10,476	7,776	960	0.01	9	0.17%
TOTAL EXPENSES		46.03%	$2,894	$2.84	$312,604	$295,930	$286,849	$339,535	$3.08	$3,144	59.01%
NET OPERATING INC		53.97%	$3,394	$3.33	$366,571	$356,158	$325,931	$235,829	$2.14	$2,184	40.99%
DEBT SERVICE											
First Lien Mortgage		31.26%	$1,966	$1.93	$212,308	$297,832	$298,589	$212,308	$1.93	$1,966	36.90%
Additional Financing		0.00%	$0	$0.00	0				$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0				$0.00	$0	0.00%
NET CASH FLOW		22.71%	$1,428	$1.40	$154,263	$58,326	$27,342	$23,521	$0.21	$218	4.09%
AGGREGATE DEBT COVERAGE RATIO					1.73	1.20	1.09	1.11			
ALTERNATIVE DEBT COVERAGE RATIO					1.23						

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	$0	$0.00	$0	$0	$0	$0	$0.00	$0	0.00%
Off-Sites		1.00%	806	0.79	87,000	0	0	87,000	0.79	806	1.01%
Sitework		8.18%	6,604	6.47	713,213	704,330	704,330	713,213	6.47	6,604	8.27%
Direct Construction		60.38%	48,775	47.82	5,267,655	4,617,115	4,908,814	5,164,390	46.88	47,818	59.91%
Contingency						229,563	229,563				
General Req'ts	3.19%	2.19%	1,769	1.73	191,003	319,287	343,689	191,003	1.73	1,769	2.22%
Contractor's G & A	1.97%	1.35%	1,088	1.07	117,552	106,429	114,563	117,552	1.07	1,088	1.36%
Contractor's Profit	4.38%	3.01%	2,428	2.38	262,236	319,287	343,689	262,236	2.38	2,428	3.04%
Indirect Construction		6.16%	4,975	4.88	537,285	289,284	289,284	537,285	4.88	4,975	6.23%
Ineligible Costs		3.23%	2,613	2.56	282,150	278,375	278,375	282,150	2.56	2,613	3.27%
Developer's G & A	0.00%	0.00%	0	0.00	0	2,177	0	0	0.00	0	0.00%
Developer's Profit	12.09%	10.11%	8,167	8.01	882,077	869,933	872,110	882,077	8.01	8,167	10.23%
Interim Financing		2.39%	1,927	1.89	208,068	106,500	106,500	208,068	1.89	1,927	2.41%
Reserves		2.01%	1,625	1.59	175,500	236,976	268,500	175,500	1.59	1,625	2.04%
TOTAL RESIDENTIAL COST		100.00%	$80,775	$79.19	$8,723,739	$8,079,255	$8,459,417	$8,620,474	$78.25	$79,819	100.00%
COMMERCIAL SPACE COST		0.00%	$0	$0.00	$0				$0.00	$0	0.00%
TOTAL DEVELOPMENT COST		100.00%	$80,775	$79.19	$8,723,739	$8,079,255	$8,459,417	$8,620,474	$78.25	$79,819	100.00%

SOURCES OF FUNDS

				TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT	GAP ANALYSIS
First Lien Mortgage	42.76%	$34,542	$33.86	$3,730,528	$3,730,528	$3,730,528	$3,730,528	$3,730,528
Additional Financing	0.00%	$0	$0.00	0	0			0
LIHTC Net Syndication Proceeds	54.21%	$43,786	$42.93	4,728,889	4,728,889	4,728,889	4,728,889	4,728,889
Deferred Developer Fees	1.85%	$1,491	$1.46	161,057			161,057	161,057
Additional (excess) Funds Req'd	1.18%	$956	$0.94	103,265	(380,162)	0	0	0
TOTAL SOURCES				$8,723,739	$8,079,255	$8,459,417	$8,620,474	$8,620,474

COST CERTIFICATION: Comparative Analysis

Fulton Village Apartments, Houston, HTC#1004

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			47.84	$5,270,001
Adjustments				
Exterior Wall Finish	1.00%		$0.48	$52,700
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.02)	(111,816)
Floor Cover			2.00	220,328
Porches/Balconies	$17.59	7452	1.19	131,081
Plumbing	$605	264	1.45	159,720
Built-In Appliances	$1,650	108	1.62	178,200
Interior Stairs	$1,350	14	0.17	18,900
Floor Insulation			0.00	0
Heating/Cooling			1.53	168,551
Garages/Carports	$8.18	25,036	1.86	204,794
Comm &/or Aux Bldgs	$61.64	4,191	2.34	258,312
Other:			0.00	0
SUBTOTAL			59.46	6,550,771
Current Cost Multiplier	1.11		6.54	720,585
Local Multiplier	0.88		(7.14)	(786,092)
TOTAL DIRECT CONSTRUCTION COSTS			$58.87	$6,485,263
Plans, specs, survy, bld prmts	3.90%		($2.30)	($252,925)
Interim Construction Interest	3.38%		(1.99)	(218,878)
Contractor's OH & Profit	11.50%		(6.77)	(745,805)
NET DIRECT CONSTRUCTION COSTS			$47.82	$5,267,655

PAYMENT COMPUTATION

Primary	$3,730,528	Amort	540
Int Rate	5.12%	DCR	1.73
Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.73
Additional		Amort	
Int Rate		Aggregate DCR	1.73

RECOMMENDED FINANCING STRUCTURE

$297,832
0
0
$68,740

Primary	$3,730,528	Amort	360
Int Rate	7.00%	DCR	1.23
Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.23
Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.23

30-YEAR PROFORMA

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	$721,284	$742,923	$765,210	$788,167	$811,811	$941,112	$1,091,007	$1,264,776	$1,699,753
Secondary Income	12,960	13,349	13,749	14,162	14,587	16,910	19,603	22,725	30,541
Other Support Income: (describe)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	734,244	756,271	778,959	802,328	826,398	958,022	1,110,610	1,287,501	1,730,294
Vacancy & Collection Loss	(55,068)	(56,720)	(58,422)	(60,175)	(61,980)	(71,852)	(83,296)	(96,563)	(129,772)
Employee or Other Non-Rental Units	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$679,176	$699,551	$720,538	$742,154	$764,418	$886,170	$1,027,314	$1,190,939	$1,600,522
EXPENSES at 4.00%									
General & Administrative	$41,333	$42,986	$44,706	$46,494	$48,354	$58,830	$71,576	$87,083	$128,904
Management	27,167	27,982	28,822	29,686	30,577	35,447	41,093	47,638	64,021
Payroll & Payroll Tax	101,716	105,785	110,017	114,417	118,994	144,774	176,140	214,301	317,218
Repairs & Maintenance	43,644	45,390	47,205	49,093	51,057	62,119	75,577	91,951	136,110
Utilities	18,238	18,967	19,726	20,515	21,335	25,958	31,582	38,424	56,877
Water, Sewer & Trash	40,320	41,933	43,610	45,355	47,169	57,388	69,821	84,948	125,744
Insurance	17,626	18,331	19,065	19,827	20,620	25,088	30,523	37,136	54,970
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	21,600	22,464	23,363	24,297	25,269	30,744	37,404	45,508	67,363
Other	960	998	1,038	1,080	1,123	1,366	1,662	2,023	2,994
TOTAL EXPENSES	$312,604	$324,837	$337,551	$350,764	$364,498	$441,713	$535,378	$649,011	$954,200
NET OPERATING INCOME	$366,571	$374,714	$382,987	$391,389	$399,920	$444,457	$491,937	$541,928	$646,322
DEBT SERVICE									
First Lien Financing	$297,832	$297,832	$297,832	$297,832	$297,832	$297,832	$297,832	$297,832	$297,832
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	$68,740	$76,883	$85,155	$93,558	$102,089	$146,626	$194,105	$244,096	$348,490
DEBT COVERAGE RATIO	1.23	1.26	1.29	1.31	1.34	1.49	1.65	1.82	2.17

COST CERTIFICATION - Fulton Village Apartments, Houston, HTC#1004

Reviewed by: Brenda Hull/Raquel Morales Date: 5/6/05

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
(1) Acquisition Cost						
Purchase of land	$0	$0				
Purchase of buildings	$0	$0				
(2) Rehabilitation/New Construction Cost						
On-site work	$713,213	$713,213			$713,213	$713,213
Off-site improvements	$87,000	$87,000				
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	$5,164,390	$5,267,655			$5,164,390	$5,267,655
(4) Contractor Fees & General Requirements						
Contractor overhead	$117,552	$117,552			$117,552	$117,552
Contractor profit	$262,236	$262,236			$262,236	$262,236
General requirements	$191,003	$191,003			$191,003	$191,003
(6) Eligible Indirect Fees	$537,285	$537,285			$537,285	$537,285
(7) Eligible Financing Fees	$208,068	$208,068			$208,068	$208,068
(8) All Ineligible Costs	$282,150	$282,150				
(9) Developer Fees			$0	$0	$0	$0
Developer overhead	$0	$0	$0	$0	$0	$0
Developer fee	$882,077	$882,077	$0	$0	$882,077	$882,077
(10) Development Reserves	$175,500	$175,500				
TOTAL DEVELOPMENT COSTS	$8,620,474	$8,723,739	$0	$0	$8,075,824	$8,179,089
Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis					$0	$0
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing					$0	$0
Non-qualified portion of higher quality units [42(d)(3)]					$0	$0
Commercial Space Cost					$0	$0
TOTAL ELIGIBLE BASIS			$0	$0	$8,075,824	$8,179,089
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			$0	$0	$10,498,571	$10,632,816
Applicable Fraction			75%	75%	74.68%	74.68%
TOTAL QUALIFIED BASIS			$0	$0	$7,840,192	$7,940,444
Applicable Percentage			0.00%	0.00%	7.88%	7.88%
TOTAL AMOUNT OF TAX CREDITS			$0	$0	$617,585	$625,482
Syndication Proceeds		**0.824917489**	**$0**	**$0**	**$5,094,565**	**$5,159,709**

	Application	Approved	Cost Cert Reques	TDHCA/Reconciled	GAP
Total Tax Credits		573,256	573,257	573,256	525,110
Net Syndication Proceeds	4,728,889	4,728,889	4,728,897	4,728,889	4,331,725

Balance to be Recaptured

n/a

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS 2nd ADDENDUM

DATE: December 27, 2001 **PROGRAM:** 9% LIHTC **FILE NUMBER:** 00134/01004

DEVELOPMENT NAME

Fulton Village Apartments

APPLICANT

Name: Fulton Village Apartments, L.P. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 2123 Governor's Circle **City:** Houston **State:** TX

Zip: 77092 **Contact:** Dorothy Burchfield **Phone:** (713) 956-5956 **Fax:** (713) 956-0166

PRINCIPALS of the APPLICANT

Name	(%)	Title
Fulton Village Investments, LLC (FVI)	0.01	General Partner
JER Hudson Housing Capital	99.99	Limited Partner
Housing Authority of the City of Houston (HACH)	n/a	Initial Limited Partner*
Dorothy Burchfield	n/a	69% Owner of GP
William R. Paro	n/a	23% Owner of GP
Robert R. Burchfield	n/a	7% Owner of GP
Richard McCauley	n/a	1% Owner of GP

*HACH will also serve as the HOPE VI conduit for development funds and provide ongoing operation subsidy through its Annual Contributions Contract (ACC) with HUD

GENERAL PARTNER

Name: Fulton Village Investments, LLC (FVI) **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 2123 Governor's Circle **City:** Houston **State:** TX

Zip: 77092 **Contact:** Dorothy Burchfield **Phone:** (713) 956-5956 **Fax:** (713) 956-0166

PROPERTY LOCATION

Location: 3100 block of Elser Street (east side) ☒ **QCT** ☐ **DDA**

City: Houston **County:** Harris **Zip:** 77009

REQUEST

Amount	Interest Rate	Amortization	Term
$670,706	n/a	n/a	n/a

Other Requested Terms: Annual ten-year allocation of low-income housing tax credits, $573,256 previously awarded as 2000 forward commitment for 2001.

Proposed Use of Funds: New Construction **Set-Aside:** ☒ General ☐ Rural ☐ Non-Profit

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
CREDIT UNDERWRITING ANALYSIS 2nd ADDENDUM

DESCRIPTION of IMPROVEMENTS

Total Units: 108 **# Rental Buildings** 19 **# Common Area Bldngs** 1 **# of Floors** 2 **Age:** n/a yrs **Vacant:** n/a at / /

Number	Bedrooms	Bathrooms	Size in SF
12	1	1	760
12	1	1	860
48	2	2.5	965
2	2	2	997
2	2	2	1,105
20	3	2.5	1,191
12	4	3	1,365

Net Rentable SF: 110,124 **Av Un SF:** 1,020 **Common Area SF:** 4,191 **Gross Bldng SF** 114,315

Uncovered Parking: 100 spaces **Carports:** n/a spaces **Garages:** 108 spaces

OTHER SOURCES of FUNDS

INTERIM to PERMANENT FINANCING

Source: Housing Authority of the City of Houston / Hope VI funds **Contact:** Horrace Allison

Principal Amount: $3,730,528 **Interest Rate:** AFR

Additional Information: Two year interim period with interest only payments. These funds will be provided through an allocation by HACH to a subgrantee, Victoria Street Public Facility Corporation. To be repaid from 78% of cash flow only.

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** ☐ None ☒ Firm ☐ Conditional

Annual Payment: $298,589 **Lien Priority:** 1st **Commitment Date** 11/ 14/ 2001

LIHTC SYNDICATION

Source: JER Hudson Housing Capital **Contact:** Joseph A Macari

Address: 630 Fifth Avenue, Rockefeller Center, 23rd Floor **City:** New York

State: NY **Zip:** 10111 **Phone:** (212) 218-1488 **Fax:** (212) 218-4465

Net Proceeds: $4,728,889 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 82.5¢

Commitment ☐ None ☒ Firm ☐ Conditional **Date:** 06/ 13/ 2001

Additional Information: Agreement based upon $573,256 in credits allocated.

ADDENDUM

Proposal and Development Plan Description: An application for Fulton Village Apartments was submitted during the 2000 9% LIHTC cycle and the project subsequently received a forward commitment for 2001 annual tax credits in the amount of $573,256 based on a more restrictive than typical rent rate pattern (included as a condition of the recommendations below). In October of 2001, the Applicant submitted carryover documentation to support an allocation of $670,706 annually in tax credits, or $20,706 more than originally requested and $97,450 more than committed. An increase in credits is not available other than through a new application and allocation, neither of which was done in this case, and therefore only the originally recommended credit amount has been considered in this addendum.

The development was proposed as a new construction project of 108 units of affordable housing located in Houston, Texas consisting of a mix of one- and two-story townhouses and garden-style apartments. A letter dated October 9, 2001, signed by Lee H Burchfield, responds to a carryover filing deficiencies notification from the Department. The writer states that the site plan, floorplans, and elevations for the project were revised to maximize efficiency. Changes include a “tightening-up” of the building configuration to allow for more internal surface parking. It should be noted that the number of surface parking spaces proposed has actually decreased by approximately one-half from the original application, since in the original application there were no garage spaces identified. The letter also describes removal of non-essential corridors in order to improve overall HVAC efficiency, an increase in garage square footage for the accessible units to allow for wheelchair access, redesign of some three- and four-bedroom units to be handicapped-accessible in order to meet requirements of HUD due to HOPE VI funding, and a general decrease in unit square footages. Despite these changes, which result in a decrease of approximately 10,829 square feet in the project's net rentable square footage (approximately 10%), the unit mix remains the same and the revised unit floorplans appear to be well designed.

In the ensuing weeks the Applicant submitted follow-up information that reflected the removal of the garages and subsequently their return. The reason for the significant shifts in square footage and garage design is that the bids received for the project were $800K to $1.2M higher than the Applicant had budgeted for hard construction costs. In the most recent (December 18, 2001) information provided, a rent schedule is included that appears to return the unit square footages back to their original application size (though in the Construction Contract Addendum that outlines numerous cutbacks to reduce costs, the return to the higher original unit square footage was not identified.) The latest schedule also includes lower AMI rent targets of 30% and 50% instead of the previous levels of 45% and 55%, respectively, and indicates a reduced expectation for the market rate units. In addition, the Applicant's estimated operation expense has increased dramatically to $3,450 per unit from the $2,656 per unit level estimated and generally concurred with in the original application. No additional details of this increase or an itemization of specific line item expenses were provided, though it still appears that the project is anticipated to be property tax-exempt. In conversations with the attorneys and consultants for the Applicant, it was made clear that 100% of the project would be restricted as public housing units and that the market rent units in the rent schedule would only be market rate units for tax credit purposes. Consequently it was also made clear that the debt proposed for the project could not be considered amortizing debt service. Public housing units receiving HUD project-based public housing assistance, such as the subject, can not be subject to debt service according to the Applicant. This appears to be a significant change from the original application which considered a fully amortizing loan at AFR to be funded with HOPE VI proceeds through HACH. Moreover, the Regulatory Agreement between HACH and the Applicant contemplates an operating subsidy funded through HACH's Consolidated Annual Contributions Contract (ACC) with HUD. The regulatory agreement also precludes any debt service but contemplates the HACH/HOPE VI debt through Victoria Street Public Facility Corporation in the amount of $3,730,528. Since this debt is to be serviced only by available cash flow, accurately sizing this debt using the Department's 1.10 to 1.25 debt coverage ratio guidelines is not possible. Therefore the gap method calculation of need can not be verified through traditional methods. The gap method in this case is of heightened importance because of subsidy layering issues that can occur when multiple layers of federal subsidy are applied to a project. In order to provide some verification of the appropriateness of this debt amount the Underwriter will consider a typical financing structure for the proposed debt amount (in this case 30-year amortization at 7.25%).

Operating Proforma Analysis: The Applicant's submitted rent schedule reflected set-asides of 30%, 50% and 60% of AMGI. However, the Applicant utilized gross rents that were much lower than the corresponding maximum LIHTC rent limits for these incomes, just as they had in the original application. The Applicant indicated that for these incomes, they would target rents at 15%, 40% and 55% of AMGI. The Applicant's currently proposed rents, however, are still less than the 15%, 40% and 55% rents that were calculated by the Underwriter. The Underwriter used the calculated rents based on these percentages, as the original report was conditioned on rents calculated on these percentages be included in the LURA. The Applicant's potential gross rent estimate is $42.5K, or 6%, less than the Underwriter's estimate based on the lower set-asides rents of 15%, 40% and 55% of AMGI. In addition, should the Applicant later decide to set the unit rents at the maximum set-asides of 30%, 50% and 60% of AMGI, the project could potentially gross an additional $130,649 in rental income. Therefore, the original condition limiting the rent levels to these percentages should remain. As discussed above, the Applicant's projected operating expenses have recently increased significantly without justification. In the attached comparative analysis the Applicant's earlier itemized operating budget submitted with the carryover documents was used for comparison and found to be 3% lower than the Underwriter's estimate. In both the Underwriter's estimate and the Applicant's carryover estimate over $325K of net operation income was projected. In the follow-up information provided December 18, 2001, the Applicant estimated effective gross rent that is $80K less than indicated in the carryover document and when combined with the significantly higher expenses, discussed above, results in a net operating income of only $160,184. This follow-up information does not appear to be reliable and would suggest that the proposed debt is not serviceable even if it were amortized over 55 years at a projected AFR rate of 5.05%. As discussed above, the Underwriter used an amortization and interest rate of 30 years and 7.25% to determine the proposed loan amount could be reasonably expected to be serviced at an acceptable 1.10 to 1.25 DCR if it were conventionally financed and if the lower rent limit percentages were utilized. Therefore, the proposed debt amount could reasonably be considered to be a fair amount and can be somewhat verified and used in the gap analysis for tax credit determination purposes.

Verifying the lack of excessive subsidy layering, however, is a much more difficult proposition. The benefit of a permanent loan that is over 200 basis points lower than the conventional market, and has significantly extended terms and subordinated repayment, is really immeasurable. If the loan were repayable at a typical 30-year term and an interest rate around the current AFR the resulting DCR would be above 1.45, strongly suggesting that additional debt should be obtained or an excessive cash flow would result. It is, however, difficult to imagine a conventional lender accepting the risk associated with the targeted income level proposed or the priority leasing to displaced tenants of other former public housing developments. Nonetheless, there is an unquestionably great likelihood that the project will maintain a positive cash flow. The only potential benefit the operating deficit subsidy will have is to protect the syndicator's investment if a majority of the tenants are unable to pay any rent. Since HACH is an instrumentality of the City of Houston and is the direct recipient of the HUD funds that will be utilized in this project, the potential over-subsidization of this project will result in potential program income which, according to HUD regulations, will have to be recycled in a manner consistent with their original purpose or use. If an excessive subsidy layering concern is evident, it will only be recognizable by HACH or HUD.

Development Cost Estimate Evaluation: The Applicant's original total project budget was estimated at $1.06M, or 12%, higher than the Underwriter's estimate in 2000. The Applicant's total costs were also $609K, or 7%, higher than the maximum cost guideline even though the site has no land costs to speak of. The direct construction cost estimate was $627K, or 12%, higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate. At the time, an explanation for these excessive costs was not provided and a reduced credit amount was recommended based on the Underwriter's lower estimated eligible basis.

As a result of the significant changes to the architectural design and site plan for the project, the LIHTC staff requested an underwriting review of the costs of this project. The development budget, submitted as of November 14, 2001, indicates a total development cost of $8,459,417, or $1.17M less than originally proposed. This budget is based on the 10% downsized unit square footages and for comparison purposes the Underwriter also used the smaller unit sizes. In the December 14, 2001 Construction Contract Addendum numerous modifications were made. The following serves to highlight what may be the potentially most significant modifications: All building facades will be Hardiplank (versus the stucco and tile described in the bid package and original application); all crown molding in the units will be deleted; all panel windows over door entries will be deleted; proposed garden tubs will be replaced with standard tubs, microwaves and icemakers will be deleted; roofing will be 3-tab 25-year composition shingle; all tile in the units and amenity areas will be 12" Azrock; landscaping costs will be fixed at $90,000, the specification of which will be subject to mutual agreement; existing sidewalks will be repaired rather than being replaced in their entirety. In comparing the Applicant's budget the Underwriter also took into consideration the changes included in the Construction Contract Addendum. The Applicant's direct construction cost estimate is $292K, or 6%, higher than the Underwriter's current Marshall & Swift-derived estimate, but site work costs have been reduced to just $22 per unit over the Department's maximum guideline of $6,500 per unit. Overall, the Applicant's total development cost estimate is less than 5% higher than the Underwriter's estimate. Therefore, the Applicant's costs of $8,459,417 were used to determine the project's permanent funding needs and eligible basis of $7,896,441. This eligible basis figure is $19,601 less than the Applicant's estimate due to the Applicant's inclusion of overstated fees and ineligible costs in their basis calculation. The resulting credit amount is still much more than the amount requested even if the current lower applicable percentage is used.

Financing Structure Analysis: The Applicant still intends to finance the project through two sources: an interim to permanent loan funded with HOPE VI grant money and syndicated tax credit equity.

The Housing Authority of the City of Houston had intended to provide an interim construction loan of $5,276,660 utilizing HOPE VI funds with an interest rate equal to AFR and interest-only payable monthly for 24 months. Upon completion of construction, the interim HOPE VI loan was to convert to a permanent loan in the amount of $3,980,201 with an interest rate also equal to AFR, an amortization schedule of 30 years and a term of 18 years. A current commitment, dated November 14, 2001, indicates that the construction and permanent loan amount is now proposed at $3,730,528 with a two-year construction period and permanent period of 38 years. The interest rate will still be set at AFR, but the loan will be amortized over 40 years. As discussed above however, follow-up conversations and documentation have revealed that the loan will be repaid on a cash flow-only basis and therefore a set amortization will not be made. Any balance remaining after 40 years will be due at maturity. It would also appear from the ground lease agreement that HACH will retain ownership of the property and gain absolute ownership of the improvements at the end of the lease.

In 2000, the Applicant proposed General Electric Capital Corporation (GECC) as the limited partner for syndication of the tax credits. Currently, JER Hudson Capital has offered to acquire a 99.99% limited partnership interest and to contribute $4,728,889 in syndication proceeds based on a syndication factor of 82.5%. This effectively removes the condition in the original underwriting report regarding the need for a revised syndication commitment.

Conclusion: As indicated above, the Applicant's total development cost estimate was used to determine the project's eligible basis, qualifying the project for annual tax credits of $652,108. However, the gap of funds needed is much less than that. The Underwriter's proforma estimate, based on the lower set-asides rents of 15%, 40% and 55% of AMGI tax credit rents and a contrived conventional loan, would suggest the proposed debt amount is reasonable and provide a debt coverage ratio that is within the Department's guideline of 1.10 to 1.25. Allowing rents to exceed this level would provide an unacceptably high debt coverage ratio when compared to a more typical conventionally funded transaction and would require a larger amount of debt. Therefore, the original recommendation to include the targeted rent set-aside levels of 27 units at 55% of AMGI, 27 units at 40% of AMGI and 27 at 15% of AMGI in the Land Use Restriction Agreement (LURA) should be maintained.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated income and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The project could potentially achieve an excessive profit level (i.e., a DCR above 1.25) if the maximum tax credit rents can be achieved in this market.

RECOMMENDATION

☑ RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED $573,256 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS

CONDITIONS

1. Maintain the target rent set-aside levels of 27 units at 55% of AMGI, 27 units at 40% of AMGI and 27 at 15% of AMGI in the Land Use Restriction Agreement (LURA.)

Director of Credit Underwriting: ______________________ **Date:** December 27, 2001
Tom Gouris

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Fulton Village, Houston, LIHTC 00134 & 01004, ADDENDUM II
(15%, 40% & 55%)

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 and Swr
TC 15%	6	1	1	760	$164	$113	$676	$0.15	$51.80	$17.68
TC 40%	3	1	1	760	438	$387	1,160	0.51	51.80	17.68
MR	3	1	1	760		$737	2,211	0.97	51.80	17.68
TC 40%	3	1	1	860	438	$387	1,160	0.45	51.80	17.68
TC 55%	6	1	1	860	603	$551	3,306	0.64	51.80	17.68
MR	3	1	1	860		$737	2,211	0.86	51.80	17.68
TC 15%	9	2	2.5	965	197	$136	1,228	0.14	60.93	17.68
TC 40%	13	2	2.5	965	526	$465	6,051	0.48	60.93	17.68
TC 55%	13	2	2.5	965	724	$663	8,617	0.69	60.93	17.68
MR	13	2	2.5	965		$828	10,764	0.86	60.93	17.68
TC 15%	2	2	2	977	197	$136	273	0.14	60.93	17.68
TC 15%	2	2	2	1,105	197	$136	273	0.12	60.93	17.68
TC 15%	5	3	2.5	1,191	228	$157	784	0.13	71.13	17.68
TC 40%	5	3	2.5	1,191	608	$537	2,684	0.45	71.13	17.68
TC 55%	5	3	2.5	1,191	836	$765	3,824	0.64	71.13	17.68
MR	5	3	2.5	1,191		$920	4,600	0.77	71.13	17.68
TC 15%	3	4	3	1,365	254	$169	506	0.12	85.65	17.68
TC 40%	3	4	3	1,365	678	$593	1,778	0.43	85.65	17.68
TC 55%	3	4	3	1,365	944	$858	2,574	0.63	85.65	17.68
MR	3	4	3	1,365		$995	2,985	0.73	85.65	17.68
TOTAL:	108		AVERAGE:	1,020		$534	$57,667	$0.52	$63.54	$17.68

INCOME	Total Net Rentable Sq Ft:	110,124		TDHCA	APPLICANT		
POTENTIAL GROSS RENT				$692,001	$649,500		
Secondary Income		Per Unit Per Month:	$10.00	12,960	12,960	$10.00	Per Unit Per Month
Other Support Income: (describe)				0	0		
POTENTIAL GROSS INCOME				$704,961	$662,460		
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(52,872)	(49,680)	-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions				0	0		
EFFECTIVE GROSS INCOME				$652,089	$612,780		

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.70%	$344	$0.34	$37,176	$21,326	$0.19	$197	3.48%
Management	5.39%	326	0.32	35,167	33,388	0.30	309	5.45%
Payroll & Payroll Tax	12.86%	776	0.76	83,846	80,728	0.73	747	13.17%
Repairs & Maintenance	6.69%	404	0.40	43,635	26,781	0.24	248	4.37%
Utilities	3.22%	194	0.19	20,998	7,868	0.07	73	1.28%
Water, Sewer, & Trash	3.51%	212	0.21	22,913	28,242	0.26	262	4.61%
Property Insurance	2.70%	163	0.16	17,620	20,640	0.19	191	3.37%
Property Tax	0.38%	23	0.02	2,500	6,100	0.06	56	1.00%
Reserve for Replacements	3.31%	200	0.20	21,600	54,000	0.49	500	8.81%
Security, Compliance	1.61%	97	0.10	10,476	7,776	0.07	72	1.27%
TOTAL EXPENSES	45.38%	$2,740	$2.69	$295,930	$286,849	$2.60	$2,656	46.81%
NET OPERATING INC	54.62%	$3,298	$3.23	$356,158	$325,931	$2.96	$3,018	53.19%
DEBT SERVICE								
First Lien Mortgage	37.61%	$2,271	$2.23	$245,264	$298,589	$2.71	$2,765	48.73%
LIHTC Syndication Proceeds	0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
Source #3	0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW	17.01%	$1,027	$1.01	$110,894	$27,342	$0.25	$253	4.46%
AGGREGATE DEBT COVERAGE RATIO				1.45	1.09			
ALTERNATIVE DEBT COVERAGE RATIO				1.20				

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)		0.00%	$0	$0.00	$0	$0	$0.00	$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.72%	6,522	6.40	704,330	704,330	6.40	6,522	8.33%
Direct Construction		57.15%	42,751	41.93	4,617,115	4,908,814	44.58	45,452	58.03%
Contingency	4.31%	2.84%	2,126	2.08	229,563	229,563	2.08	2,126	2.71%
General Requiremen	6.00%	3.95%	2,956	2.90	319,287	343,689	3.12	3,182	4.06%
Contractor's G & A	2.00%	1.32%	985	0.97	106,429	114,563	1.04	1,061	1.35%
Contractor's Profit	6.00%	3.95%	2,956	2.90	319,287	343,689	3.12	3,182	4.06%
Indirect Construction		3.58%	2,679	2.63	289,284	289,284	2.63	2,679	3.42%
Ineligible Expenses		3.45%	2,578	2.53	278,375	278,375	2.53	2,578	3.29%
Developer's G & A	0.03%	0.03%	20	0.02	2,177	0	0.00	0	0.00%
Developer's Profit	13.00%	10.77%	8,055	7.90	869,933	872,110	7.92	8,075	10.31%
Interim Financing		1.32%	986	0.97	106,500	106,500	0.97	986	1.26%
Reserves		2.93%	2,194	2.15	236,976	268,500	2.44	2,486	3.17%
TOTAL COST		100.00%	$74,808	$73.37	$8,079,255	$8,459,417	$76.82	$78,328	100.00%

SOURCES OF FUNDS						RECOMMENDED	
First Lien Mortgage	46.17%	$34,542	$33.88	$3,730,528	$3,730,528	$3,730,528	**Max. Cost Guideline**
LIHTC Syndication Proceeds	58.53%	$43,786	$42.94	4,728,889	4,728,889	4,728,889	$8,149,176
Deferred Developer Fees	0.00%	$0	$0.00	0	0	0	
Additional (excess) Funds Required	-4.71%	($3,520)	($3.45)	(380,162)	0	0	
TOTAL SOURCES				$8,079,255	$8,459,417	$8,459,417	

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Fulton Village, Houston, LIHTC 00134 & 01004, ADDENDUM II
(15%, 40% & 55%)

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence/Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$44.65	$4,917,491
Adjustments				
Exterior Wall Finish	0.75%		$0.33	$36,881
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.96)	(215,843)
Floor Cover			1.82	200,426
Porches/Balconies	$21.93	7452	1.48	163,422
Plumbing	$585	264	1.40	154,440
Built-In Appliances	$1,550	108	1.52	167,400
Interior Stairs	$865	14	0.11	12,110
Floor Insulation			0.00	0
Heating/Cooling			1.41	155,275
Garages	$11.54	25,036	2.62	288,915
Comm &/or Aux Bldngs	$55.28	4,191	2.10	231,689
Other:			0.00	0
SUBTOTAL			55.50	6,112,206
Current Cost Multiplier	1.01		0.56	61,122
Local Multiplier	0.92		(4.44)	(488,976)
TOTAL DIRECT CONSTRUCTION COSTS			$51.62	$5,684,352
Plans, specs, survy, bld prm	3.90%		($2.01)	($221,690)
Interim Construction Interest	3.38%		(1.74)	(191,847)
Contractor's OH & Profit	11.50%		(5.94)	(653,700)
NET DIRECT CONSTRUCTION COSTS			$41.93	$4,617,115

PAYMENT COMPUTATION

Primary	$3,730,528	Term	360
Int Rate	5.18%	DCR	1.45

Secondary		Term	
Int Rate		Subtotal DCR	1.45

Additional		Term	
Int Rate		Aggregate DCR	1.45

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$297,832
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$58,327

Primary	$3,730,528	Term	360
Int Rate	7.00%	DCR	1.20

Secondary		Term	
Int Rate		Subtotal DCR	1.20

Additional		Term	
Int Rate		Aggregate DCR	1.20

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	$692,001	$712,761	$734,144	$756,168	$778,853	$902,904	$1,046,713	$1,213,428	$1,630,745
Secondary Income	12,960	13,349	13,749	14,162	14,587	16,910	19,603	22,725	30,541
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	704,961	726,110	747,893	770,330	793,440	919,814	1,066,316	1,236,153	1,661,286
Vacancy & Collection Loss	(52,872)	(54,458)	(56,092)	(57,775)	(59,508)	(68,986)	(79,974)	(92,711)	(124,596)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$652,089	$671,651	$691,801	$712,555	$733,932	$850,828	$986,343	$1,143,441	$1,536,690
EXPENSES at 4.00%									
General & Administrative	$37,176	$38,663	$40,209	$41,817	$43,490	$52,912	$64,376	$78,323	$115,938
Management	35,167	36,222	37,308	38,428	39,580	45,885	53,193	61,665	82,873
Payroll & Payroll Tax	83,846	87,200	90,688	94,316	98,088	119,339	145,195	176,651	261,487
Repairs & Maintenance	43,635	45,381	47,196	49,084	51,047	62,107	75,562	91,933	136,083
Utilities	20,998	21,838	22,711	23,619	24,564	29,886	36,361	44,239	65,484
Water, Sewer & Trash	22,913	23,830	24,783	25,774	26,805	32,613	39,678	48,275	71,459
Insurance	17,620	18,325	19,058	19,820	20,613	25,079	30,512	37,122	54,950
Property Tax	2,500	2,600	2,704	2,812	2,925	3,558	4,329	5,267	7,797
Reserve for Replacements	21,600	22,464	23,363	24,297	25,269	30,744	37,404	45,508	67,363
Other	10,476	10,895	11,331	11,784	12,255	14,911	18,141	22,071	32,671
TOTAL EXPENSES	$295,930	$307,416	$319,350	$331,751	$344,637	$417,033	$504,751	$611,055	$896,104
NET OPERATING INCOME	$356,158	$364,235	$372,450	$380,804	$389,294	$433,795	$481,591	$532,386	$640,586
DEBT SERVICE									
First Lien Financing	$297,832	$297,832	$297,832	$297,832	$297,832	$297,832	$297,832	$297,832	$297,832
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	$58,327	$66,404	$74,619	$82,972	$91,463	$135,964	$183,760	$234,555	$342,754
DEBT COVERAGE RATIO	1.20	1.22	1.25	1.28	1.31	1.46	1.62	1.79	2.15

LIHTC Allocation Calculation - Fulton Village, Houston, LIHTC 00134 & 01004, ADDENDUM II

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land				
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$704,330	$704,330	$704,330	$704,330
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$4,908,814	$4,617,115	$4,908,814	$4,617,115
(4) Contractor Fees & General Requirements				
Contractor overhead	$114,563	$106,429	$112,263	$106,429
Contractor profit	$343,689	$319,287	$336,789	$319,287
General requirements	$343,689	$319,287	$336,789	$319,287
(5) Contingencies	$229,563	$229,563	$229,563	$229,563
(6) Eligible Indirect Fees	$289,284	$289,284	$289,284	$289,284
(7) Eligible Financing Fees	$106,500	$106,500	$106,500	$106,500
(8) All Ineligible Costs	$278,375	$278,375		
(9) Developer Fees				
Developer overhead		$2,177		$2,177
Developer fee	$872,110	$869,933	$872,110	$869,933
(10) Development Reserves	$268,500	$236,976		
TOTAL DEVELOPMENT COSTS	$8,459,417	$8,079,255	$7,896,441	$7,563,904

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		$7,896,441	$7,563,904
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$10,265,374	$9,833,075
Applicable Fraction		75%	75%
TOTAL QUALIFIED BASIS		$7,699,030	$7,374,806
Applicable Percentage		8.45%	8.45%
TOTAL AMOUNT OF TAX CREDITS		$650,568	$623,171
Syndication Proceeds	**0.8249**	**$5,366,650**	**$5,140,648**

Gap of funds needed	**$4,728,889**
Gap-based annual tax credits (15%,40%,55% rents)	**$573,256**

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTI FAMILY CREDIT UNDERWRITING ANALYSIS ADDENDUM

DATE: July 21, 2000 **PROGRAM:** LIHTC **FILE NUMBER:** 00134

DEVELOPMENT NAME

Fulton Village Apartments

APPLICANT

Name: Fulton Village Apartments L.P. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 2123 Governor's Circle **City:** Houston **State:** TX

Zip: 77092 **Contact:** Dorothy Burchfield **Phone:** (713) 956-5956 **Fax:** (713) 956-0166

PRINCIPALS of the APPLICANT

Name	(%)	Title
Fulton Village Investments, LLC (FVI)	.01	General Partner
Housing Authority of the City of Houston	99.99	Initial Limited Partner
Dorothy Burchfield	N/A	69% Owner of FVI
William R. Paro	N/A	23% Owner of FVI
Robert R, Burchfield	N/A	7% Owner of FVI & Developer
Richard McCauley	N/A	1% Owner of FVI
Millenium Contractors (MC)	N/A	General Contractor
Lee H. Burchfield	N/A	Consultant & President of MC

GENERAL PARTNER

Name: Fulton Village Apartments LLC **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 2123 Governor's Circle **City:** Houston **State:** TX

Zip: 77092 **Contact:** Dorothy Burchfield **Phone:** (713) 956-5956 **Fax:** (713) 956-0166

PROPERTY LOCATION

Location: 3100 block of Elser Street (east side) ☒ **QCT** ☐ **DDA**

City: Houston **County:** Harris **Zip:** 77009

ADDENDUM

The original underwriting analysis report dated July 18, 2000 was conditioned upon receipt, review, and acceptance of a signed credit release form from William R. Paro, 23% owner of the General Partner. Subsequent to the date of the original report Mr. Paro submitted a signed credit release form. The condition is therefore satisfied and removed.

RECOMMENDATION

RECOMMEND APPROVAL SUBJECT TO THE FOLLOWING CONDITIONS:

1. Receipt, review, and acceptance of a new syndication letter from GECC reflecting consistent figures for the tax credit allocation, syndication rate and anticipated syndication proceeds;

2. Maintain the Applicant's indicated set-aside levels of 27 units at 60% of AMGI, 27 units at 50% of AMGI, and 27 units at 30% of AMGI in the Land Use Restriction Agreement (LURA), increase the debt service amount to at least $346,989, and reduce the LIHTC allocation to not more than $482,888 per annum;

   Or

   Maintain the Applicant's intended target set-aside levels of 27 units at 55% of AMGI, 27 units at 40% of AMGI and 27 units at 15% of AMGI in the Land Use Restriction Agreement (LURA) and reduce the LIHTC allocation to not more than $573,256 per annum.

Supervisor of Credit Underwriting:	*Jim Anderson*	**Date:**	November 28, 2005
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	November 28, 2005

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS

DATE: July 18, 2000 **PROGRAM:** LIHTC **FILE NUMBER:** 00134

DEVELOPMENT NAME

Fulton Village Apartments

APPLICANT

Name: Fulton Village Apartments L.P. **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 2123 Governor's Circle **City:** Houston **State:** TX

Zip: 77092 **Contact:** Dorothy Burchfield **Phone:** (713) 956-5956 **Fax:** (713) 956-0166

PRINCIPALS of the APPLICANT

Name	(%)	Title
Fulton Village Investments, LLC (FVI)	.01	General Partner
Housing Authority of the City of Houston	99.99	Initial Limited Partner
Dorothy Burchfield	N/A	69% Owner of FVI
William R. Paro	N/A	23% Owner of FVI
Robert R, Burchfield	N/A	7% Owner of FVI & Developer
Richard McCauley	N/A	1% Owner of FVI
Millenium Contractors (MC)	N/A	General Contractor
Lee H. Burchfield	N/A	Consultant & President of MC

GENERAL PARTNER

Name: Fulton Village Apartments LLC **Type:** ☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other

Address: 2123 Governor's Circle **City:** Houston **State:** TX

Zip: 77092 **Contact:** Dorothy Burchfield **Phone:** (713) 956-5956 **Fax:** (713) 956-0166

PROPERTY LOCATION

Location: 3100 block of Elser Street (east side) ☒ **QCT** ☐ **DDA**

City: Houston **County:** Harris **Zip:** 77009

REQUEST

Amount	Interest Rate	Amortization	Term
$650,000	N/A	N/A	N/A

Other Requested Terms: Annual 9% tax credit allocation

Proposed Use of Funds: New Construction **Set-Aside:** ☒ General ☐ Rural ☐ Non-Profit

SITE DESCRIPTION

Size: 7.053 acres 307,229 square feet **Zoning/ Permitted Uses:** Not required in Houston

Flood Zone Designation: Zone X **Status of Off-Sites:** Fully Improved

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

CREDIT UNDERWRITING ANALYSIS

DESCRIPTION of IMPROVEMENTS

Total Units: 108 **# Rental Buildings** 21 **# Common Area Bldngs** 1 **# of Floors** 2 **Age:** N/A yrs **Vacant:** N/A at / /

Number	Bedrooms	Other Rms	Bathrooms	Size in SF
28	1	N/A	1	600
104	2	N/A	2	900
60	3	N/A	3	1,100

Net Rentable SF: 120,953 **Av Un SF:** 1,120 **Common Area SF:** 3,500 **Gross Bldng SF** 124,453

Property Type: ☒ Multifamily ☐ SFR Rental ☐ Elderly ☐ Mixed Income ☐ Special Use

CONSTRUCTION SPECIFICATIONS

STRUCTURAL MATERIALS

Wood frame on a post-tensioned slab, 5% decorative tile and 95% stucco exterior, painted drywall interior, and a composition shingle roof

APPLIANCES AND INTERIOR FEATURES

Range and oven with a hood and fan, garbage disposal, dishwasher, refrigerator, microwave, washer and dryer connnections, ceiling fans, central heating and air, individual water heaters, carpet and vinyl flooring, steel tub with tile walls, and laminated counter tops

ON-SITE AMENITIES

Freestanding 3,500 square foot community building with offices, business center, fitness room, public restrooms, and laundry facility; play area with playground equipment and perimeter fencing with a limited access gate

Uncovered Parking: 222 spaces **Carports:** 108 spaces **Garages:** N/A spaces

OTHER SOURCES of FUNDS

INTERIM CONSTRUCTION or GAP FINANCING

Source: Housing Authority of the City of Houston / Hope VI funds **Contact:** Horrace Allison

Principal Amount: $5,276,660 **Interest Rate:** Applicable Federal Rate (AFR)

Additional Information: Monthly payments of interest only; will be converted to permanent financing upon construction completion

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ None ☒ Firm ☐ Conditional

LONG TERM/PERMANENT FINANCING

Source: Housing Authority of the City of Houston / Hope VI funds **Contact:** Horrace Allison

Principal Amount: $3,980,201 **Interest Rate:** AFR

Additional Information: Underwritten at 6.22%

Amortization: 30 yrs **Term:** 18 yrs **Commitment:** ☐ None ☒ Firm ☐ Conditional

Annual Payment: $302,892 **Lien Priority:** 1st **Commitment Date** 04/ 28/ 2000

LIHTC SYNDICATION

Source: General Electric Capital Corporation **Contact:** Lori Arenz

Address: 1000 Winward Concourse **City:** Atlanta

State: GA **Zip:** 30005 **Phone:** (770) 999-6728 **Fax:** (770) 999-6628

Net Proceeds: $6,548,265 **Net Syndication Rate** (per $1.00 of 10-yr LIHTC) 80¢

Commitment ☐ None ☒ Firm ☐ Conditional **Date:** 02/ 11/ 2000

Additional Information: GE will acquire a 99.99% limited partnerhip interest in the Applicant; the submitted syndication letter forecasts an annual tax credit of $706,104 while the application shows a request of $650,000 in credits; moreover, the Exhibit #102 Cost Breakdown calculates $788,043 in potential credits

APPLICANT EQUITY

Amount: N/A **Source:** N/A

VALUATION INFORMATION

APPRAISED VALUE

Land Only: Not submitted **Date of Valuation:** / /

ASSESSED VALUE

Land: $46,700 **Assessment for the Year of:** 1999

Building: $204,400 **Valuation by:** Harris County Appraisal District; the assessed improvements on the site have recently been demolished

Total Assessed Value: $251,100

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Contract for Lease

Contract Expiration Date: 12/ 31/ 2000 **Anticipated Closing Date:** 08/ 01/ 2000

Rental Rate: $ 100 per year **Other Terms/Conditions:** $100 earnest money in escrow; 55-year lease term

Owner: Housing Authority of the City of Houston **Related to Development Team Member:** Yes

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Fulton Village Apartments is the proposed new construction of 108 units of affordable housing located in Houston, Texas. The project consists of a mix of one-and two-story townhouses and the site plan shows 7 different building configurations. Building style A has 4 two-bedroom/two and one half-bath units. Building style B has 4 one-bedroom/one-bath units. Building style C has 4 four-bedroom/three-bath units. Building style D has 4 two-bedroom/two-bath units. Building style E has 7 two-bedroom/two and one half-bath units and 2 three-bedroom/two and one half-bath units. Building style F has 4 four-bedroom/three-bath units and 4 three-bedroom/two and one half-bath units. Building style G has 6 two-bedroom/two-bath units and 4 three-bedroom/two and one half-bath units. Based on the site plan, the buildings are spread out over 3 directly adjacent sites separated by streets with the community building located on the largest middle site.

The Housing Authority of the City of Houston will provide a coordinator to implement supportive services from numerous groups at no cost to the tenants. A sampling of these service providers includes:

Texas Southern University, Prairie View A&M school of nursing, Good Neighbor Healthcare Center, Harris County Hospital District, Initiatives for Children, and the Houston Association for Marriage and Family Therapy.

The Applicant anticipates construction to begin in October of 2000, to be completed in December of 2001,and have substantial lease-up achieved in May of 2002.

POPULATION SERVED

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. The Applicant's submitted rent schedule reflects 27 or 33% of the tax credit units will be set aside for low-income tenants at or below 30% AMGI, 27 or 33% will be set aside for low-income tenants at or below 50% AMGI, and 27 or 33% of the tax credit units will be set aside for tenants at or below 60% of AMGI. The remaining 27 units or 25% of the total units will be market rate units. However, the Applicant's gross rents are substantially lower than the LIHTC 30%, 50% and 60% maximum rent limits. The Applicant intends to target tenants earning no more than 15%, 40% and 55% of AMGI. Thus, the LURA may need to reflect 27 units at 15% of AMGI, 27 units at 40% of AMGI and 27 units at 55% of AMGI. Without these lower set asides in the LURA, the Applicant would not otherwise be required to maintain these lower rent restrictions and a larger amount of permanent debt could be supported.

The Applicant will set aside 11 units for handicapped/developmentally disabled tenants. Additionally, the Applicant has elected to extend the compliance period an additional 10 years.

SITE INSPECTIONS

A TDHCA staff member performed a site inspection on May 17, 2000 and found the location to be acceptable for the proposed development with good to average linkages to the salient needs of future tenants. The site inspector noted that the surrounding community appeared to be well maintained with some new development currently taking place.

OPERATING PROFORMA ANALYSIS

As indicated above, the Applicant's submitted rent schedule reflects set asides of 30%, 50% and 60% of AMGI. However, the Applicant utilized gross rents that are much lower than the corresponding maximum 2000 LIHTC rent limits for these incomes. The Applicant further indicated that for these incomes, they would target rents at 15%, 40% and 55% of AMGI. However, the proposed rents are still less than the 15%, 40% and 55% rents as calculated by the Underwriter. The Applicant correctly calculated the utility allowances, assumed a 7.5% vacancy and collection loss rate, and used a secondary income estimate equal to $10 per unit per month. As a result, the Applicant's estimate of effective gross income is $35,922 or 5.5% less than the Underwriter's. If the rents are not explicitly restricted in the LURA at the 15%, 40% and 55% levels as proposed in the rent schedule, an additional $126,887 in gross rent could be achieved.

The Applicant's total annual expense estimate is $14K lower than the TDHCA database-derived estimate for comparably sized projects. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages. The Applicant's general & administrative estimate is $10K lower; repairs & maintenance is $19K lower; and utilities is $9K lower. Additionally, the Applicant did not allocate any funds for annual compliance fees. The Underwriter included annual compliance fees equal to $25 per unit for the purpose of estimating the project's expenses. Somewhat offsetting these lower estimates, the Applicant included an unexplained $300 per unit operating reserve in the annual operating expenses in addition to a $200 per unit reserve for replacement. The Underwriter did not include the extra and undocumented operating reserve in the TDHCA total operating expense estimate.

Applicant's estimates of income and expenses provided an unacceptably low 1.08 debt coverage ratio in the project's first year of stabilized operations while the Underwriter's estimates afford the project a sufficient debt coverage ratio of 1.18. If the LURA does not specifically designate the 15%, 40% and 55% rent limits, the project debt coverage ratio would rise to an excessive 1.48. Under that scenario, the Underwriter would recommend that the debt service amount be increased to at least $346,989.

CONSTRUCTION COST ESTIMATE EVALUATION

The Applicant utilized a sitework cost estimate equal to $6,963 per unit. The TDHCA acceptable range of sitework costs is $4,500 to $6,500 per unit. The Applicant was requested to provide a detailed cost breakdown of these higher sitework costs certified and signed by an engineer or architect familiar with the project. A cost breakdown performed by the project architect was submitted but it failed to provide any further insight into the project's sitework costs than did the original budget. Moreover, the subject site is located in the inner city and the previous buildings that occupied the site have been recently demolished. For the purpose of estimating the project's total cost, the Underwriter utilized a sitework cost estimate equal to $6,500 per unit.

The Applicant's total project budget estimate is $1.06M or 12% higher than the Underwriter's. The Applicant's total costs are also $609K or 7% higher than the maximum cost guideline even though the site has no land costs to speak of, and no explanation for these excessive costs was provided. The Applicant's estimate of direct construction is $627K or 12% higher the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate. The Applicant also overstated direct construction costs by adding general requirement items totaling $169,900 in the direct construction budget. The Applicant erroneously included marketing fees in the eligible basis and included housing consultant fees over and above the developer fee limit of 15%. Additionally, the Applicant categorized $43K in tax consultant fees as eligible; these are generally ineligible costs. Because of these overstatements, the Applicant's contractor's and developer's fees exceed the TDHCA limits when compared to the Applicant's own direct construction and total development budget and should be reduced accordingly. As a result, the Underwriter's costs will be used to determine the project's eligible basis and development cost gap.

FINANCING STRUCTURE ANALYSIS

The Applicant intends to finance the project through two sources: an interim to permanent loan and syndicated tax credit equity.

The Housing Authority of the City of Houston will provide an interim construction loan of $5,276,660 utilizing HOPE VI funds with an interest rate equal to AFR and interest only payable monthly for 24 months. The remainder of the construction phase will be funded with $4,351,806 in LIHTC syndication proceeds. Upon completion of construction, the interim HOPE VI loan will convert to permanent in an amount of $3,980,201 with an interest rate also equal to AFR, an amortization schedule of 30 years and a term of 18 years.

General Electric Capital Corporation (GECC) has offered terms for syndication of the tax credits. The commitment letter states a total pay-in of $6,548,265 while the Applicant's Sources and Uses chart shows anticipated net proceeds of $5,648,265. The syndication letter projects an annual tax credit allocation of $706,104, which equates to $5,648,265 based on the stated rate of 80¢ per syndicated credit. However, the proceeds represented in the syndication letter reflect a 92.7¢ syndication rate. Even more confusing, the Applicant has requested an annual tax credit allocation of $650,000, which translates into $5,200,000 in syndication proceeds based on the 80¢ syndication rate. A new syndication letter will need to be submitted from GECC reflecting consistent figures for the tax credit allocation, tax credit syndication rate and anticipated syndication proceeds. The funds will be disbursed in a three-phased pay-in schedule:

1. Reimbursement of all out-of-pocket expenses paid by G.P. and developer to date;
2. Equity draws under the construction loan until 90% of equity has been contributed;
3. Remaining 10% of capital contribution upon receipt of 8609s, upon achievement of breakeven operations, receipt of 100% qualified occupancy, final closing on the permanent loan and receipt of final tax credit certification.

The Applicant utilized an applicable percentage of 8.69% in calculating the requested credits. This rate is 6 basis point higher than the current effective Underwriting rate of 8.63% (current applicable percentage rate of 8.53% plus 10 basis points) for projects being evaluated for July 2000. Utilizing the Underwriter's direct construction cost estimate, an eligible basis of $8,267,773 is calculated. Based on this eligible basis and the current applicable percentage of 8.63%, a tax credit allocation of $647,918 per year is calculated, which equates to $5,564,812 in syndication proceeds based on the 80¢ syndication rate. However, the gap of need is only $4,585,587 if the project's LURA reflects the 15%, 40% and 55% rents. The gap of need would be $3,862,717 if the project's LURA reflects the 30%, 50% and 60% rent limits. As a result, the Underwriter recommends an annual tax credit allocation not to exceed $573,256 or $482,888, respectively, depending on the rent limits ultimately set forth in the project's LURA..

REVIEW of ARCHITECTURAL DESIGN

The submitted architectural drawings reveal handsome elevations of colored plaster stucco accented with tile trim. Each building possesses an attractive use of columns and fenestration with various sized windows. Hipped and gabled roofs with good variation in lines and the utilization of rotundas add to the architectural appeal of the project. All 7 townhome floorplans are above average in size and all provide adequate interior closet space.

IDENTITIES of INTEREST

Lee Burchfield (project consultant and president of the general contractor Millennium Contractors, Inc.) is the nephew of Robert Burchfield (developer and 7% owner of the General Partner) and Dorothy Burchfield (69% owner of the General Partner and wife of Robert Burchfield). The Housing Authority of the City of Houston is the initial Limited Partner, is providing the project financing, and is leasing the site to the Applicant. While these are unusual relationships, they are not known to be prohibited.

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

The Applicant is a new entity formed solely for the purpose of developing Fulton Village Apartments. Thus any submitted financial information relating to the Applicant would not be material at this time.

Robert Burchfield, the developer and 7% owner of the General Partner, has previously developed 3 tax credit projects in Texas since 1995.). The Housing Authority of the City of Houston has extensive past experience in providing affordable housing. No other principal of the development team disclosed any previous experience in developing affordable housing.

William R. Paro, 23% owner of the General Partner, did not provided a signed credit release form. Receipt, review and acceptance of Mr. Paro's credit report is a condition of this report.

RECOMMENDATION

RECOMMEND APPROVAL SUBJECT TO THE FOLLOWING CONDITIONS:

1. Receipt, review, and acceptance of a new syndication letter from GECC reflecting consistent figures for the tax credit allocation, syndication rate and anticipated syndication proceeds;
2. Receipt, review and acceptance of a signed credit release form from William R. Paro, 23% owner of the General Partner;
3. Maintain the Applicant's indicated set-aside levels of 27 units at 60% of AMGI, 27 units at 50% of AMGI and 27 at 30% of AMGI in the Land Use Restriction Agreement (LURA), increase the debt service amount to at least $346,989, and reduce the LIHTC allocation to not more than $482,888 per annum;

   Or

   Maintain the Applicant's intended target set-aside levels of 27 units at 55% of AMGI, 27 units at 40% of AMGI and 27 at 15% of AMGI in the Land Use Restriction Agreement (LURA) and reduce the LIHTC allocation to not more than $573,256 per annum.

Underwriter:	*Jason Bullmore*	**Date:**	July 18, 2000
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	July 18, 2000

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis

Fulton Village Apartments, Houston / LIHTC #00134

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 30%(15%)	6	1	1	805	160	$122	$731	$0.15	$37.73	$22.82
<TC 50%(40%)	6	1	1	805	425	387	2,322	0.48	37.73	22.82
<TC 60%(55%)	6	1	1	870	585	547	3,283	0.63	37.73	22.82
MR	6	1	1	870	737	737	4,422	0.85	37.73	22.82
<TC 30%(15%)	13	2	2	1,085	191	142	$1,842	$0.13	$49.52	$22.82
<TC 50%(40%)	13	2	2	1,096	510	460	5,981	0.42	49.52	22.82
<TC 60%(55%)	13	2	2	1,096	701	652	8,472	0.59	49.52	22.82
MR	13	2	2	1,096	828	828	10,764	0.76	49.52	22.82
<TC 30%(15%)	5	3	2.5	1,306	221	162	$808	$0.12	$59.31	$22.82
<TC 50%(40%)	5	3	2.5	1,306	589	529	2,647	0.41	59.31	22.82
<TC 60%(55%)	5	3	2.5	1,306	810	751	3,755	0.58	59.31	22.82
MR	5	3	2.5	1,306	920	920	4,600	0.70	59.31	22.82
<TC 30%(15%)	3	4	3	1,493	247	171	$514	$0.11	$75.49	$22.82
<TC 50%(40%)	3	4	3	1,493	658	582	1,746	0.39	75.49	22.82
<TC 60%(55%)	3	4	3	1,493	905	829	2,488	0.56	75.49	22.82
MR	3	4	3	1,493	995	995	2,985	0.67	75.49	22.82
TOTAL:	108		AVERAGE:	1,120	$570	$531	$57,362	$0.47	$51.60	$22.82

INCOME & EXPENSE				TDHCA	APPLICANT			
POTENTIAL GROSS RENT				$688,339	$649,500			
Secondary Income		Per Unit Per Month:	$10.00	12,960	12,960	$10.00	Per Unit Per Month	
Other Suport Income				0	0			
POTENTIAL GROSS INCOME				$701,299	$662,460			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(52,597)	(49,680)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$648,702	$612,780			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.85%	$291	$0.26	$31,476	$21,326	$0.18	$197	3.48%
Management	5.45%	327	0.29	35,354	33,388	0.28	309	5.45%
Payroll & Payroll Tax	12.93%	776	0.69	83,846	80,728	0.67	747	13.17%
Repairs & Maintenance	7.13%	428	0.38	46,259	26,781	0.22	248	4.37%
Utilities	2.63%	158	0.14	17,052	7,868	0.07	73	1.28%
Water, Sewer, & Trash	4.56%	274	0.24	29,575	28,242	0.23	262	4.61%
Insurance	3.03%	182	0.16	19,677	20,640	0.17	191	3.37%
Property Tax	0.94%	56	0.05	6,100	6,100	0.05	56	1.00%
Reserve for Replacements	3.33%	200	0.18	21,600	54,000	0.45	500	8.81%
Security	1.61%	97	0.09	10,476	7,776	0.06	72	1.27%
TOTAL EXPENSES	46.46%	$2,791	$2.49	$301,417	$286,849	$2.37	$2,656	46.81%
NET OPERATING INC	53.54%	$3,216	$2.87	$347,285	$325,931	$2.69	$3,018	53.19%
HOPE VI / City of Houston	45.19%	$2,714	$2.42	$293,150	$302,892	$2.50	$2,805	49.43%
Syndication Proceeds	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%
NET CASH FLOW	8.35%	$501	$0.45	$54,135	$23,039	$0.19	$213	3.76%
AGGREGATE DEBT COVERAGE RATIO				1.18	1.08			
ALTERNATIVE DEBT COVERAGE RATIO				1.18				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)		0.00%	$0	$0.00	$0	$0	$0.00	$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.20%	6,500	5.80	702,000	752,003	6.22	6,963	7.81%
Direct Construction		59.35%	47,069	42.02	5,083,441	5,710,769	47.20	52,877	59.31%
Contingency	4.91%	3.32%	2,631	2.35	284,124	284,124	2.35	2,631	2.95%
General Requirement	6.00%	4.05%	3,214	2.87	347,126	576,770	4.77	5,340	5.99%
Contractor's G & A	2.00%	1.35%	1,071	0.96	115,709	135,624	1.12	1,256	1.41%
Contractor's Profit	6.00%	4.05%	3,214	2.87	347,126	406,870	3.36	3,767	4.23%
Indirect Construction		2.38%	1,888	1.69	203,896	203,896	1.69	1,888	2.12%
Ineligible Expenses		1.45%	1,149	1.03	124,060	124,060	1.03	1,149	1.29%
Developer's G & A	2.38%	2.00%	1,588	1.42	171,462	171,462	1.42	1,588	1.78%
Developer's Profit	12.61%	10.58%	8,392	7.49	906,388	906,388	7.49	8,392	9.41%
Interim Financing		1.24%	986	0.88	106,500	106,500	0.88	986	1.11%
Reserves		2.03%	1,611	1.44	173,955	250,000	2.07	2,315	2.60%
TOTAL COST		100.00%	$79,313	$70.80	$8,565,788	$9,628,466	$79.58	$89,152	100.00%

SOURCES OF FUNDS						RECOMMENDED	
HOPE VI / City of Houston	46.47%	$36,854	$32.90	$3,980,201	$3,980,201	$3,980,201	Max. Cost Guideline
Syndication Proceeds	65.94%	$52,299	$46.69	5,648,265	5,648,265	4,585,587	$9,019,432
Additional Financing	0.00%	$0	$0.00	0	0	0	
Deferred Developer's Fee	0.00%	$0	$0.00	0	0	0	
Additional (excess) Funds Required	-12.41%	($9,840)	($8.78)	(1,062,678)	0	0	
TOTAL SOURCES				$8,565,788	$9,628,466	$8,565,788	

MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)

Fulton Village Apartments, Houston / LIHTC #00134

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$41.93	$5,072,379
Adjustments				
Frame	0.40%		$0.17	$20,290
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.81)	(218,983)
Floor Cover			2.31	279,475
Plaster Interior			0.00	0
Plumbing	$626	129	0.67	80,754
Built-In Appliances	$1,925	108	1.72	207,900
Stairs	$1,275	14	0.15	17,850
Floor Insulation			0.00	0
Heating/Cooling			1.68	203,255
Garages	$13.50	21,600	2.41	291,600
Comm &/or Aux bldngs	$51.78	3,500	1.50	181,234
Other:			0.00	0
SUBTOTAL			50.71	6,135,754
Current Cost Multiplier	1.10		5.07	613,575
Local Multiplier	0.92		(4.06)	(490,860)
TOTAL DIRECT CONSTRUCTION COSTS			$51.73	$6,258,469
Plans, specs, survy, bld prmts	3.90%		($2.02)	($244,080)
Interim Construction Interest	3.38%		(1.75)	(211,223)
Contractor's OH & Profit	11.50%		(5.95)	(719,724)
NET DIRECT CONSTRUCTION COSTS			$42.02	$5,083,441

PAYMENT COMPUTATION

Primary	$3,980,201	Term	360
Int Rate	6.22%	DCR	1.18
Secondary	$5,648,265	Term	
Int Rate		Subtotal DCR	1.18
Additional	$0	Term	
Int Rate		Aggregate DCR	1.18

ALTERNATIVE FINANCING STRUCTURE:

Primary Debt Service	$293,150
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$54,135

Primary	$3,980,201	Term	360
Int Rate	6.22%	DCR	1.18
Secondary	$5,648,265	Term	0
Int Rate	0.00%	Subtotal DCR	1.18
Additional	$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.18

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	$688,339	$708,989	$730,259	$752,167	$774,732	$898,126	$1,041,175	$1,207,007	$1,622,116
Secondary Income	12,960	13,349	13,749	14,162	14,587	16,910	19,603	22,725	30,541
Other Suport Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	701,299	722,338	744,008	766,328	789,318	915,036	1,060,778	1,229,732	1,652,657
Vacancy & Collection Loss	(52,597)	(54,175)	(55,801)	(57,475)	(59,199)	(68,628)	(79,558)	(92,230)	(123,949)
Employee or Other Non-Rental U	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$648,702	$668,163	$688,208	$708,854	$730,119	$846,408	$981,219	$1,137,502	$1,528,708
EXPENSES at 4.00%									
General & Administrative	$31,476	$32,735	$34,045	$35,407	$36,823	$44,801	$54,507	$66,316	$98,164
Management	35,354	36,415	37,507	38,633	39,792	46,129	53,476	61,994	83,315
Payroll & Payroll Tax	83,846	87,200	90,688	94,316	98,088	119,339	145,195	176,651	261,487
Repairs & Maintenance	46,259	48,110	50,034	52,036	54,117	65,842	80,106	97,462	144,267
Utilities	17,052	17,734	18,444	19,181	19,949	24,271	29,529	35,927	53,180
Water, Sewer & Trash	29,575	30,758	31,988	33,268	34,598	42,094	51,214	62,309	92,233
Insurance	19,677	20,464	21,283	22,134	23,020	28,007	34,075	41,457	61,367
Property Tax	6,100	6,344	6,598	6,862	7,136	8,682	10,563	12,852	19,024
Reserve for Replacements	21,600	22,464	23,363	24,297	25,269	30,744	37,404	45,508	67,363
Other	10,476	10,895	11,331	11,784	12,255	14,911	18,141	22,071	32,671
TOTAL EXPENSES	$301,417	$313,120	$325,280	$337,917	$351,047	$424,819	$514,210	$622,547	$913,070
NET OPERATING INCOME	$347,285	$355,043	$362,927	$370,937	$379,073	$421,589	$467,009	$514,955	$615,637
DEBT SERVICE									
First Lien Financing	$293,150	$293,150	$293,150	$293,150	$293,150	$293,150	$293,150	$293,150	$293,150
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	$54,135	$61,893	$69,777	$77,787	$85,922	$128,439	$173,859	$221,805	$322,487
DEBT COVERAGE RATIO	1.18	1.21	1.24	1.27	1.29	1.44	1.59	1.76	2.10

LIHTC Allocation Calculation - Fulton Village Apartments, Houston / LIHTC #00134

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land				
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$752,003	$702,000	$752,003	$702,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$5,710,769	$5,083,441	$5,710,769	$5,083,441
(4) Contractor Fees & General Requirements				
Contractor overhead	$135,624	$115,709	$129,255	$115,709
Contractor profit	$406,870	$347,126	$387,766	$347,126
General requirements	$576,770	$347,126	$387,766	$347,126
(5) Contingencies	$284,124	$284,124	$284,124	$284,124
(6) Eligible Indirect Fees	$203,896	$203,896	$203,896	$203,896
(7) Eligible Financing Fees	$106,500	$106,500	$106,500	$106,500
(8) All Ineligible Costs	$124,060	$124,060		
(9) Developer Fees				
Developer overhead	$171,462	$171,462	$171,462	$171,462
Developer fee	$906,388	$906,388	$906,388	$906,388
(10) Development Reserves	$250,000	$173,955		
TOTAL DEVELOPMENT COSTS	$9,628,466	$8,565,788	$9,039,930	$8,267,773

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		$9,039,930	$8,267,773
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$11,751,909	$10,748,105
Applicable Fraction		75%	75%
TOTAL QUALIFIED BASIS		$8,813,932	$8,061,079
Applicable Percentage		8.69%	8.63%
TOTAL AMOUNT OF TAX CREDITS		$765,931	$695,671
Syndication Proceeds	**0.7999**	**$6,126,833**	**$5,564,812**

Requested Credits:	**$650,000**
Syndication Proceeds:	**$5,199,480**
Actual Gap of Need:	**$4,585,587**
Recommended Allocation:	**$573,256**
Actual Gap of Need @ 30% , 50% & 60% rents:	**$3,862,717**
Alternative Recommended Allocation:	**$482,888**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report ADDENDUM

REPORT DATE: 12/2/2008 PROGRAM: 9% HTC FILE NUMBER: **05082/08025**

DEVELOPMENT

Sphinx at Luxar

Location: 3110 S. Cockrell Hill Road Region: 0

City: Dallas County: Dallas Zip: 75233 [X] QCT [ ] DDA

Key Attributes: New Construction, General Population, Urban/Exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$918,536			**$898,940**		

CONDITIONS

Staff has evaluated the financial viability of the requested amendment. Based on the revised information provided, the transaction would meet the Department's 2008 Real Estate Analysis Rules and Guidelines if approved. If the Board chooses to approve the amendment, the Underwriter recommends a total tax credit allocation of $898,940. The development is currently undergoing the Cost Certification review process and IRS Forms 8609 will be released upon satisfaction of all Cost Certification requirements.

ADDENDUM

Sphinx at Luxar is a 2005 application that was originally underwritten and approved during the 2005 9% HTC cycle. The development received an award of 2005 Housing Tax Credits in an annual amount of $858,445. Additionally, in October 2006 the TDHCA Board approved a policy for addressing cost increases for 2004 and 2005 competitive HTC developments as a result of the impact of Hurricanes Katrina and Rita. As a result of this action this development also received a Binding Agreement for additional tax credits out of the 2008 credit ceiling for $60,091.The total tax credit allocation awarded to this development was $918,536.

In a letter to the Department dated 10/20/2008, the Owner has requested to amend the application for the following changes: a reduced number of units with 1/2 baths and a decrease in the number of surface parking spaces. According to the Owner, the buildable area of the site had to be reduced by 1.4 acres in order to accomodate an existing underground gas line on the east side of the property that was not allowed to be relocated by the utility company. As a result, changes to the building and unit configurations were made that ultimately reduced the number of three-bedroom/two and a half bath units from 27 proposed at application to 12 as built. Also a result of the reconfiguration was an increase in the total net rentable area from 102,923 at application to 105,707 as built. This results in an increase of 2,784 square feet, or 2.7%. A breakdown of the unit and building configuration, as built, is provided below. Additionally, the total number of parking spaces decreased from 340 to 235. The number of covered parking spaces committed to was built (100 spaces), but the number of surface parking decreased by 105 spaces.

The development is currently undergoing the final Cost Certification review process in conjunction with the amendment review process. During the course of these reviews the Underwriter also noted a discrepancy in the total number of two-bedroom units with 1/2 baths. Specifically, the underwriting report reflects that the following two-bedroom units would contain two full baths and one half bath (974sf, 1,005sf, 1,044sf and 1,057sf). Upon further research, it has become apparent that the architectural drawings submitted at application for these two-bedroom units did not reflect two full baths and an additional half bath. Instead, the plans reflect that each of these unit types were to contain a full bath and a partial bath (shower and sink) on the second floor and a partial bath (toilet and sink) on the first floor. Therefore, to characterize these units to have two full and one half baths is not accurate. This underwriting addendum and analysis correctly reflects these units to have one full and one-half bath.

This addendum addresses the impact the requested changes have on the feasibility of this transaction and should be read in conjunction with the original underwriting report. Only those areas impacted by the requested changes will be addressed in the addendum.

BUILDING CONFIGURATION

Building Type	A	B	C	Total Buildings
Floors/Stories	3	3	3	
Number	3	1	3	**7**

BR/BA	SF	Units			Total Units	Total SF
1/1	742	1			3	2,226
1/1	760	2	2	2	14	10,640
1/1	874			2	6	5,244
2/1.5	974	3	2		11	10,714
2/1.5	1,005			2	6	6,030
2/2	1,018	2	2		8	8,144
2/1.5	1,044	3			9	9,396
2/1.5	1,057	2	2		8	8,456
3/2.5	1,256	4			12	15,072
3/2	1,295		2	7	23	29,785
Units per Building		9	4	7	**100**	**105,707**

OPERATING PROFORMA ANALYSIS

The Owner's effective gross income, operating expenses and net operating income are all within 5% of the Underwriter's estimates. Therefore, the Owner's proforma is used to determine the development's debt service capacity based on the final permanent financing structure reflected in the Cost Certification. Based on the Owner's proforma, the development can service the proposed debt structure at a 1.32 DCR which falls within the Department's underwriting guidelines. Of note, the Owner's original debt service projection (1.29) was based upon a different permanent loan amount with different terms. The Underwriter has since received updated documentation from the permanent lender and has utilized this latest information for purposes of this addendum and analysis.

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current Department guidelines. As noted above, the Owner's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow for the Department's 15 year minimum. Therefore, the development can be characterized as feasible for the long term.

CONSTRUCTION COST ESTIMATE EVALUATION

The Owner's final total development cost, as certified by a CPA, is within 5% of the Underwriter's current construction cost estimate utilizing current Marshall & Swift data. Furthermore, the Underwriter determined that the difference in construction cost estimated by the Underwriter in the original analysis, utilizing one full and one half baths for the two-bedroom units rather than the two full and one half baths originally reflected would amount to less than 1% difference.

As a result, the Owner's final costs will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $10,012,276 supports annual tax credits of $1,014,620. This figure will be compared to the Owner's request and the tax credits calculated based on the gap in need for permanent funds to determine the final credit allocation.

FINANCING STRUCTURE

Source: Wachovia Bank, N.A. Type: **Permanent Financing**

Principal: $3,300,000 Interest Rate: 7.2% [X] Fixed Term: 360 months

Comments:

The Owner's original cost certification submission included a loan commitment agreement with Wachovia dated October 26, 2005 reflecting a permanent loan of $3,213,000 with a 7.75% interest rate and 30-year amortization. However, the Department has since received an updated letter from Wachovia dated November 18, 2008 reflecting a loan amount not to exceed $3,300,000 at a 7.19% interest rate, 18 year term and 30-year amortization. The permanent loan has not closed as of the date of this addendum.

Source: Wachovia Type: **Syndication**

Proceeds: $8,128,661 Syndication Rate: 94.7% Anticipated HTC: $ 858,359

Comments:

According to the Amended and Restated Agreement of Limited Parntership provided in the Cost Certification, if it is determined that the actual credit amount exceeds the anticipated credit amount then the Investor Limited Partner's Capital Contribution will increase in an amount equal to the lesser of $500K or the product of the credit excess and $0.947. The Underwriter's final credit recommendation utilizes the excess credit by the $0.947 syndication price as this is the lesser of the two options provided.

Amount: $29,769 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Owner's final total development cost, less the permanent loan amount of $3.3M indicates the need for $8,512,967 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $898,940 annually would be required to fill this gap in financing. Of the four possible tax credit allocations: previously approved 2005 and 2008 credit amount ($918,536), the Owner's request ($918,536), the eligible basis-derived estimate ($1,014,620), and the gap-driven amount ($898,940) the gap driven amount of $898,940 is recommended resulting in proceeds of $8,512,967 based on a syndication rate of 94.7%.

The Underwriter's recommended financing structure indicates the need for no additional permanent funds.

Underwriter: Raquel Morales

Raquel Morales

Date: December 2, 2008

COST CERTIFICATION COMPARATIVE ANALYSIS

Sphinx at Luxar Villas, Dallas, HTC#05082
Reviewed by: Rosalio B.
Date: 8/20/08

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	3	1	1	742	$748	618	$263	$618	$1,854	$0.83	$130.00	$14.00
TC 60%	10	1	1	760	$748	618	$638	$618	6,180	0.81	130.00	14.00
MR	4	1	1	760		748	$638	$748	2,992	0.98	130.00	14.00
TC 30%	3	1	1	874	$373	243	$263	$243	729	0.28	130.00	14.00
TC 60%	3	1	1	874	$748	618	$638	$618	1,854	0.71	130.00	14.00
TC 60%	11	2	1.5	974	$898	735	$746	$735	8,085	0.75	163.00	14.00
TC 60%	6	2	1.5	1,005	$898	735	$746	$735	4,410	0.73	163.00	14.00
TC 30%	4	2	2	1,018	$448	285	$296	$285	1,140	0.28	163.00	14.00
TC 60%	4	2	2	1,018	$898	735	$746	$735	2,940	0.72	163.00	14.00
TC 60%	9	2	1.5	1,044	$898	735	$746	$735	6,615	0.70	163.00	14.00
TC 60%	8	2	1.5	1,057	$898	735	$746	$735	5,880	0.70	163.00	14.00
TC 30%	1	3	2.5	1,256	$518	320	$331	$320	320	0.25	198.00	14.00
TC 60%	11	3	2.5	1,256	$1,037	839	$850	$839	9,229	0.67	198.00	14.00
TC 30%	2	3	2	1,295	$518	320	$331	$320	640	0.25	198.00	14.00
TC 60%	21	3	2	1,295	$1,037	839	$850	$839	17,619	0.65	198.00	14.00
TOTAL:	100		AVERAGE:	1,057		$705			$70,487	$0.67	$167.66	$14.00

INCOME	Total Net Rentable Sq Ft: 105,707			TDHCA	TDHCA-UW	APPLICATION	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$845,844	$855,288	$773,868	$845,844	Dallas	Dallas	3
Secondary Income	Per Unit Per Month:		$14.00	16,800	18,000	156	16,800	$14.00	Per Unit Per Month	
Other Support Income:				0	0	17,856	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$862,644	$873,288	$791,880	$862,644			
Vacancy & Collection Loss	% of Potential Gross Income:		-7.50%	(64,698)	(65,497)	(67,308)	(64,704)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	(4,276)	0	0			
EFFECTIVE GROSS INCOME				$797,946	$803,515	$724,572	$797,940			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.66%	$451	0.43	$45,149	$42,469	$47,300	$47,768	$0.45	$478	5.99%
Management	4.00%	319	0.30	31,918	40,176	36,228	31,493	0.30	315	3.95%
Payroll & Payroll Tax	14.38%	1,147	1.09	114,746	105,205	101,007	119,410	1.13	1,194	14.96%
Repairs & Maintenance	7.31%	583	0.55	58,307	50,281	59,600	41,460	0.39	415	5.20%
Utilities	3.71%	296	0.28	29,613	35,485	18,000	25,200	0.24	252	3.16%
Water, Sewer, & Trash	3.67%	293	0.28	29,298	27,675	36,000	46,800	0.44	468	5.87%
Property Insurance	3.47%	277	0.26	27,714	25,731	22,500	23,352	0.22	234	2.93%
Property Tax 2.51	10.40%	830	0.79	82,987	87,984	95,000	82,987	0.79	830	10.40%
Reserve for Replacements	2.51%	200	0.19	20,000	20,000	20,000	20,000	0.19	200	2.51%
TDHCA Compliance Fees	0.48%	38	0.04	3,840	9,421	10,000	3,840	0.04	38	0.48%
Other: Bank Fee	0.08%	6	0.01	600			600	0.01	6	0.08%
TOTAL EXPENSES	55.66%	$4,442	$4.20	$444,172	$444,427	$445,635	$442,910	$4.19	$4,429	55.51%
NET OPERATING INC	44.34%	$3,538	$3.35	$353,774	$359,088	$278,937	$355,030	$3.36	$3,550	44.49%
DEBT SERVICE										
Wachovia Bank, N.A.	33.65%	$2,685	$2.54	$268,532	$240,715	$240,715	$276,220	$2.61	$2,762	34.62%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW	10.68%	$852	$0.81	$85,242	$118,373	$38,222	$78,810	$0.75	$788	9.88%
AGGREGATE DEBT COVERAGE RATIO				1.32	1.49	1.16	1.29			
RECOMMENDED DEBT COVERAGE RATIO							1.32			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.79%	$5,472	$5.18	$547,155	$473,270	$632,900	$547,155	$5.18	5471.55	4.63%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		11.13%	12,723	12.04	1,272,340	749,500	749,500	1,272,340	12.04	12,723	10.77%
Direct Construction		49.69%	56,785	53.72	5,678,469	4,840,936	4,770,349	5,877,773	55.60	58,778	49.76%
Contingency						279,522	280,993		0.00	0	0.00%
Contractor's Fees	13.78%	8.38%	9,579	9.06	957,920	782,661	786,779	957,920	9.06	9,579	8.11%
Indirect Construction		4.30%	4,917	4.65	491,670	774,900	774,900	491,670	4.65	4,917	4.16%
Ineligible Costs		5.91%	6,751	6.39	675,057	625,891	625,891	675,057	6.39	6,751	5.71%
Developer's Fees	15.00%	11.27%	12,882	12.19	1,288,246	1,164,037	1,164,037	1,318,142	12.47	13,181	11.16%
Interim Financing		1.64%	1,879	1.78	187,910	397,725	397,725	187,910	1.78	1,879	1.59%
Reserves		2.87%	3,282	3.10	328,173	228,783	228,783	485,000	4.59	4,850	4.11%
TOTAL COST		100.00%	$114,269	$108.10	$11,426,940	$10,317,225	$10,411,857	$11,812,967	$111.75	$118,130	100.00%
Construction Cost Recap		*69.21%*	*$79,087*	*$74.82*	*$7,908,729*	*$6,652,619*	*$6,587,621*	*$8,108,033*	*$76.70*	*$81,080*	*68.64%*

SOURCES OF FUNDS				TDHCA	TDHCA-UW	APPLICATION	APPLICANT	RECOMMENDED	
Wachovia Bank, N.A.	28.88%	$33,000	$31.22	$3,300,000	$2,800,000	$2,800,000	$3,300,000	$3,300,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	0	0	$1,318,142
HTC Proceeds-Wachovia	75.00%	$85,702	$81.08	8,570,198	7,273,831	7,273,831	8,570,198	8,512,967	% of Dev. Fee Deferred
Deferred Developer Fees	0.26%	$298	$0.28	29,769	338,028	338,028	29,769		0%
Additional (Excess) Funds Req'd	-4.14%	($4,730)	($4.47)	(473,027)	(94,634)	(2)	(87,000)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$11,426,940	$10,317,225	$10,411,857	$11,812,967	$11,812,967	$1,955,797

Sphinx at Luxar Villas, Dallas, HTC#05082

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$53.85	$5,692,111
Adjustments				
Exterior Wall Finish	1.60%		$0.86	$91,074
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.82)	(87,032)
Floor Cover			2.43	256,868
Breezeways/Balconies	$22.27	7,204	1.52	160,433
Plumbing Fixtures	$805	289	2.20	232,645
Rough-ins	$400	200	0.76	80,000
Built-In Appliances	$1,850	100	1.75	185,000
Exterior Stairs	$1,800	96	1.63	172,800
Garages	$17.70	8000	1.34	141,600
Heating/Cooling			1.90	200,843
Carports	$10.15	9,000	0.86	91,350
Comm &/or Aux Bldgs	$69.27	4,661	3.05	322,856
Other: fire sprinkler	$2.15	105,707	2.15	227,270
SUBTOTAL			73.48	7,767,818
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(7.35)	(776,782)
TOTAL DIRECT CONSTRUCTION COSTS			$66.14	$6,991,036
Plans, specs, survy, bld prm	3.90%		($2.58)	($272,650)
Interim Construction Interes	3.38%		(2.23)	(235,947)
Contractor's OH & Profit	11.50%		(7.61)	(803,969)
NET DIRECT CONSTRUCTION COSTS			$53.72	$5,678,469

PAYMENT COMPUTATION

Primary	$3,300,000	Amort	360
Int Rate	7.19%	DCR	1.32
Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.32
Additional	$8,570,198	Amort	
Int Rate		Aggregate DCR	1.32

RECOMMENDED FINANCING STRUCTURE APPLICAN

Primary Debt Service	$268,532
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$86,498

Primary	$3,300,000	Amort	360
Int Rate	7.19%	DCR	1.32
Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.32
Additional	$8,570,198	Amort	0
Int Rate	0.00%	Aggregate DCR	1.32

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$845,844	$871,219	$897,356	$924,277	$952,005	$1,103,635	$1,279,415	$1,483,193	$1,993,287
Secondary Income	16,800	17,304	17,823	18,358	18,909	21,920	25,412	29,459	39,590
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	862,644	888,523	915,179	942,634	970,913	1,125,555	1,304,826	1,512,651	2,032,877
Vacancy & Collection Loss	(64,704)	(66,639)	(68,638)	(70,698)	(72,819)	(84,417)	(97,862)	(113,449)	(152,466)
Employee or Other Non-Rental I	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$797,940	$821,884	$846,541	$871,937	$898,095	$1,041,138	$1,206,964	$1,399,203	$1,880,411
EXPENSES at 4.00%									
General & Administrative	$47,768	$49,679	$51,666	$53,733	$55,882	$67,989	$82,719	$100,640	$148,972
Management	31,493	32,438	33,411	34,413	35,446	41,092	47,636	55,224	74,216
Payroll & Payroll Tax	119,410	124,186	129,154	134,320	139,693	169,958	206,779	251,579	372,398
Repairs & Maintenance	41,460	43,118	44,843	46,637	48,502	59,011	71,795	87,350	129,299
Utilities	25,200	26,208	27,256	28,347	29,480	35,867	43,638	53,093	78,590
Water, Sewer & Trash	46,800	48,672	50,619	52,644	54,749	66,611	81,042	98,601	145,953
Insurance	23,352	24,286	25,258	26,268	27,319	33,237	40,438	49,199	72,827
Property Tax	82,987	86,306	89,759	93,349	97,083	118,116	143,707	174,841	258,808
Reserve for Replacements	20,000	20,800	21,632	22,497	23,397	28,466	34,634	42,137	62,373
Other	4,440	4,618	4,802	4,994	5,194	6,320	7,689	9,354	13,847
TOTAL EXPENSES	$442,910	$460,312	$478,400	$497,202	$516,746	$626,666	$760,077	$922,017	$1,357,282
NET OPERATING INCOME	$355,030	$361,572	$368,141	$374,735	$381,349	$414,472	$446,887	$477,185	$523,129
DEBT SERVICE									
First Lien Financing	$268,532	$268,532	$268,532	$268,532	$268,532	$268,532	$268,532	$268,532	$268,532
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	$86,498	$93,040	$99,609	$106,203	$112,817	$145,940	$178,355	$208,653	$254,597
DEBT COVERAGE RATIO	1.32	1.35	1.37	1.40	1.42	1.54	1.66	1.78	1.95

COST CERTIFICATION ANALYSIS -Sphinx at Luxar Villas, Dallas, HTC#05082

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$547,155	$547,155		
Purchase of buildings	$0	$0		
(2) Rehabilitation/New Construction Cost				
On-site work	$1,272,340	$1,272,340	$1,272,340	$1,272,340
Off-site improvements	$0	$0		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$5,877,773	$5,678,469	$5,877,773	$5,678,469
(4) Contractor Fees & General Requirements	$957,920	$957,920	$957,920	$957,920
(5) Contingencies	$0	$0	$0	$0
(6) Eligible Indirect Fees	$491,670	$491,670	$491,670	$491,670
(7) Eligible Financing Fees	$187,910	$187,910	$187,910	$187,910
(8) All Ineligible Costs	$675,057	$675,057		
(9) Developer Fees			$1,318,142	$0
Developer fees	$1,318,142	$1,288,246	$0	$1,288,246
			$0	$0
(10) Development Reserves	$485,000	$328,173	$1,318,142	$1,288,246
TOTAL DEVELOPMENT COSTS	$11,812,967	$11,426,940	$10,105,755	$9,876,555

Deduct from Basis:			
Commercial Space		$93,479	$93,479
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing		$0	$0
Non-qualified portion of higher quality units [42(d)(3)]		$0	$0
Historic Credits (on residential portion only)		$0	$0
TOTAL ELIGIBLE BASIS		$10,012,276	$9,783,076
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$13,015,959	$12,717,999
Applicable Fraction		96%	96%
TOTAL QUALIFIED BASIS		$12,495,320	$12,209,279
Applicable Percentage		8.12%	8.12%
TOTAL AMOUNT OF TAX CREDITS		$1,014,620	$991,393
Syndication Proceeds	0.947000148	$9,608,453	$9,388,498

Total Tax Credits (Eligible Basis Method)	**$1,014,620**	**$991,393**
Syndication Proceeds	**$9,608,453**	**$9,388,498**
2005 Approved Tax Credits	**$858,445**	
Syndication Proceeds	**$8,129,475**	
2008 Binding Agreement Tax Credits	**$60,091**	
Additional Allocation Amount Accepted	**$60,091**	
Cost Certification Request	**$918,536**	
Syndication Proceeds	**$8,698,537**	
Gap of Syndication Proceeds Needed	**$8,512,967**	
Total Tax Credits (Gap Method)	**$898,940**	
Reconciled Tax Credits	**$898,940**	
Syndication Proceeds	**$8,512,967**	
Unused/Recaptured 2008 Credit Amount	**$19,596**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: June 28, 2005 **PROGRAM:** 9% HTC **FILE NUMBER:** 05082

DEVELOPMENT NAME

Sphinx at Luxar Villas

APPLICANT

Name:	SDC Luxar Investments, LP			**Type:**	For-profit		
Address:	3030 LBJ Freeway, Suite 880			**City:**	Dallas	**State:**	TX
Zip:	75234	**Contact:**	Jay O. Oji	**Phone:**	(214) 342-1400	**Fax:**	(214) 342-1409

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	SDC Luxar Development, LLC	**(%):**	1	**Title:**	Managing General Partner
Name:	Operation Relief Center, Inc.	**(%):**	N/A	**Title:**	10% Owner of GP (Non-profit)
Name:	Sphinx Development Corporation	**(%):**	N/A	**Title:**	90% Owner of GP
Name:	Jay O. Oji	**(%):**	N/A	**Title:**	60% Owner Sphinx Development Corporation
Name:	Joseph Agumadu	**(%):**	N/A	**Title:**	40% Owner Sphinx Development Corporation

PROPERTY LOCATION

Location:	3110 Cockrell Hill Road		☒ **QCT**		☐ **DDA**
City:	Dallas	**County:**	Dallas	**Zip:**	75233

REQUEST

Amount	Interest Rate	Amortization	Term
$887,230	N/A	N/A	N/A

Other Requested Terms: Annual ten-year allocation of housing tax credits

Proposed Use of Funds: New construction **Property Type:** Multifamily

Special Purpose (s): General Population, Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $858,445 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 is a condition of this report.
2. Receipt, review, and acceptance upon plan review of documentation that no structures will be constructed over the easement is a condition of this report.
3. Receipt, review, and acceptance of documentation verifying the satisfaction of the recommendations in the Phase I ESA is a condition of this report.
4. Receipt, review, and acceptance of a revised permanent loan commitment reflecting an increase in the debt by $412,982, or maintenance of an initial deferred developer fee or any combination of additional debt plus initial deferred developer fee totaling the same amount.
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

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	100	# Rental Buildings	7	# Non-Res. Buildings	1	# of Floors	3	Age:	N/A yrs	Vacant:	N/A	at / /

Net Rentable SF: 102,923 **Av Un SF:** 1,029 **Common Area SF:** 4,526 **Gross Bldg SF:** 107,449

STRUCTURAL MATERIALS

The structure will be wood frame on a slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 35% stone veneer and 65% stucco. The interior wall surfaces will be drywall and the pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be carpeting and vinyl flooring. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, and individual heating and air conditioning.

ONSITE AMENITIES

A 4,526-square foot community building will include an activity room, management offices, maintenance, & laundry facilities, a kitchen, restrooms, and a business center. The community building and swimming pool are located at the entrance to the property. The equipped children's play area is at the end of the property. In addition, sports courts & perimeter fencing with limited access gates is planned for the site.

Uncovered Parking: 240 spaces **Carports:** 100 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The subject is a 10.5-unit per acre new construction development of 100 units of mixed-income housing located in southwest Dallas. The development is comprised of seven evenly distributed townhouse and garden style, walk-up, low-rise residential buildings as follows:

- Three Building Type I with three one-bedroom/one-bath units, ten two-bedroom/two-bath units, and four three-bedroom, two-bath units;
- Three Building Type II with four one-bedroom/one-bath units, two two-bedroom/two-bath units, and seven three-bedroom, two-bath units;
- One Building Type III with two one-bedroom/one-bath units, six two-bedroom/two-bath units, and two 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 simple fenestration.

SITE ISSUES

SITE DESCRIPTION

Size: 9.45 acres 411,642 square feet **Flood Zone Designation:** Zone X

Zoning: TH-2 & CR

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the southwest area of Dallas, approximately eight miles from the central business district. The site is situated on the east side of Cockrell Hill Road.

Adjacent Land Uses:

- **North:** residential development immediately adjacent;
- **South:** Kiest Blvd immediately adjacent and residential development beyond;

- **East:** multifamily development immediately adjacent; and
- **West:** Cockrell Hill Road and commercial immediately adjacent.

Site Access: Access to the property is from the east or west along Fruitwood Drive or the north or south from Cockrell Hill Road. The development is to have two main entries, one from the north or south from Cockrell Hill Road and one from the east or west from Fruitwood Drive. Access to Interstate Highway 35E is 3.6 miles east, which provides connections to all other major roads serving the Dallas area.

Public Transportation: Public transportation to the area is provided by Dallas Area Rapid Transit. The location of the nearest stop is at front of subject.

Shopping & Services: The site is within four miles of major grocery/pharmacies, 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.

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 CR & TH 2(A); the zoning change application to TH 3(A) is under review by the City of Dallas. 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.
- **Environmental Hazard:**
  - The Phase I Environmental Site Assessment (ESA) recommends that the fill that has been placed in the eastern and southern portions of the property be evaluated to determine if any potentially hazardous materials are present. Also, if the development will impact Fivemile Creek, a Routine Wetland Delineation should be performed. Receipt, review, and acceptance of documentation verifying the satisfaction of the recommendations in the Phase I ESA is a condition of this report.
  - The ESA notes a natural gas pipeline easement through the northern portion of the site and buildings may be constructed over the easement. Receipt, review, and acceptance upon plan review of documentation that no structures will be constructed over the easement is a condition of this report.

Site Inspection Findings: TDHCA staff performed a site inspection on April 7, 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 3, 2005 was prepared by Reed Engineering Group and contained the following findings and recommendations:

Findings: (p. 19)

1. Historical information indicates the property was developed with residences along Kiest Boulevard in the 1940s, with an additional residence or farmstead constructed in the central portion of the site, adjacent to Cockrell Hill Road, in the 1950s. All structures were removed from the property prior to the early 1970s, when a significant amount of fill was placed on the property. The property has remained vacant since that time and has become increasingly wooded.
2. No evidence of surface staining, leachate, seeps, old foundations, or stressed vegetation was noted on the property. A significant amount of concrete, asphalt, and soil was observed in the eastern and southern portions of the property. No other areas of dumping were noted. Aerial photographs indicated that a majority of the property was filled in the 1970's.
3. One utility-owned, pole-mounted electrical transformer was observed along the west property line. The unit appeared in good condition, with no evidence of releases. No staining was observed on the ground surface below the transformer.
4. The area in and along Fivemile Creek, which comprises the eastern boundary of the property, is identified as a wetland on the National Wetlands Inventory Map. The creek is classified as Palustrine, Forested, Broad-leaved deciduous, seasonally flooded.
5. Federal and state regulatory databases identify one registered petroleum storage tank (PST) facility within a one-quarter mile radius of the property. No other sites were listed in any of the other databases

searched for this assessment.

6. An unnamed convenience store, approximately 100 feet west and topographically crossgradient to upgradient to the property, has four registered underground storage tanks that are listed as currently in use. The tanks are construction of steel and were installed in 1971, and reportedly contain gasoline, diesel, and used oil. Given the age of the tanks and the close proximity of the facility, there is a potential for undocumented releases from these tanks to have environmentally impacted the subject property.
7. An abandoned landfill is located approximately 2,400 feet east of the property. The landfill is hydrologically separated from the subject property and does not appear to pose a significant potential to have environmentally impacted the property.

Recommendations: "Based on the information received to date, this assessment has revealed no evidence of recognized environmental conditions in connection with the property, except for the following:

- The unknown nature and origin of the fill that has been placed in the eastern and southern portions of the property; and
- The presence of an off-site, potentially upgradient PST facility that has underground storage tanks that have been used since 1971.

The vertical and lateral extent of the fill as well as the nature of the fill should be evaluated to determine if any potentially hazardous materials are present. This work can be performed using a backhoe; however, significant clearing will be required to access portions of the fill.

If planned development will impact Fivemile Creek, a Routine Wetland Delineation should be performed.

Given the past residential use of the property in the 1940s and 1950s, the presence of water wells or septic systems can not be ruled out. If wells or septic systems are encountered during development they should be properly plugged and abandoned in accordance with TCEQ requirements" (p. 19-20).

Receipt, review, and acceptance of documentation verifying the satisfaction of the recommendations in the Phase I ESA is a condition of 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. Ninety-six of the units (96% of the total) will be reserved for low-income tenants. Ten of the units (10%) will be reserved for households earning 30% or less of AMGI, 88 units (88%) will be reserved for households earning 60% or less of AMGI, and the remaining four units will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$27,960	$31,920	$35,940	$39,900	$43,080	$46,260

MARKET HIGHLIGHTS

A market feasibility study dated March 29, 2005 was prepared by Apartment Market Data ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "For this analysis we utilized a "primary trade area" comprising a custom Trade Area. This trade area encompasses 33.2 square miles" (p. 30). This is approximately equivalent to a circle with a radius of 3.25 miles.

Population: The estimated 2004 population of the primary market area was 89,061 and is expected to increase by 3.6% to approximately 92,298 by 2009. Within the primary market area there were estimated to be 27,203 households in 2004.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 4,045 qualified households in the PMA, based on the current estimate of 27,203 households, the projected annual growth rate of 1.8%, renter households estimated at 54.4% of the population, income-qualified households estimated at 41.8%, and an annual renter turnover rate of 63.6 % (p. 50). The Market Analyst used an income band of $12,823 to $43,080.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	110	3%	78	2%
Resident Turnover	3,935	97%	3,779	98%
TOTAL ANNUAL DEMAND	**4,045**	**100%**	**3,856**	**100%**

Ref: p. 50

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 8.8% based upon 4,045 units of demand and 360 unstabilized affordable housing in the PMA (including the subject) (p. 51). The Underwriter calculated an inclusive capture rate of 9.3% based upon a supply of unstabilized comparable affordable units of 360 divided by a revised demand of 3,856.

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 1,629 units in the market area (p. 13). "…the rents on a PPSF and Total Rent Basis are 19.0% to 70.6% below rents currently offered in the marketplace. The proposed rents are the maximum permitted under the LIHTC program for 30% units. The 60% rents are below the maximum LIHTC rates due to prevailing unadjusted rates in the market. This is in part due to the fact that some of the market rate comparables that were used are actually outside the Trade Area in more desirable locations. These projects were used as comparables because there are very few newer projects within the Trade Area. The analyst believes that the proposed 60% rents are appropriate for the location of the proposed subject and for the type and quality of product that is proposed for the subject" (p. 13).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI/SF)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (60%/742 SF)	$563	$638	-$75	$695	-$132
1-Bedroom (60%/760 SF)	$563	$638	-$75	$715	-$152
1-Bedroom (MR/760 SF)	$563	N/A	N/A	$715	-$152
1-Bedroom (30%/874SF)	$264	$263	$1	$740	-$476
1-Bedroom (60%/874SF)	$563	$638	-$75	$740	-$177
2-Bedroom (60%/974 SF)	$670	$746	-$76	$840	-$170
2-Bedroom (60%/1,005 SF)	$670	$746	-$76	$850	-$180
2-Bedroom (30%/1,018 SF)	$296	$296	$0	$840	-$544
2-Bedroom (60%/1,018 SF)	$670	$746	-$76	$840	-$170
2-Bedroom (60%/1,044 SF)	$670	$746	-$76	$880	-$210
2-Bedroom (60%/1,057 SF)	$670	$746	-$76	$885	-$215
3-Bedroom (30%/1,195 SF)	$331	$331	$0	$1,125	-$794
3-Bedroom (60%/1,195 SF)	$775	$850	-$75	$1,125	-$350
3-Bedroom (30%/1,226 SF)	$331	$331	$0	$1,100	-$769
3-Bedroom (60%/1,226 SF)	$775	$850	-$75	$1,100	-$325

(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 the income restricted one bedrooms is 80.0%, for income restricted two bedrooms it is 78.5%, the occupancy for the income restricted three bedroom units is 74.5%, four bedroom income restricted units are 62.5%, and the overall average occupancy for income restricted units is 77.9%. This lower occupancy is due primarily to two older, poorly maintained projects that do not offer the same quality and amenities of newer communities, lower occupancies of two rehabs and one lease - up. Newer stabilized projects report occupancies ranging from 94% to 100%. In fact four of the nine affordable projects surveyed report 93% or higher occupancy. Apartment MarketData conducted an analysis of the five competitive market rate projects consisting of 1,629 conventional units within or near the Primary Trade Area. These projects were constructed between 1985 and 2004. The occupancy rate for the market rate one bedrooms is 88.1%, for market rate two bedrooms it is 90.9%, the occupancy for the market rate three bedroom units is 93.9%, and the overall average occupancy for market rate units is 89.6%" (p. 11).

Absorption Projections: "Absorption in the Primary Market Area (PMA) has been steady but somewhat limited by minimal new supply over the past decade and due to out migration to other areas. New units, both affordable and market rate, in areas around the Trade Area have been readily absorbed. Apartment MarketData Research Services reports overall garden apartment occupancy to be 88.1% due to out migration from older, poorly – maintained projects to nearby areas. Based on occupancy rates currently reported by quality existing projects, and strong lease – up rates, we opine that the market will accept the subject's units" (p.9) "Our best guess would be that Sphinx at Luxar would lease at a rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction" (p. 11).

Known Planned Development: The Market Analyst identified one development (Artisan Ridge aka Preakness Ranch, #03434) in the primary market area that has not leased up and maintained stabilized occupancy of 90% for the previous 12 months (p. 51).

Effect on Existing Housing Stock: "The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in quality affordable housing in this market since so many of the units in this market are much older, and since well located newly constructed units are well occupied. Also, based on an analysis of the affordable housing market, there is a shortage of quality affordable housing in this market" (p. 10).

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 for the units affordable to households with incomes at or below 60% of AMGI are lower than the maximum rents allowed under HTC guidelines. There is the potential for additional income (approximately $81K) if the Applicant chooses to increase rents to the maximum allowed. The market rents in the market study suggest that the area could support rents at the rent limit maximums. However, the Market Analyst also states "The analyst believes that the [Applicant's] proposed 60% rents are appropriate for the location of the proposed subject and for the type and quality of product that is proposed for the subject." The market study for another development in the primary market area, Preakness Ranch (#03434), suggests that the maximum tax credit rents are achievable. The Applicant stated that tenants will pay water and sewer in this project, and the rents and expenses were calculated accordingly. Estimates of secondary income are in line with TDHCA underwriting guidelines. The Applicant utilized a higher vacancy and collection loss rate of 8.5%, this is somewhat supported by the market study that reports an occupancy rate for income restricted properties of 78%. As stated in the market study, this lower occupancy is due primarily to two older, poorly maintained projects and newer stabilized projects report occupancies ranging from 94% to 100%.

The Applicant provided a commitment from the Dallas Housing Authority for ten development-based Housing Choice Vouchers (10% of the total number of units) for five years. The rents paid by the voucher holders will be equal to the rents charged other tenants for a similar unit as long as those rents do not exceed the Fair Market Rent for the city or the Reasonable Rent for the location. The Applicant provided copies of letters from Housing Choice Voucher administrators for two developments each with 80% of the residents receiving Housing Choice Voucher assistance. The two letters, one from the City of Grand Prairie dated January 18, 2005 and the other from Dallas County Department of Health and Human Services, Housing Division dated May 5, 2005, indicate that contract rents for the Housing Choice Voucher program are to be reduced by 5%. As the Application did not specify which of the subject units are to be subsidized, the Underwriter reduced 10% (the percentage of units with Housing Choice Vouchers) of the gross rent estimate by 5%.

As a result of the Applicant's understated rents and overstated vacancy and collection loss rate, the Applicant's effective gross income is $79K (or 10%) less than the Underwriter's estimate.

Expenses: The Applicant's estimate of total operating expense is 0.3% higher than the Underwriter's database-derived estimate, an acceptable deviation. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly: utilities ($17K lower), and water, sewer and trash ($8K higher). The Underwriter estimated property tax based on the underwriting capitalization rate of 10.5% and the underwriting net operating income. The Applicant budgeted $7,500 for supportive services in the initial year of operation. This amount is inconsistent with the submitted contract, which indicates a one-time start-up fee of $417 and a monthly fee of $417 for a total of $5,421 in the first year. The $7.5K included in the Applicant's expense estimate is also inconsistent when compared to the overstated $20K projected for #05095 Sphinx at Reese Court Villas. The underwriting analysis will include the contract amount.

Conclusion: The Applicant's estimated income 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 estimates, the Underwriter's estimated debt coverage ratio (DCR) of 1.49 exceeds the program maximum standard of 1.30. This suggests that the project could support additional debt service of $36K annually. This results in an additional potential $413K in serviceable debt (at the terms and rates in the permanent loan commitment), and may reduce the need for syndication proceeds. The effect, if any, on the recommended tax credit allocation is discussed in the Financing Structure Analysis section below.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 9.452 acres	$99,480	**Assessment for the Year of:**	2004
Building:	$0	**Valuation by:**	Dallas County Appraisal District
Total Assessed Value:	$99,480	**Tax Rate:**	2.9328

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved Property Commercial Contract (12.7 acres)		
Contract Expiration Date	7/ 31/ 2005	**Anticipated Closing Date:**	7/ 31/ 2005
Acquisition Cost:	$635,900	**Other Terms/Conditions:**	
Seller:	CHK Joint Venture	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction. The Unimproved Property Commercial Contract is for 12.7 acres and the subject development site is a 9.452 acre tract within the 12.7 acres. The site plan submitted with the Application shows retail development on the tract not containing the subject development. The Underwriter requested clarification on the future plans for the remaining land not to be used for the subject development. In a letter dated June 17, 2005 the Applicant responded that "we have proposed to develop the Sphinx at Luxar Villas on 9.45 AC that we consider developable." The Underwriter used the prorated value for the land to be used for the development as the acquisition value ($473,270).

Sitework Cost: The Applicant's claimed sitework costs of $7,495 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 $71K or 1% lower than 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 $14K based on their own construction costs. The Applicant also overstated contingencies by $5K. 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 exceed 15% of the Applicant's adjusted eligible basis by $2.8K 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 therefore the Applicant's eligible basis of $8,902,432, adjusted for excess fees, is used to calculate an annual tax credit amount of $899,929. This figure will be compared to the Applicant's request and the tax credits calculated based on the development's gap in need for permanent funds to determine the final allocation, see conclusions to the Financing Structure Analysis section below.

FINANCING STRUCTURE

INTERIM CONSTRUCTION FINANCING

Source: Wachovia Securities **Contact:** Robert Klixbull

Principal Amount: $2,800,000 **Interest Rate:** 7.75% (LIBOR +5% at closing)

Additional Information:

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ LOI ☒ Firm ☐ Conditional

PERMANENT FINANCING

Source: Wachovia Securities **Contact:** Robert Klixbull

Principal Amount: $2,800,000 **Interest Rate:** 7.75% (10-Year Treasury +3.5% at closing)

Additional Information:

Amortization: 30 yrs **Term:** 30 yrs **Commitment:** ☐ LOI ☒ Firm ☐ Conditional

Annual Payment: $240,217 **Lien Priority:** 1st **Date:** 2/ 14/ 2005

TAX CREDIT SYNDICATION

Source: Wachovia Securities **Contact:** Robert Klixbull

Net Proceeds: $7,273,831 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 82¢

Commitment: ☐ LOI ☒ Firm ☐ Conditional **Date:** 2/ 14/ 2005

Additional Information:

APPLICANT EQUITY

Amount: $338,028 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Permanent Financing: The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application with one exception. The source on the sources and uses is GMAC and the Applicant submitted a commitment letter from Wachovia Securities.

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 price is at the low end of current prices and any increase in price, all other things held equal, will cause an excess source of funds to exist and require a reduction in the recommended credit amount.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $338K amount to 29% of the total fees.

Financing Conclusions: As discussed earlier, the development has the potential to provide additional net operating income available to service an increased amount of debt. The development can support an additional $413K in first lien debt and still provide a 1.3 debt coverage ratio (DCR). Using the Applicant's costs adjusted for the difference in land acquisition value further reduces the development's gap of need to $7,452,227.

As discussed above, the Applicant's total development cost estimate is within 5% of the Underwriter's estimate. After the Underwriter's adjustments, the eligible basis of $8,902,432 is used to calculate an annual tax credit amount of $899,929. However, the tax credits calculated based on the gap in permanent funds is less than this amount and less than the Applicant's requested annual tax credits. Therefore, the maximum potential tax credit allocation for this project should be reduced to not more than $858,445 or $28,785 less than requested. The Applicant initially anticipated the need to defer $338K in developer fee, but based on the Underwriter's analysis, it is anticipated there will not be a need to defer a portion of the developer fee. In the event of a cost overrun, there will be a sufficient amount of developer fee to defer.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant and Developer are related entities. This is a common relationship 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 10% Owner of the General Partner, Operation Relief Center, submitted an unaudited financial statement as of December 31, 2004 reporting total assets of $3.1M and consisting of $8K in cash, $25K in accounts receivable, $539K in other assets, and $2.5M in real property. Liabilities totaled $2.9MK, resulting in a net worth of $286K.
- The 90% Owner of the General Partner, Sphinx Development Corporation, submitted an unaudited financial statement as of December 31, 2004 reporting total assets of $313K and consisting of $71K in cash, $34.5K in other current assets, $206K in equity investments, and $1K in real property. Liabilities totaled $67K, resulting in a net worth of $246K.
- The 40% owner of Sphinx Development Corporation, Joseph Agumadu, submitted unaudited financial statements as of December 31, 2004.
- The 60% owner of Sphinx Development Corporation, Jay Oji, submitted unaudited financial statements as of December 31, 2004.

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 development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- 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 by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Brenda Hull*	**Date:**	June 28, 2005
Underwriter:	*Lisa Vecchietti*	**Date:**	June 28, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	June 28, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Sphinx at Luxar Villas, Dallas, 9% HTC, #05082

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	Trsh
TC 60%	3	1	1	742	$748	$638	$1,914	$0.86	$110.00	$17.00
TC 60%	10	1	1	760	748	$638	6,380	0.84	110.00	17.00
Mkt	4	1	1	760		$638	2,552	0.84	110.00	17.00
TC 30%	3	1	1	874	373	$263	789	0.30	110.00	17.00
TC 60%	3	1	1	874	748	$638	1,914	0.73	110.00	17.00
TC 60%	11	2	2.5	974	898	$746	8,206	0.77	152.00	17.00
TC 60%	6	2	2.5	1,005	898	$746	4,476	0.74	152.00	17.00
TC 30%	4	2	2	1,018	448	$296	1,184	0.29	152.00	17.00
TC 60%	4	2	2	1,018	898	$746	2,984	0.73	152.00	17.00
TC 60%	9	2	2.5	1,044	898	$746	6,714	0.71	152.00	17.00
TC 60%	8	2	2.5	1,057	898	$746	5,968	0.71	152.00	17.00
TC 30%	1	3	2.5	1,195	518	$331	331	0.28	187.00	17.00
TC 60%	26	3	2.5	1,195	1,037	$850	22,100	0.71	187.00	17.00
TC 30%	2	3	2	1,226	518	$331	662	0.27	187.00	17.00
TC 60%	6	3	2	1,226	1,037	$850	5,100	0.69	187.00	17.00
TOTAL:	100		**AVERAGE:**	1,029	$837	$713	$71,274	$0.69	$154.59	$17.00

INCOME	Total Net Rentable Sq Ft: 102,923		TDHCA	APPLICANT		Comptroller's Region 3
POTENTIAL GROSS RENT			$855,288	$773,868		IREM Region Dallas
Secondary Income	Per Unit Per Month:	$15.00	18,000	156	$0.13	Per Unit Per Month
Other Support Income: Garages/Carports				17,856	$14.88	Per Unit Per Month
POTENTIAL GROSS INCOME			$873,288	$791,880		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(65,497)	(67,308)	-8.50%	of Potential Gross Rent
Adjustment for Project-Based Vouchers			(4,276)	0		
EFFECTIVE GROSS INCOME			$803,515	$724,572		

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.29%	$425	0.41	$42,469	$47,300	$0.46	$473	6.53%
Management		5.00%	402	0.39	40,176	36,228	0.35	362	5.00%
Payroll & Payroll Tax		13.09%	1,052	1.02	105,205	101,007	0.98	1,010	13.94%
Repairs & Maintenance		6.26%	503	0.49	50,281	59,600	0.58	596	8.23%
Utilities		4.42%	355	0.34	35,485	18,000	0.17	180	2.48%
Water, Sewer, & Trash		3.44%	277	0.27	27,675	36,000	0.35	360	4.97%
Property Insurance		3.20%	257	0.25	25,731	22,500	0.22	225	3.11%
Property Tax	2.9328	10.95%	880	0.85	87,984	95,000	0.92	950	13.11%
Reserve for Replacements		2.49%	200	0.19	20,000	20,000	0.19	200	2.76%
Other: , supp svc, compl fees		1.17%	94	0.09	9,421	10,000	0.10	100	1.38%
TOTAL EXPENSES		55.31%	$4,444	$4.32	$444,426	$445,635	$4.33	$4,456	61.50%
NET OPERATING INC		44.69%	$3,591	$3.49	$359,089	$278,937	$2.71	$2,789	38.50%
DEBT SERVICE									
GMAC		29.96%	$2,407	$2.34	$240,715	$240,715	$2.34	$2,407	33.22%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		14.73%	$1,184	$1.15	$118,374	$38,222	$0.37	$382	5.28%
AGGREGATE DEBT COVERAGE RATIO					1.49	1.16			
RECOMMENDED DEBT COVERAGE RATIO					1.30				

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)		4.59%	$4,733	$4.60	$473,270	$632,900	$6.15	$6,329	6.08%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.26%	7,495	7.28	749,500	749,500	7.28	7,495	7.20%
Direct Construction		46.92%	48,409	47.03	4,840,936	4,770,349	46.35	47,703	45.82%
Contingency	5.00%	2.71%	2,795	2.72	279,522	280,993	2.73	2,810	2.70%
General Req'ts	6.00%	3.25%	3,354	3.26	335,426	337,191	3.28	3,372	3.24%
Contractor's G & A	2.00%	1.08%	1,118	1.09	111,809	112,397	1.09	1,124	1.08%
Contractor's Profit	6.00%	3.25%	3,354	3.26	335,426	337,191	3.28	3,372	3.24%
Indirect Construction		7.51%	7,749	7.53	774,900	774,900	7.53	7,749	7.44%
Ineligible Costs		6.07%	6,259	6.08	625,891	625,891	6.08	6,259	6.01%
Developer's G & A	14.88%	11.28%	11,640	11.31	1,164,037	1,164,037	11.31	11,640	11.18%
Developer's Profit	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Interim Financing		3.85%	3,977	3.86	397,725	397,725	3.86	3,977	3.82%
Reserves		2.22%	2,288	2.22	228,783	228,783	2.22	2,288	2.20%
TOTAL COST		100.00%	$103,172	$100.24	$10,317,224	$10,411,857	$101.16	$104,119	100.00%
Recap-Hard Construction Costs		*64.48%*	***$66,526***	***$64.64***	***$6,652,619***	***$6,587,621***	***$64.01***	***$65,876***	*63.27%*

SOURCES OF FUNDS						RECOMMENDED	
GMAC	27.14%	$28,000	$27.20	$2,800,000	$2,800,000	$2,800,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		412,982	$1,161,187
HTC Syndication Proceeds	70.50%	$72,738	$70.67	7,273,831	7,273,831	7,039,245	% of Dev. Fee Deferred
Deferred Developer Fees	3.28%	$3,380	$3.28	338,028	338,028	0	0%
Additional (Excess) Funds Req'd	-0.92%	($946)	($0.92)	(94,635)	(2)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$10,317,224	$10,411,857	$10,252,227	$1,924,939

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Sphinx at Luxar Villas, Dallas, 9% HTC, #05082

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Townhouse and Multifamily Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$45.40	$4,672,324
Adjustments				
Exterior Wall Finish	2.45%		$1.11	$114,472
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.92)	(94,970)
Floor Cover			2.00	205,846
Porches/Balconies	$20.92	7,204	1.46	150,700
Plumbing	$730	122	0.87	89,060
Built-In Appliances	$2,175	100	2.11	217,500
Stairs/Fireplaces	$1,350	96	1.26	129,600
Enclosed Corridors	$35.48		0.00	0
Heating/Cooling			1.96	201,729
Carports	$0.00	20,000	0.00	0
Comm &/or Aux Bldgs	$60.46	4,526	2.66	273,646
Other:			0.00	0
SUBTOTAL			57.91	5,959,909
Current Cost Multiplier	1.11		6.37	655,590
Local Multiplier	0.89		(6.37)	(655,590)
TOTAL DIRECT CONSTRUCTION COSTS			$57.91	$5,959,909
Plans, specs, survy, bld prm	3.90%		($2.26)	($232,436)
Interim Construction Interes	3.38%		(1.95)	(201,147)
Contractor's OH & Profit	11.50%		(6.66)	(685,389)
NET DIRECT CONSTRUCTION COSTS			$47.03	$4,840,936

PAYMENT COMPUTATION

Primary	$2,800,000	Amort	360
Int Rate	7.75%	DCR	1.49

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.49

Additional	$7,273,831	Amort	
Int Rate		Aggregate DCR	1.49

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$276,218
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$82,870

Primary	$3,212,982	Amort	360
Int Rate	7.75%	DCR	1.30

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

Additional	$7,273,831	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

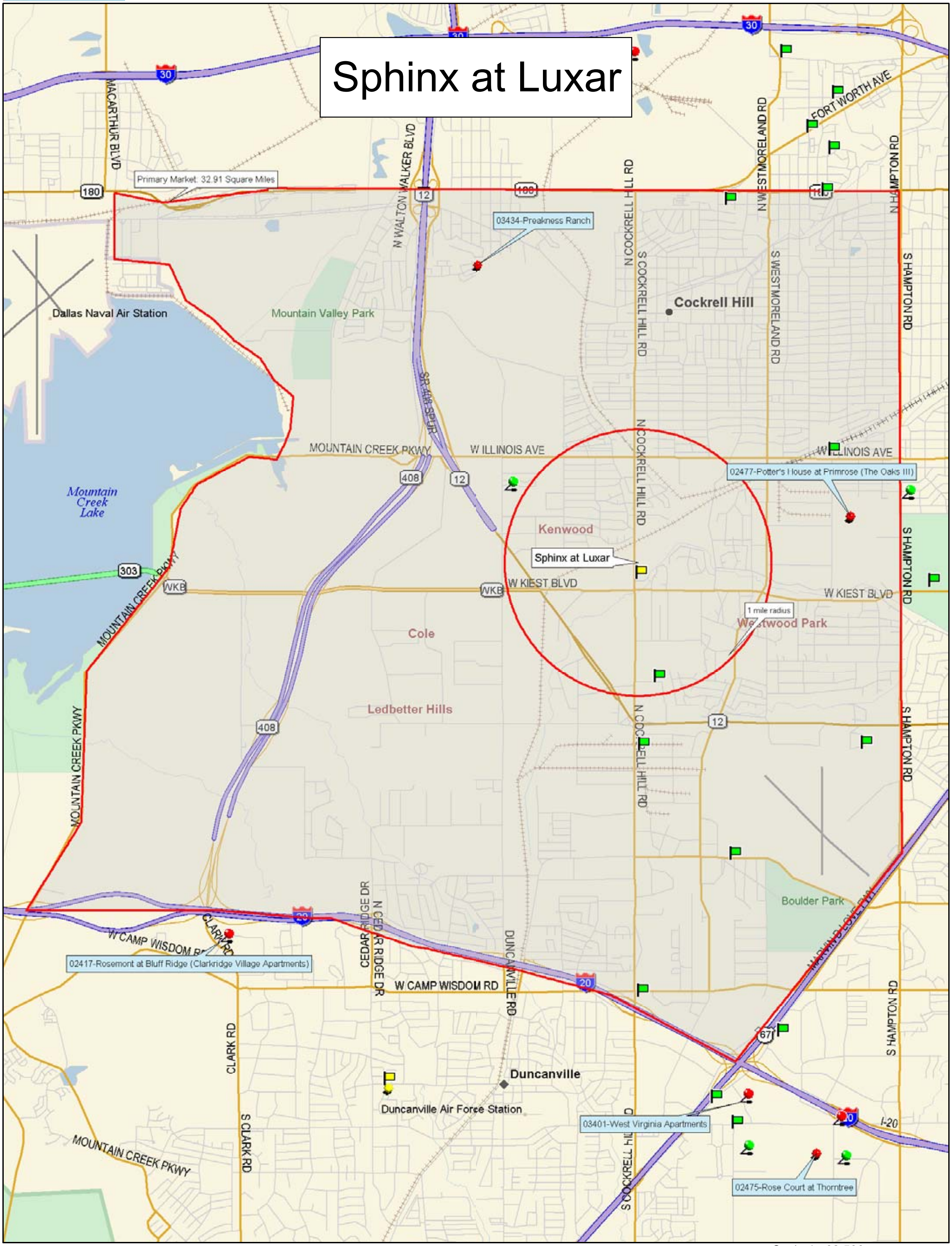
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

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	$855,288	$880,947	$907,375	$934,596	$962,634	$1,115,957	$1,293,700	$1,499,753	$2,015,542
Secondary Income	18,000	18,540	19,096	19,669	20,259	23,486	27,227	31,563	42,418
Other Support Income: Garage:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	873,288	899,487	926,471	954,265	982,893	1,139,443	1,320,926	1,531,316	2,057,960
Vacancy & Collection Loss	(65,497)	(67,461)	(69,485)	(71,570)	(73,717)	(85,458)	(99,069)	(114,849)	(154,347)
Adjustment for Project-Based V	(4,276)	(4,405)	(4,537)	(4,673)	(4,813)	(5,580)	(6,468)	(7,499)	(10,078)
EFFECTIVE GROSS INCOME	$803,515	$827,620	$852,449	$878,022	$904,363	$1,048,405	$1,215,388	$1,408,968	$1,893,536
EXPENSES at 4.00%									
General & Administrative	$42,469	$44,168	$45,935	$47,772	$49,683	$60,447	$73,543	$89,477	$132,447
Management	40,176	41,381	42,622	43,901	45,218	52,420	60,769	70,448	94,677
Payroll & Payroll Tax	105,205	109,413	113,789	118,341	123,074	149,739	182,180	221,650	328,096
Repairs & Maintenance	50,281	52,292	54,384	56,559	58,822	71,566	87,071	105,935	156,809
Utilities	35,485	36,904	38,380	39,915	41,512	50,506	61,448	74,761	110,664
Water, Sewer & Trash	27,675	28,782	29,933	31,131	32,376	39,390	47,924	58,307	86,309
Insurance	25,731	26,760	27,830	28,944	30,101	36,623	44,557	54,211	80,245
Property Tax	87,984	91,503	95,163	98,970	102,929	125,229	152,360	185,369	274,391
Reserve for Replacements	20,000	20,800	21,632	22,497	23,397	28,466	34,634	42,137	62,373
Other	9,421	9,798	10,190	10,597	11,021	13,409	16,314	19,849	29,381
TOTAL EXPENSES	$444,426	$461,801	$479,860	$498,628	$518,134	$627,795	$760,800	$922,143	$1,355,393
NET OPERATING INCOME	$359,089	$365,819	$372,589	$379,395	$386,229	$420,610	$454,588	$486,825	$538,143
DEBT SERVICE									
First Lien Financing	$276,218	$276,218	$276,218	$276,218	$276,218	$276,218	$276,218	$276,218	$276,218
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	$82,870	$89,601	$96,371	$103,176	$110,011	$144,392	$178,370	$210,607	$261,924
DEBT COVERAGE RATIO	1.30	1.32	1.35	1.37	1.40	1.52	1.65	1.76	1.95

LIHTC Allocation Calculation - Sphinx at Luxar Villas, Dallas, 9% HTC, #05082

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$632,900	$473,270		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$749,500	$749,500	$749,500	$749,500
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$4,770,349	$4,840,936	$4,770,349	$4,840,936
(4) Contractor Fees & General Requirements				
Contractor overhead	$112,397	$111,809	$110,397	$111,809
Contractor profit	$337,191	$335,426	$331,191	$335,426
General requirements	$337,191	$335,426	$331,191	$335,426
(5) Contingencies	$280,993	$279,522	$275,992	$279,522
(6) Eligible Indirect Fees	$774,900	$774,900	$774,900	$774,900
(7) Eligible Financing Fees	$397,725	$397,725	$397,725	$397,725
(8) All Ineligible Costs	$625,891	$625,891		
(9) Developer Fees			$1,161,187	
Developer overhead	$1,164,037	$1,164,037		$1,164,037
Developer fee				
(10) Development Reserves	$228,783	$228,783		
TOTAL DEVELOPMENT COSTS	$10,411,857	$10,317,224	$8,902,432	$8,989,281

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		$8,902,432	$8,989,281
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$11,573,162	$11,686,065
Applicable Fraction		96%	96%
TOTAL QUALIFIED BASIS		$11,110,235	$11,218,622
Applicable Percentage		8.10%	8.10%
TOTAL AMOUNT OF TAX CREDITS		$899,929	$908,708
Syndication Proceeds	**0.8200**	**$7,379,418**	**$7,451,408**
Total Credits (Eligible Basis Method)		**$899,929**	**$908,708**
Syndication Proceeds		**$7,379,418**	**$7,451,408**
Requested Credits		**$887,230**	
Syndication Proceeds		**$7,275,286**	
Gap of Syndication Proceeds Needed		**$7,039,245**	
Credit Amount		**$858,445**	



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Scale 1 : 62,500
1" = 5,208.3 ft Data Zoom 11-6

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report ADDENDUM

REPORT DATE: 12/2/2008 PROGRAM: 9% HTC FILE NUMBER: **05095/08030**

DEVELOPMENT

Sphinx at Reese Court

Location: 1201 S. Ewing Avenue Region: 0

City: Dallas County: Dallas Zip: 75216 ☐ QCT ☐ DDA

Key Attributes: New Construction, General Population, Urban/Exurban

ALLOCATION

	REQUEST			RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$647,951			**$647,951**		

CONDITIONS

Staff has evaluated the financial viability of the requested amendment. Based on the revised information provided, the transaction would meet the Department's 2008 Real Estate Analysis Rules and Guidelines if approved. If the Board chooses to approve the amendment, the Underwriter recommends a total tax credit allocation of $647,951. The development is currently undergoing the Cost Certification review process and IRS Forms 8609 will be released upon satisfaction of all Cost Certification requirements.

ADDENDUM

Sphinx at Reese Court is a 2005 application that was originally underwritten and approved during the 2005 9% HTC cycle. The development received an award of 2005 Housing Tax Credits in an annual amount of $597,776. Additionally, in October 2006 the TDHCA Board approved a policy for addressing cost increases for 2004 and 2005 competitive HTC developments as a result of the impact of Hurricanes Katrina and Rita. As a result of this action this development also received a Binding Agreement for additional tax credits out of the 2008 credit ceiling for $50,175.The total tax credit allocation awarded to this development was $647,951.

In a letter to the Department dated 10/20/2008, the Owner has requested to amend the application for the following changes: a reduced number of units with 1/2 baths and a decrease in the number of total parking spaces. According to the Owner, the requested changes are attributed to previously unknown and newly imposed City requirements regarding a detention facility which was necessary for the development to be approved. As a result, the number of three-bedroom/two and a half bath units decreased from 18 proposed at application to 4 as built. Despite the reduction in the number of half baths, the total net rentable area increased from 82,042 at application to 84,238 as built. This results in an increase of 2,196 sf or 2.7%. A breakdown of the unit and building configuration, as built, is provided below. Additionally, the total number of parking spaces decreased from 200 to 139. The application originally proposed to have have 172 surface parking spaces and 28 garage parking spaces. The architect, through the cost certification documentation, has certified to 57 surface parking spaces, 26 garage parking spaces and 56 carports.

The development is currently undergoing the final Cost Certification review process in conjunction with the amendment review process. During the course of these reviews the Underwriter also noted a discrepancy in the total number of two-bedroom units with 1/2 baths. Specifically, the underwriting report reflects that the following two-bedroom units would contain two full baths and one half bath (974sf, 1,005sf, 1,044sf and 1,057sf). Upon further research, it has become apparent that the architectural drawings submitted at application for these two-bedroom units did not reflect two full baths and an additional half bath. Instead, the plans reflect that each of these unit types were to contain a full bath and a partial bath (shower and sink) on the second floor and a partial bath (toilet and sink) on the first floor. Therefore, to characterize these units to have two full and one half baths is not accurate. This underwriting addendum and analysis correctly reflects these units to have one full and one-half bath.

This addendum addresses the impact the requested changes have on the feasibility of this transaction and should be read in conjunction with the original underwriting report. Only those areas impacted by the requested changes will be addressed in the addendum.

BUILDING CONFIGURATION

Building Type	A	B	C	D							Total Buildings
Floors/Stories	3	3	3	3							
Number	2	2	2	1							**7**

BR/BA	SF	Units										Total Units	Total SF
1/1	742				2							2	1,484
1/1	760	2	2	2								12	9,120
1/1	874		2									4	3,496
2/1.5	974	1		2	4							10	9,740
2/1.5	1,005		2									4	4,020
2/2	1,018	2		2								8	8,144
2/1.5	1,044	1			4							6	6,264
2/1.5	1,057	2		2								8	8,456
3/2.5	1,256	2										4	5,024
3/2	1,295	2	7	2								22	28,490
Units per Building		7	7	4	4							**80**	**84,238**

OPERATING PROFORMA ANALYSIS

The Owner's effective gross income, operating expenses and net operating income are all within 5% of the Underwriter's estimates. Therefore, the Owner's proforma is used to determine the development's debt service capacity based on the final permanent financing structure reflected in the Cost Certification. Based on the Owner's proforma, the development can service the proposed debt structure at a 1.17 DCR which falls within the Department's underwriting guidelines. Of note, the Owner's original debt service projection (1.11) was based upon a different interest rate other than what has been documented. Subsequent to the Owner's submission of the cost certification documentation, the Underwriter received updated documentation (dated 11/7/2008) from the permanent lender reflecting a lower interest rate and has utilized this latest information for purposes of this addendum and analysis.

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current Department guidelines. As noted above, the Owner's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow for the Department's 15 year minimum. Therefore, the development can be characterized as feasible for the long term.

CONSTRUCTION COST ESTIMATE EVALUATION

The Owner's final total development cost, as certified by a CPA, is within 5% of the Underwriter's current construction cost estimate utilizing current Marshall & Swift data. Furthermore, the Underwriter determined that the difference in construction cost estimated by the Underwriter in the original analysis, utilizing one full and one half baths for the two-bedroom units rather than the two full and one half baths originally reflected would amount to less than 1% difference.

As a result, the Owner's final costs will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $8,057,356 supports annual tax credits of $654,257. This figure will be compared to the Owner's request and the tax credits calculated based on the gap in need for permanent funds to determine the final credit allocation.

FINANCING STRUCTURE

Source: Wachovia Bank, N.A. Type: **Permanent Financing**

Principal: $2,758,300 Interest Rate: 7.19% [X] Fixed Term: 360 months

Comments:

The Owner's original cost certification submission included a loan commitment agreement with Wachovia dated February 14, 2005 reflecting a permanent loan of $2,758,300 with a 7.75% interest rate and 30-year amortization. However, the Department has since received an updated letter from Wachovia dated November 7, 2008 reflecting the same loan amount, but a lower interest rate of 7.19%. The permanent loan has not closed as of the date of this addendum.

Source: Wachovia Type: **Syndication**

Proceeds: $5,995,094 Syndication Rate: $1.002 Anticipated HTC: $ 597,716

Comments:

According to the Amended and Restated Agreement of Limited Parntership provided in the Cost Certification, if it is determined that the actual credit amount exceeds the anticipated credit amount then the Investor Limited Partner's Capital Contribution will be capped to the lesser of $500K or $1.003 times the additional credit allocable to the investor limited partner ($503,205). With this in mind, the Department has utilized an average cost per tax credit dollar of $1.02 which allows the owner to receive the full credit amount allocated and requested in conjunction with the cost certification.

Amount: $242,226 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Owner's final total development cost, less the permanent loan amount of $2,758,300 indicates the need for $6,523,105 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $650,745 annually would be required to fill this gap in financing. Of the four possible tax credit allocations: previously approved 2005 and 2008 credit amount ($647,951), the Owner's request ($647,951), the eligible basis-derived estimate ($654,257) and the gap-driven amount ($650,745), the requested credit amount of $647,951 is recommended resulting in proceeds of $6,495,093.

The Underwriter's recommended financing structure indicates the need for $28,012 in additional permanent funds.

Underwriter: Raquel Morales Date: December 2, 2008

Raquel Morales

COST CERTIFICATION COMPARATIVE ANALYSIS

Sphinx at Reese Court, Dallas, HTC#05095
Reviewed by: Rosalio B.
Date: 8/7/08

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC 60%	2	1	1	742	$748	$618	$638	$618	$1,236	$0.83	$130.00	$14.00
TC 60%	12	1	1	760	$748	618	$638	$618	7,416	0.81	130.00	14.00
TC 30%	2	1	1	874	$373	243	$263	$243	486	0.28	130.00	14.00
TC 60%	2	1	1	874	$748	618	$638	$618	1,236	0.71	130.00	14.00
TC 60%	10	2	1.5	974	$898	735	$746	$735	7,350	0.75	163.00	14.00
TC 60%	4	2	1.5	1,005	$898	735	$746	$735	2,940	0.73	163.00	14.00
TC 30%	4	2	2	1,018	$448	285	$296	$285	1,140	0.28	163.00	14.00
TC 60%	4	2	2	1,018	$898	735	$746	$735	2,940	0.72	163.00	14.00
TC 60%	6	2	1.5	1,044	$898	735	$746	$735	4,410	0.70	163.00	14.00
TC 60%	8	2	1.5	1,057	$898	735	$746	$735	5,880	0.70	163.00	14.00
TC 30%	2	3	2.5	1,256	$518	320	$331	$320	640	0.25	198.00	14.00
TC 60%	2	3	2.5	1,256	$1,037	839	$850	$839	1,678	0.67	198.00	14.00
TC 30%	1	3	2	1,295	$518	320	$331	$320	320	0.25	198.00	14.00
TC 60%	21	3	2	1,295	$1,037	839	$850	$839	17,619	0.65	198.00	14.00
TOTAL:	80		AVERAGE:	1,053		$691			$55,291	$0.66	$166.95	$14.00

INCOME	Total Net Rentable Sq Ft: 84,238			TDHCA	TDHCA-UW	APPLICATION	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$663,492	$675,996	$668,664	$659,628	Dallas	Dallas	3
Secondary Income	Per Unit Per Month		$13.13	12,600	14,400	4,404	12,600	$13.13	Per Unit Per Month	
Other Support Income.				0	0	9,996	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$676,092	$690,396	$683,064	$672,228			
Vacancy & Collection Loss	% of Potential Gross Income		-7.50%	(50,707)	(51,780)	(51,228)	(50,412)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0	0	0			
EFFECTIVE GROSS INCOME				$625,385	$638,616	$631,836	$621,816			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.76%	$451	0.43	$36,043	$33,910	$27,960	$42,804	$0.51	$535	6.88%
Management	4.00%	313	0.30	25,015	31,931	31,592	24,082	0.29	301	3.87%
Payroll & Payroll Tax	14.65%	1,145	1.09	91,601	83,999	74,175	103,625	1.23	1,295	16.66%
Repairs & Maintenance	7.44%	582	0.55	46,546	40,146	34,500	41,820	0.50	523	6.73%
Utilities	3.78%	295	0.28	23,638	28,328	13,600	25,200	0.30	315	4.05%
Water, Sewer, & Trash	3.74%	292	0.28	23,388	22,122	30,000	12,000	0.14	150	1.93%
Property Insurance	3.54%	277	0.26	22,124	20,511	18,000	23,352	0.28	292	3.76%
Property Tax 2.51	10.62%	830	0.79	66,390	70,387	72,000	66,390	0.79	830	10.68%
Reserve for Replacements	2.56%	200	0.19	16,000	16,000	16,000	16,000	0.19	200	2.57%
TDHCA Compliance Fees	0.51%	40	0.04	3,200	7,529	22,000	3,200	0.04	40	0.51%
Other: Bank	0.10%	8	0.01	600			600	0.01	8	0.10%
TOTAL EXPENSES	56.69%	$4,432	$4.21	$354,546	$354,863	$339,827	$359,073	$4.26	$4,488	57.75%
NET OPERATING INC	43.31%	$3,385	$3.22	$270,840	$283,753	$292,009	$262,743	$3.12	$3,284	42.25%
DEBT SERVICE										
Wachovia Bank	35.89%	$2,806	$2.66	$224,452	$249,311	$249,311	$237,130	$2.82	$2,964	38.14%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW	7.42%	$580	$0.55	$46,387	$34,442	$42,698	$25,613	$0.30	$320	4.12%
AGGREGATE DEBT COVERAGE RATIO				1.21	1.14	1.17	1.11			
RECOMMENDED DEBT COVERAGE RATIO							1.17			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.73%	$3,087	$2.93	$246,956	$656,571	$656,570	$246,956	$2.93	3086.95	2.66%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		11.63%	13,167	12.50	1,053,336	599,600	599,600	1,053,336	12.50	13,167	11.35%
Direct Construction		49.79%	56,388	53.55	4,511,036	3,970,261	3,824,996	4,674,722	55.49	58,434	50.37%
Contingency						224,030	224,030		0.00	0	0.00%
Contractor's Fees	14.00%	8.60%	9,738	9.25	779,012	627,284	627,284	790,927	9.39	9,887	8.52%
Indirect Construction		5.72%	6,478	6.15	518,217	774,900	774,900	518,217	6.15	6,478	5.58%
Ineligible Costs		6.18%	7,003	6.65	560,265	419,773	419,773	560,265	6.65	7,003	6.04%
Developer's Fees	14.58%	11.22%	12,703	12.06	1,016,244	988,581	988,581	1,016,244	12.06	12,703	10.95%
Interim Financing		1.18%	1,340	1.27	107,193	406,394	406,394	107,193	1.27	1,340	1.15%
Reserves		2.95%	3,339	3.17	267,091	196,380	196,380	313,545	3.72	3,919	3.38%
TOTAL COST		100.00%	$113,242	$107.54	$9,059,350	$8,843,774	$8,698,508	$9,281,405	$110.18	$116,018	100.00%
Construction Cost Recap		*70.02%*	*$79,292*	*$75.30*	*$6,343,384*	*$5,421,175*	*$5,275,910*	*$6,518,985*	*$77.39*	*$81,487*	*70.24%*

SOURCES OF FUNDS								RECOMMENDED	
Wachovia Bank	30.45%	$34,479	$32.74	$2,758,300	$2,900,000	$2,900,000	$2,758,300	$2,758,300	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	546,570	546,570	0	0	$1,016,244
HTC Syndication Proceeds	69.33%	$78,511	$74.56	6,280,879	4,900,781	4,900,781	6,280,879	6,495,093	% of Dev. Fee Deferred
Deferred Developer Fees	2.67%	$3,028	$2.88	242,226	353,158	353,158	242,226	28,012	3%
Additional (Excess) Funds Req'd	-2.45%	($2,776)	($2.64)	(222,055)	143,265	(2,001)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$9,059,350	$8,843,774	$8,698,508	$9,281,405	$9,281,405	$1,019,950

Sphinx at Reese Court, Dallas, HTC#05095

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$56.95	$4,797,404
Adjustments				
Exterior Wall Finish	1.40%		$0.80	$67,164
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.85)	(71,985)
Floor Cover			3.16	266,192
Breezeways/Balconies	$20.76	5,743	1.42	119,223
Plumbing Fixtures	$1,000	62	0.74	62,000
Rough-ins	$435	160	0.83	69,600
Built-In Appliances	$2,500	80	2.37	200,000
Interior Stairs	$1,575	73	1.36	114,188
Garages	$37.31	5200	2.30	194,012
Heating/Cooling			1.83	154,156
Garages/Carports	$10.37	8,400	1.03	87,108
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	$2.15	84,238	2.15	181,112
SUBTOTAL			74.08	6,240,172
Current Cost Multiplier	0.99		(0.74)	(62,402)
Local Multiplier	0.90		(7.41)	(624,017)
TOTAL DIRECT CONSTRUCTION COSTS			$65.93	$5,553,753
Plans, specs, survy, bld prr	3.90%		($2.57)	($216,596)
Interim Construction Interes	3.38%		(2.23)	(187,439)
Contractor's OH & Profit	11.50%		(7.58)	(638,682)
NET DIRECT CONSTRUCTION COSTS			$53.55	$4,511,036

PAYMENT COMPUTATION

Primary	$2,758,300	Amort	360
Int Rate	7.19%	DCR	1.21

Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.21

Additional	$6,280,879	Amort	
Int Rate		Aggregate DCR	1.21

RECOMMENDED FINANCING STRUCTURE APPLICAN

Primary Debt Service	$224,452
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$38,291

Primary	$2,758,300	Amort	360
Int Rate	7.19%	DCR	1.17

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.17

Additional	$6,280,879	Amort	0
Int Rate	0.00%	Aggregate DCR	1.17

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$659,628	$679,417	$699,799	$720,793	$742,417	$860,665	$997,747	$1,156,662	$1,554,457
Secondary Income	12,600	12,978	13,367	13,768	14,181	16,440	19,059	22,094	29,693
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	672,228	692,395	713,167	734,562	756,599	877,105	1,016,805	1,178,756	1,584,149
Vacancy & Collection Loss	(50,412)	(51,930)	(53,488)	(55,092)	(56,745)	(65,783)	(76,260)	(88,407)	(118,811)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$621,816	$640,465	$659,679	$679,470	$699,854	$811,322	$940,545	$1,090,349	$1,465,338
EXPENSES at 4.00%									
General & Administrative	$42,804	$44,516	$46,297	$48,149	$50,075	$60,923	$74,123	$90,182	$133,491
Management	24,082	24,804	25,548	26,315	27,104	31,421	36,426	42,228	56,750
Payroll & Payroll Tax	103,625	107,770	112,081	116,564	121,227	147,491	179,445	218,322	323,170
Repairs & Maintenance	41,820	43,493	45,233	47,042	48,923	59,523	72,419	88,108	130,422
Utilities	25,200	26,208	27,256	28,347	29,480	35,867	43,638	53,093	78,590
Water, Sewer & Trash	12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Insurance	23,352	24,286	25,258	26,268	27,319	33,237	40,438	49,199	72,827
Property Tax	66,390	69,046	71,807	74,680	77,667	94,494	114,966	139,874	207,047
Reserve for Replacements	16,000	16,640	17,306	17,998	18,718	22,773	27,707	33,710	49,898
Other	3,800	3,952	4,110	4,274	4,445	5,409	6,580	8,006	11,851
TOTAL EXPENSES	$359,073	$373,195	$387,875	$403,134	$418,996	$508,218	$616,522	$748,003	$1,101,471
NET OPERATING INCOME	$262,743	$267,270	$271,805	$276,335	$280,857	$303,104	$324,023	$342,346	$363,868
DEBT SERVICE									
First Lien Financing	$224,452	$224,452	$224,452	$224,452	$224,452	$224,452	$224,452	$224,452	$224,452
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	$38,291	$42,818	$47,352	$51,883	$56,405	$78,652	$99,571	$117,894	$139,415
DEBT COVERAGE RATIO	1.17	1.19	1.21	1.23	1.25	1.35	1.44	1.53	1.62

COST CERTIFICATION ANALYSIS -Sphinx at Reese Court, Dallas, HTC#05095

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$246,956	$246,956		
Purchase of buildings	$0	$0		
(2) Rehabilitation/New Construction Cost				
On-site work	$1,053,336	$1,053,336	$1,053,336	$1,053,336
Off-site improvements	$0	$0		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$4,674,722	$4,511,036	$4,674,722	$4,511,036
(4) Contractor Fees & General Requirements	$790,927	$779,012	$790,927	$779,012
(5) Contingencies	$0	$0	$0	$0
(6) Eligible Indirect Fees	$518,217	$518,217	$518,217	$518,217
(7) Eligible Financing Fees	$107,193	$107,193	$107,193	$107,193
(8) All Ineligible Costs	$560,265	$560,265		
(9) Developer Fees			$0	$0
Developer fees	$1,016,244	$1,016,244	$1,016,244	$1,016,244
			$0	$0
(10) Development Reserves	$313,545	$267,091	$1,071,659	$1,045,319
TOTAL DEVELOPMENT COSTS	$9,281,405	$9,059,350	$8,160,639	$7,985,038

Deduct from Basis:			
Commercial Space Costs		$103,283	$103,283
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing		$0	$0
Non-qualified portion of higher quality units [42(d)(3)]		$0	$0
Historic Credits (on residential portion only)		$0	$0
TOTAL ELIGIBLE BASIS		$8,057,356	$7,881,755
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$8,057,356	$7,881,755
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$8,057,356	$7,881,755
Applicable Percentage		8.12%	8.12%
TOTAL AMOUNT OF TAX CREDITS		$654,257	$639,999
Syndication Proceeds	**$1.002405**	**$6,558,309**	**$6,415,378**
Total Tax Credits (Eligible Basis Method)		**$654,257**	**$639,999**
Syndication Proceeds		**$6,558,309**	**$6,415,378**
2005 Approved Tax Credits		**$597,776**	
Syndication Proceeds		**$5,992,137**	
2008 Approved Additional Tax Credits		**$50,175**	
Additional Allocation Amount Accepted		**$50,175**	
Cost Certification Request		**$647,951**	
Syndication Proceeds		**$6,495,094**	
Gap of Syndication Proceeds Needed		**$6,523,105**	
Total Tax Credits (Gap Method)		**$650,745**	
Reconciled Tax Credits		**$647,951**	
Syndication Proceeds		**$6,495,093**	
Unused/Recaptured 2008 Credit Amount		**$0**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: June 30, 2005 **PROGRAM:** 9% HTC **FILE NUMBER:** 05095

DEVELOPMENT NAME

Sphinx at Reese Court Apartments

APPLICANT

Name:	SDC Ewing Court, LP			**Type:**	For-profit		
Address:	3030 LBJ Freeway, Suite 880			**City:**	Dallas	**State:**	TX
Zip:	75234	**Contact:**	Jay O. Oji	**Phone:**	(214) 342-1400	**Fax:**	(214) 342-1409

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Reese Court Villas, LLC	**(%):**	1	**Title:**	Managing General Partner
Name:	Sphinx Development Corporation	**(%):**	N/A	**Title:**	100% Owner of GP
Name:	Jay O. Oji	**(%):**	N/A	**Title:**	60% Owner Sphinx Development Corporation
Name:	Joseph Agumadu	**(%):**	N/A	**Title:**	40% Owner Sphinx Development Corporation

PROPERTY LOCATION

Location: 1201 Ewing Avenue ☐ **QCT** ☐ **DDA**

City: Dallas **County:** Dallas **Zip:** 75216

REQUEST

Amount	Interest Rate	Amortization	Term
$597,776	N/A	N/A	N/A

Other Requested Terms: Annual ten-year allocation of housing tax credits

Proposed Use of Funds: New construction **Property Type:** Multifamily

Special Purpose (s): General Population, Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $597,776 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of documentation verifying the resolution of the liens for demolition work and weed removal listed on the title commitment is a condition of this report.
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.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 80 **# Rental Buildings** 6 **# Non-Res. Buildings** 1 **# of Floors** 3 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 82,042 **Av Un SF:** 1,026 **Common Area SF:** 3,500 **Gross Bldg SF:** 85,542

STRUCTURAL MATERIALS

The structure will be wood frame on a slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 35% stone veneer and 65% stucco. The interior wall surfaces will be drywall and the pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, garbage disposal, refrigerator, microwave oven, tub/shower, washer & dryer connections, ceiling fans, tile counter tops, individual water heaters, and individual heating and air conditioning high-speed internet access..

ONSITE AMENITIES

A 3,500-square foot community building will include an activity room, management offices, maintenance, & laundry facilities, a kitchen, restrooms, and a business center. The community building, swimming pool, and equipped children's play area are located at the entrance to the property. In addition, perimeter fencing with limited access gates is planned for the site.

Uncovered Parking: 172 spaces **Carports:** 0 spaces **Garages:** 28 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The subject is a 17-unit per acre new construction development of 80 units of affordable housing located in south central Dallas. The development is comprised of 6 evenly distributed medium townhouse and garden style, walk-up low-rise residential buildings as follows:

- Two Building Type I with three one-bedroom/one-bath units, ten two-bedroom/two-bath units, and four three-bedroom, two-bath units;
- Two Building Type II with four one-bedroom/one-bath units, two two-bedroom/two-bath units, and seven three-bedroom, two-bath units;
- Two Building Type III with two one-bedroom/one-bath units, six two-bedroom/two-bath units, and two 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: 4.8 acres 209,088 square feet **Flood Zone Designation:** Zone X

Zoning: MF-2 (A)

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a rectangular-shaped parcel located in the south central area of Dallas, approximately four miles from the central business district. The site is situated on the west side of Ewing Avenue.

Adjacent Land Uses:

- **North:** commercial immediately adjacent;
- **South:** residential development immediately adjacent;
- **East:** Ewing Avenue immediately adjacent and residential beyond; and
- **West:** vacant land and residential immediately adjacent.

Site Access: Access to the property is from the north or south from Ewing Avenue. The development is to have one main entry from the north or south from Ewing Avenue. Access to Interstate Highway 35W is 0.7 miles west, which provides connections to all other major roads serving the Dallas area.

Public Transportation: Public transportation to the area is provided by Dallas Area Rapid Transit. The location of the nearest bus stop is 0.05 miles.

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

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

Site Control/Title: The title commitment lists several liens for demolition work and weed removal that must be cleared by closing. The Applicant has requested that the City of Dallas release the demolition and weed liens for a total of $546,570.53. Receipt, review, and acceptance of documentation verifying the resolution of these issues is a condition of this report.

Site Inspection Findings: TDHCA staff performed a site inspection on April 20, 2005 and found the location to be marginally acceptable for the proposed development due to the following conditions: The inspector noted the neighborhood and adjacent properties as Fair to Poor due to abandoned boarded up homes.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 28, 2005 was prepared by Reed Engineering Group and contained the following findings and recommendations:

Findings:

1. Historical information indicates the property was developed with residences and a hatchery from the 1920s through the late 1960s, and as an apartment complex from 1970 through the mid- to late-1990s. The property has remained vacant since that time.
2. No evidence of surface staining, leachate, seeps, or stressed vegetation was noted on the property. Approximately 40 discarded tires were observed near the center of the property. No other areas of dumping were noted.
3. Three utility-owned, pole-mounted electrical transformers were observed in the east-central portion of the property. The units appeared in good condition, with no evidence of releases. No staining was observed on the ground surface below the transformers.
4. Federal and state regulatory databases identify one registered petroleum storage tank (PST) facility within a one-quarter mile radius of the property and seven leaking PST facilities within a one-half mile radius of the property. No other sites were listed in any of the other databases searched for this assessment.
5. The City of Dallas Park & Recreation Mountain Creek facility (currently Ewing Street Service Center), approximately 900 feed north and topographically downgradient, formerly operated three underground storage tanks that contained gasoline and diesel. The tanks were installed in 1961 and removed in 1992. This PST facility does not appear to pose a significant potential to have environmentally impacted the subject property based on its distance of separation and downgradient location.
6. The Park & Recreation Mountain Creek facility is the nearest leaking PST facility. Soil contamination was discovered in 1992 when the tanks were removed. Final concurrence has been issued and the case has been closed. The remaining facilities are situated a minimum of 1,700 to 2,600 feet from the property in hydrologically separate, topographically crossgradient, or topographically downgradient locations. Leaking PST facilities do not appear to pose a significant potential to have environmentally impacted the subject property based on their distances of separation and topographical relationships to the property.

Recommendations: "Based on information received to date, this assessment has revealed no evidence of recognized environmental conditions in connection with the property. The discarded tires should be properly disposed prior to site development" (p. 18).

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Eighty of the units (100% of the total) will be reserved for low-income tenants. Nine of the units (11%) will be reserved for households earning 30% or less of AMGI, and 71 units (89%) 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	$27,960	$31,920	$35,940	$39,900	$43,080	$46,260

MARKET HIGHLIGHTS

A market feasibility study dated March 29, 2005, was prepared by Apartment Market Data ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "For this analysis we utilized a "primary trade area" comprising a custom Trade Area [as shown on the map below]. This trade area encompasses 16.61 square miles. The boundaries of this trade area are: North: East Davis Street; East: Cedar Crest Blvd., E. Kiest Blvd., and S. Lancaster Rd.; South: East and West Ledbetter Drive; West: South Hampton Road" (p. 3). This area encompasses is equivalent to a circle with a radius of 2.3 miles.

Population: The estimated 2004 population of the primary market area was 94,582 and is expected to increase by 1.3% to approximately 95,582 by 2009. Within the primary market area there were estimated to be 29,919 households in 2004.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 4,541 qualified households in the PMA, based on the current estimate of 29,919 households, renter households estimated at 54.8% of the population, income-qualified households estimated at 42.7%, and an annual renter turnover rate of 63.6 % (p. 50). The Market Analyst used an income band of $12,823 to $43,080.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	85	2%	52	1%
Resident Turnover	4,465	98%	4,255	99%
TOTAL ANNUAL DEMAND	**4,541**	**100%**	**4,307**	**100%**

Ref: p. 51

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 10% based upon 4,541 units of demand and 456 unstabilized affordable housing in the PMA (including the subject; Madison Point Apartments, #02149; and Providence at Fair Village, #04479) (p. 52). The Underwriter calculated an inclusive capture rate of 10.6% based upon the same supply of unstabilized comparable affordable units of 456 divided by a revised demand of 4,307.

Market Rent Comparables: The Market Analyst surveyed three comparable apartment projects totaling 878 units in the market area (p.12).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI/SF)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%/742 SF)	$608	$638	-$30	$720	-$112
1-Bedroom (60%/760 SF)	$608	$638	-$30	$750	-$142
1-Bedroom (30%/874 SF)	$309	$263	$46	$800	-$491
1-Bedroom (60%/874 SF)	$608	$638	-$30	$800	-$192
2-Bedroom (60%/974 SF)	$728	$746	-$18	$860	-$132
2-Bedroom (60%/1005 SF)	$728	$746	-$18	$870	-$142
2-Bedroom (30%/1018 SF)	$354	$296	$58	$850	-$496

RENT ANALYSIS (net tenant-paid rents) (cont'd)					
Unit Type (% AMI/SF)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
2-Bedroom (60%/1018 SF)	$728	$746	-$18	$850	-$122
2-Bedroom (60%/1044SF)	$728	$746	-$18	$900	-$172
2-Bedroom (60%/1057 SF)	$728	$746	-$18	$900	-$172
3-Bedroom (30%/1195 SF)	$402	$331	$71	$1,100	-$698
3-Bedroom (60%/1195 SF)	$846	$850	-$4	$1,100	-$254
3-Bedroom (30%/1226 SF)	$402	$331	$71	$1,100	-$698
3-Bedroom (60%/1226 SF)	$846	$850	-$4	$1,100	-$254

(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 the income restricted one bedrooms is 88.5%, for income restricted two bedrooms it is 91.2%, the occupancy for the income restricted three bedroom units is 90.5%, four bedroom income restricted units are 91.7%, and the overall average occupancy for income restricted units is 90.7%. This lower occupancy is due primarily to two older, poorly maintained projects that do not offer the same quality and amenities of newer communities, and one lease – up (Madison Point) that is 87% occupied. Apartment MarketData conducted an analysis of the three competitive market rate projects consisting of 878 conventional units within or near the Primary Trade Area. These projects were constructed between 2001 and 2004. The occupancy rate for the market rate one bedrooms is 95.3%, for market rate two bedrooms it is 96.3%, the occupancy for the market rate three bedroom units is 98.9%, and the overall average occupancy for market rate units is 96.1%. " (p. 11).

Absorption Projections: "Absorption in the Primary Market Area (PMA) has been steady but somewhat limited by minimal new supply over the past decade until recent years. New units, both affordable and market rate, in areas around the Trade Area have been readily absorbed" (p. 9). "Absorption over the previous fifteen years for all unit types (family & senior) is estimated to be 146 units per year. We expect this to increase as the number of new household continues to grow, and as especially as additional rental units become available" (p. 10). "Our best guess would be that Reese Court Villas would lease at a rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction" (p. 11).

Known Planned Development: The Market Analyst identified two affordable housing developments in the primary market area that have not leased up and maintained stabilized occupancy of 90% for the previous 12 months: Madison Point (#02149 with 140 units) and Providence at Village Fair (#04479 with 236 units) (p. 52).

Effect on Existing Housing Stock: "The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in quality affordable housing in this market since so many of the units in this market are much older, and since newly constructed units are well occupied. Also, based on an analysis of the affordable housing market, there is a shortage of quality affordable housing in this market" (p. 10).

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 for the units affordable to households with incomes at or below 60% of AMGI are lower than the maximum rents allowed under HTC guidelines. There is the potential for additional income (approximately $7.3K) if the Applicant chooses to increase rents to the maximum allowed. The market rents in the market study suggest that the area could support rents at the rent limit maximums. However, the Market Analyst also states "The analyst believes that the [Applicant's] proposed 60% rents are appropriate for the location of the proposed subject and for the type and quality of product that is proposed for the subject." The market study for a development in the primary market area, Providence at Village Fair (#04479), suggests that the market rents are achievable. The Applicant stated that tenants will pay water and sewer in this project, and the Underwriter's rents and expenses were calculated accordingly. Estimates of secondary income and vacancy and collection loss rates are in line with TDHCA underwriting guidelines.

The Applicant understated gross rents and, despite the election as tenant-paid in the utility sheet, did not adjust for water and sewer utility allowances. As a result of these differences, the Applicant's effective gross income is $6.8K (or 1%) less than the Underwriter's estimate.

Expenses: The Applicant's estimate of total operating expense is 4% lower than the Underwriter's database-derived estimate, an acceptable deviation. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly: utilities ($14.7K lower), and water, sewer and trash ($8K higher). The Applicant budgeted $20,000 for supportive services in the initial year of operation. This amount is inconsistent with the submitted contract, which indicates a one-time start-up fee of $333 and a monthly fee of $333 for a total of $4,329 in the first year. The $20K included in the Applicant's expense estimate is also overstated when compared to $7,500 projected for #05082 Sphinx at Luxar. The underwriting analysis will include the contract amount.

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 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.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 4.8 acres	$118,500	**Assessment for the Year of:**	2004
Building:	$0	**Valuation by:**	Dallas County Appraisal District
Total Assessed Value:	$118,500	**Tax Rate:**	2.9328

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Contract to Purchase (4.771 acres)		
Contract Expiration Date:	7/ 11/ 2005	**Anticipated Closing Date:**	7/ 11/ 2005
Acquisition Cost:	$210,000	**Other Terms/Conditions:**	Assignment of Contract
Seller:	Brunswick Investments, Inc.	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction. Included in the total acquisition cost is $60K to the seller, $50K in tax liens, and $546,570 in demolition liens. The Applicant included $546,570 in City of Dallas lien releases as a source of funds.

Sitework Cost: The Applicant's claimed sitework costs of $7,495 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 $145K or 4% lower than 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 $7.8K based on their own construction costs. The Applicant also overstated contingencies by $2.8K. 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 $1.6K 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 therefore the Applicant's eligible basis of $7,413,548, as adjusted for the excess fees described above, is used to calculate an annual tax credit amount of $600,497. This figure will be compared to the

Applicant's request and the tax credits calculated based on the development's gap in need for permanent funds to determine the final allocation, see conclusions to the Financing Structure Analysis section below.

FINANCING STRUCTURE

INTERIM CONSTRUCTION FINANCING

Source: Wachovia Securities **Contact:** Robert Klixbull

Principal Amount: $2,900,000 **Interest Rate:** 7.75% (LIBOR +5% at closing)

Additional Information:

Amortization: N/A yrs **Term:** 2 yrs **Commitment:** ☐ LOI ☒ Firm ☐ Conditional

PERMANENT FINANCING

Source: Wachovia Securities **Contact:** Robert Klixbull

Principal Amount: $2,900,000 **Interest Rate:** 7.75% (10-Yr Treasury + 3.5% at closing)

Additional Information:

Amortization: 30 yrs **Term:** 30 yrs **Commitment:** ☐ LOI ☒ Firm ☐ Conditional

Annual Payment: $249,311 **Lien Priority:** 1 **Date:** 2/ 14/ 2005

GRANT

Source: City of Dallas Lien Releases **Contact:** Jerry Killingsworth

Principal Amount: $546,570.53 **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

Additional Information: Under Consideration **Request Date** 2/ 9/ 2005

TAX CREDIT SYNDICATION

Source: Wachovia Securities **Contact:** Robert Klixbull

Net Proceeds: $4,900,781 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 82¢

Commitment: ☐ LOI ☒ Firm ☐ Conditional **Date:** 2/ 14/ 2005

Additional Information:

APPLICANT EQUITY

Amount: $353,158 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Permanent Financing: The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

Since the lien releases are reflected as a cost and the City of Dallas is willing to release these liens in exchange for the development of the proposed affordable housing, the amount of the lien release is recognized as a source of funds from the City of Dallas.

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 the range of current credit prices. If the final syndication rate were to increase by six cents per dollar of tax credit, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $353K amount to 37% of the total fees.

Financing Conclusions: As stated above, the annual tax credit allocation calculated based on the Applicant's estimate of eligible basis is $600,497. The Applicant's request of $597,776 in tax credits annually is lower than the amount calculated based on the development's gap in need and the amount determined by eligible basis. Therefore, the recommended maximum tax credit allocation is $597,776 annually. Based on the underwriting analysis, the Applicant's deferred developer fee will be reduced to $350,175, representing approximately 36% of the eligible fee and repayable from cash flow within ten years.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant and Developer are related entities. This is a common relationship 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, Sphinx Development Corporation, submitted an unaudited financial statement as of December 31, 2004 reporting total assets of $313K and consisting of $71K in cash, $34.5K in other current assets, $206K in equity investments, and $1K in real property. Liabilities totaled $67K, resulting in a net worth of $246K.
- The principal of the owner of the General Partner, Joseph Agumadu submitted unaudited financial statements as of December 31, 2004.
- The principal of the owner of the General Partner, Jay Oji submitted unaudited financial statements as of December 31, 2004, and is anticipated to be guarantor of the development.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- None

Underwriter:	*Brenda Hull*	**Date:**	June 30, 2005
Underwriter:	*Lisa Vecchietti*	**Date:**	June 30, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	June 30, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Sphinx at Reese Court, Dallas, 9% HTC, 05095

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	Trsh
TC 60%	2	1	1	742	$748	$638	$1,276	$0.86	$110.00	$17.00
TC 60%	12	1	1	760	748	$638	7,656	0.84	110.00	17.00
TC 30%	2	1	1	874	373	$263	526	0.30	110.00	17.00
TC 60%	2	1	1	874	748	$638	1,276	0.73	110.00	17.00
TC 60%	10	2	2.5	974	898	$746	7,460	0.77	152.00	17.00
TC 60%	4	2	2.5	1,005	898	$746	2,984	0.74	152.00	17.00
TC 30%	4	2	2	1,018	448	$296	1,184	0.29	152.00	17.00
TC 60%	4	2	2	1,018	898	$746	2,984	0.73	152.00	17.00
TC 60%	6	2	2.5	1,044	898	$746	4,476	0.71	152.00	17.00
TC 60%	8	2	2.5	1,057	898	$746	5,968	0.71	152.00	17.00
TC 30%	1	3	2.5	1,195	518	$331	331	0.28	187.00	17.00
TC 60%	17	3	2.5	1,195	1,037	$850	14,450	0.71	187.00	17.00
TC 30%	2	3	2	1,226	518	$331	662	0.27	187.00	17.00
TC 60%	6	3	2	1,226	1,037	$850	5,100	0.69	187.00	17.00
TOTAL:	80		**AVERAGE:**	1,026	$858	$704	$56,333	$0.69	$153.93	$17.00

INCOME	Total Net Rentable Sq Ft:	82,042	**TDHCA**	**APPLICANT**		Comptroller's Region	3
POTENTIAL GROSS RENT			$675,996	$668,664		IREM Region	Dallas
Secondary Income	Per Unit Per Month:	$15.00	14,400	4,404	$4.59	Per Unit Per Month	
Other Support Income: (Garages and Carports)				9,996	$10.41	Per Unit Per Month	
POTENTIAL GROSS INCOME			$690,396	$683,064			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(51,780)	(51,228)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$638,616	$631,836			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.31%	$424	0.41	$33,910	$27,960	$0.34	$350	4.43%
Management		5.00%	399	0.39	31,931	31,592	0.39	395	5.00%
Payroll & Payroll Tax		13.15%	1,050	1.02	83,999	74,175	0.90	927	11.74%
Repairs & Maintenance		6.29%	502	0.49	40,146	34,500	0.42	431	5.46%
Utilities		4.44%	354	0.35	28,328	13,600	0.17	170	2.15%
Water, Sewer, & Trash		3.46%	277	0.27	22,122	30,000	0.37	375	4.75%
Property Insurance		3.21%	256	0.25	20,511	18,000	0.22	225	2.85%
Property Tax	2.9328	11.02%	880	0.86	70,387	72,000	0.88	900	11.40%
Reserve for Replacements		2.51%	200	0.20	16,000	16,000	0.20	200	2.53%
Other: compl fees, supp svcs		1.18%	94	0.09	7,529	22,000	0.27	275	3.48%
TOTAL EXPENSES		55.57%	$4,436	$4.33	$354,863	$339,827	$4.14	$4,248	53.78%
NET OPERATING INC		44.43%	$3,547	$3.46	$283,753	$292,009	$3.56	$3,650	46.22%
DEBT SERVICE									
Wachovia		39.04%	$3,116	$3.04	$249,311	$249,311	$3.04	$3,116	39.46%
City of Dallas Lien Release		0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		5.39%	$431	$0.42	$34,442	$42,698	$0.52	$534	6.76%
AGGREGATE DEBT COVERAGE RATIO					1.14	1.17			
RECOMMENDED DEBT COVERAGE RATIO						1.17			

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)		7.42%	$8,207	$8.00	$656,571	$656,570	$8.00	$8,207	7.55%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.78%	7,495	7.31	599,600	599,600	7.31	7,495	6.89%
Direct Construction		44.89%	49,628	48.39	3,970,261	3,824,996	46.62	47,812	43.97%
Contingency	4.90%	2.53%	2,800	2.73	224,030	224,030	2.73	2,800	2.58%
General Req'ts	5.88%	3.04%	3,360	3.28	268,836	268,836	3.28	3,360	3.09%
Contractor's G & A	1.96%	1.01%	1,120	1.09	89,612	89,612	1.09	1,120	1.03%
Contractor's Profit	5.88%	3.04%	3,360	3.28	268,836	268,836	3.28	3,360	3.09%
Indirect Construction		8.76%	9,686	9.45	774,900	774,900	9.45	9,686	8.91%
Ineligible Costs		4.75%	5,247	5.12	419,773	419,773	5.12	5,247	4.83%
Developer's G & A	14.67%	10.95%	12,107	11.81	968,581	968,581	11.81	12,107	11.14%
Developer's Profit	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Interim Financing		4.60%	5,080	4.95	406,394	406,394	4.95	5,080	4.67%
Reserves		2.22%	2,455	2.39	196,380	196,380	2.39	2,455	2.26%
TOTAL COST		100.00%	$110,547	$107.80	$8,843,774	$8,698,508	$106.03	$108,731	100.00%
Recap-Hard Construction Costs		*61.30%*	***$67,765***	***$66.08***	***$5,421,175***	***$5,275,910***	***$64.31***	***$65,949***	*60.65%*

SOURCES OF FUNDS				TDHCA	APPLICANT	RECOMMENDED	
Wachovia	32.79%	$36,250	$35.35	$2,900,000	$2,900,000	$2,900,000	Developer Fee Available
City of Dallas Lien Release	6.18%	$6,832	$6.66	546,570	546,570	546,570	$966,984
HTC Syndication Proceeds	55.42%	$61,260	$59.74	4,900,781	4,900,781	4,901,763	% of Dev. Fee Deferred
Deferred Developer Fees	3.99%	$4,414	$4.30	353,158	353,158	350,175	36%
Additional (Excess) Funds Req'd	1.62%	$1,791	$1.75	143,265	(2,001)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$8,843,774	$8,698,508	$8,698,509	$1,222,790

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Sphinx at Reese Court, Dallas, 9% HTC, 05095

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Townhouse and Multifamily Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$45.63	$3,743,318
Adjustments				
Exterior Wall Finish	2.45%		$1.12	$91,711
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.92)	(75,702)
Floor Cover			2.00	164,084
Porches/Balconies	$20.92	5,743	1.46	120,138
Plumbing	$730	92	0.82	67,160
Built-In Appliances	$2,175	80	2.12	174,000
Stairs/Fireplaces	$1,350	73	1.19	97,875
Enclosed Corridors	$35.71		0.00	0
Heating/Cooling			1.95	159,982
Carports	$0.00	20,000	0.00	0
Comm &/or Aux Bldgs	$60.46	3,500	2.58	211,614
Garages	$22.30	6,000	1.63	133,800
SUBTOTAL			59.58	4,887,979
Current Cost Multiplier	1.11		6.55	537,678
Local Multiplier	0.89		(6.55)	(537,678)
TOTAL DIRECT CONSTRUCTION COSTS			$59.58	$4,887,979
Plans, specs, survy, bld prm	3.90%		($2.32)	($190,631)
Interim Construction Interest	3.38%		(2.01)	(164,969)
Contractor's OH & Profit	11.50%		(6.85)	(562,118)
NET DIRECT CONSTRUCTION COSTS			$48.39	$3,970,261

PAYMENT COMPUTATION

Primary	$2,900,000	Amort	360
Int Rate	7.75%	DCR	1.14

Secondary	$546,570	Amort	
Int Rate	0.00%	Subtotal DCR	1.14

Additional	$4,900,781	Amort	
Int Rate		Aggregate DCR	1.14

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$249,311
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$42,698

Primary	$2,900,000	Amort	360
Int Rate	7.75%	DCR	1.17

Secondary	$546,570	Amort	0
Int Rate	0.00%	Subtotal DCR	1.17

Additional	$4,900,781	Amort	0
Int Rate	0.00%	Aggregate DCR	1.17

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$668,664	$688,724	$709,386	$730,667	$752,587	$872,455	$1,011,414	$1,172,506	$1,575,751
Secondary Income	4,404	4,536	4,672	4,812	4,957	5,746	6,661	7,722	10,378
Contractor's Profit	9,996	10,296	10,605	10,923	11,251	13,043	15,120	17,528	23,556
POTENTIAL GROSS INCOME	683,064	703,556	724,663	746,402	768,795	891,244	1,033,196	1,197,757	1,609,685
Vacancy & Collection Loss	(51,228)	(52,767)	(54,350)	(55,980)	(57,660)	(66,843)	(77,490)	(89,832)	(120,726)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$631,836	$650,789	$670,313	$690,422	$711,135	$824,400	$955,706	$1,107,925	$1,488,959
EXPENSES at 4.00%									
General & Administrative	$27,960	$29,078	$30,242	$31,451	$32,709	$39,796	$48,418	$58,908	$87,197
Management	31,592	32539.3686	33515.54966	34521.01615	35556.64663	41219.89861	47785.1598	55396.0969	74447.72197
Payroll & Payroll Tax	74,175	77,142	80,228	83,437	86,774	105,574	128,447	156,276	231,326
Repairs & Maintenance	34,500	35,880	37,315	38,808	40,360	49,104	59,743	72,686	107,593
Utilities	13,600	14,144	14,710	15,298	15,910	19,357	23,551	28,653	42,414
Water, Sewer & Trash	30,000	31,200	32,448	33,746	35,096	42,699	51,950	63,205	93,560
Insurance	18,000	18,720	19,469	20,248	21,057	25,620	31,170	37,923	56,136
Property Tax	72,000	74,880	77,875	80,990	84,230	102,478	124,681	151,693	224,543
Reserve for Replacements	16,000	16,640	17,306	17,998	18,718	22,773	27,707	33,710	49,898
Other	22,000	22,880	23,795	24,747	25,737	31,313	38,097	46,351	68,610
TOTAL EXPENSES	$339,827	$353,104	$366,903	$381,243	$396,148	$479,934	$581,548	$704,801	$1,035,725
NET OPERATING INCOME	$292,009	$297,685	$303,410	$309,179	$314,987	$344,466	$374,157	$403,124	$453,233
DEBT SERVICE									
First Lien Financing	$249,311	$249,311	$249,311	$249,311	$249,311	$249,311	$249,311	$249,311	$249,311
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	$42,698	$48,374	$54,099	$59,867	$65,675	$95,154	$124,846	$153,813	$203,922
DEBT COVERAGE RATIO	1.17	1.19	1.22	1.24	1.26	1.38	1.50	1.62	1.82

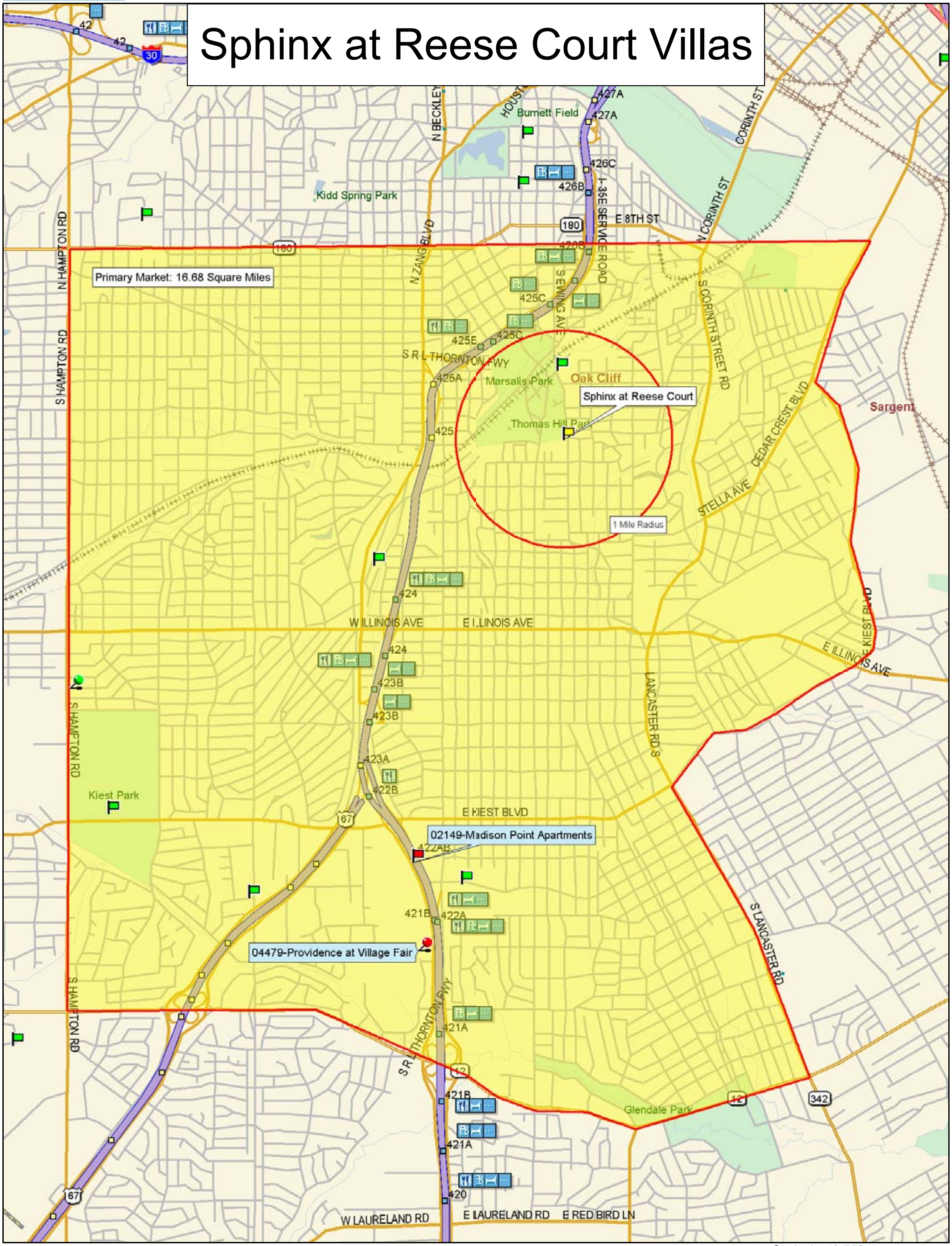
LIHTC Allocation Calculation - Sphinx at Reese Court, Dallas, 9% HTC, 05095

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$656,570	$656,571		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$599,600	$599,600	$599,600	$599,600
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$3,824,996	$3,970,261	$3,824,996	$3,970,261
(4) Contractor Fees & General Requirements				
Contractor overhead	$89,612	$89,612	$88,492	$89,612
Contractor profit	$268,836	$268,836	$265,476	$268,836
General requirements	$268,836	$268,836	$265,476	$268,836
(5) Contingencies	$224,030	$224,030	$221,230	$224,030
(6) Eligible Indirect Fees	$774,900	$774,900	$774,900	$774,900
(7) Eligible Financing Fees	$406,394	$406,394	$406,394	$406,394
(8) All Ineligible Costs	$419,773	$419,773		
(9) Developer Fees			$966,984	
Developer overhead	$968,581	$968,581		$968,581
Developer fee				
(10) Development Reserves	$196,380	$196,380	[illegible]	[illegible]
TOTAL DEVELOPMENT COSTS	$8,698,508	$8,843,774	$7,413,548	$7,571,050

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		$7,413,548	$7,571,050
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$7,413,548	$7,571,050
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$7,413,548	$7,571,050
Applicable Percentage		8.10%	8.10%
TOTAL AMOUNT OF TAX CREDITS		$600,497	$613,255
Syndication Proceeds	**0.8200**	**$4,924,079**	**$5,028,692**

Total Credits (Eligible Basis Method)	**$600,497**	**$613,255**
Syndication Proceeds	**$4,924,079**	**$5,028,692**
Requested Credits	**$597,776**	
Syndication Proceeds	**$4,901,763**	
Gap of Syndication Proceeds Needed	**$5,251,938**	
Credit Amount	**$640,480**	

Sphinx at Reese Court Villas



Scale 1 : 43,750

1" = 3,645.8 ft Data Zoom 12-2

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Ben Sheppard, Multifamily Finance Production

From: Audrey Martin, Real Estate Analysis

cc: File

Date: November 25, 2008

Re: Amendment Request for Amberwood Apartments, #060408

In a letter to the Department dated October 15, 2008 the Owner requested a waiver for the provision of a threshold amenity item required by the 2006 Qualified Allocation Plan and Rules (QAP), ceiling fans in living areas and bedrooms. The Owner asserts that each unit has one ceiling fan in the living/dining area, but that ceiling fans were not provided in the bedrooms. According to the Owner, during the course of construction, the development's HVAC system was upgraded above and beyond what was proposed at application at an additional cost of $120,000. The owner asserts that the upgraded, more efficient HVAC system serves the needs of residents better than the originally proposed HVAC system and additional ceiling fans would have.

The Owner provided a new development cost schedule, rent schedule, operating expenses, utility allowance information, and 30-year proforma in conjunction with the amendment request. A review of this information showed that the credit recommendation would not be affected by the omission of ceiling fans in the unit bedrooms. Further, the Property Condition Assessment report provided at the time of application did not contemplate the cost of installation of ceiling fans in the development budget.

Based upon the information provided, it does not appear that the change in the amenity would have materially impacted the underwriting of this transaction. The Cost Certification documentation has not yet been submitted for Department review; the Underwriter recommends no change to the tax credit amount at this time.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: May 31, 2006 **PROGRAM:** 4% HTC **FILE NUMBER:** 060408

DEVELOPMENT NAME

Amberwood

APPLICANT

Name:	Amberwood PacifiCap	**Contact:**	Heather Boyd
Address:	420 SW Washington, Suite 400		
City	Portland	**State:**	OR **Zip:** 97204
Phone:	(503) 288-6210 **Fax:** (206) 350-4441	**Email:**	hboyd@pacificap.com

KEY PARTICIPANTS

Name:	PacifiCap Holdings XXXIX, LLC	**Title:**	1% Managing General Partner of Applicant
Name:	PacifiCap Holdings, LLC (PH, LLC)	**Title:**	100% owner of MGP
Name:	PacifiCap Properties Group	**Title:**	Developer
Name:	PacifiCap, Inc (Pac Inc)	**Title:**	100% owner of Developer
Name:	Chad I Rennaker	**Title:**	80% owner of PH, LLC & Pac Inc
Name:	Jason Q Rennaker	**Title:**	20% owner of PH, LLC & Pac Inc

PROPERTY LOCATION

Location:	5249 Wren Avenue		
City:	El Paso	**Zip:**	79924
County:	El Paso	**Region:**	13

☒ **QCT** ☐ **DDA**

REQUEST

Program	**Amount**	**Interest Rate**	**Amortization**	**Term**
HTC	$541,067	N/A	N/A	N/A

Proposed Use of Funds: Acquisition/rehab **Type:** Multifamily

Target Population: Family **Other:** Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $489,934 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of building flood insurance and tenant flood insurance costs and evidence that a LOMR or CLOMR has been requested prior to the initial closing on the property.
2. Receipt, review, and acceptance by cost certification of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out.
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.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 310 **# Res Bldgs** 22 **# Non-Res Bldgs** 1 **Age:** 42 yrs **Vacant:** 26 at 03/16/2006

Net Rentable SF: 263,500 **Av Un SF:** 850 **Common Area SF:** ≈ 4,500 **Gross Bldg SF:** ≈ 268,000

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other apartments constructed in the 1960s. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

STRUCTURAL MATERIALS

The structures are constructed on a concrete slab. According to the plans provided in the application the exterior will be 1% siding/shingle and 99% masonry veneer. The interior wall surfaces will be drywall and the roofs will be finished with single-ply shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fax in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: a ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, and eight-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 200 or more, the Applicant has elected to provide a barbecue or picnic table for every 50 units, community laundry room, a covered pavilion that includes barbecue grills and tables, an enclosed sun porch or covered community porch, full perimeter fencing, a furnished community room, a furnished fitness center, public telephone(s) available to tenants 24 hours a day, a swimming pool, and a tennis court, a basketball court, or a volleyball court.

Uncovered Parking: 356 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Amberwood is a 25-unit per acre acquisition and rehabilitation development located in north El Paso. The development was built in 1964 and is comprised of 22 evenly distributed garden style residential buildings consisting of one- to three-bedroom units. The development includes an approximately 4,500-square foot community building.

Development Plan: The buildings are currently 92% occupied. According to the Market Analyst, "There are currently 19 down units due to deferred maintenance." The property condition assessment dated February 15, 2006 and prepared by IVI Due Diligence Services, Inc indicated the following immediate repair recommendations: repair damaged children's playground equipment; replace deteriorated and settled sections of asphalt pavement; repair concrete flatwork; point stone wall cracks and monitor; paint rusted steel framed/metal pan stairways; repair pool deck cracks; point brick wall cracks; repair missing/damaged hardboard panel soffit; caulk masonry expansion and control joints; replace deteriorated pseudo wood trim; repair concrete decks on wood frame walkways; replace or repair wood siding; make necessary BUR repairs; renovate/repair down units; remedy miscellaneous electrical code violations; replace missing fire extinguishers; install lever hardware on common use doors; modify leasing office toilets for ADA accessibility; add van accessible parking space at leasing office; and install ADA signage.

"IVI was provided with the Borrower's renovation budget/plan (Rehab Budget). Based on our site visit and document review, IVI found the scope of the Borrower's Rehab Budget plan to be inclusive of capital improvement (reserve) items required/recommended at the Subject. For the most part, budgeted amounts for the work planned are within reason.The Rehab Budget includes:

Common Area Upgrades: $1,119,375
Unit Upgrades (All 310 Units): $1,992,223
Specific Unit Upgrades (100 Units): $277,500
Fees & Miscellaneous: $208,600
*Grand Total: $3,597,698 or $11,605/Unit
*Excludes Contingency, General Requirements, Contractor O&P and Sales Tax

The Rehab Budget also included several of the costs included in the Opinions of Probable Costs (Immediate). Adjustments have been made to the Opinions of Probable Costs and Modified Capital Reserve Schedule for planned replacements included in the Rehab Budget" (p. 3).

The Applicant believes the majority of the existing tenants will qualify under the tax credit program. Only those that do not qualify under the program will be relocated. Relocated households will be provided with assistance in finding a new unit, information on transferring utilities, special consideration on early return of deposits, and moving cost assistance on a case by case basis paid directly to the vendor or to the household upon submission of receipts.

SITE ISSUES

SITE DESCRIPTION

Total Size:	12.765 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zones AH & B	**Within 100-year floodplain?**	☒ Yes ☐ No
Current Zoning:	C-1/SC (Commercial/special contract)	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The Amberwood Apartments is located at 5249 Wren Avenue in northern El Paso, west of Fort Bliss.

Adjacent Land Uses:

- **North:** The Subject is bordered to the north by Sanders Avenue, beyond which is a post office, and single-family residences to the northeast. Single-family residential development is located further to the north of the Subject;
- **South:** The Subject is bordered to the south by Wren Avenue, beyond which is a shopping mall to the southwest, and single-family residences to the southeast. A mixture of residential and commercial retail development is located further to the south;
- **East:** The Subject is bordered to the east by a drainage ditch, beyond which is a high school athletic field. A high school and an elementary school are located further to the east of the site; and
- **West:** The Subject is bordered to the west by Shoppers Drive, beyond which is a Kmart Department store and a bank. A closed Exxon gasoline station and automotive repair shop is adjacent to the southwest. Commercial and retail development along Business 56 is located further to the west of the Subject.

Site Access: The subject site is located in the northeast quadrant of Wren Avenue and Shoppers Road. The subject has frontage on Wren Avenue, Shoppers Road and Sanders Avenue with access via one curb cut in the northern line of Wren Avenue. The subject also has one curb cut in the east line of Shoppers Road and one curb cut in the south line of Sanders Avenue; however, they are both closed off with locked gates. Major highways include U.S. Highway 54 (Gateway Boulevard), B.R. Highway 54 (Dyer Street) and Woodrow Bean Trans Mountain Road (Loop 375).

Public Transportation: Public transportation within the city is provided by Sun Metro, a municipally owned bus company. International trolley busses operate between the downtown areas of El Paso and Juarez, Mexico. Private vehicular traffic is still the major source of transportation. The nearest public transportation linkage is located 1 block west of the subject site.

Shopping & Services: The public schools servicing this area are Crosby Elementary, Shuster Elementary, McGoffin Canyon Middle School, and Irvin High School. The primary shopping is along Dyer Street, west of the subject, and Highway 375, north of the subject property. Cielo Vista Mall, which is located along IH 10, is less than 10 minutes southeast of the subject.

Adverse Site Characteristics:

- **Floodplain:** A majority of the site is located in Zone AH, areas of 1-percent annual chance shallow flooding with a constant water-surface elevation (usually areas of ponding) where average depths are between one and three feet. The Base Flood Elevations derived from the detailed hydraulic analyses are shown at selected intervals within this zone. Mandatory flood insurance purchase requirements apply. According to the 2006 QAP, "No buildings or roads that are part of a Development proposing Rehabilitation, with the exception of developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for New Construction." However, the Applicant appealed to the TDHCA Board for an exception based on requesting a Letter of Map Revision (LOMR) or Conditional Letter of Map Revision (CLOMR). The Board approved the exception subject to the development receiving a LOMR or CLOMR and provision of building an renter insurance until such revision is achieved. The Applicant has estimated the insurance will cost $26K per year for the buildings and $10K per year for the renters' contents.

  The Applicant provided a copy of an undated and unsigned proposal for flood insurance on the buildings and contents with an estimated premium of $25,593. This document does not provide sufficient evidence of flood insurance for the proposed development. Therefore, receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of building flood insurance and tenant flood insurance costs and evidence that a LOMR or CLOMR has been requested prior to the initial closing on the property remains as a condition of this report.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 03/09/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 24, 2006 was prepared by IVI Due Diligence Services, Inc and contained the following findings and recommendations:

Findings:

- **Noise:** **"**The Subject does not appear to be located in proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise" (p. 26).
- **Floodplain:** **"**IVI researched the location of the property with respect to its Flood Plain status on Flood Insurance Rate Maps ("FIRMs"). FIRMs provide the information needed to determine whether a specific property is within a Special Floodway Hazard Area, which is the flood insurance zone that applies to the property. The research indicated that the property is located in Flood Hazard Zones AH and B. A copy of the FIRM Map is provided in Appendix C. Zone AH is the flood insurance rate zone that corresponds to the areas of 1-percent annual chance shallow flooding with a constant water-surface elevation (usually areas of ponding) where average depths are between one and three feet. The Base Flood Elevations derived from the detailed hydraulic analyses are shown at selected intervals within this zone. Mandatory flood insurance purchase requirements apply. Zone B are the flood insurance rate zones that correspond to areas outside the 1-percent annual chance floodplain, areas of 1-percent annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1-percent annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1-percent annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones" (p. 8).
- **Asbestos-Containing Materials (ACM):** **"**Asbestos-containing popcorn ceiling finishes were identified throughout the Subject. In addition, the non-friable resilient floor finish assemblies, wallboard assemblies, and builtup roofing system may contain asbestos. Since these materials are in good condition

and the potential for fiber release is low, no further action is recommended at this time, other than maintaining the materials in good condition under an Asbestos Operations and Maintenance (O&M) Program" (p. 1).

- **Lead-Based Paint (LBP): "**Since the Subject was constructed prior to the Consumer Product Safety Commission's 1978 ban on the sale of LBP to consumers and the use of LBP in residences, there is a potential that LBP may have been applied at the Subject… In accordance with the Scope of Work, IVI conducted limited qualitative testing for lead-based paint using Lead Check® Chemical Reaction Swabs… This limited testing did not identify lead-based paint on the surfaces tested" (p. 24-26).
- **Lead in Drinking Water: "**According to information from the El Paso Water Department, the local water authority, the water supplied to the Subject meets federal and state water quality standards. Sheet runoff flows topographically (southwesterly) and discharges into onsite surface drains that are reportedly connected to the municipal stormwater management system. No evidence of staining was observed near the on-site surface drains" (p. 10).
- **Radon: "**results of… testing did not identify any elevated concentrations of radon gas. As such, it does not appear that a radon hazard condition exists at the Subject" (p. 24).
- **Other:** "IVI some moisture intrusion and mold-like growth in several down units (Units 194, 25, 231, 289) According to the Property Manager, Veronica Corona, some additional down units had also had moisture intrusion and associated mold growth, but those items had been remedied. IVI recommends the source of moisture intrusion be determined and repaired. In addition, IVI recommends and moisture damaged building materials be removed and areas exhibiting mold-like growth be cleaned. Given that moisture intrusion was observed in several units a moisture/mold survey may be required. Furthermore, IVI recommends that a Moisture Management Plan be developed and Implemented" (p. 1).

  "There is a drainage way located along the east side of the site. A visual assessment of the water body indicates that it is free of excessive quantities of debris and oil sheens" (p. 8).

  "leaking underground storage tank sites with a Case Closed status were identified within the prescribed search radius. A Case Closed status is granted to those sites that do not exhibit levels of contamination requiring clean-up, have been remediated to the satisfaction of the lead regulatory agency, or are not suspected to represent a significant threat to human health or the environment. As such, absent additional information to the contrary, it is unlikely that contamination originating at sites with a Case Closed status have had a significant negative environmental impact on the Subject" (p. 19).

Recommendations: "IVI has performed a *Phase I Environmental Site Assessment* in conformance with the scope and limitations of ASTM Standard Practice E1527-00 of the Amberwood Apartments, located at 5249 Wren Avenue, El Paso, Texas. Any exceptions to, or deletions from, the standard practice are described within Section 2.0 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Subject; however, the following items of environmental concern were identified which warrant mention:

Asbestos-Containing Material (ACM)

Asbestos-containing popcorn ceiling finishes were identified throughout the Subject. In addition, the non-friable resilient floor finish assemblies, wallboard assemblies, and built-up roofing system may contain asbestos. Since these materials are in good condition and the potential for fiber release is low, no further action is recommended at this time, other than maintaining the materials in good condition under an Asbestos Operations and Maintenance (O&M) Program.

Mold and Moisture Intrusion

IVI some moisture intrusion and mold-like growth in several down units (Units 194, 25, 231, 289) According to the Property Manager, Veronica Corona, some additional down units had also had moisture intrusion and associated mold growth, but those items had been remedied. IVI recommends the source of moisture intrusion be determined and repaired. In addition, IVI recommends and moisture damaged building materials be removed and areas exhibiting mold-like growth be cleaned. Given that moisture intrusion was observed in several units a moisture/mold survey may be required. Furthermore, IVI recommends that a Moisture Management Plan be developed and implemented" (p. 27).

Receipt, review, and acceptance by cost certification of evidence that all Phase I Environmental Site

Assessment and subsequent environmental investigation report recommendations have been carried out is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. Any Qualified Residential Rental Project qualifies as a Priority 3 Private Activity Bond allocation (§ 1372.0321). Three-hundred and four of the units (98% of the total) will be reserved for low-income tenants earning 60% or less of AMI, and the remaining six units will be occupied by employees.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$18,120	$20,700	$23,280	$25,860	$27,900	$30,000

MARKET HIGHLIGHTS

A market feasibility study dated February 28, 2006 was prepared by Butler Burgher ("Market Analyst") and included the following findings:

Secondary Market Information: "The El Paso Metropolitan Statistical Area (MSA) is comprised of El Paso County. Because the subject benefits from the strength of the area, an overview of the MSA is appropriate…between 2005 and the year 2020, the El Paso MSA population is expected to increase 25.7%, from 842,104 to 1,058,703…El Paso was 7.3% below the national average in long-range wage growth between 1997 and 2002, but almost at the national average for short-term wage growth between 2001 and 2002…El Paso has a low cost of living when compared to other metropolitan areas around the State of Texas and across the southern United States. The cost of living in El Paso ranks consistently below the national average…Jerry Carlson, executive director of the El Paso Apartment Association, says the 31,000 apartment units in El Paso are collected into 250 multifamily complexes…El Paso will need more apartments to meet the housing demand of more than 3,000 soldiers and their families being moved to Fort Bliss by 2006. Fort Bliss could ultimately see an increase of up to 20,000 soldiers in a base realignment as other bases close, congressional, state and El Paso leaders had optimistically said…Demand is up as the vacancy rate [for multifamily] in 4th Quarter 2005 was 6.5% compared to 9.5% during 4th Quarter 2004. The northwest submarket had the high occupancy rate at 95.14%, while the Central submarket had the lowest occupancy rate at 88.82%. Each submarket experienced an increase in occupancy over the previous year" (p. 15-38).

Definition of Primary Market Area (PMA): "The subject's Primary Market Area has been designated as the area north of Forest Road; west of Biggs Army Airfield; south of Woodrow Bean Transmountain Drive; and east of Franklin Mountains State Park" (p. 39). The northern boundary was revised to Sean Haggerty Drive in an update letter dated May 22, 2006. This area encompasses approximately 38 square miles and is equivalent to a circle with a radius of 3.5 miles.

Population: The estimated 2005 population of PMA was 98,742 and is expected to increase to approximately 99,692 by 2010. Within the primary market area there were estimated to be 32,154 households in 2005.

Total Market Demand: The Market Analyst did not utilize a household size-appropriate adjustment rate. The Analyst's income band of $16,354 to $27,480 (p. 58) results in an income eligible adjustment rate of 17.83% (p. 60). "According to the 2006 Claritas Report, 40.31% of the Primary Market Area (as defined earlier) is renter occupied" (p. 58). The Market Analyst indicates a turnover rate of 65.2% applies based on IREM 2005 (p. 60).

In addition, "…the micro trends in the primary market area are closely tied to the military installations; which, due to the Base Realignment and Closure (BRAC) list, the city of El Paso will see an influx of troops through Ft. Bliss, which is scheduled to receive 11,500 troops and their families by the summer of 2007. In the end, Ft. Bliss is expected to grow by over 20,000 new troops over the next 5 years, which means approximately 60,000 new soldiers and family members. This growth will directly impact the PMA and we have included this growth as secondary demand. Although definitive data was not available regarding the demographics of the new troop personnel, we have concluded that an application of the PMA qualifiers would be conservative and reasonable. A significant portion of the troop realignment was reported to be lower ranking, enlisted personnel" (p. 55). The PMA renter-occupied and income-qualified rates were applied to an estimated increase of 11,500 military personnel at Fort Bliss.

An update letter dated May 22, 2006 states, "Ft. Bliss is adding 1,250 homes and tearing down 400 over a 5 year time frame (they are currently 8 months into it)…The new units are all 3 and 4 BR units…[with a] roughly 50/50 for the breakdown. There are not income requirements for military housing. Families ask to be placed on a waiting list and are then given housing as it becomes available. Due to the addition of large family quarters to the housing stock, but the lack of additional affordable 1BR and 2BR units, the planned military housing is not anticipated to meet the needs of the lower-income military personnel transferred to the area."

In addition, "…the Estimated Group Quarters Population is shown as 1,426 persons; this figure represents the population housed on the military base area which is included in the PMA. The developed portion of the based is included in the defined PMA and this figure is dramatically understated relative to the actual on-base and future military housing demand."

The Underwriter independently confirmed Fort Bliss will have a net increase in troops of approximately 20,000 by 2011. As the Market Analyst indicated, the demographic make-up of the inflowing troops was not readily available. However, the Public Affairs Office was able and willing to provide specific demographic information upon request. Unfortunately, the timing requirements for a completed underwriting report did not allow the Underwriter to request and use such demographic information.

Additional data not accounted for in the market analysis was also available online. According to the Department of Defense (DoD) Basic Allowance for Housing *A Primer on Basic Allowance for Housing for the Uniformed Services*, dated July 2002, "The purpose of the Basic Allowance for Housing (BAH) program is to provide fair housing allowances to service members. Since the goal is to help members cover the costs of housing in the private sector, rental housing costs in the private sector are the basis for the allowance. Members receive a housing allowance when government quarters are not available. DoD determines the correct housing allowance to enable member to afford suitable rental housing within a reasonable distance of their duty location. The allowance is set based on geographic duty location, pay grade, and dependent status. Therefore, even lower ranking enlisted personnel may not income qualify for the proposed development when considering total income sources. For example, an Enlisted Level 1 with less than four months of tenure and no dependents will make a base pay of $1,178 per month (effective January 1, 2006. Add to this the basic allowance for subsistence of $272.26 for enlisted troops, basic allowance for housing of $285.30 (sources specific to Fort Bliss indicate a housing allowance of $616 in zip code 79916), and other pay including clothing allowance for enlisted troops, hazard pay and drill pay. At minimum, the lowest level, single enlisted troop choosing to live outside of Fort Bliss would make an annual salary of $20,829.72. This falls within the overall income eligible range for the development, but exceeds maximum eligible income at 60% of AMI for a one-person household in El Paso.

It is possible, depending on family size, some incoming troops will qualify and choose to live in a Housing Tax Credit development. However, the Market Analyst failed to provide enough information to support the estimate of demand from influx of military personnel at Fort Bliss. Therefore, the Underwriter's analysis does not include demand from this source.

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	7	1%	7	0.5%
Resident Turnover	1,514	64%	1,470	99.5%
Other Sources: influx of military	827	35%	N/A	
TOTAL DEMAND	**2,348**	**100%**	**1,477**	**100%**

p. 60

<u>Inclusive Capture Rate</u>: The Market Analyst calculated an inclusive capture rate of 22.28% based upon 2,348 units of demand and 523 unstabilized affordable housing in the PMA (including the subject) (p. 60). "The subject, Amberwood, will have 310 renovated units (1BR, 2BR and 3BR), set-aside for families with incomes below 60% of the area median income. The concluded is acceptable under the TDHCA concentration guidelines for FAMILY properties. Although these are acceptable capture rates, the TDHCA guidelines state in section 1.32 (Underwriting Rules and Guidelines), paragraph G.2.C, 'The Development is comprised of Affordable Housing which replaces previously existing substandard Affordable Housing within the same Primary Market Area on a Unit for Unit basis, and which gives the displaced tenants of the previously existing Affordable Housing a leasing preference, in which case an inclusive capture rate is not applicable.' Although the subject was not rent restricted in the past, due to the condition of the units and the planned renovation, rent changes from the current affordable levels will be minimal" (p. 61).

The Underwriter calculated an inclusive capture rate of 49% based upon a revised supply of 726 unstabilized comparable affordable units divided by a revised demand estimate for 1,477 affordable units. The inclusive capture rate exceeds the Program maximum of 25% for developments targeting the general population. However, the subject development is currently 92% occupied, and it is likely existing tenants will income-qualify and will choose to remain at the property. Therefore, an inclusive capture rate calculation is not a meaningful tool for determining the feasibility of the subject development.

Unit Mix Conclusion: "The subject's unit mix, renovated, will be competitive with comparable properties in the local market area. The unit mix is conducive to the tenant profile in this area, which will facilitate strong leasing activity" (p. 3).

Market Rent Comparables: The Market Analyst surveyed six comparable apartment projects totaling 719 units in the market area (p. 62).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$380	$407	-$27	$400	-$20
2-Bedroom (60%)	$430	$485	-$55	$490	-$60
3-Bedroom (60%)	$530	$556	-$26	$600	-$70

(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 overall weighted average of 94% [for six comparable properties] is higher than the overall average occupancy rate for the Northeast submarket (based on December 2005 figures), which is 91.07%" (p. 55).

Absorption Projections: "The subject currently has an occupancy rate of 95% on available units and priority will be given to the current residents. Based on the buyer's prior experience, they anticipate that approximately 90% of the tenants will qualify. We expect the subject to reach stabilization by the time the renovation is complete" (p. 61).

Unstabilized, Under Construction, and Planned Development: "The subject's PMA has experienced minimal new construct in the recent past. However, the Fort Bliss expansion plans have led to the recent developed of three apartment communities. There are two communities currently under construction in the PMA, Linda Vista Apartments and North Mountain Village Apartments. Linda Vista Apartments consists of a total of 36 units with 4 at 30% AMI, 8 at 50% AMI and 24 at 60% AMI. North Mountain Village Apartments has a total of 200 units with 20 at 30% AMI and 180 at 60% AMI. Diana Palms was recently completed with 36 units and is currently in the lease-up phase. Diana Palms has 6 units at 30% AMI, 3 units at 40% AMI, 8 units at 50% AMI, 17 units at 60% AMI and 2 market rate units" (p. 53).

The Underwriter identified a fourth unstabilized development within the defined PMA boundary. Deer Palms is a new construction development with 152 units of affordable housing targeting the general population. Deer Palms received a housing tax credit award in 2005.

Market Impact: An update letter dated May 22, 2006 states, "The subject's renovations and insertion into the HTC 60% AMI affordable housing program will have a positive impact on the overall housing market in El Paso as additional affordable housing will be provided which will be superior to much of the competing housing stock. No additional units will be added to the actual supply."

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 projected rents collected per unit appear to be based on the current rents collected by the seller. In general, the underwriting analysis estimated rental income based on the 2006 gross tax credit rent limits less the utility allowance for tenant-paid utilities (tenants will be required to pay electric costs). The submitted market study indicates the net tax credit rents for the two- and three-bedroom units are achievable. However, the underwriting rent collected for the one-bedroom units is set at the market rent conclusion of $400, or $7 less than the net tax credit rent limit.

The Applicant's secondary income assumption is in line with current TDHCA underwriting guidelines; however, their vacancy and collection loss assumption of 10% appears to be overstated. The development is currently 92% occupied. Subsequent to rehabilitation, 19 down units (6% of the total) will be available for occupancy. In addition, the submitted market study indicates an average occupancy of 94% for comparable developments. Therefore, the underwriting analysis will assume a 7.5% vacancy and collection loss. Due to the differences in rent projections and vacancy and collection loss assumptions, the Applicant's effective gross income is not within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,000 per unit is not within 5% of the Underwriter's estimate of $3,271, derived from the actual operating history of the development, the TDHCA database, and third-party data sources. Several of the Applicant's line item expenses also varied significantly when compared to the Underwriter's estimates, including: insurance ($36K lower) and property taxes $21K lower. In addition, the Applicant has understated TDHCA compliance fees. Finally, the Department's minimum per unit reserve for replacement requirement of $300 annually appears to be adequate to cover forecasted replacement costs over a period of 30 years.

Conclusion: The Applicant's effective gross income, annual operating expense and net operating income are each varies by more than 5% when compared to the Underwriter's estimates. Therefore, the Underwriter's year one proforma will be used to determine the development's debt service capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.30. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 12.76 acres	$1,300,000	**Date of Valuation:**	02/21/2006
Existing Building(s): "as is"	$5,200,000	**Date of Valuation:**	02/21/2006
Total Development: "as is"	$6,500,000	**Date of Valuation:**	02/21/2006

Appraiser: B Diane Butler **Firm:** Butler Burgher **City:** Dallas

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal, provided by the purchaser, was performed by Butler Burgher and dated February 28, 2006. The current "as-is" value is most important in the valuation and underwriting of this property because it should support the purchase price of the subject. For the "as-is" valuation, the primary approaches used were the sales comparison and income approach. Four land sales dating from 2003 to 2005 for 10.12 to 120.7 acres were used to determine the underlying value of the land. As a result, the value attributed to the existing buildings is $5,200,000 or 80% of the total appraised value of the property.

ASSESSED VALUE

Land: 12.760 acres	$666,990	**Assessment for the Year of:**	2005
Building:	$2,333,010	**Valuation by:**	El Paso County Appraisal District
Total Assessed Value:	$3,000,000	**Tax Rate:**	3.122408

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Agreement for Purchase and Sale		
Contract Expiration:	01/15/2006 and five one-month extensions	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$6,200,000	**Other:**	
Seller:	Ernest Tschannen	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The acquisition cost of $20K per unit is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant also included $20K in estimated closing costs.

The Applicant's claimed land value of $1,320,000 exceeds both the appraised value and tax assessed value. Therefore, the Applicant's estimate is subtracted from the verifiable total acquisition cost to determine an acquisition eligible basis of $4,900,000 for the existing buildings.

Sitework Cost: Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of $2,546 per unit, which is higher than the estimate in the submitted Property Condition Assessment (PCA). The underwriting analysis will assume sitework costs of $2,220 per unit as supported by the PCA.

Direct Construction Cost: The Applicant's direct construction cost estimate is $307K or 10% higher than the estimate provided in the Property Condition Assessment. The underwriting analysis will reflect the PCA value. It should be noted while the Applicant's development cost schedule reflects total site work and direct construction costs of $13K per unit meeting the minimum requirements of the 2006 QAP ($12K per unit), the PCA indicates only $11K per unit. However when contractor fees and contingency are included, both estimates exceed the $12K hard cost minimum.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $157K 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.

Fees: The Applicant's contractor general and administrative fees exceed the 2% maximum allowed by HTC guidelines by a total of $126 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 fee also exceeds 15% of the Applicant's adjusted eligible basis by $24K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. Finally, the Applicant claimed eligible contingency cost exceeding the Department maximum of 10% of eligible sitework and direct construction costs.

Conclusion: The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant and the PCA provider in particular. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, Underwriter's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $11,916,496 supports annual tax credits of $489,934. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: Wachovia Securities **Contact:** Daniel P Cunningham

Tax-Exempt: $7,570,000 **Interest Rate:** 5.70%, fixed, lender's estimate **Amort:** 420 months

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments: 24-month interim period with variable interest rate

TAX CREDIT SYNDICATION

Source: Wachovia Securities **Contact:** Paul Buckland

Proceeds: $5,410,779 **Net Syndication Rate:** 95% **Anticipated HTC:** Unspecified

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $942,594 **Source:** Income from operation during construction

Amount: $873,501 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The Applicant's projected debt service is higher than the terms presented in the submitted letter of interest for interim to permanent financing. It should also be noted the Applicant sources and uses reflects a slightly lower permanent mortgage amount than indicated in the letter of interest.

HTC Syndication: The tax credit syndication commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. The Applicant's sources and uses reflect a lower amount of syndication proceeds than the letter of interest (LOI) indicates. Because the LOI does not state an anticipated annual tax credit allocation, it is impossible to verify that the proposed syndicator is aware of the Applicant's final request for $531,961 annually.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $873,501 amount to 53% of the total proposed fees.

Financing Conclusions: As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.30. The underwriting analysis assumes an increase in the permanent loan amount to $8,119,406 based on the terms reflected in the application materials. Although, only $7,800,000 in bond reservation is available, the underwriting analysis will reflect a total of $8,119,406 in permanent financing to allow for an accurate gap-based tax credit calculation. This difference in debt can alternatively be absorbed by additional deferred developer fee.

The Underwriter's total development cost estimate less the adjusted permanent loan of $8,119,406 indicates the need for $5,878,225 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $618,822 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($531,961), the gap-driven amount ($618,822), and eligible basis-derived estimate ($489,934), the eligible basis-derived estimate of $489,934 is recommended resulting in proceeds of $4,653,903 based on proposed terms.

The Underwriter's recommended financing structure indicates the need for $1,224,322 in additional permanent funds. Deferred developer fees in this amount represent 79% of the total eligible fee and appear to be repayable from development cashflow within 10 years of stabilized operation.

Floodplain Issues: Should the development fail to receive a LOMR or CLOMR, the owner will be required to provide flood insurance for the buildings and all contents. The effect of a possible increase in insurance costs is a reduction in net operating income. As stated above, the development's debt coverage ratio exceeds the Department's maximum guideline of 1.30. This continues to be the case even with an increase in operating expense by $26K annually for flood coverage of the buildings and $10K per year for flood coverage of the renters' contents. However, the recommended financing structure would change to reflect a permanent loan amount of $7,700,897 and deferred developer fees totaling $1,648,830. The recommended tax credit allocation would remain at $489,934 annually and the resulting 30-year proforma indicates anticipated deferred fees would be repayable within ten years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

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

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

Financial Highlights:

- The Applicant, General Partner, and 100% owner of the General Partner (PacifiCap Holdings, LLC) are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Jason Q Rennaker and Chad I Rennaker, principals of PacifiCap Holdings, LLC, submitted unaudited balance sheets as of December 31, 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 estimated income/operating expenses/operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's direct construction costs differ from the Property Condition Assessment provider's estimate.
- Significant environmental/locational risk exists regarding the floodplain
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Lisa Vecchietti*	**Date:**	May 31, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	May 31, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Amberwood, El Paso, 4% HTC #060408

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Utilities	Wtr, Swr, Trsh
TC 60%	58	1	1	600	$485	$400	$23,200	$0.67	$92.00	$44.00
TC 60%/EO	2	1	1	600	485	$400	800	0.67	92.00	44.00
TC 60%	188	2	1	850	582	$485	91,180	0.57	114.00	45.00
TC 60%/EO	2	2	1	850	582	$485	970	0.57	114.00	45.00
TC 60%	58	3	2	1,100	672	$556	32,248	0.51	136.00	53.00
TC 60%/EO	2	3	2	1,100	672	$556	1,112	0.51	136.00	53.00
TOTAL:	310		AVERAGE:	850	$581	$482	$149,510	$0.57	$114.00	$46.35

INCOME	Total Net Rentable Sq Ft: 263,500			TDHCA	APPLICANT	Comptroller's Region	13
POTENTIAL GROSS RENT				$1,794,120	$1,635,600	IREM Region	El Paso
Secondary Income	Per Unit Per Month:	$15.00		55,800	55,800	$15.00	Per Unit Per Month
Other Support Income:				0	0	$0.00	Per Unit Per Month
POTENTIAL GROSS INCOME				$1,849,920	$1,691,400		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(138,744)	(169,068)	-10.00%	of Potential Gross Income
Employee or Other Non-Rental Units or Concessions				0	0		
EFFECTIVE GROSS INCOME				$1,711,176	$1,522,332		

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		2.76%	$152	0.18	$47,254	$48,726	$0.18	$157	3.20%
Management		4.00%	221	0.26	68,447	60,864	0.23	196	4.00%
Payroll & Payroll Tax		15.15%	836	0.98	259,234	248,000	0.94	800	16.29%
Repairs & Maintenance		9.00%	497	0.58	153,972	170,500	0.65	550	11.20%
Utilities		4.16%	230	0.27	71,269	62,000	0.24	200	4.07%
Water, Sewer, & Trash		4.56%	252	0.30	77,974	77,500	0.29	250	5.09%
Property Insurance		4.41%	243	0.29	75,389	38,750	0.15	125	2.55%
Property Tax	3.122408	8.48%	468	0.55	145,192	124,000	0.47	400	8.15%
Reserve for Replacements		5.43%	300	0.35	93,000	77,500	0.29	250	5.09%
compl fees, security		1.31%	72	0.09	22,400	22,160	0.08	71	1.46%
TOTAL EXPENSES		59.27%	$3,271	$3.85	$1,014,132	$930,000	$3.53	$3,000	61.09%
NET OPERATING INC		40.73%	$2,249	$2.65	$697,044	$592,332	$2.25	$1,911	38.91%
DEBT SERVICE									
First Lien Mortgage		29.21%	$1,612	$1.90	$499,790	$514,417	$1.95	$1,659	33.79%
Income from operation		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%
NET CASH FLOW		11.53%	$636	$0.75	$197,254	$77,915	$0.30	$251	5.12%
AGGREGATE DEBT COVERAGE RATIO					1.39	1.15			
RECOMMENDED DEBT COVERAGE RATIO					1.30				

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)		44.44%	$20,065	$23.61	$6,220,000	$6,220,000	$23.61	$20,065	43.11%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		4.92%	2,220	2.61	688,118	789,115	2.99	2,546	5.47%
Direct Construction		21.64%	9,771	11.49	3,028,914	3,336,264	12.66	10,762	23.12%
Contingency	10.00%	2.66%	1,199	1.41	371,703	413,892	1.57	1,335	2.87%
General Req'ts	3.33%	0.88%	399	0.47	123,696	123,696	0.47	399	0.86%
Contractor's G & A	2.00%	0.53%	240	0.28	74,341	82,634	0.31	267	0.57%
Contractor's Profit	5.55%	1.47%	665	0.78	206,291	206,291	0.78	665	1.43%
Indirect Construction		2.01%	909	1.07	281,660	281,660	1.07	909	1.95%
Ineligible Costs		3.85%	1,740	2.05	539,456	539,456	2.05	1,740	3.74%
Developer's G & A	2.00%	1.48%	669	0.79	207,243	219,568	0.83	708	1.52%
Developer's Profit	13.00%	9.62%	4,345	5.11	1,347,082	1,427,192	5.42	4,604	9.89%
Interim Financing		4.91%	2,218	2.61	687,447	687,447	2.61	2,218	4.76%
Reserves		1.58%	715	0.84	221,679	100,000	0.38	323	0.69%
TOTAL COST		100.00%	$45,154	$53.12	$13,997,631	$14,427,215	$54.75	$46,539	100.00%
Construction Cost Recap		*32.10%*	***$14,494***	***$17.05***	***$4,493,063***	***$4,951,892***	***$18.79***	***$15,974***	*34.32%*

SOURCES OF FUNDS						RECOMMENDED	
First Lien Mortgage	54.08%	$24,419	$28.73	$7,570,000	$7,558,000	$8,119,406	Developer Fee Available
Income from operation	0.00%	$0	$0.00	0	942,594	0	$1,554,326
HTC Syndication Proceeds	36.10%	$16,300	$19.18	5,053,119	5,053,119	4,653,903	% of Dev. Fee Deferred
Deferred Developer Fees	6.24%	$2,818	$3.31	873,501	873,501	1,224,322	79%
Additional (Excess) Funds Req'd	3.58%	$1,616	$1.90	501,011	1	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$13,997,631	$14,427,215	$13,997,631	$3,519,675

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Amberwood, El Paso, 4% HTC #060408

PAYMENT COMPUTATION

Primary	$7,570,000	Amort	420
Int Rate	5.70%	DCR	1.39

Secondary	$942,594	Amort	
Int Rate	0.00%	Subtotal DCR	1.39

Additional	$5,053,119	Amort	
Int Rate		Aggregate DCR	1.39

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$536,063
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$160,981

Primary	$8,119,406	Amort	420
Int Rate	5.70%	DCR	1.30

Secondary	$942,594	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

Additional	$5,053,119	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

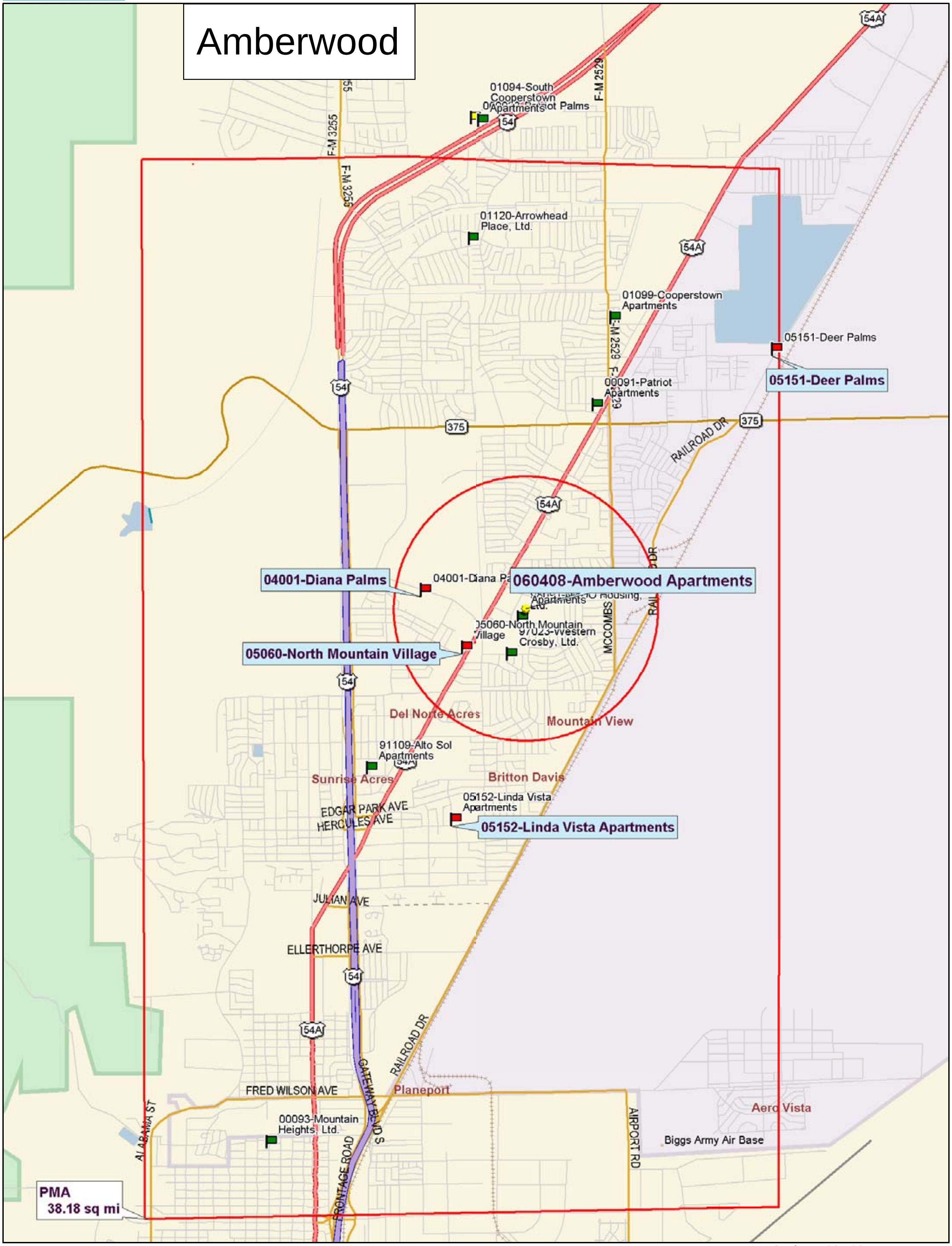
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,794,120	$1,847,944	$1,903,382	$1,960,483	$2,019,298	$2,340,920	$2,713,767	$3,146,000	$4,227,961
Secondary Income	55,800	57,474	59,198	60,974	62,803	72,806	84,403	97,846	131,496
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,849,920	1,905,418	1,962,580	2,021,458	2,082,101	2,413,726	2,798,170	3,243,846	4,359,458
Vacancy & Collection Loss	(138,744)	(142,906)	(147,194)	(151,609)	(156,158)	(181,029)	(209,863)	(243,288)	(326,959)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,711,176	$1,762,511	$1,815,387	$1,869,848	$1,925,944	$2,232,697	$2,588,307	$3,000,557	$4,032,498
EXPENSES at 4.00%									
General & Administrative	$47,254	$49,144	$51,110	$53,154	$55,280	$67,257	$81,828	$99,556	$147,368
Management	68,447	70,500	72,615	74,794	77,038	89,308	103,532	120,022	161,300
Payroll & Payroll Tax	259,234	269,604	280,388	291,603	303,267	368,971	448,910	546,168	808,461
Repairs & Maintenance	153,972	160,131	166,536	173,197	180,125	219,150	266,629	324,395	480,184
Utilities	71,269	74,120	77,085	80,168	83,375	101,439	123,415	150,154	222,264
Water, Sewer & Trash	77,974	81,093	84,337	87,711	91,219	110,982	135,026	164,280	243,175
Insurance	75,389	78,405	81,541	84,802	88,195	107,302	130,549	158,833	235,112
Property Tax	145,192	151,000	157,040	163,321	169,854	206,653	251,426	305,898	452,803
Reserve for Replacements	93,000	96,720	100,589	104,612	108,797	132,368	161,046	195,937	290,035
Other	22,400	23,296	24,228	25,197	26,205	31,882	38,790	47,193	69,858
TOTAL EXPENSES	$1,014,132	$1,054,012	$1,095,468	$1,138,560	$1,183,355	$1,435,312	$1,741,152	$2,112,437	$3,110,560
NET OPERATING INCOME	$697,044	$708,499	$719,919	$731,288	$742,589	$797,385	$847,155	$888,121	$921,938
DEBT SERVICE									
First Lien Financing	$536,063	$536,063	$536,063	$536,063	$536,063	$536,063	$536,063	$536,063	$536,063
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	$160,981	$172,436	$183,856	$195,225	$206,526	$261,322	$311,092	$352,057	$385,875
DEBT COVERAGE RATIO	1.30	1.32	1.34	1.36	1.39	1.49	1.58	1.66	1.72

HTC ALLOCATION ANALYSIS - Amberwood, El Paso, 4% HTC #060408

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
(1) Acquisition Cost						
Purchase of land	$1,320,000	$1,320,000				
Purchase of buildings	$4,900,000	$4,900,000	$4,900,000	$4,900,000		
(2) Rehabilitation/New Construction Cost						
On-site work	$789,115	$688,118			$789,115	$688,118
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	$3,336,264	$3,028,914			$3,336,264	$3,028,914
(4) Contractor Fees & General Requirements						
Contractor overhead	$82,634	$74,341			$82,508	$74,341
Contractor profit	$206,291	$206,291			$206,291	$206,291
General requirements	$123,696	$123,696			$123,696	$123,696
(5) Contingencies	$413,892	$371,703			$412,538	$371,703
(6) Eligible Indirect Fees	$281,660	$281,660			$281,660	$281,660
(7) Eligible Financing Fees	$687,447	$687,447			$687,447	$687,447
(8) All Ineligible Costs	$539,456	$539,456				
(9) Developer Fees			$735,000	$735,000	$887,928	$819,326
Developer overhead	$219,568	$207,243				
Developer fee	$1,427,192	$1,347,082				
(10) Development Reserves	$100,000	$221,679				
TOTAL DEVELOPMENT COSTS	$14,427,215	$13,997,631	$5,635,000	$5,635,000	$6,807,446	$6,281,496

Deduct from Basis:					
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)					
TOTAL ELIGIBLE BASIS		$5,635,000	$5,635,000	$6,807,446	$6,281,496
High Cost Area Adjustment				130%	130%
TOTAL ADJUSTED BASIS		$5,635,000	$5,635,000	$8,849,680	$8,165,944
Applicable Fraction		100%	100%	100%	100%
TOTAL QUALIFIED BASIS		$5,635,000	$5,635,000	$8,849,680	$8,165,944
Applicable Percentage		3.55%	3.55%	3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS		$200,043	$200,043	$314,164	$289,891
Syndication Proceeds	**0.9499**	**$1,900,214**	**$1,900,214**	**$2,984,256**	**$2,753,689**

Total Tax Credits (Eligible Basis Method)	**$514,206**	**$489,934**
Syndication Proceeds	**$4,884,470**	**$4,653,903**
Requested Tax Credits	**$531,961**	
Syndication Proceeds	**$5,053,124**	
Gap of Syndication Proceeds Needed	**$6,307,809**	**$5,878,225**
Total Tax Credits (Gap Method)	**$664,046**	**$618,822**



TN
MN (9.4°E)

Scale 1 : 62,500
1" = 5,208.3 ft
Data Zoom 11-6

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 12/10/08 PROGRAM: 9% HTC FILE NUMBER: **07309**

DEVELOPMENT

Glenwood Trails

Location: Glenwood Drive north of Holton Avenue Region: 6

City: Deer Park County: Harris Zip: 77536 ☐ QCT ☒ DDA

Key Attributes: Multifamily, New Construction, Urban/Exurban, Family

ALLOCATION

	REQUEST *			RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$1,245,175			**$1,174,661**		

RECOMMENDATION

Staff has evaluated the requested amendment and has determined that the development remains viable as originally proposed. Therefore, the Underwriter does not recommend approval of the Applicant's amendment request. Further, the Applicant failed to provide the required debt and equity commitment letters necessary to evaluate the requested transaction which calls into question the Applicant's readiness to proceed with this application without a lender or syndicator for the proposed financing.

PREVIOUS UNDERWRITING REPORTS

The subject development was originally underwritten during the 2007 9% tax credit cycle and was awarded annual credits in the amount of $942,176 based on the originally submitted application. In September 2008 the TDHCA Board approved an allocation of additional credits to all 2007 and 2008 competitive tax credit transactions based upon a 10% increase in the originally underwritten direct and site work construction costs. As a result of this policy the development received an additional $232,485 in annual tax credits for a total annual allocation of $1,174,661.

ADDENDUM

In a letter to the Department dated November 25, 2008 the Applicant has requested to amend the application and reduce the number of units from 114 to 96, thereby also reducing the number of residential buildings and total net rentable square footage. According to the Applicant's request although the development received additional tax credits to assist with the financing for Glenwood Trails, there is still a significant gap in financing to be addressed caused by decreasing syndication rates and increasing construction costs. The Applicant further states that while the Board approved in September 2008 to allow a 10% increase to the direct and site work costs for all 2007 and 2008 competitive housing tax credit developments, the development has actually experienced a 14% increase from the estimated construction costs approved in July 2007.

For these reasons, and to address the existing financing gap the Applicant is requesting to downsize the development from what was originally proposed. The Applicant states that the reduction in units, and corresponding reduction in construction costs would allow the subject development to remain viable with the currently allocated tax credit amount.

It should be noted that the Applicant did not provide the required debt and equity commitments to support the currently proposed financing structure. As a result, the Underwriter was not able to accurately evaluate the Applicant's current proposal and make an affirmative recommendation without this important information. Several assumptions have been made by the Underwriter in this analysis based on the information provided with the amendment request; however, lack of financing commitments for the transaction as currently proposed questions the Applicant's readiness to proceed with this transaction given that a lender and syndicator have not committed to provide financing. This addendum will evaluate the Applicant's current proposal to decrease the number of units, but also evaluates the previously approved 114-unit development with the current financing structure and cost increase cited by the Applicant to determine the impact these changes have on the viability of this transaction. This addendum should be read in conjunction with the previously approved underwriting report dated 7/15/2007.

EVALUATION OF ORIGINAL 114 UNITS

The Underwriter re-evaluated the Marshall & Swift-derived direct construction cost estimate applying current 2008 cost data to the originally approved 114-unit development to see if the increase in construction costs experienced by the Applicant could be reconciled. Based on this update the Underwriter's current cost estimate is 4.85% higher vs. the Applicant's stated 14% increase. However, despite not being able to verify the 14% increase in construction costs, the Underwriter included a 14% increase to the Applicant's original construction costs to determine if, in fact, the 114 unit development would not remain viable with the previously approved tax credits and the currently proposed financing structure.

The Underwriter's evaluation includes use of a currently estimated but undocumented $0.7075 equity price and the original permament loan amount of $4M at the same rates and terms as reflected in the original underwriting analysis. Based upon these assumptions the development appears to remain viable with the previously approved $1,174,661 (original allocation + 10% increase) in annual credits. Under this structure the remaining gap in financing of $1.2M amounts to 85% of the developer fee available, thereby meeting the Department's 2008 rules and remaining financially feasible. It should be noted that while the currently estimated $0.7075 equity price has not been documented, the Applicant previously provided a Letter of Intent from Hudson Capital dated September 2008 in response to the request for updated syndication letters for all 2007 unclosed developments. If the quoted price of $0.7849 was used vs. the $0.7075, the development continues to remain viable at 114 units with a lower gap in financing remaining of $274K or 20% of the developer fee available.

EVALUATION OF CURRENTLY PROPOSED 96 UNITS

The Applicant provided a revised rent schedule, operating expenses and 30-year proforma based upon the decreased number of units and revised financing structure. However, updated debt and equity commitments to support the new financing structure have not been provided. The number of units restricted at 30% rents is proposed to decrease from 12 to 10 and the number of 60% units will decrease from 102 to 86. As a result of the new rent structure, the Underwriter's potential income decreases by $142K. The Applicant's current effective gross income estimate is within 5% of the Underwriter's estimate. Likewise the Applicant's revised operating expenses increased from $4,209/unit for the originally proposed 114-unit development to $4,475/unit for the currently proposed 96-unit development. The Underwriter's expense estimate has also increased slightly to $4,309/unit. The Applicant's revised operating expenses are within 5% of the Underwriter's revised estimates.

The Applicant's revised income, expenses and net operating income are all within 5% of the Underwriter's current estimates; therefore, the Applicant's proforma will be used to determine debt capacity. However, without the required debt and equity commitments to support the proposed financing structure, the Underwriter has made several assumptions in this analysis based on the information provided by the Applicant. Based on the assumptions implied in the Applicant's revised exhibits, it would appear that the Applicant's projected NOI and debt service provide for a first year DCR of 1.24 which falls within the Department's guidelines.

Though the development is proposed to be downsized by 16% the Applicant provided a revised development cost schedule reflecting a 1.7% or $100K decrease in direct construction costs based upon the decreased number of units. The Underwriter's evaluation of direct construction costs, using current 2008 Marshall & Swift cost data, reflects an 11% or $654K decrease in direct construction costs from those estimated at application for the larger 114-unit development. The Applicant's total development cost estimate is $650K or 5.5% higher than the Underwriter's current estimate. As a result, the Underwriter's total development costs will be used to determine the development's eligible basis and resulting tax credit allocation.

The revised exhibits provided appear to estimate a syndication price of $0.7075, although this remains undocumented. Additionally, the Applicant contemplates a lower permanent loan amount of $2.3M but at the same rates and terms that the original permanent loan commitment was provided (7.25% interest rate and 30-year amortization). Therefore, the Underwriter's total development cost less the currently proposed permanent loan of $2.3M indicates the need for $8,525,664 in gap funds. Based on the estimated but undocumented tax credit rate of $0.7075, a tax credit allocation of $1,205,114 annually would be required to fill this gap in financing. Under these assumptions, the three possible allocation amounts are: previously approved tax credits ($1,174,661), tax credits determined by eligible basis ($1,169,153) and the gap-driven credit amount ($1,205,114). Of these the eligible basis derived credit amount of $1,169,153 would be recommended resulting in proceeds of $8,271,257 based upon a tax credit rate of $0.7075.

This would suggest that under the currently proposed development with 96 units, the development would be eligible for the original tax credit award amount of $942,176 and only $226,977 in additional credits (vs. the $232,485 previously awarded based on the 10% increase in costs).

It is worth noting that should the Applicant document a syndication price lower than $0.60, the development would become infeasible. Alternatively, should the syndication price increase above $0.73 a reduction to the credit amount would be warranted.

CONCLUSIONS

Based on the limited information provided with the Applicant's amendment request, the Underwriter has determined that the development remains feasible at the original 114 units proposed and with the currently allocated tax credit amount. Additionally, the Applicant did not provide the necessary commitments for financing in order for the Underwriter to fully evaluate the subject transaction. Therefore, the Underwriter recommends that the Applicant's requested amendment be denied and that the currently allocated tax credit amount of $1,174,661 remain unchanged.

Underwriter:	*Raquel Morales*	Date:	December 10, 2008
Director of Real Estate Analysis:	*Tom Gouris*	Date:	December 10, 2008

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM

Glenwood Trails, Deer Park, 9% HTC #07309

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	3	1	1	750	$344	$252	$756	$0.34	$92.00	$32.31
TC 60%	17	1	1	750	$687	595	10,115	0.79	92.00	32.31
TC 30%	4	2	2	950	$412	304	1,216	0.32	108.00	37.31
TC 60%	42	2	2	950	$825	717	30,114	0.75	108.00	37.31
TC 30%	3	3	2	1,120	$476	352	1,056	0.31	124.00	49.31
TC 60%	27	3	2	1,120	$953	829	22,383	0.74	124.00	49.31
TOTAL:	96		**AVERAGE:**	961		$684	$65,640	$0.71	$109.67	$40.02

INCOME	Total Net Rentable Sq Ft:	92,300		TDHCA-Amendment	TDHCA-Original	APP-Original	APPLICANT-Amendment	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$787,680	$929,820	$929,820	$803,208	Harris	Houston	6
Secondary Income		Per Unit Per Month:	$10.00	11,520	13,680	13,680	11,520	$10.00	Per Unit Per Month	
Other Support Income:				0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$799,200	$943,500	$943,500	$814,728			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(59,940)	(70,763)	(70,764)	(61,104)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0	0	0			
EFFECTIVE GROSS INCOME				$739,260	$872,738	$872,736	$753,624			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA-Amendment	TDHCA-Original	APP-Original	APPLICANT-Amendment	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.30%	$408	0.42	$39,215	$46,498	$44,400	$43,000	$0.47	$448	5.71%
Management	4.10%	316	0.33	30,333	35,966	43,637	37,681	0.41	393	5.00%
Payroll & Payroll Tax	12.90%	994	1.03	95,381	113,091	114,780	112,607	1.22	1,173	14.94%
Repairs & Maintenance	6.98%	538	0.56	51,600	61,182	46,600	45,940	0.50	479	6.10%
Utilities	3.96%	305	0.32	29,267	34,700	27,000	24,000	0.26	250	3.18%
Water, Sewer, & Trash	4.44%	342	0.36	32,831	38,927	41,000	37,000	0.40	385	4.91%
Property Insurance	3.66%	282	0.29	27,041	32,062	41,393	40,000	0.43	417	5.31%
Property Tax 3.17394	9.22%	710	0.74	68,151	80,807	76,000	49,500	0.54	516	6.57%
Reserve for Replacements	3.25%	250	0.26	24,000	28,500	28,500	24,000	0.26	250	3.18%
TDHCA Compliance Fees	0.52%	40	0.04	3,840	4,560	4,560	3,840	0.04	40	0.51%
Other: Supportive Services	1.62%	125	0.13	12,000	12,000	12,000	12,000	0.13	125	1.59%
TOTAL EXPENSES	55.96%	$4,309	$4.48	$413,659	$488,292	$479,869	$429,568	$4.65	$4,475	57.00%
NET OPERATING INC	44.04%	$3,392	$3.53	$325,601	$384,446	$392,867	$324,056	$3.51	$3,376	43.00%
DEBT SERVICE										
First Lien Mortgage	35.43%	$2,729	$2.84	$261,956	$327,445	$322,745	$261,957	$2.84	$2,729	34.76%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW	8.61%	$663	$0.69	$63,645	$57,001	$70,122	$62,099	$0.67	$647	8.24%
AGGREGATE DEBT COVERAGE RATIO				1.24	1.17	1.22	1.24			
RECOMMENDED DEBT COVERAGE RATIO						1.20	1.24			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-Amendment	TDHCA-Original	APP-Original	APPLICANT-Amendment	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		9.77%	$11,936	$12.41	$1,145,826	$1,145,826	$1,145,826	$1,145,826	$12.41	$11,936	9.26%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		8.75%	10,688	11.12	1,026,000	1,021,856	1,021,856	1,026,000	11.12	10,688	8.29%
Direct Construction		44.77%	54,677	56.87	5,249,009	5,902,932	5,824,217	5,724,472	62.02	59,630	46.26%
Contingency	5.00%	2.68%	3,268	3.40	313,750	342,304	342,304	337,524	3.66	3,516	2.73%
Contractor's Fees	14.00%	7.49%	9,151	9.52	878,501	958,450	958,450	945,065	10.24	9,844	7.64%
Indirect Construction		5.01%	6,116	6.36	587,100	570,000	570,000	587,100	6.36	6,116	4.74%
Ineligible Costs		2.67%	3,261	3.39	313,073	432,423	432,423	313,073	3.39	3,261	2.53%
Developer's Fees	15.00%	11.12%	13,577	14.12	1,303,404	1,406,000	1,406,000	1,387,359	15.03	14,452	11.21%
Interim Financing		5.42%	6,615	6.88	635,000	600,488	600,488	635,000	6.88	6,615	5.13%
Reserves		2.34%	2,854	2.97	274,000	234,000	234,000	274,000	2.97	2,854	2.21%
TOTAL COST		100.00%	$122,142	$127.04	$11,725,664	$12,614,278	$12,535,563	$12,375,419	$134.08	$128,911	100.00%
Construction Cost Recap		*63.68%*	***$77,784***	***$80.90***	***$7,467,260***	***$8,225,542***	***$8,146,827***	***$8,033,061***	***$87.03***	***$83,678***	*64.91%*

SOURCES OF FUNDS								RECOMMENDED	
First Lien Mortgage	27.29%	$33,333	$34.67	$3,200,000	$4,000,000	$4,000,000	$3,200,000	$3,200,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	0	0	$1,387,359
HTC Syndication Proceeds	75.13%	$91,761	$95.44	8,809,077	8,525,147	8,525,147	8,809,077	8,271,257	% of Dev. Fee Deferred
Deferred Developer Fees	3.12%	$3,816	$3.97	366,342	10,413	10,413	366,342	254,406	18%
Additional (Excess) Funds Req'd	-5.54%	($6,768)	($7.04)	(649,755)	78,718	3	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$11,725,664	$12,614,278	$12,535,563	$12,375,419	$11,725,664	$1,510,069

Glenwood Trails, Deer Park, 9% HTC #07309

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$64.26	$5,930,978
Adjustments				
Exterior Wall Finish	2.10%		$1.35	$124,551
Elderly			0.00	0
9-Ft. Ceilings	3.30%		2.12	195,722
Roofing			0.00	0
Subfloor			(1.88)	(173,524)
Floor Cover			3.16	291,668
Breezeways/Balconies	$20.39	540	0.12	11,011
Plumbing Fixtures	$1,000	66	0.72	66,000
Rough-ins	$435	96	0.45	41,760
Built-In Appliances	$2,500	96	2.60	240,000
Exterior Stairs			0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			1.83	168,909
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$76.31	2,575	2.13	196,505
Hurricane Wind Adj	$0.94	92,300	0.94	86,762
SUBTOTAL			77.79	7,180,341
Current Cost Multiplier	0.99		(0.78)	(71,803)
Local Multiplier	0.91		(7.00)	(646,231)
TOTAL DIRECT CONSTRUCTION COSTS			$70.01	$6,462,307
Plans, specs, survy, bld prm	3.90%		($2.73)	($252,030)
Interim Construction Interes	3.38%		(2.36)	(218,103)
Contractor's OH & Profit	11.50%		(8.05)	(743,165)
NET DIRECT CONSTRUCTION COSTS			$56.87	$5,249,009

PAYMENT COMPUTATION

Primary	$3,200,000	Amort	360
Int Rate	7.25%	DCR	1.24

Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.24

Additional	$8,809,077	Amort	
Int Rate		Aggregate DCR	1.24

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$261,956
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$62,100

Primary	$3,200,000	Amort	360
Int Rate	7.25%	DCR	1.24

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.24

Additional	$8,809,077	Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$803,208	$827,304	$852,123	$877,687	$904,018	$1,048,004	$1,214,924	$1,408,430	$1,892,812
Secondary Income	11,520	11,866	12,222	12,588	12,966	15,031	17,425	20,200	27,148
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	814,728	839,170	864,345	890,275	916,984	1,063,035	1,232,349	1,428,630	1,919,960
Vacancy & Collection Loss	(61,104)	(62,938)	(64,826)	(66,771)	(68,774)	(79,728)	(92,426)	(107,147)	(143,997)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$753,624	$776,232	$799,519	$823,505	$848,210	$983,308	$1,139,923	$1,321,483	$1,775,963
EXPENSES at 4.00%									
General & Administrative	$43,000	$44,720	$46,509	$48,369	$50,304	$61,202	$74,462	$90,595	$134,102
Management	37,681	38,812	39,976	41,175	42,410	49,165	56,996	66,074	88,798
Payroll & Payroll Tax	112,607	117,111	121,796	126,668	131,734	160,275	194,999	237,246	351,182
Repairs & Maintenance	45,940	47,778	49,689	51,676	53,743	65,387	79,553	96,789	143,271
Utilities	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Water, Sewer & Trash	37,000	38,480	40,019	41,620	43,285	52,663	64,072	77,953	115,390
Insurance	40,000	41,600	43,264	44,995	46,794	56,932	69,267	84,274	124,746
Property Tax	49,500	51,480	53,539	55,681	57,908	70,454	85,718	104,289	154,373
Reserve for Replacements	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Other	15,840	16,474	17,133	17,818	18,531	22,545	27,430	33,372	49,399
TOTAL EXPENSES	$429,568	$446,374	$463,841	$481,995	$500,863	$606,943	$735,618	$891,721	$1,310,957
NET OPERATING INCOME	$324,056	$329,858	$335,678	$341,510	$347,347	$376,365	$404,305	$429,762	$465,006
DEBT SERVICE									
First Lien Financing	$261,956	$261,956	$261,956	$261,956	$261,956	$261,956	$261,956	$261,956	$261,956
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	$62,100	$67,902	$73,722	$79,554	$85,391	$114,409	$142,350	$167,807	$203,050
DEBT COVERAGE RATIO	1.24	1.26	1.28	1.30	1.33	1.44	1.54	1.64	1.78

HTC ALLOCATION ANALYSIS ADDENDUM-Glenwood Trails, Deer Park, 9% HTC #07309

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,145,826	$1,145,826		
Purchase of buildings				
Off-Site Improvements				
Sitework	$1,026,000	$1,026,000	$1,026,000	$1,026,000
Construction Hard Costs	$5,724,472	$5,249,009	$5,724,472	$5,249,009
Contractor Fees	$945,065	$878,501	$945,065	$878,501
Contingencies	$337,524	$313,750	$337,524	$313,750
Eligible Indirect Fees	$587,100	$587,100	$587,100	$587,100
Eligible Financing Fees	$635,000	$635,000	$635,000	$635,000
All Ineligible Costs	$313,073	$313,073		
Developer Fees				
Developer Fees	$1,387,359	$1,303,404	$1,387,359	$1,303,404
Development Reserves	$274,000	$274,000		
TOTAL DEVELOPMENT COSTS	$12,375,419	$11,725,664	$10,642,520	$9,992,765

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		$10,642,520	$9,992,765
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$13,835,275	$12,990,594
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$13,835,275	$12,990,594
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		$1,245,175	$1,169,153
Syndication Proceeds	**0.7075**	**$8,809,076**	**$8,271,257**

Total Tax Credits (Eligible Basis Method)	**$1,245,175**	**$1,169,153**
Syndication Proceeds	**$8,809,076**	**$8,271,257**
Previously Awarded Tax Credits	**$1,174,661**	
Syndication Proceeds	**$8,310,221**	
Applicant's Current Tax Credit Request	**$1,245,175**	
Syndication Proceeds	**$8,809,077**	
Gap of Syndication Proceeds Needed		**$8,525,664**
Total Tax Credits (Gap Method)		**$1,205,114**

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM

Glenwood Trails, Deer Park, 9% HTC #07309

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	3	1	1	750	$343	$251	$753	$0.33	$92.00	$32.31
TC 60%	21	1	1	750	$686	594	12,474	0.79	92.00	32.31
TC 30%	6	2	2	950	$411	303	1,818	0.32	108.00	37.31
TC 60%	50	2	2	950	$823	715	35,750	0.75	108.00	37.31
TC 30%	3	3	2	1,120	$475	351	1,053	0.31	124.00	49.31
TC 60%	31	3	2	1,120	$951	827	25,637	0.74	124.00	49.31
TOTAL:	114		**AVERAGE:**	959		$680	$77,485	$0.71	$109.40	$39.84

INCOME	Total Net Rentable Sq Ft:	109,280		TDHCA	TDHCA-Original	APP-Original	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$929,820	$929,820	$929,820	$929,820	Harris	Houston	6
Secondary Income		Per Unit Per Month:	$10.00	13,680	13,680	13,680	13,680	$10.00	Per Unit Per Month	
Other Support Income:				0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$943,500	$943,500	$943,500	$943,500			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(70,763)	(70,763)	(70,764)	(70,764)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0	0	0			
EFFECTIVE GROSS INCOME				$872,738	$872,738	$872,736	$872,736			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.33%	$408	0.43	$46,498	$46,498	$44,400	$44,400	$0.41	$389	5.09%
Management	4.12%	315	0.33	35,966	35,966	43,637	43,637	0.40	383	5.00%
Payroll & Payroll Tax	12.96%	992	1.03	113,091	113,091	114,780	114,780	1.05	1,007	13.15%
Repairs & Maintenance	7.01%	537	0.56	61,182	61,182	46,600	46,600	0.43	409	5.34%
Utilities	3.98%	304	0.32	34,700	34,700	27,000	27,000	0.25	237	3.09%
Water, Sewer, & Trash	4.46%	341	0.36	38,927	38,927	41,000	41,000	0.38	360	4.70%
Property Insurance	3.67%	281	0.29	32,062	32,062	41,393	41,393	0.38	363	4.74%
Property Tax 3.17394	9.26%	709	0.74	80,807	80,807	76,000	76,000	0.70	667	8.71%
Reserve for Replacements	3.27%	250	0.26	28,500	28,500	28,500	28,500	0.26	250	3.27%
TDHCA Compliance Fees	0.52%	40	0.04	4,560	4,560	4,560	4,560	0.04	40	0.52%
Other: Supportive Services	1.37%	105	0.11	12,000	12,000	12,000	12,000	0.11	105	1.37%
TOTAL EXPENSES	55.95%	$4,283	$4.47	$488,292	$488,292	$479,869	$479,869	$4.39	$4,209	54.98%
NET OPERATING INC	44.05%	$3,372	$3.52	$384,446	$384,446	$392,867	$392,867	$3.60	$3,446	45.02%
DEBT SERVICE										
First Lien Mortgage	37.52%	$2,872	$3.00	$327,445	$327,445	$322,745	$322,745	$2.95	$2,831	36.98%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW	6.53%	$500	$0.52	$57,001	$57,001	$70,122	$70,122	$0.64	$615	8.03%
AGGREGATE DEBT COVERAGE RATIO				1.17	1.17	1.22	1.22			
RECOMMENDED DEBT COVERAGE RATIO						1.20	1.20			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-2008 Costs	TDHCA	APPLICANT	APP -- W/14% INCREASE	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		8.88%	$10,051	$10.49	$1,145,826	$1,145,826	$1,145,826	$1,145,826	$10.49	$10,051	8.49%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		7.92%	8,964	9.35	1,021,856	1,021,856	1,021,856	1,021,856	9.35	8,964	7.57%
Direct Construction		47.98%	54,294	56.64	6,189,537	5,902,932	5,824,217	5,824,217	53.30	51,090	43.16%
Contingency	4.75%	2.65%	3,003	3.13	342,304	342,304	342,304	342,304	3.13	3,003	2.54%
Contractor's Fees	13.29%	7.43%	8,407	8.77	958,450	958,450	958,450	958,450	8.77	8,407	7.10%
Indirect Construction		4.42%	5,000	5.22	570,000	570,000	570,000	570,000	5.22	5,000	4.22%
Ineligible Costs		3.35%	3,793	3.96	432,423	432,423	432,423	432,423	3.96	3,793	3.20%
Developer's Fees	14.52%	10.90%	12,333	12.87	1,406,000	1,406,000	1,406,000	1,406,000	12.87	12,333	10.42%
Interim Financing		4.65%	5,267	5.49	600,488	600,488	600,488	600,488	5.49	5,267	4.45%
Reserves		1.81%	2,053	2.14	234,000	234,000	234,000	234,000	2.14	2,053	1.73%
TOTAL COST		100.00%	$113,166	$118.05	$12,900,883	$12,614,278	$12,535,563	$13,494,013	$123.48	$118,369	100.00%
Construction Cost Recap		*65.98%*	***$74,668***	***$77.89***	***$8,512,147***	***$8,225,542***	***$8,146,827***	***$8,146,827***	***$74.55***	***$71,463***	*60.37%*

SOURCES OF FUNDS								RECOMMENDED	
First Lien Mortgage	31.01%	$35,088	$36.60	$4,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	0	0	$1,397,597
HTC Syndication Proceeds	66.08%	$74,782	$78.01	8,525,147	8,525,147	8,525,147	8,525,147	8,310,221	% of Dev. Fee Deferred
Deferred Developer Fees	0.08%	$91	$0.10	10,413	10,413	10,413	10,413	1,183,792	85%
Additional (Excess) Funds Req'd	2.83%	$3,205	$3.34	365,323	78,718	3	958,453	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$12,900,883	$12,614,278	$12,535,563	$13,494,013	$13,494,013	$1,735,590

Glenwood Trails, Deer Park, 9% HTC #07309

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$64.30	$7,026,794
Adjustments				
Exterior Wall Finish	2.10%		$1.35	$147,563
Elderly			0.00	0
9-Ft. Ceilings	3.30%		2.12	231,884
Roofing			0.00	0
Subfloor			(1.88)	(205,446)
Floor Cover			3.16	345,325
Breezeways/Balconies	$20.39	540	0.10	11,011
Plumbing Fixtures	$1,000	76	0.70	76,000
Rough-ins	$435	114	0.45	49,590
Built-In Appliances	$2,500	114	2.61	285,000
Exterior Stairs			0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			1.83	199,982
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$76.31	2,575	1.80	196,505
Hurricane Wind Adj	$0.94	109,280	0.94	102,723
SUBTOTAL			77.48	8,466,930
Current Cost Multiplier	0.99		(0.77)	(84,669)
Local Multiplier	0.91		(6.97)	(762,024)
TOTAL DIRECT CONSTRUCTION COSTS			$69.73	$7,620,237
Plans, specs, survy, bld prm	3.90%		($2.72)	($297,189)
Interim Construction Interest	3.38%		(2.35)	(257,183)
Contractor's OH & Profit	11.50%		(8.02)	(876,327)
NET DIRECT CONSTRUCTION COSTS			$56.64	$6,189,537

PAYMENT COMPUTATION

Primary	$4,000,000	Amort	360
Int Rate	7.25%	DCR	1.17
Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.17
Additional	$8,525,147	Amort	
Int Rate		Aggregate DCR	1.17

RECOMMENDED FINANCING STRUCTURE APPLICA

Primary Debt Service	$327,445
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$65,422

Primary	$4,000,000	Amort	360
Int Rate	7.25%	DCR	1.20
Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20
Additional	$8,525,147	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$929,820	$957,715	$986,446	$1,016,039	$1,046,521	$1,213,204	$1,406,436	$1,630,445	$2,191,182
Secondary Income	13,680	14,090	14,513	14,949	15,397	17,849	20,692	23,988	32,238
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	943,500	971,805	1,000,959	1,030,988	1,061,918	1,231,053	1,427,128	1,654,433	2,223,420
Vacancy & Collection Loss	(70,764)	(72,885)	(75,072)	(77,324)	(79,644)	(92,329)	(107,035)	(124,082)	(166,756)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$872,736	$898,920	$925,887	$953,664	$982,274	$1,138,724	$1,320,094	$1,530,350	$2,056,663
EXPENSES at 4.00%									
General & Administrative	$44,400	$46,176	$48,023	$49,944	$51,942	$63,195	$76,886	$93,544	$138,468
Management	43,637	44,946	46,294	47,683	49,114	56,936	66,005	76,518	102,833
Payroll & Payroll Tax	114,780	119,371	124,146	129,112	134,276	163,368	198,762	241,824	357,959
Repairs & Maintenance	46,600	48,464	50,403	52,419	54,515	66,326	80,696	98,179	145,329
Utilities	27,000	28,080	29,203	30,371	31,586	38,429	46,755	56,885	84,204
Water, Sewer & Trash	41,000	42,640	44,346	46,119	47,964	58,356	70,999	86,381	127,865
Insurance	41,393	43,048	44,770	46,561	48,423	58,914	71,678	87,208	129,089
Property Tax	76,000	79,040	82,202	85,490	88,909	108,172	131,607	160,121	237,018
Reserve for Replacements	28,500	29,640	30,826	32,059	33,341	40,564	49,353	60,045	88,882
Other	16,560	17,222	17,911	18,628	19,373	23,570	28,677	34,889	51,645
TOTAL EXPENSES	$479,869	$498,628	$518,124	$538,386	$559,444	$677,831	$821,418	$995,594	$1,463,290
NET OPERATING INCOME	$392,867	$400,292	$407,764	$415,278	$422,830	$460,893	$498,675	$534,757	$593,373
DEBT SERVICE									
First Lien Financing	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445
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	$65,422	$72,847	$80,319	$87,834	$95,385	$133,449	$171,231	$207,312	$265,928
DEBT COVERAGE RATIO	1.20	1.22	1.25	1.27	1.29	1.41	1.52	1.63	1.81

HTC ALLOCATION ANALYSIS ADDENDUM -Glenwood Trails, Deer Park, 9% HTC #07309

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,145,826	$1,145,826		
Purchase of buildings	$0	$0		
Off-Site Improvements	$0	$0		
Sitework	$1,021,856	$1,021,856	$1,021,856	$1,021,856
Construction Hard Costs	$5,824,217	$6,189,537	$5,824,217	$6,189,537
Contractor Fees	$958,450	$958,450	$958,450	$958,450
Contingencies	$342,304	$342,304	$342,304	$342,304
Eligible Indirect Fees	$570,000	$570,000	$570,000	$570,000
Eligible Financing Fees	$600,488	$600,488	$600,488	$600,488
All Ineligible Costs	$432,423	$432,423		
Developer Fees			$1,397,597	$0
Developer Fees	$1,406,000	$1,406,000	$0	$1,406,000
Development Reserves	$234,000	$234,000		
TOTAL DEVELOPMENT COSTS	$12,535,563	$12,900,883	$10,714,911	$11,088,635

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis		$0	$0
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing		$0	$0
Non-qualified portion of higher quality units [42(d)(3)]		$0	$0
Historic Credits (on residential portion only)		$0	$0
TOTAL ELIGIBLE BASIS		$10,714,911	$11,088,635
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$13,929,385	$14,415,225
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$13,929,385	$14,415,225
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		$1,253,645	$1,297,370
Syndication Proceeds	**0.7075**	**$8,868,996**	**$9,178,336**

Total Tax Credits (Eligible Basis Method)	**$1,253,645**	**$1,297,370**
Syndication Proceeds	**$8,868,996**	**$9,178,336**
Previously Approved Tax Credits	**$1,174,661**	
Syndication Proceeds	**$8,310,221**	
Gap of Syndication Proceeds Needed	**$9,494,013**	
Total Tax Credits (Gap Method)	**$1,341,992**	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 07/15/07 PROGRAM: 9% HTC FILE NUMBER: **07309**

DEVELOPMENT

Glenwood Trails

Location: Glenwood Drive north of Holton Avenue Region: 6

City: Deer Park County: Harris Zip: 77536 [ ] QCT [X] DDA

Key Attributes: Multifamily, New Construction, Urban/Exurban, Family

ALLOCATION

	REQUEST *			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$942,176			**$942,176**		

*The application originally indicated a requested allocation of $980,000. The Applicant has one additional application in the 2007 9% cycle with a request for $1,000,000 in credits; and the Applicant previously received 2007 supplemental credits awarded by the Department to offset increased development costs for two projects allocated in 2004. The supplemental credits totaling $57,824 are applied to the Applicant's limit for 2007. The 2007 QAP sets a limit of $2,000,000 on the total tax credit allocation to a single applicant in one year. For this reason the Applicant chose to reduce the requested allocation for the subject property to $942,176.

CONDITIONS

1. Receipt, review, and acceptance, before carryover, of documentation that the Applicant has confirmed the exact location of the pipeline on the site referenced in the ESA, if it does exist, and that no improvements are constructed on top of the pipeline.
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.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	12
60% of AMI	60% of AMI	102

PROS

CONS

- The market for 2 bedroom and 3 bedroom units at 60% AMI may be somewhat saturated with unit capture rates of over 100%.

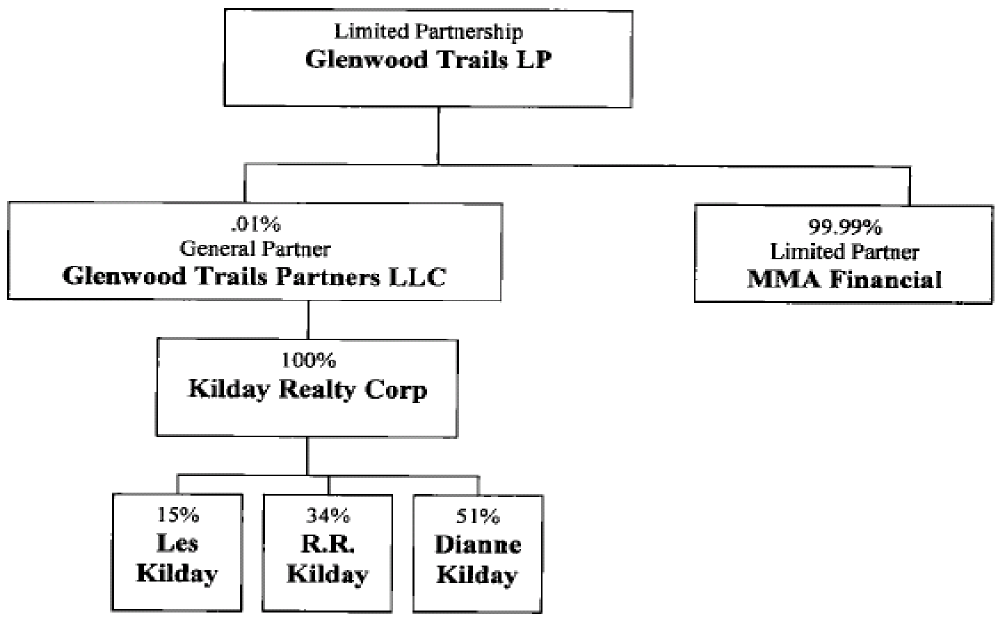
PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE

Organization Chart
Glenwood Trails



CONTACT

Contact: Les Kilday, Phyllis Sefeldt Phone: (713) 914-9400 Fax: (713) 914-9439
Email: leskilday@earthlink.net, psefeldt@earthlink.net

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Kilday Realty Corp.	-$130,611	-$138,106	8 prior LIHTC developments reported
Kilday Partners LLC	$460	$460	8 prior LIHTC developments reported
Diane Kilday	confidential	confidential	8 prior LIHTC developments reported
R.R. Kilday	confidential	confidential	8 prior LIHTC developments reported
Les Kilday	confidential	confidential	8 prior LIHTC developments reported

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

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

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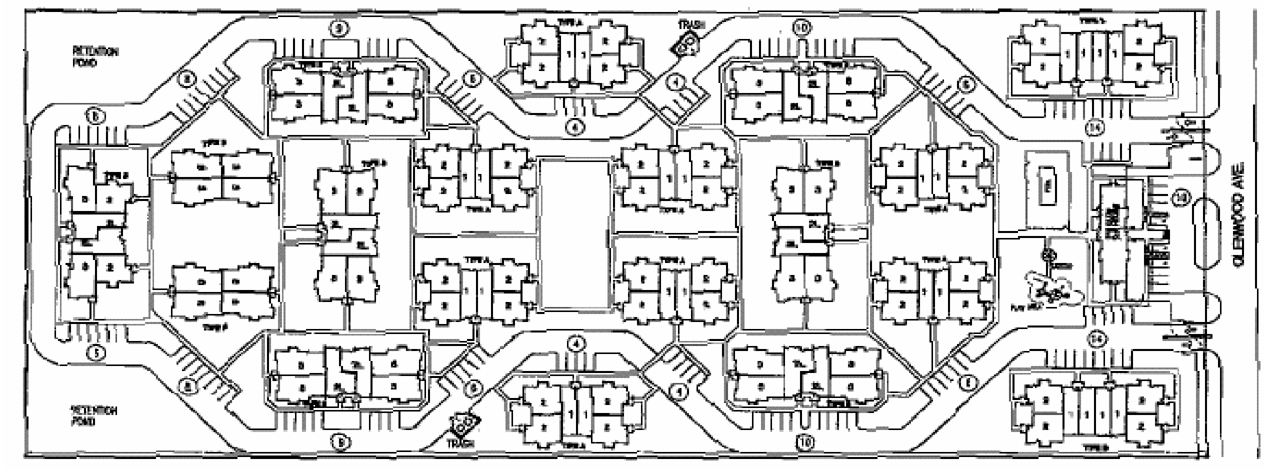
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	3	5	6						Total Buildings
Floors/Stories	1	1	1	1	1						
Number	8	2	6	1	2						**19**

BR/BA	SF	Units										Total Units	Total SF
1/1	750	2	4									24	18,000
2/1	950	4	4	2	4							56	53,200
3/2	1,120			4	2	4						34	38,080
Units per Building		6	8	6	6	4						**114**	**109,280**

SITE ISSUES

Total Size: 12.224 acres — Scattered site? [ ] Yes [X] No

Flood Zone: X — Within 100-yr floodplain? [ ] Yes [X] No

Zoning: MS-2 — Needs to be re-zoned? [ ] Yes [X] No [ ] N/A

Comments:

The application materials include a letter from the Deer Park City Manager indicating that the site is zoned MF-2, which is subject to a 300-ft transitional zone adjacent to any property which is zoned single family. The entire site is within 300 ft. of single family zoning, and therefore subject to the transitional zone requirements. Multifamily development in the transitional zone is limited to a maximum density of no more than one dwelling unit per 4,000 sq. ft., and a maximum height of one story. The development has been designed to comply with these limits with one unit per 4,670 sq. ft.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing — Date: 4/18/2007

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: single family residential — East: Glenwood Dr., wooded land

South: single family residential — West: wooded vacant land

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 3/1/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- This assessment has revealed no evidence of recognized environmental conditions in connection with the property.
- A Kinder Morgan gas pipeline marker was observed at the northeast property corner. No spills or releases were on record with the Texas Commission on Environmental Quality or with the Emergency Response Notification System for the pipeline. No recognized environmental conditions appear to exist provided the pipeline is operated and maintained in accordance with all applicable federal, state, and local regulations.

Comments:

The ESA includes an Oil & Gas Well Map indicating a pipeline running along the north property line. The survey and site plans provided by the Applicant make no indication of the location of any pipeline, and the title insurance commitment makes no reference to a pipeline easement. Receipt, review, and acceptance, before carryover, of documentation that the Applicant has confirmed the exact location of the pipeline, if it exists and that no improvements are constructed on top of the pipeline, will be a condition of this report.

MARKET HIGHLIGHTS

Provider: Apartment MarketData, Inc. Date: 3/16/2007

Contact: Darrell G. Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Primary Market Area (PMA):

"For this analysis, we utilized a "Primary Market Area" encompassing 54.2 square miles (equivalent to a 4.1 mile radius). The boundaries of the PMA are the Pasadena Freeway to the north, Galveston Bay to the east, Red Bluff Road and Port Road to the south, and Beltway 8 to the west." (p. 30)

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Seville Place	04452	180	180	N/A			

Proposed, Under Construction & Unstabilized Comparable Developments:

"Within the PMA, there has only been one 'affordable' rental family project built within recent times. Seville Place is a 180 unit project, which was built in 2006. The site reports that it is already 99.4% occupied. This short lease-up time is indicative of the demand for affordable housing within the PMA." (p. 13)

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$12,800	$14,650	$16,450	$18,300	$19,750	$21,250
60	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR / 30%	77	0	0	77	3	0	4%
1 BR / 60%	157	-1	0	156	21	36	37%
2BR / 30%	48	-1	0	47	6	0	13%
2BR / 60%	110	-1	0	109	50	81	120%
3 BR / 30%	28	-1	0	27	3	0	11%
3 BR / 60%	93	0	0	93	31	63	101%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					
Market Analyst p. 54	30,899	96% 29,546	18% 5,289	58% 3,073	64% 1,983
Underwriter	100% 31,239	96% 29,871	18% 5,357	58% 3,111	64% 2,003
PMA DEMAND from HOUSEHOLD GROWTH					
Market Analyst p.		96% 260	18% 47	58% 34	100% 34
Underwriter		96% 344	18% 59	58% 34	100% 34

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 57	114	180	0	294	2,017	14.60%
Underwriter	114	180	0	294	2,038	14.43%

Primary Market Occupancy Rates:

"The current occupancy of the market area is 94.1% as a result of stable demand. According to the household growth and employment growth methodologies, the forecast demand for new rental apartment units is considered to be growing." (p. 10)

Absorption Projections:

"Based on occupancy rates currently reported by existing projects, we opine that the market will readily accept the subject's units. Absorption over the previous sixteen years for all unit types is estimated to be 107 units per year. We expect this to continue as the number of new households continues to grow, and as additional rental units become available." (p. 10) "We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 100)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 750 SF 30%	$251	$251	$715	$251	$464
1 BR 750 SF 60%	$594	$594	$715	$594	$121
2 BR 950 SF 30%	$303	$303	$915	$303	$612
2 BR 950 SF 60%	$715	$715	$915	$715	$200
3 BR 1,120 SF 30%	$351	$351	$1,115	$351	$764
3 BR 1,120 SF 60%	$827	$827	$1,115	$827	$288

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Existing affordable family housing projects have an overall occupancy rate of 97.2%. The last affordable project built in the PMA was Seville Place (2006), which is currently 99.4% occupied. This demonstrates that the demand for new affordable rental housing is high, and that there is a shortage of affordable housing in this market." (p. 100)

Houston Market Study:

The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The study, completed in February 2006 by Vogt, Williams & Bowen, LLC, only considers demand from household growth, and from replacement or renovation of existing housing. It does not incorporate demand from turnover as normally considered in development-specific market studies because in an overall study the demand from turnover returns to all of the units in the market area. A development-specific market study identifies the demand from turnover as potential demand that can be attracted away from existing units.

The proposed development is located in the Pasadena/Deer Park submarket (as defined by Vogt) within the Houston MSA. This submarket encompasses 109 sq. miles with a 2005 population of approximately 217K. The PMA defined in the subject application is 52 sq. miles situated in the southeast quadrant of the larger submarket. In its projections for 2009, the Vogt study determined the total growth-based demand which would be applicable to the subject property to be 138 units.

The Market Analyst for the subject application identified growth-based demand for 34 units, and demand from turnover for 1,983 units; the Underwriter identified demand for 34 units from growth and 2,003 units from turnover. The Analyst noted that the Vogt study does not consider turnover, and that the methodology to determine demand from growth is different than that normally applied in an application-specific market study. Using the demographic data contained in the Vogt study, the Analyst identified growth-based demand for 49 units, and turnover-based demand for 4,631 units in the Pasadena/Deer Park submarket. Given the wide variation among these calculations in market areas, populations, methodologies, and time, the results are fairly consistent: minimal demand based on household growth, but significant demand based on household turnover.

Comments:

The market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 6/1/2007

The Applicant's projected income is based on the maximum tax credit program rents, adjusted by the utility allowance maintained by the Harris County Housing Authority (HCHA). (The original application used the utility allowance dated April 2006. HCHA issued a new utility allowance dated April 2007. On request from the Underwriter, the Applicant submitted a revised rent schedule based on the new utility allowances.) The Applicant's projected secondary income of $10 per unit per month, and provision for losses due to vacancy and collection, are consistent with current underwriting guidelines. The Applicant's projected effective gross income is equivalent to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 6/1/2007

The Applicant's projection for total annual operating expenses of $4,209 per unit is within 5% of the Underwriter's estimate of $4,283. Specific line items with significant variances include Repairs & Maintenance (the Applicant's estimate is $15K less than the Underwriter's) and Property Insurance (the Applicant's estimate is $9K higher than the Underwriter's).

Conclusion:

The Applicant's projected effective gross income, total annual operating expenses, and net operating income (NOI) are all within 5% of the Underwriter's estimates; therefore the Applicant's figures will be used to determine debt capacity. The Applicant's projected NOI and debt service provide a first year debt coverage ratio (DCR) of 1.22, within the underwriting range of 1.15 to 1.35. The Underwriter calculated debt service to be slightly higher than the Applicant's projection, providing a DCR of 1.20.

Feasibility:

The Applicant's projected NOI and the Underwriter's estimated debt service are used to create a 30-year underwriting proforma, applying a 3% growth factor to income and 4% to expenses. This analysis indicates continued positive cash flow providing a DCR that remains above 1.15. The development can therefore be considered financially feasible.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	12.2 acres	$184,869	Tax Year:	2006
Existing Buildings:		$0	Valuation by:	Harris County CAD
Total Assessed Value:		$184,869	Tax Rate:	3.17394

EVIDENCE of PROPERTY CONTROL

Type: Commercial Contract -- Unimproved Property   Acreage: 12.224

Contract Expiration: 11/5/2007   Valid Through Board Date? [X] Yes [ ] No

Acquisition Cost: $1,144,826   Other:

Seller: Dean Lawther   Related to Development Team? [ ] Yes [X] No

TITLE

Comments:

The Title Commitment indicates "Notice of Lien filed by the City of Deer Park for the improvement of curbs and gutters along Glenwood Drive, dated April 2, 1985".

No easement appears on the Title Commitment with regard to the Kinder Morgan gas pipeline mentioned in the Phase I ESA.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE   Number of Revisions: 0   Date of Last Applicant Revision: N/A

Acquisition Value:

The acquisition cost of $1,144,826, or $93,654 per acre, is assumed to be reasonable as the purchase is an arm's length transaction. At over $10,000 per unit it is on the high side of what would normally be expected, but this is due to the density requirements of the City of Deer Park.

Direct Construction Cost:

The Applicant's projected direct construction cost of $53.30 per square foot is somewhat higher than typical multifamily construction. The buildings are all single story, with an average of 6 units each, and a maximum of 8 units in 2 buildings. Most units have two full sides exposed, so it can be argued that the project is more like townhome construction than multifamily. By applying townhome cost estimates the Underwriter concluded a total for direct construction costs within 2% of the Applicant's projection.

Interim Interest Expense:

Underwriting guidelines allow for interest on interim financing to be included in eligible basis up to a maximum of one year of interest on the fully drawn financing facility. The Applicant's claimed interest exceeded this limit by $56K; eligible basis has been reduced accordingly, with this amount included in ineligible costs.

Contingency & Fees:

The Applicant's projected developer fee was within the eligibility guidelines; however, with the reduction in eligible basis due to interim interest, the fees now exceed the limit by $8.4K; eligible basis has been reduced accordingly.

Conclusion:

The Applicant's projection for total development costs is within 5% of the Underwriter's estimate. The Applicant's figures will therefore be used to determine eligible basis and the need for permanent financing. The calculated eligible basis of $10,714,911 is increased by 30% because Harris County has been designated a Difficult Development Area. The resulting adjusted basis of $13,929,385 supports an annual tax credit allocation of $1,190,962 at the syndication rate provided. This amount will be compared to the Applicant's requested amount of credits, as well as the amount determined by the gap in required financing; the lowest of the three amounts will be recommended.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 0 Date of Last Applicant Revision: N/A

Source: Bank of America Type: **Interim Financing**

Principal: $4,000,000 Interest Rate: 7.57% ☐ Fixed Term: 24 months

Comments:

variable rate at LIBOR + 2.25%, underwritten at 7.57%

Source: Amegy Bank Type: **Interim Financing**

Principal: $275,000 Interest Rate: 8.25% ☐ Fixed Term: 24 months

Comments:

variable rate at Prime; underwritten at 8.25%

Source: Southeast Texas Housing Finance Corp Type: **Interim Financing**

Principal: $750,000 Interest Rate: 4.90% ☐ Fixed Term: 24 months

Comments:

variable rate at the Applicable Federal Rate; underwritten at 4.9%

Source: MMA Financial Type: **Permanent Financing**

Principal: $4,000,000 Interest Rate: 7.25% ☒ Fixed Amort: 360 months

Comments:

interest rate fixed at closing, at 10-year US T-Note + 260 bps; underwritten at 7.25%; interim financing is also offered at an underwriting rate of 7.82%.

Source: MMA Financial Type: **Syndication**

Proceeds: $8,525,147 Syndication Rate: 87% Anticipated HTC: $980,000

Comments:

Required replacement reserve at $250 per unit per year. The syndication price is at the low end of current market prices and any increase in rate of more than 4¢ could reduce the final allocation of credits since there is little to no deferred developer fee to absorb excess syndication proceeds.

Amount: $10,413 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of $4,000,000 indicates the need for $8,535,563 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $981,197 annually would be required to fill this gap in financing. The three possible allocation amounts are:

Applicant's Requested Credit Amount	**$942,176**
Credit Amount Determined by Gap in Financing	$981,197
Credit Amount Determined by Eligible Basis	$1,190,962

The application originally indicated a requested allocation of $980,000. The Applicant has one additional application in the 2007 9% cycle with a request for $1,000,000 in credits; and the Applicant previously received $57,824 in supplemental credits awarded by the Department to offset increased development costs for two projects allocated in 2004. The supplemental credits are applied to the Applicant's limit for 2007. The 2007 QAP sets a limit of $2,000,000 on the total tax credit allocation to a single applicant in one year. For this reason the Applicant chose to reduce the requested allocation for the subject property to $942,176. An annual allocation of $942,176 for ten years results in proceeds of $8,196,111 at a syndication rate of 87%. The Underwriter's recommended financing structure indicates the need for $339,452 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within five years of stabilized operation.

Underwriter:	*Thomas Cavanagh*	Date:	July 15, 2007
Reviewing Underwriter:	*Lisa Vecchietti*	Date:	July 15, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	July 15, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Glenwood Trails, Deer Park, 9% HTC #07309

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	3	1	1	750	$343	$251	$753	$0.33	$92.00	$32.31
TC 60%	21	1	1	750	$686	594	12,474	0.79	92.00	32.31
TC 30%	6	2	2	950	$411	303	1,818	0.32	108.00	37.31
TC 60%	50	2	2	950	$823	715	35,750	0.75	108.00	37.31
TC 30%	3	3	2	1,120	$475	351	1,053	0.31	124.00	49.31
TC 60%	31	3	2	1,120	$951	827	25,637	0.74	124.00	49.31
TOTAL:	114		**AVERAGE:**	959		$680	$77,485	$0.71	$109.40	$39.84

INCOME	Total Net Rentable Sq Ft: 109,280			**TDHCA**	**APPLICANT**	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$929,820	$929,820	Harris	Houston	6
Secondary Income		Per Unit Per Month:	$10.00	13,680	13,680	$10.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$943,500	$943,500			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(70,763)	(70,764)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$872,738	$872,736			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.33%	$408	0.43	$46,498	$44,400	$0.41	$389	5.09%
Management		4.12%	315	0.33	35,966	43,637	0.40	383	5.00%
Payroll & Payroll Tax		12.96%	992	1.03	113,091	114,780	1.05	1,007	13.15%
Repairs & Maintenance		7.01%	537	0.56	61,182	46,600	0.43	409	5.34%
Utilities		3.98%	304	0.32	34,700	27,000	0.25	237	3.09%
Water, Sewer, & Trash		4.46%	341	0.36	38,927	41,000	0.38	360	4.70%
Property Insurance		3.67%	281	0.29	32,062	41,393	0.38	363	4.74%
Property Tax	3.17394	9.26%	709	0.74	80,807	76,000	0.70	667	8.71%
Reserve for Replacements		3.27%	250	0.26	28,500	28,500	0.26	250	3.27%
TDHCA Compliance Fees		0.52%	40	0.04	4,560	4,560	0.04	40	0.52%
Other: Supportive Services		1.37%	105	0.11	12,000	12,000	0.11	105	1.37%
TOTAL EXPENSES		55.95%	$4,283	$4.47	$488,292	$479,869	$4.39	$4,209	54.98%
NET OPERATING INC		44.05%	$3,372	$3.52	$384,446	$392,867	$3.60	$3,446	45.02%
DEBT SERVICE									
First Lien Mortgage		37.52%	$2,872	$3.00	$327,445	$322,745	$2.95	$2,831	36.98%
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%
NET CASH FLOW		6.53%	$500	$0.52	$57,001	$70,122	$0.64	$615	8.03%
AGGREGATE DEBT COVERAGE RATIO					1.17	1.22			
RECOMMENDED DEBT COVERAGE RATIO						1.20			

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)		9.08%	$10,051	$10.49	$1,145,826	$1,145,826	$10.49	$10,051	9.14%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.10%	8,964	9.35	1,021,856	1,021,856	9.35	8,964	8.15%
Direct Construction		46.80%	51,780	54.02	5,902,932	5,824,217	53.30	51,090	46.46%
Contingency	4.94%	2.71%	3,003	3.13	342,304	342,304	3.13	3,003	2.73%
Contractor's Fees	13.84%	7.60%	8,407	8.77	958,450	958,450	8.77	8,407	7.65%
Indirect Construction		4.52%	5,000	5.22	570,000	570,000	5.22	5,000	4.55%
Ineligible Costs		3.43%	3,793	3.96	432,423	432,423	3.96	3,793	3.45%
Developer's Fees	14.96%	11.15%	12,333	12.87	1,406,000	1,406,000	12.87	12,333	11.22%
Interim Financing		4.76%	5,267	5.49	600,488	600,488	5.49	5,267	4.79%
Reserves		1.86%	2,053	2.14	234,000	234,000	2.14	2,053	1.87%
TOTAL COST		100.00%	$110,652	$115.43	$12,614,278	$12,535,563	$114.71	$109,961	100.00%
Construction Cost Recap		*65.21%*	***$72,154***	***$75.27***	***$8,225,542***	***$8,146,827***	***$74.55***	***$71,463***	*64.99%*

SOURCES OF FUNDS						RECOMMENDED	
First Lien Mortgage	31.71%	$35,088	$36.60	$4,000,000	$4,000,000	$4,000,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$1,397,597
HTC Syndication Proceeds	67.58%	$74,782	$78.01	8,525,147	8,525,147	8,196,111	% of Dev. Fee Deferred
Deferred Developer Fees	0.08%	$91	$0.10	10,413	10,413	339,452	24%
Additional (Excess) Funds Req'd	0.62%	$691	$0.72	78,718	3	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$12,614,278	$12,535,563	$12,535,563	$1,735,590

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Glenwood Trails, Deer Park, 9% HTC #07309

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$63.06	$6,891,616
Adjustments				
Exterior Wall Finish	2.10%		$1.32	$144,724
Elderly			0.00	0
9-Ft. Ceilings	3.30%		2.08	227,423
Roofing			0.00	0
Subfloor			(1.85)	(202,168)
Floor Cover			3.08	336,582
Breezeways/Balconies	$19.81	540	0.10	10,697
Plumbing Fixtures	$965	76	0.67	73,340
Rough-ins	$425	114	0.44	48,450
Built-In Appliances	$2,425	114	2.53	276,450
Exterior Stairs			0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			2.43	265,550
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$69.10	2,575	1.63	177,926
Hurricane Wind Adj	$0.94	109,280	0.94	102,723
SUBTOTAL			76.44	8,353,315
Current Cost Multiplier	0.98		(1.53)	(167,066)
Local Multiplier	0.89		(8.41)	(918,865)
TOTAL DIRECT CONSTRUCTION COSTS			$66.50	$7,267,384
Plans, specs, survy, bld prm	3.90%		($2.59)	($283,428)
Interim Construction Interes	3.38%		(2.24)	(245,274)
Contractor's OH & Profit	11.50%		(7.65)	(835,749)
NET DIRECT CONSTRUCTION COSTS			$54.02	$5,902,932

PAYMENT COMPUTATION

Primary	$4,000,000	Amort	360
Int Rate	7.25%	DCR	1.17

Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.17

Additional	$8,525,147	Amort	
Int Rate		Aggregate DCR	1.17

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$327,445
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$65,422

Primary	$4,000,000	Amort	360
Int Rate	7.25%	DCR	1.20

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20

Additional	$8,525,147	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$929,820	$957,715	$986,446	$1,016,039	$1,046,521	$1,213,204	$1,406,436	$1,630,445	$2,191,182
Secondary Income	13,680	14,090	14,513	14,949	15,397	17,849	20,692	23,988	32,238
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	943,500	971,805	1,000,959	1,030,988	1,061,918	1,231,053	1,427,128	1,654,433	2,223,420
Vacancy & Collection Loss	(70,764)	(72,885)	(75,072)	(77,324)	(79,644)	(92,329)	(107,035)	(124,082)	(166,756)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$872,736	$898,920	$925,887	$953,664	$982,274	$1,138,724	$1,320,094	$1,530,350	$2,056,663
EXPENSES at 4.00%									
General & Administrative	$44,400	$46,176	$48,023	$49,944	$51,942	$63,195	$76,886	$93,544	$138,468
Management	43,637	44,946	46,294	47,683	49,114	56,936	66,005	76,518	102,833
Payroll & Payroll Tax	114,780	119,371	124,146	129,112	134,276	163,368	198,762	241,824	357,959
Repairs & Maintenance	46,600	48,464	50,403	52,419	54,515	66,326	80,696	98,179	145,329
Utilities	27,000	28,080	29,203	30,371	31,586	38,429	46,755	56,885	84,204
Water, Sewer & Trash	41,000	42,640	44,346	46,119	47,964	58,356	70,999	86,381	127,865
Insurance	41,393	43,048	44,770	46,561	48,423	58,914	71,678	87,208	129,089
Property Tax	76,000	79,040	82,202	85,490	88,909	108,172	131,607	160,121	237,018
Reserve for Replacements	28,500	29,640	30,826	32,059	33,341	40,564	49,353	60,045	88,882
Other	16,560	17,222	17,911	18,628	19,373	23,570	28,677	34,889	51,645
TOTAL EXPENSES	$479,869	$498,628	$518,124	$538,386	$559,444	$677,831	$821,418	$995,594	$1,463,290
NET OPERATING INCOME	$392,867	$400,292	$407,764	$415,278	$422,830	$460,893	$498,675	$534,757	$593,373
DEBT SERVICE									
First Lien Financing	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445
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	$65,422	$72,847	$80,319	$87,834	$95,385	$133,449	$171,231	$207,312	$265,928
DEBT COVERAGE RATIO	1.20	1.22	1.25	1.27	1.29	1.41	1.52	1.63	1.81

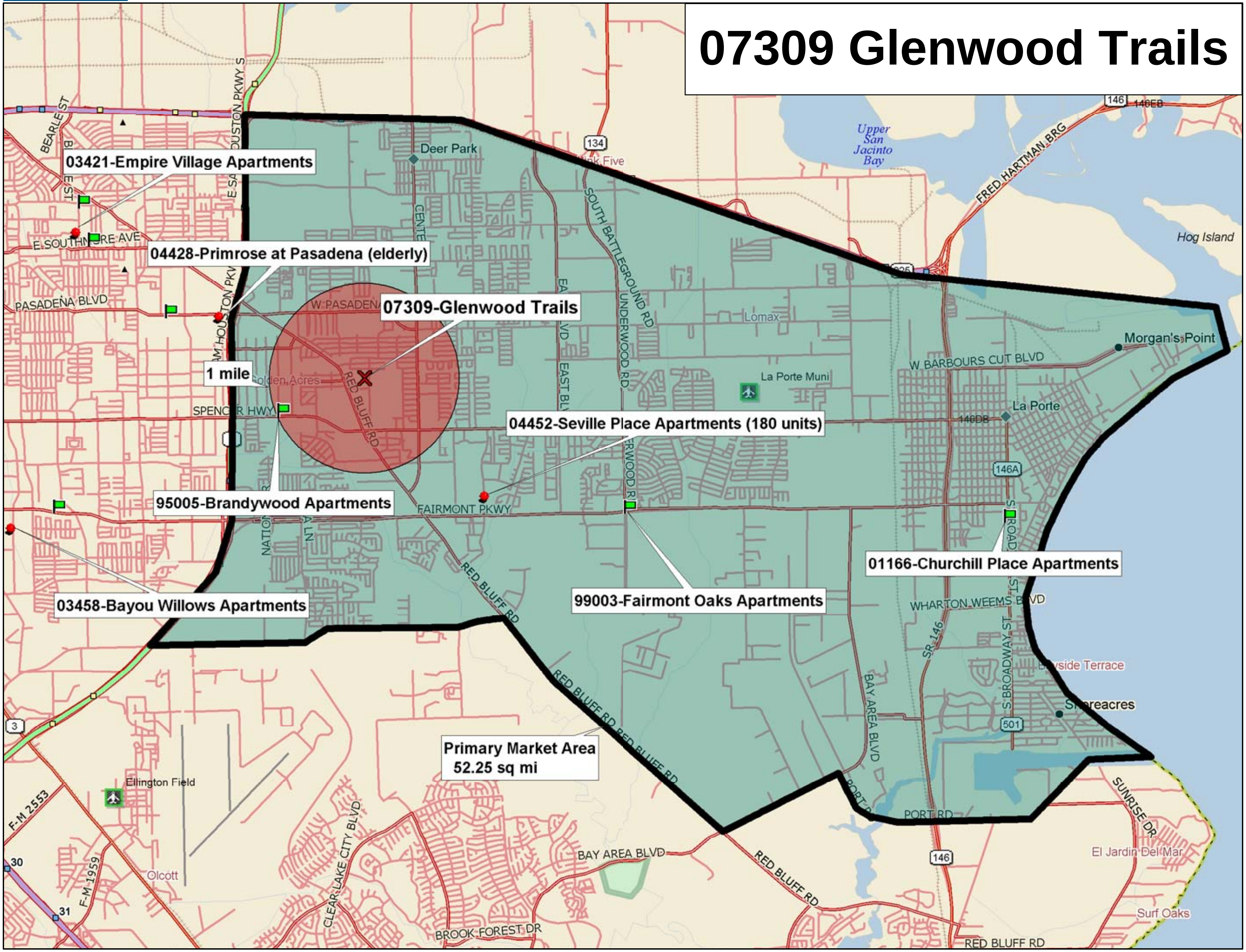
HTC ALLOCATION ANALYSIS -Glenwood Trails, Deer Park, 9% HTC #07309

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,145,826	$1,145,826		
Purchase of buildings				
Off-Site Improvements				
Sitework	$1,021,856	$1,021,856	$1,021,856	$1,021,856
Construction Hard Costs	$5,824,217	$5,902,932	$5,824,217	$5,902,932
Contractor Fees	$958,450	$958,450	$958,450	$958,450
Contingencies	$342,304	$342,304	$342,304	$342,304
Eligible Indirect Fees	$570,000	$570,000	$570,000	$570,000
Eligible Financing Fees	$600,488	$600,488	$600,488	$600,488
All Ineligible Costs	$432,423	$432,423		
Developer Fees			$1,397,597	
Developer Fees	$1,406,000	$1,406,000		$1,406,000
Development Reserves	$234,000	$234,000		
TOTAL DEVELOPMENT COSTS	$12,535,563	$12,614,278	$10,714,911	$10,802,030

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		$10,714,911	$10,802,030
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$13,929,385	$14,042,639
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$13,929,385	$14,042,639
Applicable Percentage		8.55%	8.55%
TOTAL AMOUNT OF TAX CREDITS		$1,190,962	$1,200,646
Syndication Proceeds	**0.8699**	**$10,360,336**	**$10,444,572**
Total Tax Credits (Eligible Basis Method)		**$1,190,962**	**$1,200,646**
Syndication Proceeds		**$10,360,336**	**$10,444,572**
Requested Tax Credits		**$942,176**	
Syndication Proceeds		**$8,196,111**	
Gap of Syndication Proceeds Needed		**$8,535,563**	
Total Tax Credits (Gap Method)		**$981,197**	

DeLORME

Street Atlas USA® 2007 Plus



TN

MN (3.6°E)

Scale 1 : 87,500

1" = 1.38 mi

Data Zoom 11-2

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 07/15/07 PROGRAM: 9% HTC FILE NUMBER: **07309**

DEVELOPMENT

Glenwood Trails

Location: Glenwood Drive north of Holton Avenue Region: 6

City: Deer Park County: Harris Zip: 77536 [ ] QCT [X] DDA

Key Attributes: Multifamily, New Construction, Urban/Exurban, Family

ALLOCATION

	REQUEST *			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$942,176			**$942,176**		

*The application originally indicated a requested allocation of $980,000. The Applicant has one additional application in the 2007 9% cycle with a request for $1,000,000 in credits; and the Applicant previously received 2007 supplemental credits awarded by the Department to offset increased development costs for two projects allocated in 2004. The supplemental credits totaling $57,824 are applied to the Applicant's limit for 2007. The 2007 QAP sets a limit of $2,000,000 on the total tax credit allocation to a single applicant in one year. For this reason the Applicant chose to reduce the requested allocation for the subject property to $942,176.

CONDITIONS

1 Receipt, review, and acceptance, before carryover, of documentation that the Applicant has confirmed the exact location of the pipeline on the site referenced in the ESA, if it does exist, and that no improvements are constructed on top of the pipeline.

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.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	12
60% of AMI	60% of AMI	102

PROS

CONS

- The market for 2 bedroom and 3 bedroom units at 60% AMI may be somewhat saturated with unit capture rates of over 100%.

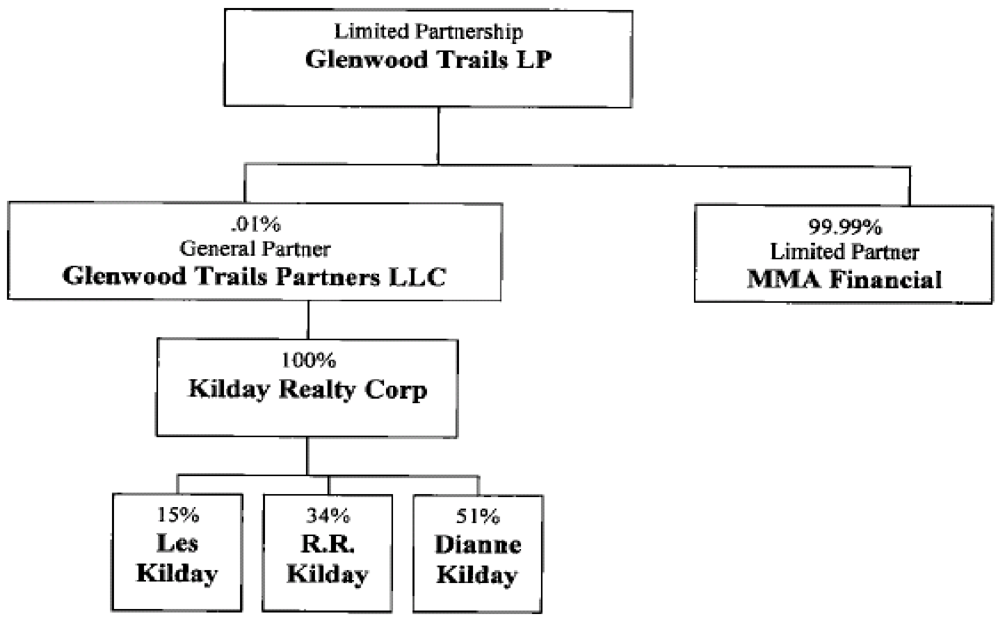
PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE

Organization Chart
Glenwood Trails



CONTACT

Contact: Les Kilday, Phyllis Sefeldt Phone: (713) 914-9400 Fax: (713) 914-9439
Email: leskilday@earthlink.net, psefeldt@earthlink.net

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Kilday Realty Corp.	-$130,611	-$138,106	8 prior LIHTC developments reported
Kilday Partners LLC	$460	$460	8 prior LIHTC developments reported
Diane Kilday	confidential	confidential	8 prior LIHTC developments reported
R.R. Kilday	confidential	confidential	8 prior LIHTC developments reported
Les Kilday	confidential	confidential	8 prior LIHTC developments reported

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

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

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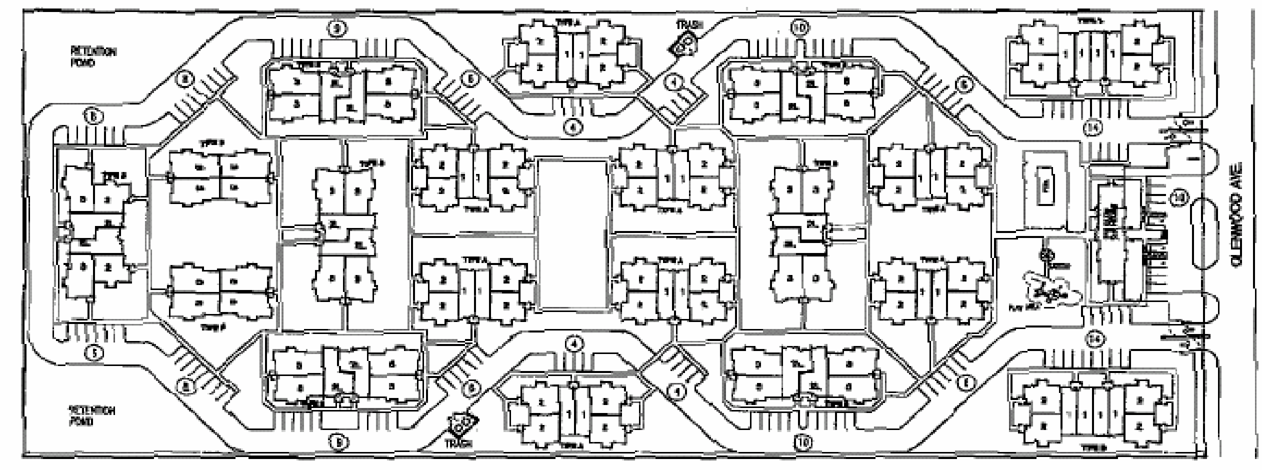
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	3	5	6						Total Buildings
Floors/Stories	1	1	1	1	1						
Number	8	2	6	1	2						**19**

BR/BA	SF	Units										Total Units	Total SF
1/1	750	2	4									24	18,000
2/1	950	4	4	2	4							56	53,200
3/2	1,120			4	2	4						34	38,080
Units per Building		6	8	6	6	4						**114**	**109,280**

SITE ISSUES

Total Size: 12.224 acres — Scattered site? ☐ Yes ☒ No

Flood Zone: X — Within 100-yr floodplain? ☐ Yes ☒ No

Zoning: MS-2 — Needs to be re-zoned? ☐ Yes ☒ No ☐ N/A

Comments:

The application materials include a letter from the Deer Park City Manager indicating that the site is zoned MF-2, which is subject to a 300-ft transitional zone adjacent to any property which is zoned single family. The entire site is within 300 ft. of single family zoning, and therefore subject to the transitional zone requirements. Multifamily development in the transitional zone is limited to a maximum density of no more than one dwelling unit per 4,000 sq. ft., and a maximum height of one story. The development has been designed to comply with these limits with one unit per 4,670 sq. ft.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing — Date: 4/18/2007

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: single family residential — East: Glenwood Dr., wooded land

South: single family residential — West: wooded vacant land

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 3/1/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- This assessment has revealed no evidence of recognized environmental conditions in connection with the property.
- A Kinder Morgan gas pipeline marker was observed at the northeast property corner. No spills or releases were on record with the Texas Commission on Environmental Quality or with the Emergency Response Notification System for the pipeline. No recognized environmental conditions appear to exist provided the pipeline is operated and maintained in accordance with all applicable federal, state, and local regulations.

Comments:

The ESA includes an Oil & Gas Well Map indicating a pipeline running along the north property line. The survey and site plans provided by the Applicant make no indication of the location of any pipeline, and the title insurance commitment makes no reference to a pipeline easement. Receipt, review, and acceptance, before carryover, of documentation that the Applicant has confirmed the exact location of the pipeline, if it exists and that no improvements are constructed on top of the pipeline, will be a condition of this report.

MARKET HIGHLIGHTS

Provider: Apartment MarketData, Inc. Date: 3/16/2007

Contact: Darrell G. Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Primary Market Area (PMA):

"For this analysis, we utilized a "Primary Market Area" encompassing 54.2 square miles (equivalent to a 4.1 mile radius). The boundaries of the PMA are the Pasadena Freeway to the north, Galveston Bay to the east, Red Bluff Road and Port Road to the south, and Beltway 8 to the west." (p. 30)

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Seville Place	04452	180	180	N/A			

Proposed, Under Construction & Unstabilized Comparable Developments:

"Within the PMA, there has only been one 'affordable' rental family project built within recent times. Seville Place is a 180 unit project, which was built in 2006. The site reports that it is already 99.4% occupied. This short lease-up time is indicative of the demand for affordable housing within the PMA." (p. 13)

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$12,800	$14,650	$16,450	$18,300	$19,750	$21,250
60	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR / 30%	77	0	0	77	3	0	4%
1 BR / 60%	157	-1	0	156	21	36	37%
2BR / 30%	48	-1	0	47	6	0	13%
2BR / 60%	110	-1	0	109	50	81	120%
3 BR / 30%	28	-1	0	27	3	0	11%
3 BR / 60%	93	0	0	93	31	63	101%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					
Market Analyst p. 54	30,899	96% 29,546	18% 5,289	58% 3,073	64% 1,983
Underwriter	100% 31,239	96% 29,871	18% 5,357	58% 3,111	64% 2,003
PMA DEMAND from HOUSEHOLD GROWTH					
Market Analyst p.		96% 260	18% 47	58% 34	100% 34
Underwriter		96% 344	18% 59	58% 34	100% 34

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 57	114	180	0	294	2,017	14.60%
Underwriter	114	180	0	294	2,038	14.43%

Primary Market Occupancy Rates:

"The current occupancy of the market area is 94.1% as a result of stable demand. According to the household growth and employment growth methodologies, the forecast demand for new rental apartment units is considered to be growing." (p. 10)

Absorption Projections:

"Based on occupancy rates currently reported by existing projects, we opine that the market will readily accept the subject's units. Absorption over the previous sixteen years for all unit types is estimated to be 107 units per year. We expect this to continue as the number of new households continues to grow, and as additional rental units become available." (p. 10) "We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 100)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 750 SF 30%	$251	$251	$715	$251	$464
1 BR 750 SF 60%	$594	$594	$715	$594	$121
2 BR 950 SF 30%	$303	$303	$915	$303	$612
2 BR 950 SF 60%	$715	$715	$915	$715	$200
3 BR 1,120 SF 30%	$351	$351	$1,115	$351	$764
3 BR 1,120 SF 60%	$827	$827	$1,115	$827	$288

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Existing affordable family housing projects have an overall occupancy rate of 97.2%. The last affordable project built in the PMA was Seville Place (2006), which is currently 99.4% occupied. This demonstrates that the demand for new affordable rental housing is high, and that there is a shortage of affordable housing in this market." (p. 100)

Houston Market Study:

The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The study, completed in February 2006 by Vogt, Williams & Bowen, LLC, only considers demand from household growth, and from replacement or renovation of existing housing. It does not incorporate demand from turnover as normally considered in development-specific market studies because in an overall study the demand from turnover returns to all of the units in the market area. A development-specific market study identifies the demand from turnover as potential demand that can be attracted away from existing units.

The proposed development is located in the Pasadena/Deer Park submarket (as defined by Vogt) within the Houston MSA. This submarket encompasses 109 sq. miles with a 2005 population of approximately 217K. The PMA defined in the subject application is 52 sq. miles situated in the southeast quadrant of the larger submarket. In its projections for 2009, the Vogt study determined the total growth-based demand which would be applicable to the subject property to be 138 units.

The Market Analyst for the subject application identified growth-based demand for 34 units, and demand from turnover for 1,983 units; the Underwriter identified demand for 34 units from growth and 2,003 units from turnover. The Analyst noted that the Vogt study does not consider turnover, and that the methodology to determine demand from growth is different than that normally applied in an application-specific market study. Using the demographic data contained in the Vogt study, the Analyst identified growth-based demand for 49 units, and turnover-based demand for 4,631 units in the Pasadena/Deer Park submarket. Given the wide variation among these calculations in market areas, populations, methodologies, and time, the results are fairly consistent: minimal demand based on household growth, but significant demand based on household turnover.

Comments:

The market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 6/1/2007

The Applicant's projected income is based on the maximum tax credit program rents, adjusted by the utility allowance maintained by the Harris County Housing Authority (HCHA). (The original application used the utility allowance dated April 2006. HCHA issued a new utility allowance dated April 2007. On request from the Underwriter, the Applicant submitted a revised rent schedule based on the new utility allowances.) The Applicant's projected secondary income of $10 per unit per month, and provision for losses due to vacancy and collection, are consistent with current underwriting guidelines. The Applicant's projected effective gross income is equivalent to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 6/1/2007

The Applicant's projection for total annual operating expenses of $4,209 per unit is within 5% of the Underwriter's estimate of $4,283. Specific line items with significant variances include Repairs & Maintenance (the Applicant's estimate is $15K less than the Underwriter's) and Property Insurance (the Applicant's estimate is $9K higher than the Underwriter's).

Conclusion:

The Applicant's projected effective gross income, total annual operating expenses, and net operating income (NOI) are all within 5% of the Underwriter's estimates; therefore the Applicant's figures will be used to determine debt capacity. The Applicant's projected NOI and debt service provide a first year debt coverage ratio (DCR) of 1.22, within the underwriting range of 1.15 to 1.35. The Underwriter calculated debt service to be slightly higher than the Applicant's projection, providing a DCR of 1.20.

Feasibility:

The Applicant's projected NOI and the Underwriter's estimated debt service are used to create a 30-year underwriting proforma, applying a 3% growth factor to income and 4% to expenses. This analysis indicates continued positive cash flow providing a DCR that remains above 1.15. The development can therefore be considered financially feasible.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only: 12.2 acres	$184,869	Tax Year:	2006
Existing Buildings:	$0	Valuation by:	Harris County CAD
Total Assessed Value:	$184,869	Tax Rate:	3.17394

EVIDENCE of PROPERTY CONTROL

Type: Commercial Contract -- Unimproved Property   Acreage: 12.224

Contract Expiration: 11/5/2007   Valid Through Board Date? [X] Yes [ ] No

Acquisition Cost: $1,144,826   Other:

Seller: Dean Lawther   Related to Development Team? [ ] Yes [X] No

TITLE

Comments:

The Title Commitment indicates "Notice of Lien filed by the City of Deer Park for the improvement of curbs and gutters along Glenwood Drive, dated April 2, 1985".

No easement appears on the Title Commitment with regard to the Kinder Morgan gas pipeline mentioned in the Phase I ESA.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 0   Date of Last Applicant Revision: N/A

Acquisition Value:

The acquisition cost of $1,144,826, or $93,654 per acre, is assumed to be reasonable as the purchase is an arm's length transaction. At over $10,000 per unit it is on the high side of what would normally be expected, but this is due to the density requirements of the City of Deer Park.

Direct Construction Cost:

The Applicant's projected direct construction cost of $53.30 per square foot is somewhat higher than typical multifamily construction. The buildings are all single story, with an average of 6 units each, and a maximum of 8 units in 2 buildings. Most units have two full sides exposed, so it can be argued that the project is more like townhome construction than multifamily. By applying townhome cost estimates the Underwriter concluded a total for direct construction costs within 2% of the Applicant's projection.

Interim Interest Expense:

Underwriting guidelines allow for interest on interim financing to be included in eligible basis up to a maximum of one year of interest on the fully drawn financing facility. The Applicant's claimed interest exceeded this limit by $56K; eligible basis has been reduced accordingly, with this amount included in ineligible costs.

Contingency & Fees:

The Applicant's projected developer fee was within the eligibility guidelines; however, with the reduction in eligible basis due to interim interest, the fees now exceed the limit by $8.4K; eligible basis has been reduced accordingly.

Conclusion:

The Applicant's projection for total development costs is within 5% of the Underwriter's estimate. The Applicant's figures will therefore be used to determine eligible basis and the need for permanent financing. The calculated eligible basis of $10,714,911 is increased by 30% because Harris County has been designated a Difficult Development Area. The resulting adjusted basis of $13,929,385 supports an annual tax credit allocation of $1,190,962 at the syndication rate provided. This amount will be compared to the Applicant's requested amount of credits, as well as the amount determined by the gap in required financing; the lowest of the three amounts will be recommended.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 0 Date of Last Applicant Revision: N/A

Source: Bank of America Type: **Interim Financing**

Principal: $4,000,000 Interest Rate: 7.57% ☐ Fixed Term: 24 months

Comments:

variable rate at LIBOR + 2.25%, underwritten at 7.57%

Source: Amegy Bank Type: **Interim Financing**

Principal: $275,000 Interest Rate: 8.25% ☐ Fixed Term: 24 months

Comments:

variable rate at Prime; underwritten at 8.25%

Source: Southeast Texas Housing Finance Corp Type: **Interim Financing**

Principal: $750,000 Interest Rate: 4.90% ☐ Fixed Term: 24 months

Comments:

variable rate at the Applicable Federal Rate; underwritten at 4.9%

Source: MMA Financial Type: **Permanent Financing**

Principal: $4,000,000 Interest Rate: 7.25% ☒ Fixed Amort: 360 months

Comments:

interest rate fixed at closing, at 10-year US T-Note + 260 bps; underwritten at 7.25%; interim financing is also offered at an underwriting rate of 7.82%.

Source: MMA Financial Type: **Syndication**

Proceeds: $8,525,147 Syndication Rate: 87% Anticipated HTC: $980,000

Comments:

Required replacement reserve at $250 per unit per year. The syndication price is at the low end of current market prices and any increase in rate of more than 4¢ could reduce the final allocation of credits since there is little to no deferred developer fee to absorb excess syndication proceeds.

Amount: $10,413 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of $4,000,000 indicates the need for $8,535,563 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $981,197 annually would be required to fill this gap in financing. The three possible allocation amounts are:

Applicant's Requested Credit Amount	**$942,176**
Credit Amount Determined by Gap in Financing	$981,197
Credit Amount Determined by Eligible Basis	$1,190,962

The application originally indicated a requested allocation of $980,000. The Applicant has one additional application in the 2007 9% cycle with a request for $1,000,000 in credits; and the Applicant previously received $57,824 in supplemental credits awarded by the Department to offset increased development costs for two projects allocated in 2004. The supplemental credits are applied to the Applicant's limit for 2007. The 2007 QAP sets a limit of $2,000,000 on the total tax credit allocation to a single applicant in one year. For this reason the Applicant chose to reduce the requested allocation for the subject property to $942,176. An annual allocation of $942,176 for ten years results in proceeds of $8,196,111 at a syndication rate of 87%. The Underwriter's recommended financing structure indicates the need for $339,452 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within five years of stabilized operation.

Underwriter:	*Thomas Cavanagh*	Date:	July 15, 2007
Reviewing Underwriter:	*Lisa Vecchietti*	Date:	July 15, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	July 15, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Glenwood Trails, Deer Park, 9% HTC #07309

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	3	1	1	750	$343	$251	$753	$0.33	$92.00	$32.31
TC 60%	21	1	1	750	$686	594	12,474	0.79	92.00	32.31
TC 30%	6	2	2	950	$411	303	1,818	0.32	108.00	37.31
TC 60%	50	2	2	950	$823	715	35,750	0.75	108.00	37.31
TC 30%	3	3	2	1,120	$475	351	1,053	0.31	124.00	49.31
TC 60%	31	3	2	1,120	$951	827	25,637	0.74	124.00	49.31
TOTAL:	114		**AVERAGE:**	959		$680	$77,485	$0.71	$109.40	$39.84

INCOME	Total Net Rentable Sq Ft: 109,280				**TDHCA**	**APPLICANT**	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$929,820	$929,820	Harris	Houston	6
Secondary Income		Per Unit Per Month:		$10.00	13,680	13,680	$10.00	Per Unit Per Month	
Other Support Income:					0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$943,500	$943,500			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(70,763)	(70,764)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0	0			
EFFECTIVE GROSS INCOME					$872,738	$872,736			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.33%	$408	0.43	$46,498	$44,400	$0.41	$389	5.09%
Management		4.12%	315	0.33	35,966	43,637	0.40	383	5.00%
Payroll & Payroll Tax		12.96%	992	1.03	113,091	114,780	1.05	1,007	13.15%
Repairs & Maintenance		7.01%	537	0.56	61,182	46,600	0.43	409	5.34%
Utilities		3.98%	304	0.32	34,700	27,000	0.25	237	3.09%
Water, Sewer, & Trash		4.46%	341	0.36	38,927	41,000	0.38	360	4.70%
Property Insurance		3.67%	281	0.29	32,062	41,393	0.38	363	4.74%
Property Tax	3.17394	9.26%	709	0.74	80,807	76,000	0.70	667	8.71%
Reserve for Replacements		3.27%	250	0.26	28,500	28,500	0.26	250	3.27%
TDHCA Compliance Fees		0.52%	40	0.04	4,560	4,560	0.04	40	0.52%
Other: Supportive Services		1.37%	105	0.11	12,000	12,000	0.11	105	1.37%
TOTAL EXPENSES		55.95%	$4,283	$4.47	$488,292	$479,869	$4.39	$4,209	54.98%
NET OPERATING INC		44.05%	$3,372	$3.52	$384,446	$392,867	$3.60	$3,446	45.02%
DEBT SERVICE									
First Lien Mortgage		37.52%	$2,872	$3.00	$327,445	$322,745	$2.95	$2,831	36.98%
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%
NET CASH FLOW		6.53%	$500	$0.52	$57,001	$70,122	$0.64	$615	8.03%
AGGREGATE DEBT COVERAGE RATIO					1.17	1.22			
RECOMMENDED DEBT COVERAGE RATIO						1.20			

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)		9.08%	$10,051	$10.49	$1,145,826	$1,145,826	$10.49	$10,051	9.14%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.10%	8,964	9.35	1,021,856	1,021,856	9.35	8,964	8.15%
Direct Construction		46.80%	51,780	54.02	5,902,932	5,824,217	53.30	51,090	46.46%
Contingency	4.94%	2.71%	3,003	3.13	342,304	342,304	3.13	3,003	2.73%
Contractor's Fees	13.84%	7.60%	8,407	8.77	958,450	958,450	8.77	8,407	7.65%
Indirect Construction		4.52%	5,000	5.22	570,000	570,000	5.22	5,000	4.55%
Ineligible Costs		3.43%	3,793	3.96	432,423	432,423	3.96	3,793	3.45%
Developer's Fees	14.96%	11.15%	12,333	12.87	1,406,000	1,406,000	12.87	12,333	11.22%
Interim Financing		4.76%	5,267	5.49	600,488	600,488	5.49	5,267	4.79%
Reserves		1.86%	2,053	2.14	234,000	234,000	2.14	2,053	1.87%
TOTAL COST		100.00%	$110,652	$115.43	$12,614,278	$12,535,563	$114.71	$109,961	100.00%
Construction Cost Recap		*65.21%*	***$72,154***	***$75.27***	***$8,225,542***	***$8,146,827***	***$74.55***	***$71,463***	*64.99%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	31.71%	$35,088	$36.60	$4,000,000	$4,000,000	$4,000,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$1,397,597
HTC Syndication Proceeds	67.58%	$74,782	$78.01	8,525,147	8,525,147	8,196,111	% of Dev. Fee Deferred
Deferred Developer Fees	0.08%	$91	$0.10	10,413	10,413	339,452	24%
Additional (Excess) Funds Req'd	0.62%	$691	$0.72	78,718	3	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$12,614,278	$12,535,563	$12,535,563	$1,735,590

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Glenwood Trails, Deer Park, 9% HTC #07309

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$63.06	$6,891,616
Adjustments				
Exterior Wall Finish	2.10%		$1.32	$144,724
Elderly			0.00	0
9-Ft. Ceilings	3.30%		2.08	227,423
Roofing			0.00	0
Subfloor			(1.85)	(202,168)
Floor Cover			3.08	336,582
Breezeways/Balconies	$19.81	540	0.10	10,697
Plumbing Fixtures	$965	76	0.67	73,340
Rough-ins	$425	114	0.44	48,450
Built-In Appliances	$2,425	114	2.53	276,450
Exterior Stairs			0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			2.43	265,550
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$69.10	2,575	1.63	177,926
Hurricane Wind Adj	$0.94	109,280	0.94	102,723
SUBTOTAL			76.44	8,353,315
Current Cost Multiplier	0.98		(1.53)	(167,066)
Local Multiplier	0.89		(8.41)	(918,865)
TOTAL DIRECT CONSTRUCTION COSTS			$66.50	$7,267,384
Plans, specs, survy, bld prm	3.90%		($2.59)	($283,428)
Interim Construction Interes	3.38%		(2.24)	(245,274)
Contractor's OH & Profit	11.50%		(7.65)	(835,749)
NET DIRECT CONSTRUCTION COSTS			$54.02	$5,902,932

PAYMENT COMPUTATION

Primary	$4,000,000	Amort	360
Int Rate	7.25%	DCR	1.17
Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.17
Additional	$8,525,147	Amort	
Int Rate		Aggregate DCR	1.17

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$327,445
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$65,422

Primary	$4,000,000	Amort	360
Int Rate	7.25%	DCR	1.20
Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20
Additional	$8,525,147	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$929,820	$957,715	$986,446	$1,016,039	$1,046,521	$1,213,204	$1,406,436	$1,630,445	$2,191,182
Secondary Income	13,680	14,090	14,513	14,949	15,397	17,849	20,692	23,988	32,238
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	943,500	971,805	1,000,959	1,030,988	1,061,918	1,231,053	1,427,128	1,654,433	2,223,420
Vacancy & Collection Loss	(70,764)	(72,885)	(75,072)	(77,324)	(79,644)	(92,329)	(107,035)	(124,082)	(166,756)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$872,736	$898,920	$925,887	$953,664	$982,274	$1,138,724	$1,320,094	$1,530,350	$2,056,663
EXPENSES at 4.00%									
General & Administrative	$44,400	$46,176	$48,023	$49,944	$51,942	$63,195	$76,886	$93,544	$138,468
Management	43,637	44,946	46,294	47,683	49,114	56,936	66,005	76,518	102,833
Payroll & Payroll Tax	114,780	119,371	124,146	129,112	134,276	163,368	198,762	241,824	357,959
Repairs & Maintenance	46,600	48,464	50,403	52,419	54,515	66,326	80,696	98,179	145,329
Utilities	27,000	28,080	29,203	30,371	31,586	38,429	46,755	56,885	84,204
Water, Sewer & Trash	41,000	42,640	44,346	46,119	47,964	58,356	70,999	86,381	127,865
Insurance	41,393	43,048	44,770	46,561	48,423	58,914	71,678	87,208	129,089
Property Tax	76,000	79,040	82,202	85,490	88,909	108,172	131,607	160,121	237,018
Reserve for Replacements	28,500	29,640	30,826	32,059	33,341	40,564	49,353	60,045	88,882
Other	16,560	17,222	17,911	18,628	19,373	23,570	28,677	34,889	51,645
TOTAL EXPENSES	$479,869	$498,628	$518,124	$538,386	$559,444	$677,831	$821,418	$995,594	$1,463,290
NET OPERATING INCOME	$392,867	$400,292	$407,764	$415,278	$422,830	$460,893	$498,675	$534,757	$593,373
DEBT SERVICE									
First Lien Financing	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445	$327,445
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	$65,422	$72,847	$80,319	$87,834	$95,385	$133,449	$171,231	$207,312	$265,928
DEBT COVERAGE RATIO	1.20	1.22	1.25	1.27	1.29	1.41	1.52	1.63	1.81

HTC ALLOCATION ANALYSIS -Glenwood Trails, Deer Park, 9% HTC #07309

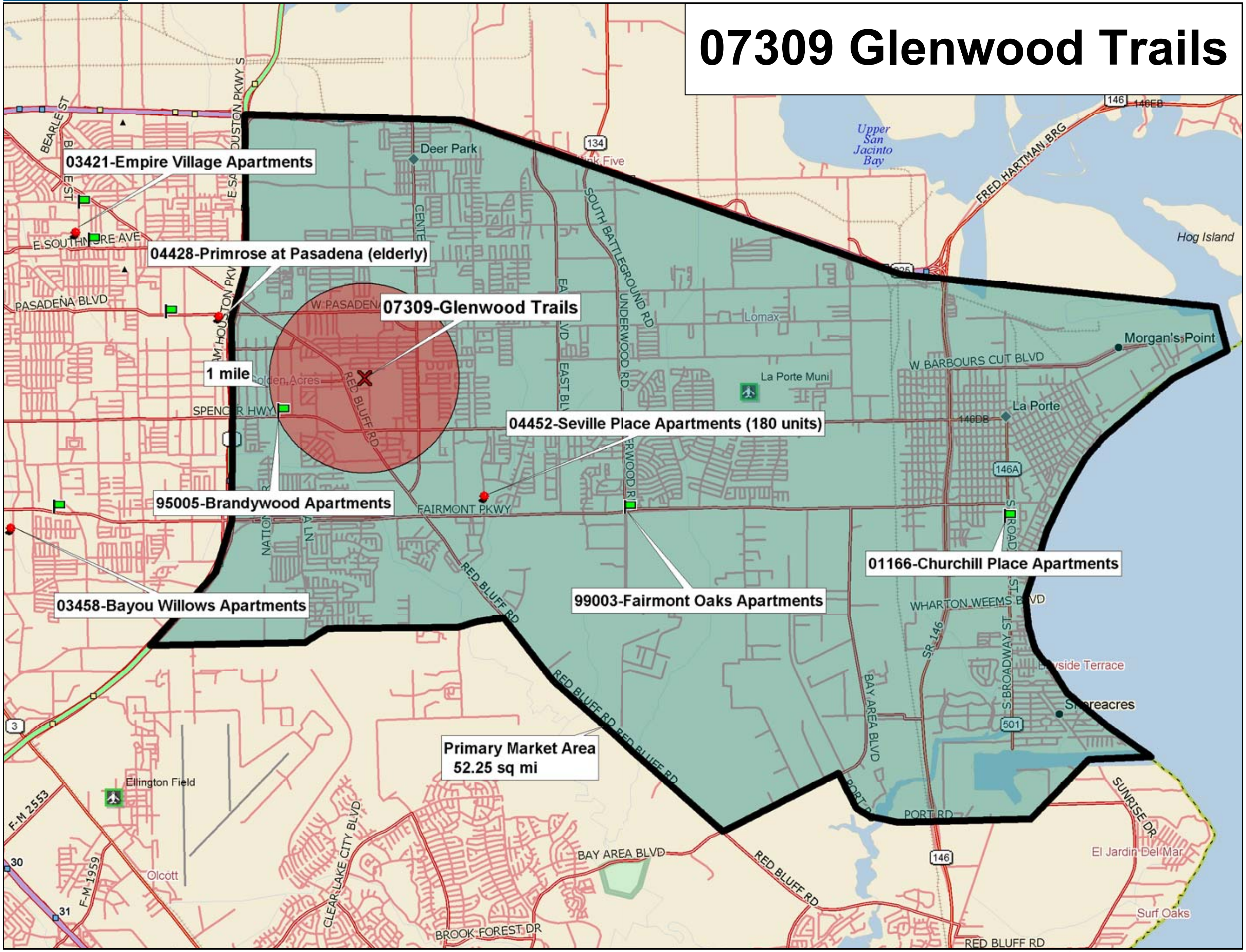
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,145,826	$1,145,826		
Purchase of buildings				
Off-Site Improvements				
Sitework	$1,021,856	$1,021,856	$1,021,856	$1,021,856
Construction Hard Costs	$5,824,217	$5,902,932	$5,824,217	$5,902,932
Contractor Fees	$958,450	$958,450	$958,450	$958,450
Contingencies	$342,304	$342,304	$342,304	$342,304
Eligible Indirect Fees	$570,000	$570,000	$570,000	$570,000
Eligible Financing Fees	$600,488	$600,488	$600,488	$600,488
All Ineligible Costs	$432,423	$432,423		
Developer Fees			$1,397,597	
Developer Fees	$1,406,000	$1,406,000		$1,406,000
Development Reserves	$234,000	$234,000		
TOTAL DEVELOPMENT COSTS	$12,535,563	$12,614,278	$10,714,911	$10,802,030

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		$10,714,911	$10,802,030
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$13,929,385	$14,042,639
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$13,929,385	$14,042,639
Applicable Percentage		8.55%	8.55%
TOTAL AMOUNT OF TAX CREDITS		$1,190,962	$1,200,646
Syndication Proceeds	**0.8699**	**$10,360,336**	**$10,444,572**
Total Tax Credits (Eligible Basis Method)		**$1,190,962**	**$1,200,646**
Syndication Proceeds		**$10,360,336**	**$10,444,572**
Requested Tax Credits		**$942,176**	
Syndication Proceeds		**$8,196,111**	
Gap of Syndication Proceeds Needed		**$8,535,563**	
Total Tax Credits (Gap Method)		**$981,197**	

DELORME

Street Atlas USA® 2007 Plus

07309 Glenwood Trails



TN
MN (3.6°E)

Scale 1 : 87,500
1" = 1.38 mi
Data Zoom 11-2

COATS | ROSE

01004

TAMEA A. DULA
OF COUNSEL

tdula@coatsrose.com
Direct Dial
(713) 653-7322
Direct Fax
(713) 890-3918

October 21, 2008

By Federal Express
Mr. Ben Sheppard
Texas Department of Housing
and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

RE: Fulton Village Apartments, Houston, Harris County, Texas (TDHCA # 01004): Request to Amend Application to Replace HUB with Nonprofit General Partner.

Dear Ben:

Houston Housing Authority ("HHA") has contracted to acquire the general partner's interest in Fulton Village Apartments (the "Project") and will be applying to the TDHCA for approval of a transfer of the general partner's interest in the Project. The developer of the Project applied for tax credits under the 2000 Qualified Allocation Plan and was granted a forward commitment. In 2000, five (5) points were provided if a HUB was the Project Owner or controlled the Project Owner. The developer qualified for these points by having a HUB ("Pro-Connection, Inc.) serve as the manager of the general partner of the Project Owner.

In connection with the proposed transfer of the general partner's interest, HHA requests that the 2000 Tax Credit Application for the Project be amended to permit the substitution of a Qualified Nonprofit Organization for the HUB as the general partner of the Project Owner. APV Redevelopment Corporation ("APV") is a 501(c)(3) organization (copy of IRS Determination Letter is enclosed), which was organized by and is under the control of HHA. HHA proposes to have a newly-created subsidiary of APV serve as the general partner of the project. Because the subsidiary limited liability company will be wholly-owned and controlled by a federally tax-exempt entity (APV), the Project would meet the qualifications for the Nonprofit Set-Aside under the Internal Revenue Code section 42(h)(5).

HHA already has a controlled Texas non-profit corporation (Fulton Village Redevelopment Corporation) serving as a limited partner in the partnership. We anticipate that

01004

the proposed transfer of general partner's interest would therefore be treated as a transfer to an affiliate, and could follow the expedited procedure for transfers to affiliates.

HHA and Fulton Village Apartments, L.P. ("Project Owner") request that the TDHCA permit this substitution of a Qualified Nonprofit Organization for a HUB for the following reasons:

- HHA owns the fee of the land upon which the Project is built. If a Qualified Nonprofit Organization controlled by HHA serves as the general partner of the Project Owner, then the Project's qualification for a 100% ad valorem tax exemption is strengthened. Having the ad valorem tax exemption assists in keeping the project affordable for low income tenants.

- APV is experienced in the operation of affordable housing developments, being the parent of eight (8) subsidiaries that serve as general partners of tax credit project owners.

- The Project is 100% public housing. HHA's control of the general partner will permit more effective administration of the social services that HHA provides to the public housing tenants.

- Under the 2000 QAP, a HUB was required to "personally guarantee the interim construction loan secured relative to the development of a Project (and to personally provide all other guarantees to the equity investor)". The guaranties that the HUB was required to provide to benefit the Project have now expired, and the developer would like to withdraw from the Project. While HHA is not legally able to provide guaranties of performance on behalf of the Project, a Qualified Nonprofit Organization controlled by HHA would be able to provide such financial backing, when needed by the Project.

- The Project was initiated by HHA, and the developer was procured for the turn-key development of the Project. Now that the Project is fully operational, 8609s have issued, and the developer's guarantee obligations have been fulfilled, the general partner controlled by the developer is contractually required to withdraw in favor of a general partner controlled by HHA. Regulations applicable to HHA as a governmental entity effectively bar HHA from organizing a HUB to take the place of Pro-Connection, Inc. HUBs are required to benefit the owner of the HUB, whereas HHA is prohibited from benefiting private parties. The substitution of a Qualified Nonprofit Organization for the HUB will permit the HHA to undertake the continuing administration of the Project as one of its public housing sites.

- We note that the Project was awarded a forward commitment of 2001 tax credits. Under the 2001 QAP a development could receive 3 points for either having a HUB control the tax credit partnership or having a Qualified Nonprofit Organization

01004

control the tax credit partnership through a joint venture with for-profit entities. Since the Selection Criteria are essentially interchangeable in the 2001 QAP, we request that the TDHCA permit the substitution of a Qualified Nonprofit Organization for the HUB for this Project.

Thank you for your consideration of this request for an amendment to the 2000 Tax Credit Application for the Project. We enclose a check in the amount of $2,500.00 for the amendment fee. If any additional information is needed in order to process this request for an amendment, please do not hesitate to call.

Very truly yours,

Tamea A. Dula

Tamea A. Dula

Enclosures

cc: Horace Allison, HHA
Robert Burchfield

01004

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(713) 890-3918

November 21, 2008

By E-Mail to ben.sheppard@tdhca.state.tx.us
Mr. Ben Sheppard
Texas Department of Housing
and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

RE: Fulton Village Apartments, Houston, Harris County, Texas (TDHCA # 01004): Request to Amend Application to Replace HUB with Nonprofit General Partner.

Dear Ben:

This letter is to supplement my letter of October 21, 2008, requesting an amendment to the Fulton Village Apartments application to permit substitution of a Qualified Nonprofit Organization for the HUB general partner. We subsequently had a phone conversation in which I explained that I had looked into creating a substitute HUB to take the place of the current HUB, which is an affiliate of the Developer. The project is sponsored by the Houston Housing Authority ("HHA") and has public housing units in it. The original intent when the Developer was procured by HHA in 1999 was that HHA would undertake the control of the project after the Developer's guarantees were fulfilled. Unfortunately, the regulations under which a public housing authority operates (no personal gain for individuals employed by the housing authority other than their employment compensation) are not congruent with the requirements for a HUB because HUB regulations are specifically tailored to provide that the minority business owner will profit from the HUB's activities. While use of a HUB is a problem for a public housing authority, the use of a Qualified Nonprofit Organization is very consistent with the regulations that control the housing authority. For that reason, we are requesting that the Application be amended to substitute a Qualified Nonprofit Organization for the HUB.

Very truly yours,

Tamea A. Dula

Tamea A. Dula

cc: Horace Allison, HHA
Robert Burchfield

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: January 17, 2003

Person to Contact:
Ms. Benson #31-07273
Contact Representative
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
76-0542634

APV Redevelopment Corporation
C/O Joy Fitzgerald
2640 Fountainview S 400
Houston, TX 77057-7630

Dear Madam,

This is in response to your telephone request regarding your organization's tax exempt status

Our records indicate that a determination letter issued in February 1999, granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section 509(a)(2)

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than $25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of $20 a day, up to a maximum of $10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of $100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

10-22-03 A11:38

APV Redevelopment Corporation
76-0542634

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of $20 a day for each day you do not make these documents available for public inspection (up to a maximum of $10,000 in the case of an annual return).

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,

John E. Ricketts

John E. Ricketts, Director, TE/GE
Customer Account Services

10-22-03 AM 11:56

Prior Amendment

01004

Texas Department of Housing and Community Affairs

Housing Tax Credit Program

U.S. Mailing Address: P.O. Box 13941, Austin, Texas 78711-3941
Private Carrier Delivery: 507 Sabine, Suite 400 Austin, TX 78701
Telephone: (512) 475-3340 Telecopier: (512) 475-0764

December 20, 2005 **NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST APPROVED 12/14/05**

To: Rob Burchfield Facsimile:

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.

	As Approved at Application				Current Proposal			
Income Target	No. of Units	Bed-rooms /Baths	Sq.Ft. per Unit	Total Sq.Ft.	No. of Units	Bed-rooms /Baths	Sq.Ft. per Unit	Total Sq.Ft.
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
Total	81			82,669	81			82,229

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
Total	27			27,455	27			27,895

Grand Total	108			110,124	108			110,124

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.**

THIS REQUEST ABOVE WAS APPROVED AT THE BOARD MEETING OF DECEMBER 14, 2005. THE APPROVAL WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

713 956 0166

Prior Amendment

01004

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

WWW.TDHCA.STATE.TX.US

May 24, 2006

Mr. and Mrs. Rob Burchfield
B.W.G. Burchfield
2123 W. Governors Circle, Suite 400
Houston, Texas 77092

Re: Fulton Village Apartments (the Development),
Housing Tax Credit Development No. 01004

Dear Mr. and Mrs. Burchfield:

Your letter of May 17, 2006 requested approval for an amendment of the application of the development named above. The letter requested a substitution of features that were not proposed in the application for features that were proposed but not installed. The substitute features would replace microwave ovens and ceiling fans, amenities that the Housing Authority of the City of Houston, as sponsor of the development, found unacceptable because substantial losses of these items had been experienced in past developments.

The most significant feature proposed as a substitute was a perimeter security fence. The development was originally proposed to have controlled access gates for vehicles but pedestrian access was to have been unrestricted. The fence required the addition of a system of interior sidewalks and both were built in addition to the access gates and public sidewalks that were in the original design. Other features to support the request included upgrading the furnaces from electric to gas and providing fourteen accessible units instead of the eleven originally proposed. The gas heating had a minimum flue efficiency of 80% to qualify as a direct substitute for the ceiling fans that were a scoring item of application exhibit 204.

The requested modifications would not materially alter the development in a negative manner and would not have adversely affected the selection of the application for an award of tax credits.

Your request is granted. This letter will be forwarded to our Real Estate Analysis Division and Portfolio Management and Compliance Division.

Sincerely,

Michael Gerber
Executive Director

MFP/bs

Cc: Lucy Treviño, CPA, Manager of Portfolio Analysis
Raquel Morales, Senior Cost Certification Specialist

T:\mfmu\LIHTC\Amendments of Application\01004 approval.doc

05082

SDC Luxar Investments, L.P.

Oct. 20, 2008

NOV 18 2008

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
P.O. Box 13941
221 East 11th Street
Austin, TX 78711-3941

Re: Request for amendment on Sphinx at Luxar Villas
TDHCA #05082

Dear Mr. Sheppard:

Please accept this request to amend the above referenced Project to reflect the final constructed development Project. Certain changes occurred between the initially submitted Application and the Final Constructed Project due to unforeseen additional requirements which caused the lay-out of the development Project to be altered.

A major factor for the changes was due to previously unknown refusal by TXU Gas Company to allow a vehicular traffic through the underground easement gas line only at ***90- Degree* angle;** with that came a 50-foot easement with prohibition of parking or structures within its limits. As a result, the only practical solution was to exclude almost 1.4 acres from the buildable area of the site. To meet this requirements, changes to the building and unit configuration were made which resulted in adjustment in actual number of units with ½ baths, which were mainly the three bedroom units. There were ***no changes were to the Unit mix***, and in fact, actual constructed building area increased from 102,923 S.F. to 105,707 S.F. Which is a difference of approximately 3,000 square feet.

A total of 235 parking spaces were finally constructed and provided either as surface, carport or garage spaces, which was finally approved by the City of Dallas as meeting the parking requirements for the development. The On-Site Amenities Form submitted during application was wrongly completed and a corrected one is enclosed.

There was also a conflict between the number half baths in the Rent Schedule and the Building/Unit Configuration Form submitted at application. The corrected Rent Schedule form is attached.

As a result, we are requesting an Amendment to the Sphinx at Luxar Application Site Plan with respect to the items as shown on the following table.

This comparison of the initial 100-unit mix submitted with the original application and the final constructed 100-unit mix.

05082

APPLICATION					FINAL INSPECTION/CONSTRUCTION				
# Units	# Beds	# Baths	UNIT (SF)	AREA (SF)	# Units	# Beds	# Baths	UNIT (SF)	AREA (SF)
14	1	1	760	10,640	14	1	1	760	10,640
3	1	1	742	2,226	3	1	1	742	2,226
6	1	1	874	5,244	6	1	1	874	5,244
11	2	1.5	974	10,714	11	2	1.5	974	10,714
9	2	1.5	1,044	9,396	9	2	1.5	1,044	9,396
6	2	1.5	1,005	6,030	6	2	1.5	1,005	6,030
8	2	1.5	1,057	8,456	8	2	1.5	1,057	8,456
8	2	2	1,018	8,144	8	2	2	1,018	8,144
27	3	2.5	1,195	32,265	12	3	2.5	1,256	15,072
8	3	2	1,226	9,808	23	3	2	1,295	29,785
100				102,923	100				105,707

- The number of bedrooms and mix committed in the Application was provided.
- All units have at least one accessible half bath in the first floor.
- 15 less half baths were provided
- Total gross square footage provided is 105,707 SF and 102,923SF was committed in the application.
- 2,784 SF of excess building area was provided.

Sphinx At Luxar Villas (SDC Luxar Investments, L.P.) respectfully request that:

1. the unit mix *(unit type and unit total)* be accepted as provided;
2. number of parking provided ***(Garages: 39, Carports: 59, Open Surface: 129, Open Handicap: 6, Handicap Garage: 1Handicap Carport:1)*** be accepted, so long as meeting City of Dallas requirements; and
3. Accept the extra 2,784 SF and accept reduction in number of half bathrooms in exchange for this request.

Please sign in the space provided below to indicated your approval.

Thank you for your co-operation in this matter. I can be reached at 214 342-1400 should you have any questions.

Very truly yours,

05082

SDC Luxar Investments, L.P.
By:
It's General Partner

By Joseph N. Agumadu

Name Joseph N. Agumadu

Title Manager

Accepted:

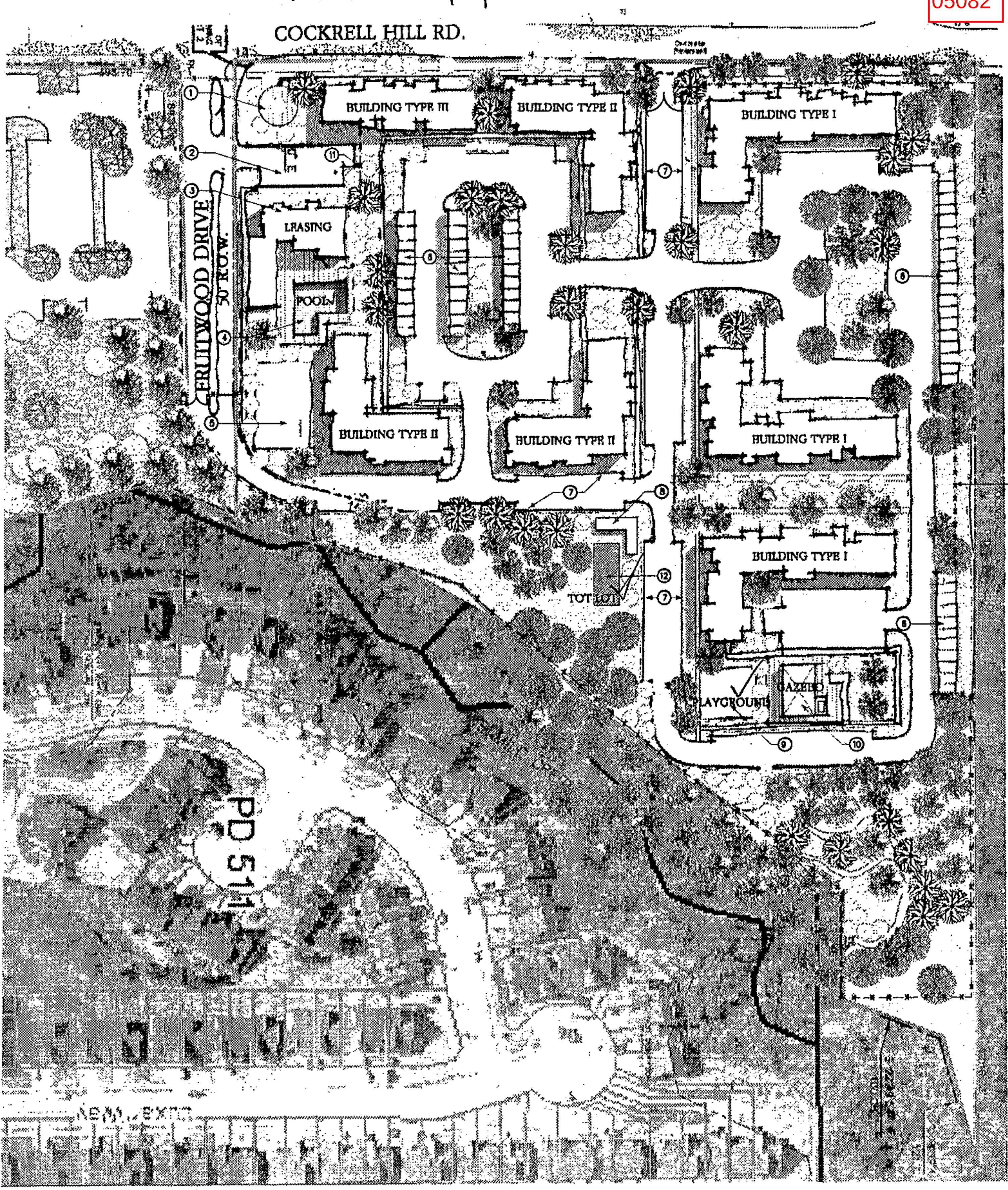
By:____________________ Date: ________________

Title: ____________________

TDHCA

Application

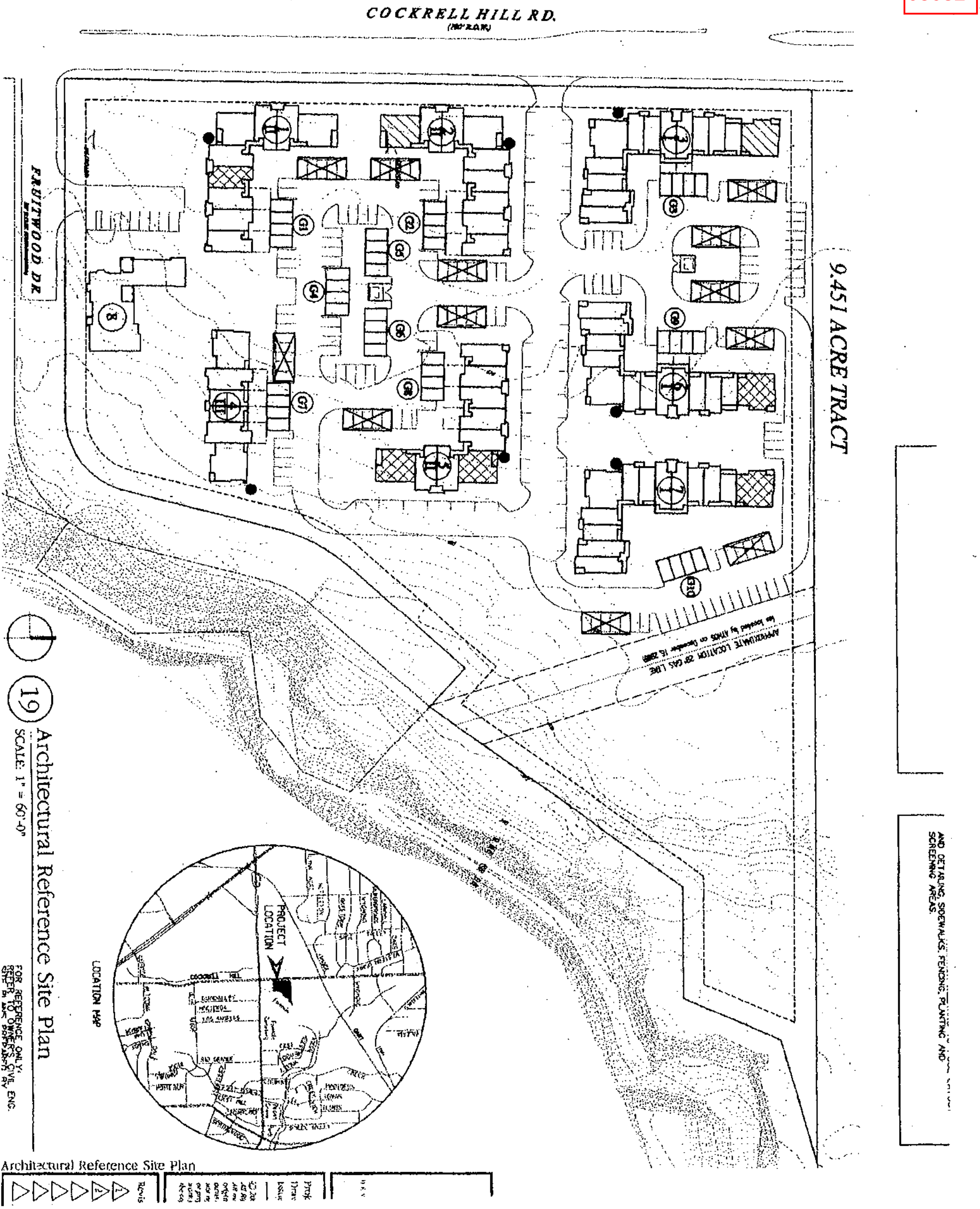
05082



20 Architectural Site Plan
Scale : N.T.S.

As-Built

05082



Application 1,195 SF & 1,226

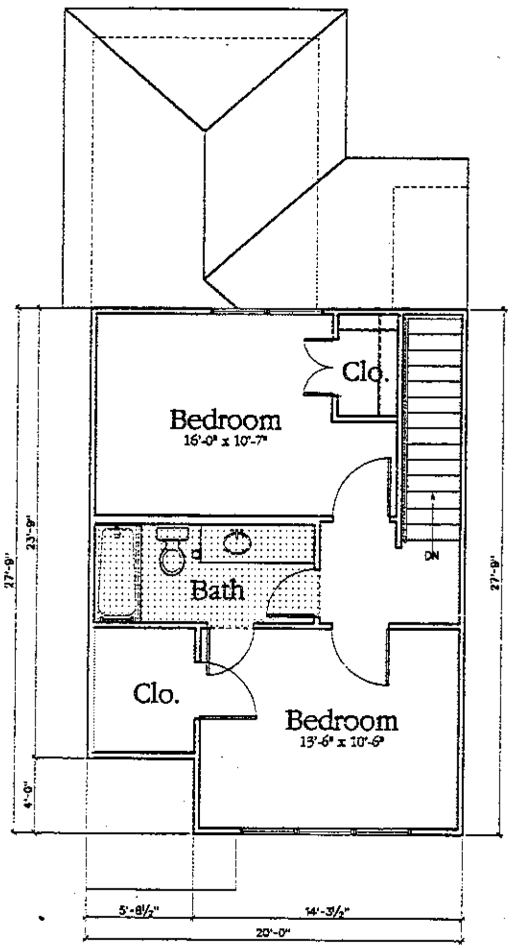
C1 = 1,195 SF 2.5 baths
C2 = 1,226 SF 2 baths

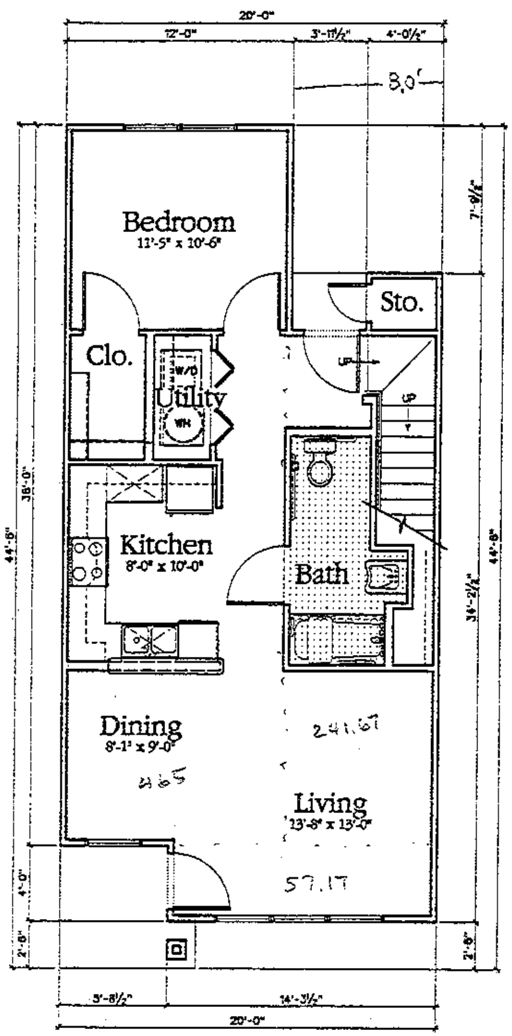
Note:

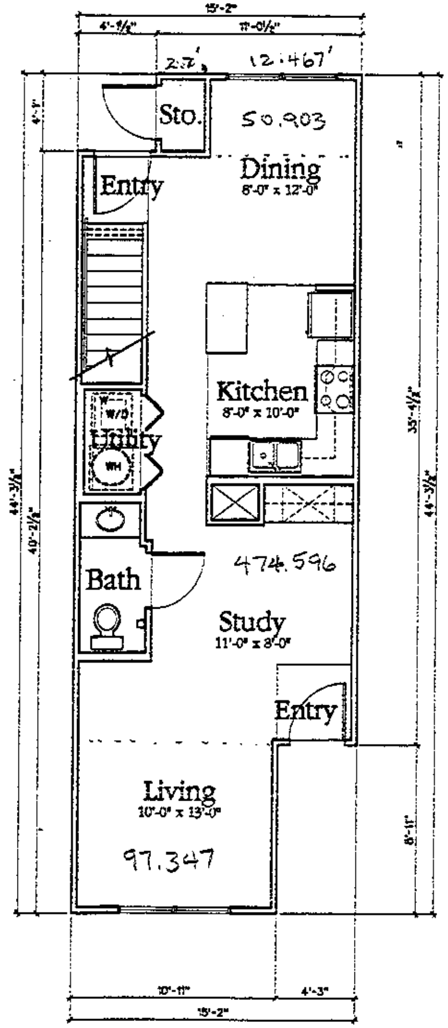
All units to have:

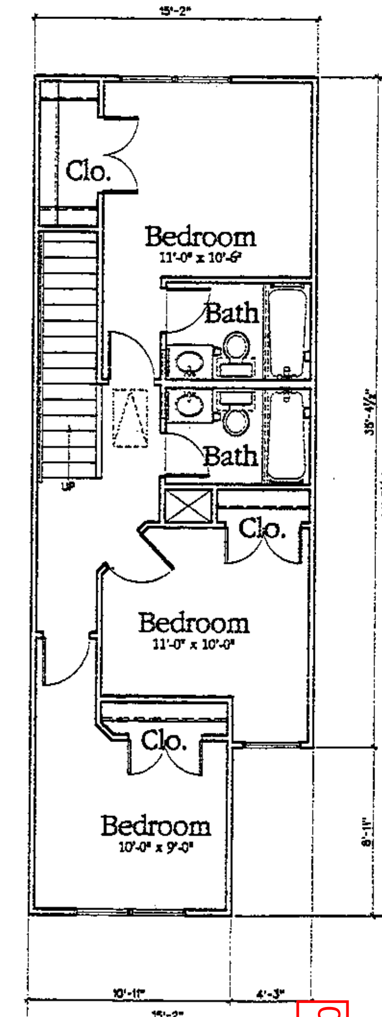
1. Microwave Ovens
2. Self Cleaning Ovens
3. Mini-Blinds or Window Coverings On All Windows
4. Dishwasher & Disposal
5. Range/Oven
6. Exhaust Vent Fans in All Bathrooms
7. Ceiling Fans in Living Areas and Bedrooms
8. Refrigerator With Ice Maker
9. Laundry Connections
10. Energy Star Rated Appliances

623ф - 62ф stairs + 634ф = 1,195









533ф - 62ф stairs + 755ф = 1,226ф

16 Plan, Second Floor - Unit C2
SCALE: 1/8" = 1'-0" N.S.F. 1,226 / G.S.F. 1,291
HUD CALCS: N.S.F. 1,153 / G.S.F. 1,226

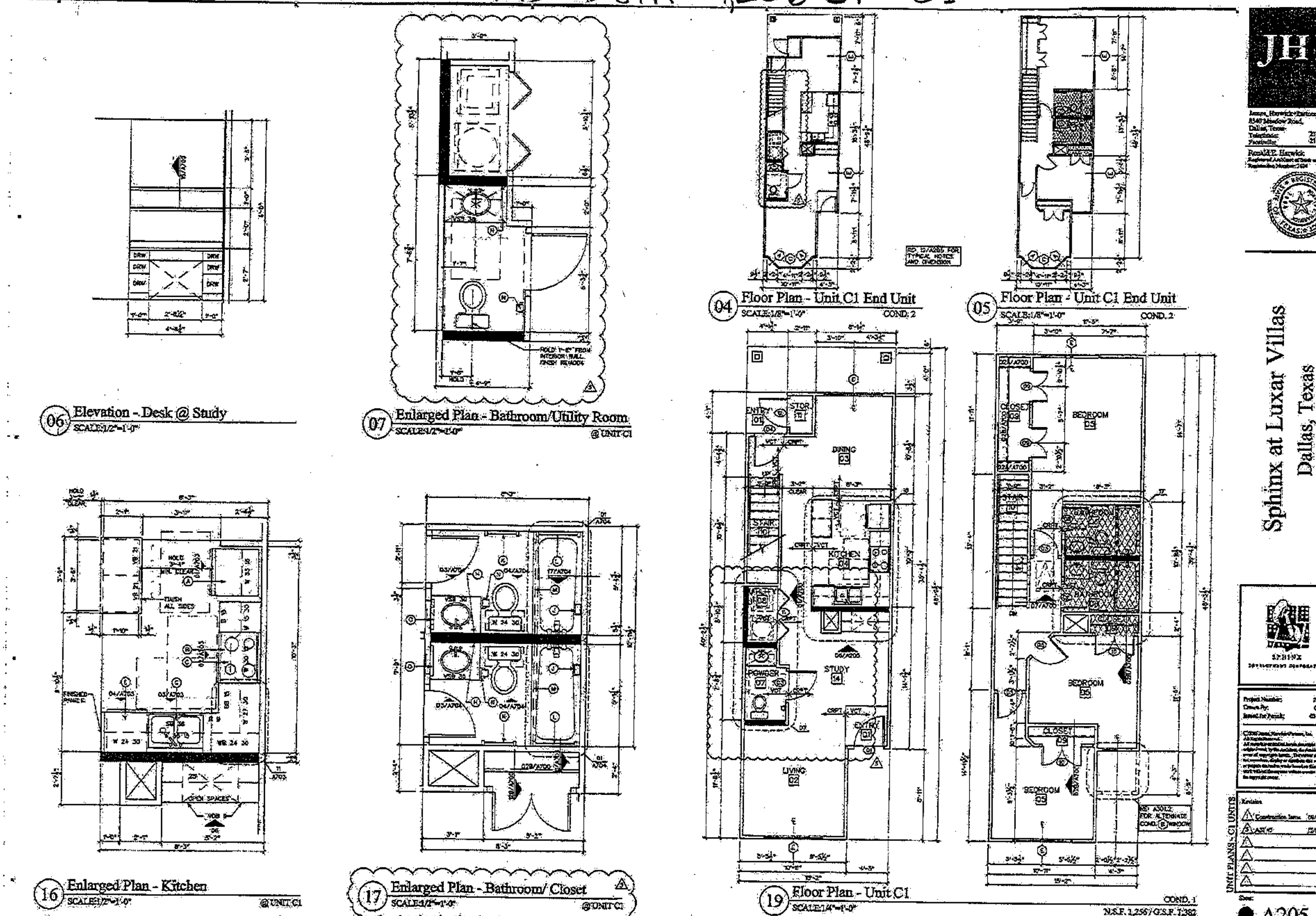
17 Plan, First Floor - Unit C2
SCALE: 1/8" = 1'-0"

19 Plan, First Floor - Unit C1
SCALE: 1/8" = 1'-0" N.S.F. [redacted] / G.S.F. [redacted]
HUD CALCS: N.S.F. 1,121 / G.S.F. 1,195
NRA = 1,195 SF

20 Plan, Second Floor - Unit C1
SCALE: 1/8" = 1'-0"

05082

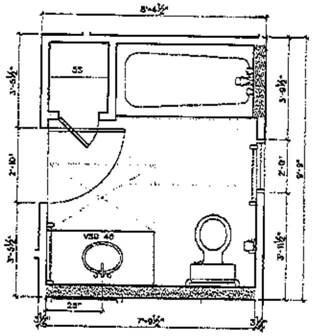
As Built 1,256 SF C1



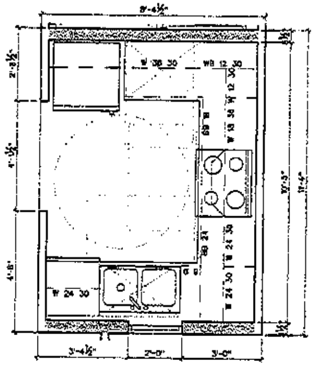
C1 CONSTRUCTION COPY = 1256

05082

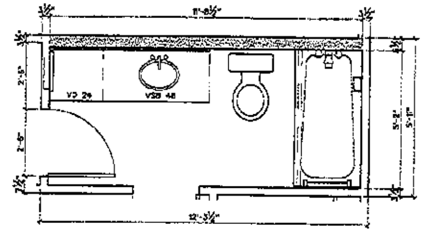
As - Built 1,295 SF C2



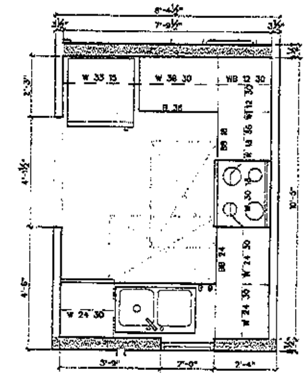
(06) Enlarged Plan - Adaptable Bathroom
SCALE:1/2"=1'-0" UNIT C2



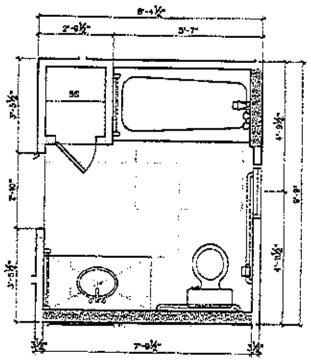
(07) Enlarged Plan - Accessible Kitchen
SCALE:1/2"=1'-0" UNIT C2-HC



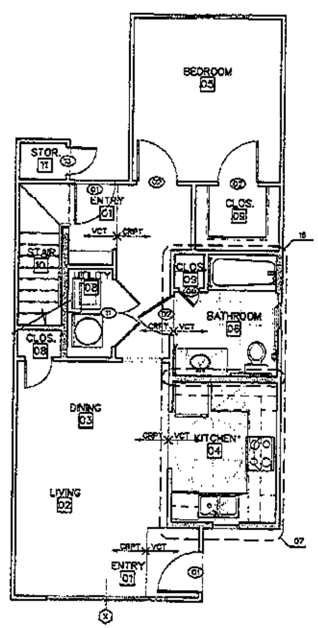
(08) Enlarged Plan - Bathroom
SCALE:1/2"=1'-0" UNIT C2



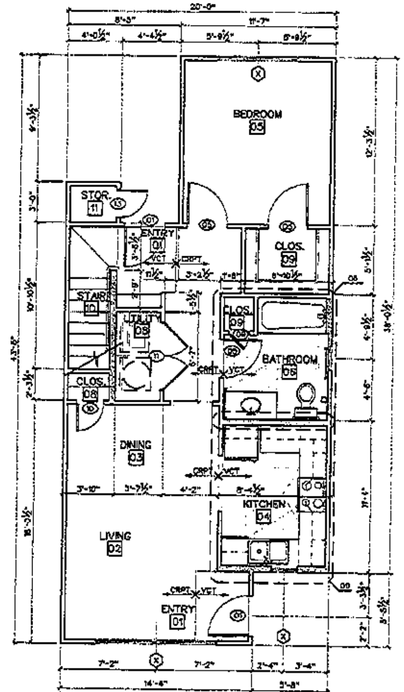
(09) Enlarged Plan - Adaptable Kitchen
SCALE:1/2"=1'-0" UNIT C2-FH



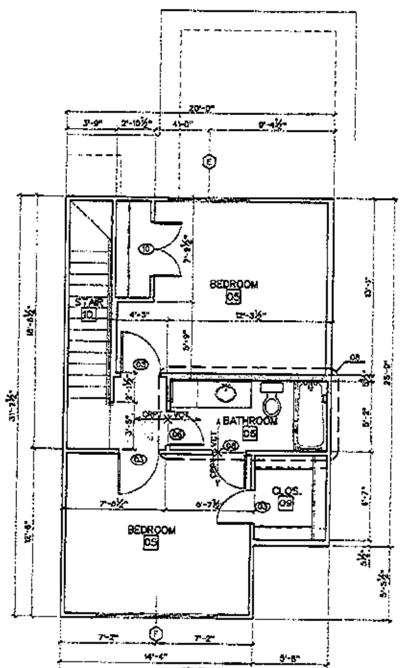
(16) Enlarged Plan - Accessible Bathroom
SCALE:1/2"=1'-0" UNIT C2-HC



(17) Plan, Second Floor - Unit C2-HC
SCALE:1/4"=1'-0"



(18) Plan, First Floor - Unit C2-FH
SCALE:1/4"=1'-0"



(19) Plan, Second Floor - Unit C2
SCALE:1/4"=1'-0" N.S.F. 1,295/G.S.F. 1,371

C2 - 1,295 SF

JHP Architects

Jones, Harwick+Partners, Inc.
Dallas, Texas

NOT FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

Sphinx at Luxar Villas
Dallas, Texas

SPHINX DEVELOPMENT CORPORATION

Revision | Date

UNIT PLANS - C2 UNITS

Sheet: A206

05082

Application 1.5 not 2.5

05082

LUKAR

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Required for All Rental Developments)

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "unit Size" from lowest to highest "Tenant Paid Rent/Unit".

Type of Unit designation should be one or more of the following based on the unit's rent restrictions:

Tax Credit: *(TC30%), (TC40%), (TC50%), (TC60%)* — ***501(c)(3) Mortgage Revenue Bond:*** *(MRB)*

HOME: *High (HH) or Low (LH)* — ***Other:*** *(OT) describe any "Other" restrictions on an attached sheet*

Housing Trust Fund: *(HTF30%), (HTF60%), (HTF65%)*

Units funded under more than one program, the "Income Level Served" should be the most restrictive - for example a LH and TC50% would be "50%".

The rent and utility limits available at the time the Application Packet is submitted should be used to complete this form. Gross Rent cannot exceed the HUD maximum rent limits. The unit mix and net rentable square footages should be consistant with the "Populations Served" section of the application, site plan and architectural drawings.

Type of Unit	Income Level Served	# of Units (A)	# of Bedrooms	# of Baths	Unit Size (Net Rentable Sq. Ft.) (B)	Total Net Rentable Sq. Ft. (A) x (B)	Gross Rent (C)	Tenant Paid Utility Allow. (D)	Tenant Paid Rent/ Unit (C) - (D) = (E)	Total Monthly Rent (A) x (E)
TC 30%	TC 30%	3	1	1.00	874	2,622	374	110	264	792
TC 60%	TC 60%	3	1	1.00	874	2,622	673	110	563	1,689
TC 60%	TC 60%	3	1	1.00	742	2,226	673	110	563	1,689
TC 60%	TC 60%	10	1	1.00	760	7,600	673	110	563	5,630
TC 30%	TC 30%	4	2	2.00	1,018	4,072	448	152	296	1,184
TC 60%	TC 60%	4	2	2.00	1,018	4,072	822	152	670	2,680
TC 60%	TC 60%	8	2	1.5 2.50	1,057	8,456	822	152	670	5,360
TC 60%	TC 60%	6	2	1.5 2.50	1,005	6,030	822	152	670	4,020
TC 60%	TC 60%	9	2	1.5 2.50	1,044	9,396	822	152	670	6,030
TC 60%	TC 60%	11	2	1.5 2.50	974	10,714	822	152	670	7,370
TC 30%	TC 30%	1	3	2.50	1,195	1,195	518	187	331	331
TC 30%	TC 30%	2	3	2.00	1,226	2,452	518	187	331	662
TC 60%	TC 60%	6	3	2.00	1,226	7,356	962	187	775	4,650
TC 60%	TC 60%	26	3	2.50	1,195	31,070	962	187	775	20,150
Rent Restricted Total		96				99,883				62,237
Market Rate		4	1	1.00	760	3,040			563	2,252
Market Rate						0				-
Market Rate						0				-
Market Rate						0				-
Market Rate						0				-
Market Rate						0				-
Market Rate Total		4				3,040				2,252
Employee/Owner Occupied*						0				-
Total Units		100				102,923				64,489
+ Non Rental Income Source #1			$0.13	per unit/month for:	*Fees, laundry, cable,*					13
+ Non Rental Income Source #2			$15	per unit/month for:	*garages/carports*					1,488
+ Non Rental Income Source #3				per unit/month for:	*describe source here*					-
= POTENTIAL GROSS MONTHLY INCOME										65,989
- Provision for Vacancy & Collection Loss							% of Potential Gross Income:		8.50%	5,609
- Rental Concessions										
= EFFECTIVE GROSS MONTHLY INCOME										60,380
x 12 = EFFECTIVE GROSS ANNUAL INCOME										724,559

* Only enter Employee/Owner Occupied Units if not included in rent restricted units shown above.

Application

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Volume 1, Tab 2. ACTIVITY OVERVIEW

Part F. Building/Unit Type Configuration (Required for All Rental Developments)

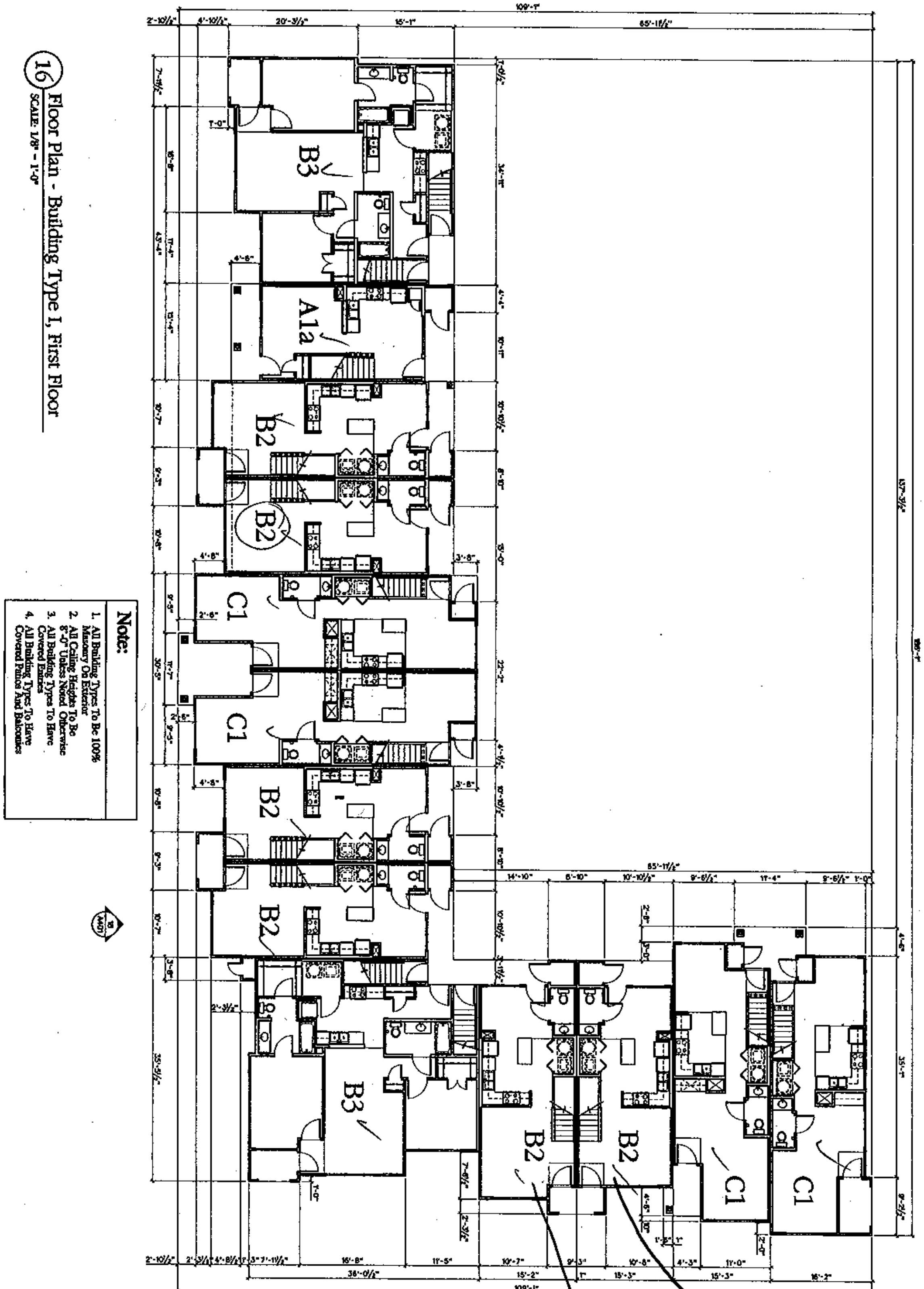
Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by unhiding the columns between J and Z in Excel.

Sphinx at Luxar Villas

Unit Type				Building Configuration						Total # of Buildings	
				Building Label	I	II	III				
				Number of Buildings	3	3	1			7	
Unit Label	# of Bedrooms	# of Baths	Sq. Ft. Per Unit		Number of Units Per Building					Total # of Units	Total Sq Ft for Unit Type
A-1	1	1.0	760		6	6	2			14	10,640
A-1a	1	1.0	742		3					3	2,226
A-3	1	1.0	874			6				6	5,244
B-2	2	1.5	974		9		2			11	10,714
B-2	2	1.5	1,044		9					9	9,396
B-2a	2	1.5	1,005			6				6	6,030
B-2b	2	1.5	1,057		6		2			8	8,456
B-3	2	2.0	1,018		6		2			8	8,144
C-1	3	2.5	1,195		12	15				27	32,265
C-2	3	2.0	1,226			6	2			8	9,808
										-	-
										-	-
										-	-
										-	-
										-	-
										-	-
										-	-
										-	-
										-	-
										-	-
				Totals	51	39	10	-	-	100	102,923

Application 1044 ф 974 ф

05082



1044 ф & 974 ф
lower level
(1/2 bath)

Building Plan - Building Type I, First Floor

A301

Sphinx at Luxar Villas

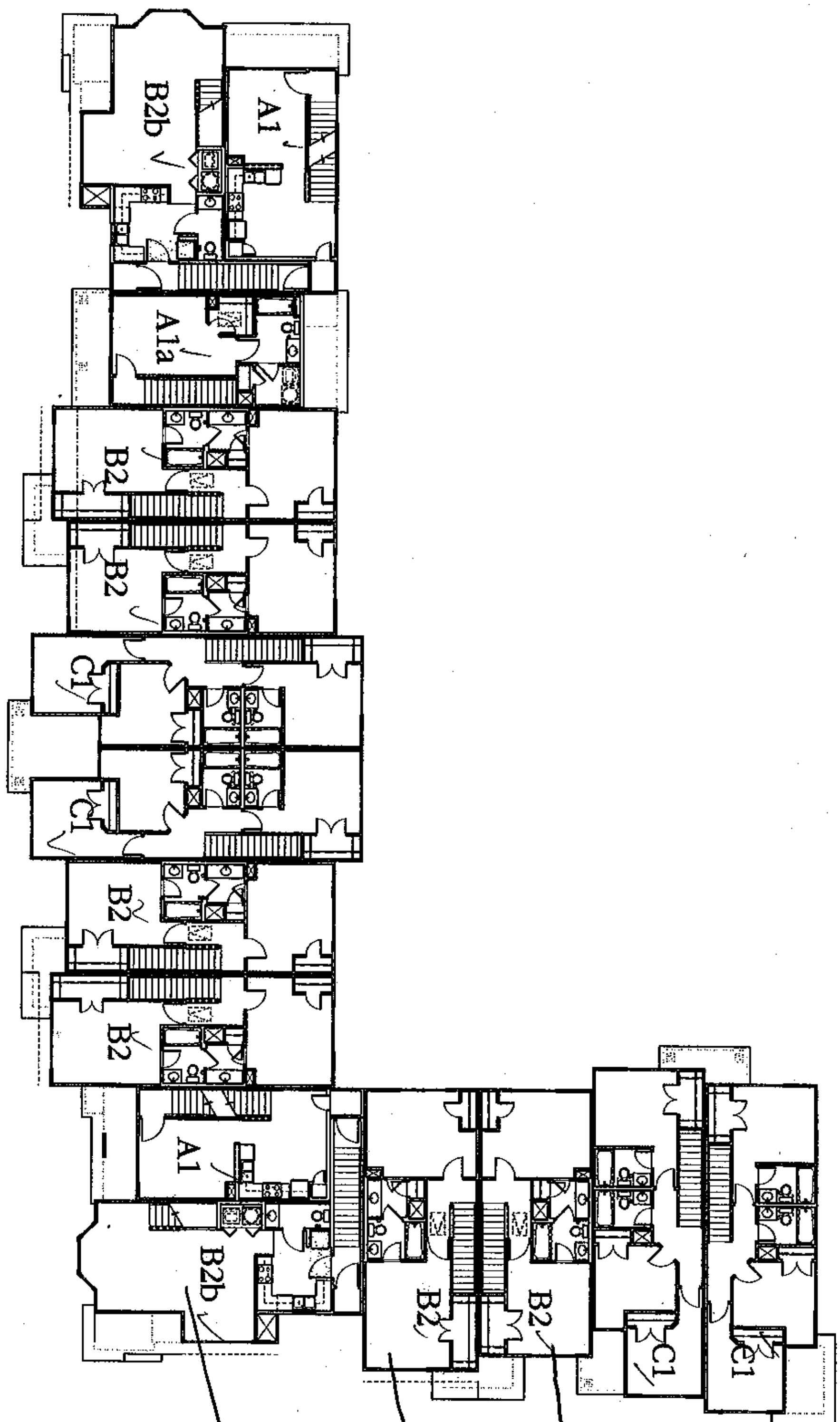
05082

Application

1057ф 1044ф 974ф

16 Floor Plan - Building Type I, Second Floor

SCALE: 1/8" = 1'-0"



Note:

1. All Building Types To Be 100% Masonry On Exterior
2. All Ceiling Heights To Be 8'-0" Unless Noted Otherwise
3. All Building Types To Have Covered Entries
4. All Building Types To Have Covered Patios And Balconies

1057ф lower level (½ bath)

1044ф and 974ф upper level (1 bath)

Building Plan - Building Type I, First Floor

A301

Sphinx at Luxar Villas

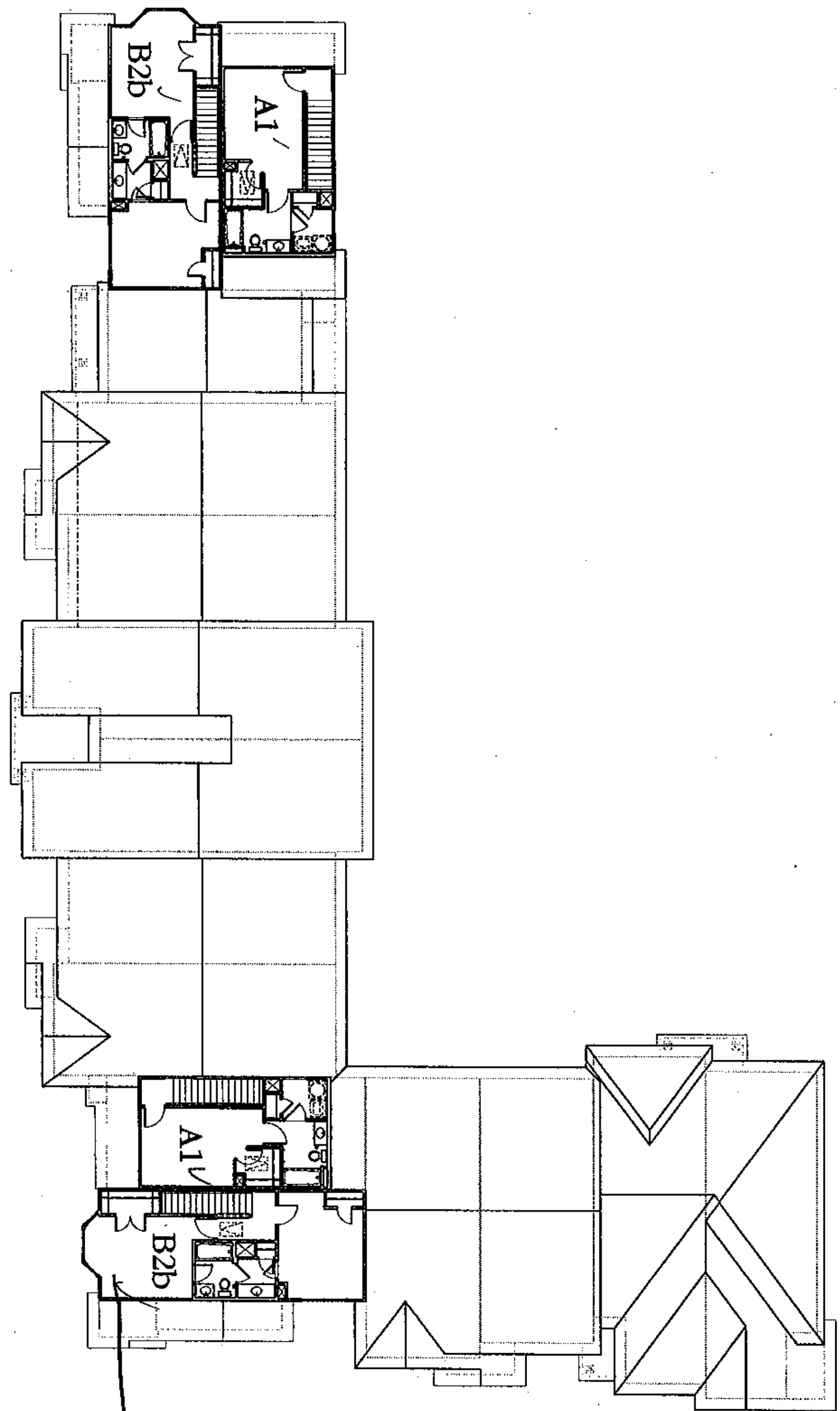
Dallas, Texas

JHP Architecture

Application 1057#

05082

16 Floor Plan - Building Type I, Third Floor
SCALE: 1/8" = 1'-0"



Note:

1. All Building Types To Be 100% Masonry On Exterior
2. All Ceiling Heights To Be 8'-0" Unless Noted Otherwise
3. All Building Types To Have Covered Entries
4. All Building Types To Have Covered Patios And Balconies

1057#
upper
level
(1 bath)

Building Plan - Building Type I, First Floor

Revision
Revision #1

Project Number:
Drawn By:
Tax Credit Submittal

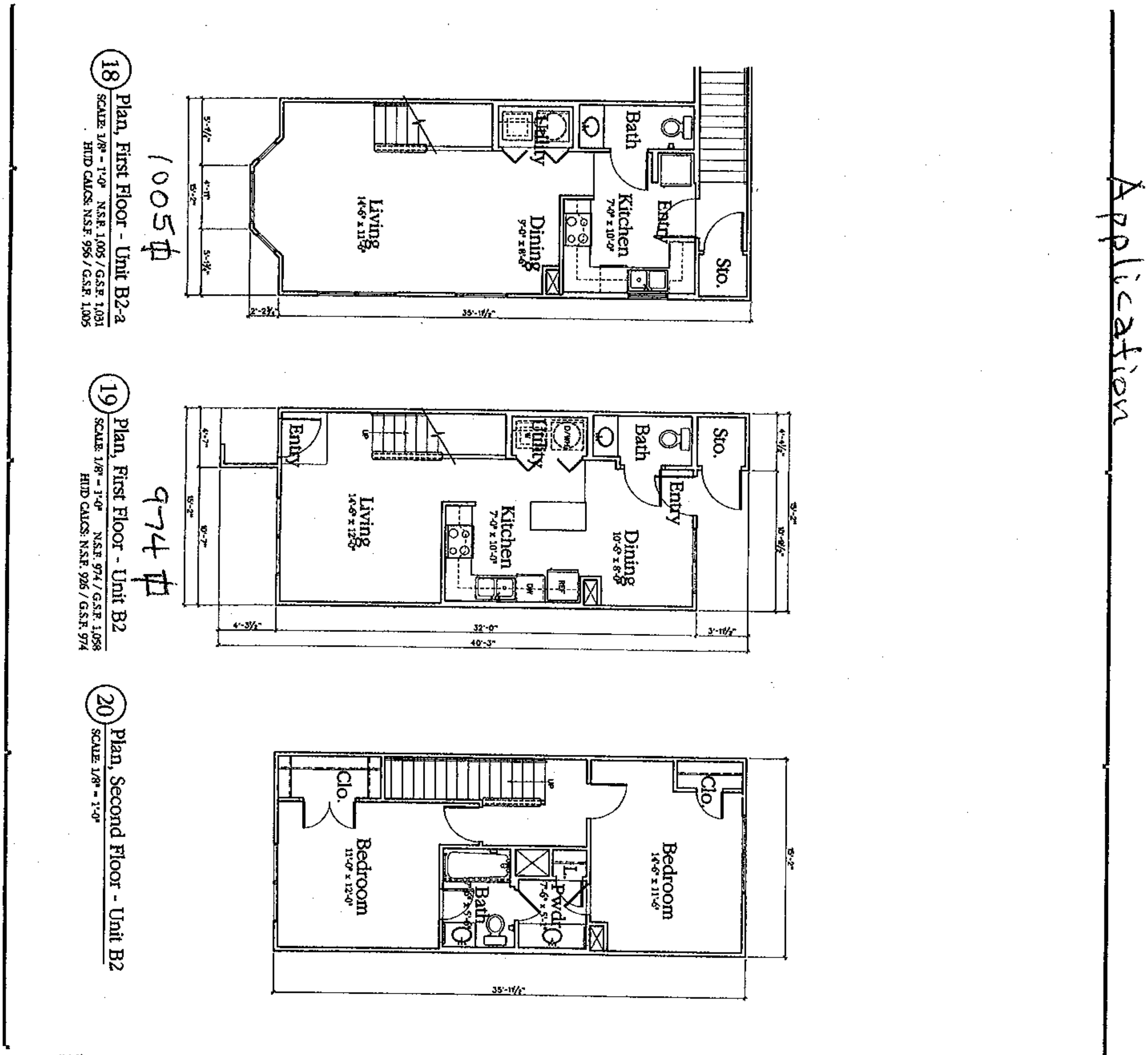
Sphinx at Luxar Villas

Dallas, Texas

Sheet:
A301

Application 1005 ф 974 ф

05082



Sphinx at Luxar Villas

A20

05095

SDC Ewing Court, L.P.

Oct. 20, 2008

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
P.O. Box 13941
221 East 11th Street
Austin, TX 78711-3941

NOV 18 2008

Re: Request for amendment on Sphinx at Reese Court Villas Site Plan
TDHCA #05095

Dear Mr. Sheppard:

Please accept this request to amend the above referenced Project to reflect the final constructed development Project. Certain changes occurred between the initially submitted Application and the Final Constructed Project due to unforeseen additional requirements by the City of Dallas which caused the lay-out of the development Project to be altered.

A major factor for the changes was due to previously unknown and newly imposed City requirements regarding the detention facility which was necessary for the Project to be approved. Further, as the Project progressed through the design process, it was determined by the City of Dallas that there were some additional zoning requirements that were previously not identified by the City when the site was preliminarily submitted and reviewed which would have to be addressed. The City imposed residential proximity slopes which further restricted the site lay-out of the development.

A major reconfiguration of the lay-out demanded by the City was the required relocation of the three-story nodes of the buildings to be relocated in specific areas of the site with the remaining two-story buildings to placed adjacent to the surrounding residential properties. In order to meet City requirements, the units originally configured in the proposed six (6) buildings in the Application was rearranged creating seven (7) buildings being constructed, however, the number of units remained the same at the total of 80 Units. Further, the reconfiguration and relocation of the buildings caused a change in the parking lay-out. Because of the extreme nature and sloping topography of the site, additional restrictions were imposed by the City which affected the parking lay-out and the finished floor elevations of all buildings as well as the top of curbs for all driveways and parking. Initially, 172 parking spaces had been planned and submitted in the Application, but finally a total of 139 spaces were finally constructed and provided either as surface, carport or garage spaces, which was finally approved by the City of Dallas as meeting the parking requirements for the development. Further, to meet City requirements, changes to the building and unit configuration were made which resulted in adjustment in actual number of units with ½ baths, but there were ***no changes were made to the Unit mix***, and in fact, actual constructed building area increased from 82,042 S.F. to 84,238 S.F.

There was also a conflict between the number half baths in the Rent Schedule and the Building/Unit Configuration Form submitted at application. The corrected Rent Schedule form is attached

As a result, we are requesting an Amendment to our Reese Court Application Site Plan with respect to the items as shown on the following table.

This is a comparison of the initial 80-Unit mix submitted with the original Application and the Final Constructed 80-Unit mix.

APPLICATION					FINAL CONSTRUCTED				
# Units	# Beds	# Baths	UNIT (SF)	AREA (SF)	# Units	# Beds	# Baths	UNIT (SF)	AREA (SF)
12	1	1	760	9,120	12	1	1	760	9,120
2	1	1	742	1,484	2	1	1	742	1,484
4	1	1	874	3,496	4	1	1	874	3,496
10	2	1.5	974	9,740	10	2	1.5	974	9,740
6	2	1.5	1,044	6,264	6	2	1.5	1,044	6,264
4	2	1.5	1,005	4,020	4	2	1.5	1,005	4,020
8	2	1.5	1,057	8,456	8	2	1.5	1,057	8,456
8	2	2	1,018	8,144	8	2	2	1,018	8,144
18	3	2.5	1,195	21,510	4	3	2.5	1,256	5,024
8	3	2	1,226	9,808	22	3	2	1,295	28,490
80				82,042	80				84,238

- The number of bedrooms and mix committed in the Application was provided.
- All units have at least one accessible half bath in the first floor.
- 14, less half baths than the number committed in the application were provided.
- Total gross square footage provided is 84,238 SF and 82,042 SF was committed in the application.
- 2,196 SF of excess building area was provided.

Sphinx At Reese Court (SDC Ewing Court, L.P.) respectfully request that:

1. the unit mix *(unit type and unit total)* be accepted as provided;
2. number of parking provided accepted ***(Garages: 25, Carports: 54, Open Surface: 53, Open Handicap: 4, Handicap Carport:2 Handicap Garage: 1)***, so long as meeting City of Dallas requirements; and
3. Accept the extra 2,196 SF and accept reduction in number of half bathrooms in exchange for this request.

Please sign in the space provided below to indicated your approval.

Thank you for your co-operation in this matter. I can be reached at 214 3421400 should you have any questions.

Very truly yours,

05095

SDC Ewing Court, L.P.
By:
It's General Partner

By Joseph Agumadu

Name Joseph N. Agumadu

Title Manager

Accepted:

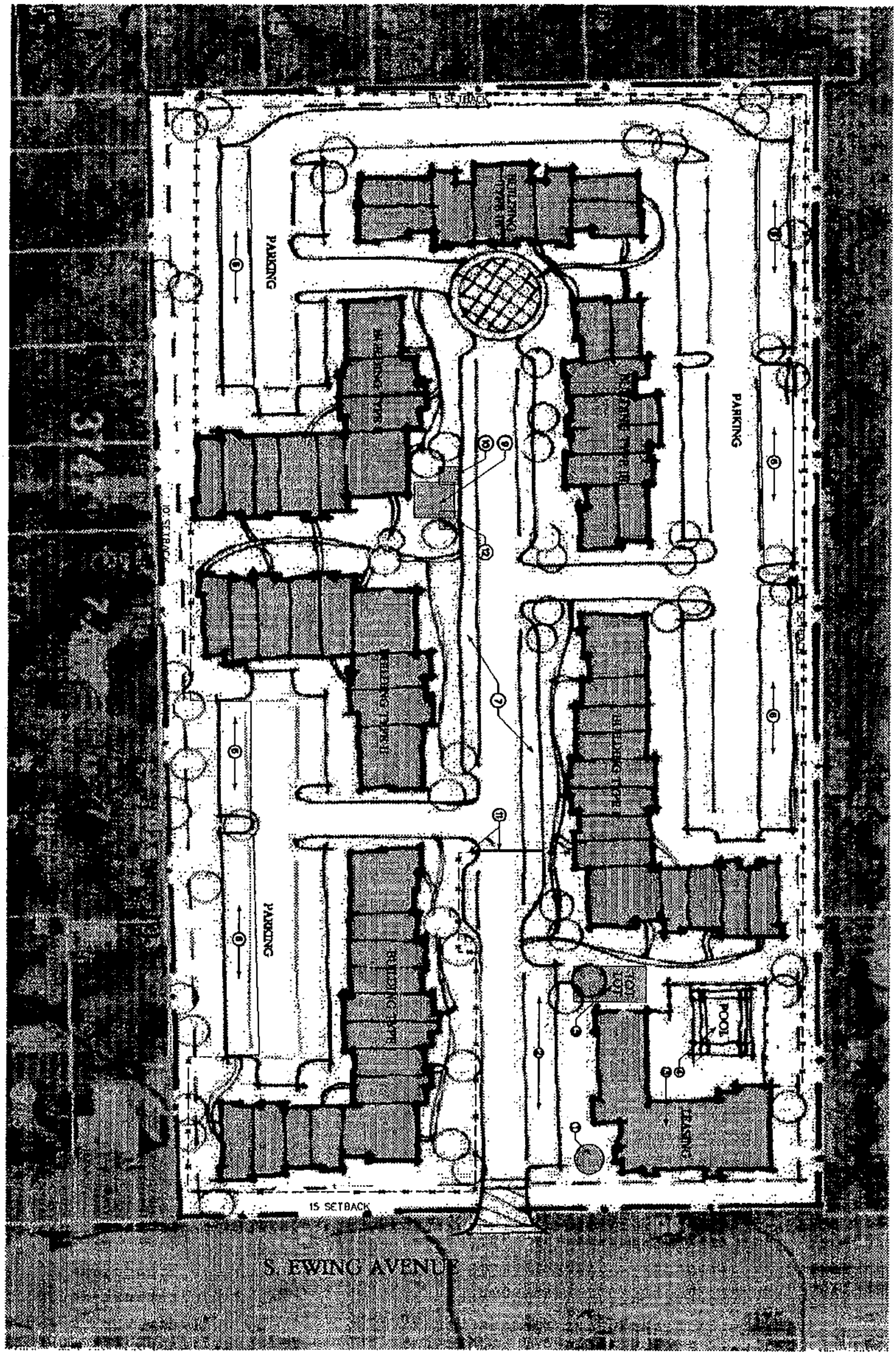
By:____________________ Date: ________________

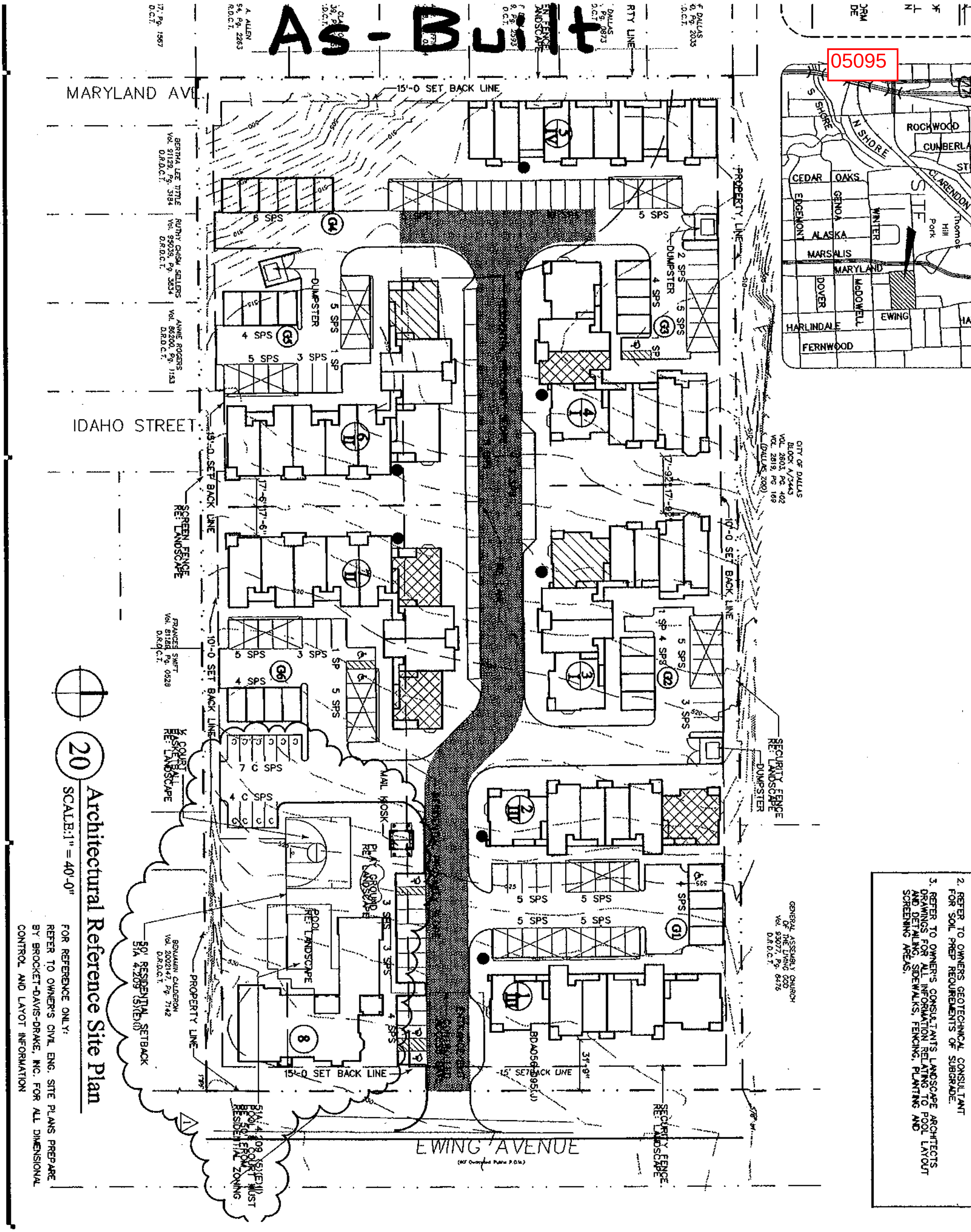
Title: ____________________

TDHCA

Application

05095



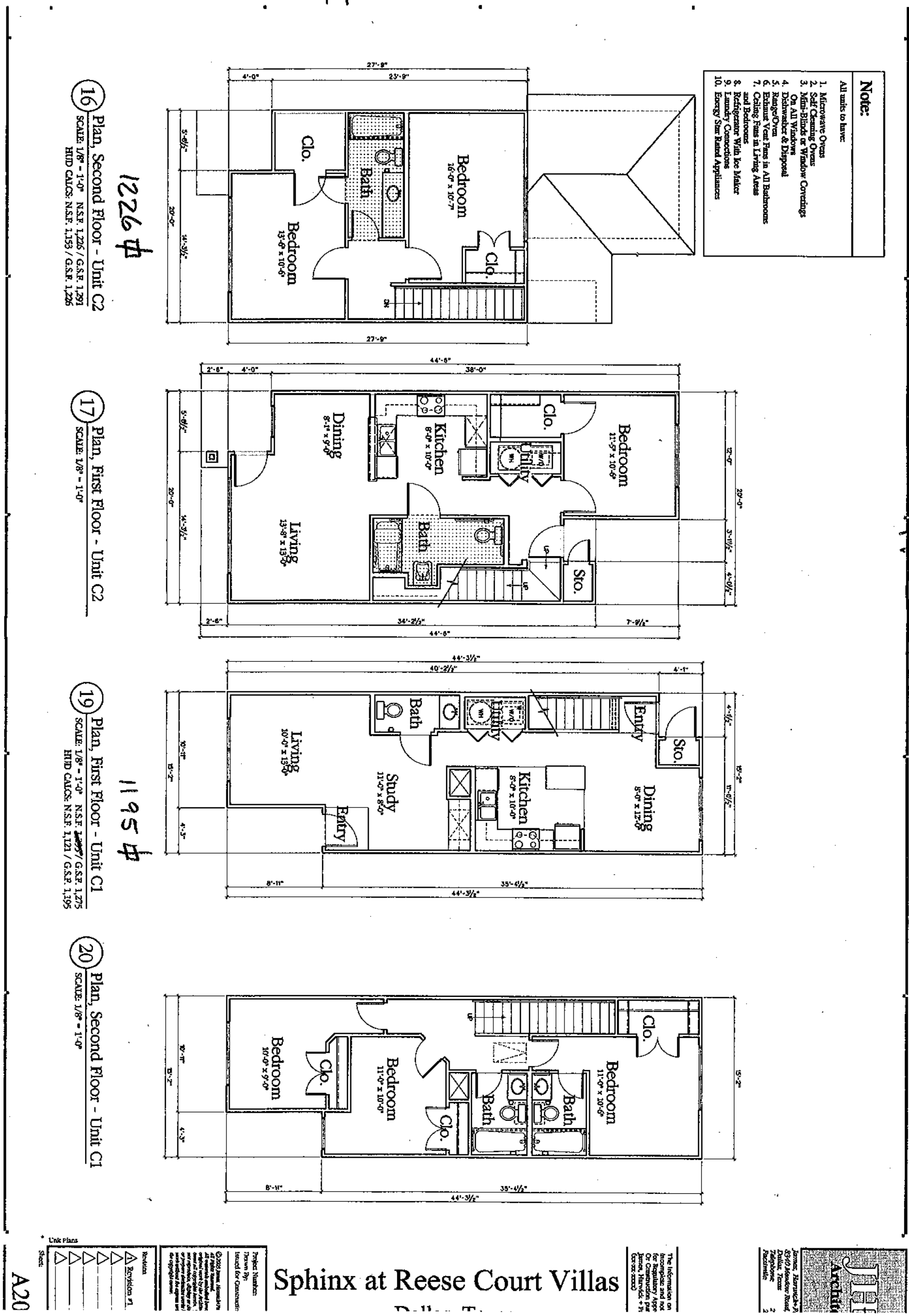


ARCHITECTURAL REFERENCE SITE PLAN

Sphinx at Reese Court

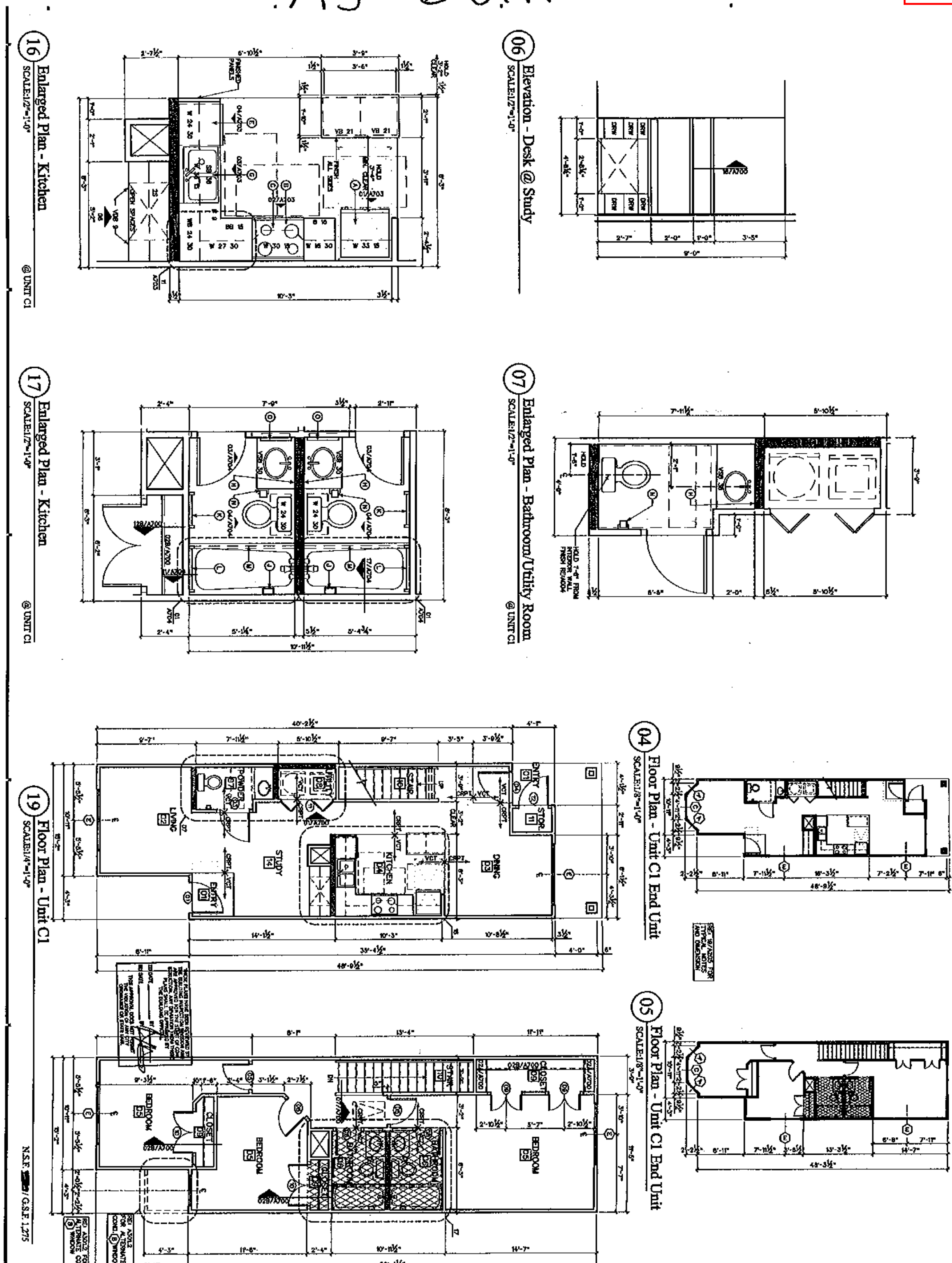
05095

Application 1195# 1226#



As-Built 1256

05095



UNIT PLANS - C1 UNITS

SPHINX DEVELOPMENT CORPORATION

Sphinx at Reese Court Villas

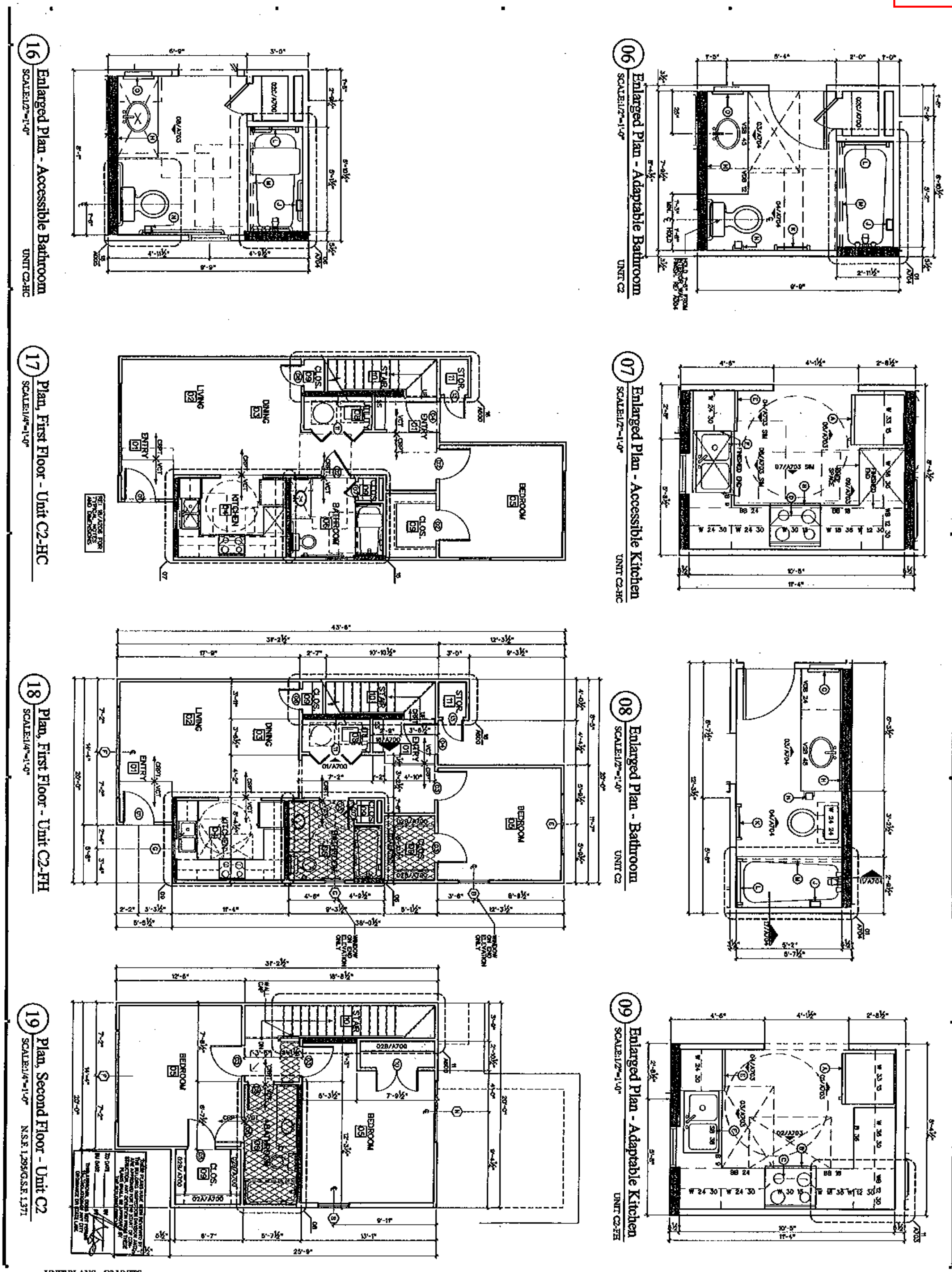
Dallas, Texas

JHP

A205

As-Built 1295 Φ

05095



1295

1295

UNIT PLANS - C2 UNITS

A206

Sphinx at Reese Court Villas

Dallas, Texas

SPHINX DEVELOPMENT CORPORATION

JHP

Application 1.5 not 2.5

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Required for All Rental Developments) REESE

Unit types should be entered from smallest to largest based on "# of Bedrooms"and "Unit Size", then within the same "# of Bedrooms" and "unit Size" from lowest to highest "Tenant Paid Rent/Unit".

Type of Unit designation should be one or more of the following based on the unit's rent restrictions:

Tax Credit: *(TC30%), (TC40%), (TC50%), (TC60%)*
501(c)(3) Mortgage Revenue Bond: *(MRB)*
HOME: *High (HH) or Low (LH)*
Other: *(OT) describe any "Other" restrictions on an attached sheet*
Housing Trust Fund: *(HTF30%), (HTF60%), (HTF65%)*

Units funded under more than one program, the "Income Level Served" should be the most restrictive - for example a LH and TC50% would be "50%".

The rent and utility limits available at the time the Application Packet is submitted should be used to complete this form. Gross Rent cannot exceed the HUD maximum rent limits. The unit mix and net rentable square footages should be consistant with the "Populations Served" section of the application, site plan and architectural drawings.

Type of Unit	Income Level Served	# of Units (A)	# of Bedrooms	# of Baths	Unit Size (Net Rentable Sq. Ft.) (B)	Total Net Rentable Sq. Ft. (A) x (B)	Gross Rent (C)	Tenant Paid Utility Allow. (D)	Tenant Paid Rent/ Unit (C) - (D) = (E)	Total Monthly Rent (A) x (E)
TC 30%	TC 30%	2	1	1.00	874	A3 1,748	373 374	65	309	618
TC 60%	TC 60%	2	1	1.00	874	A3 1,748	748 673	65	608	1,216
TC 60%	TC 60%	2	1	1.00	742	1,484	673	65	608	1,216
TC 60%	TC 60%	12	1	1.00	760	A1 9,120	673	65	608	7,296
TC 30%	TC 30%	4	2	2.00	1,018	B3 4,072	448	94	354	1,416
TC 60%	TC 60%	4	2	2.00	1,018	B3 4,072	898 822	94	728	2,912
TC 60%	TC 60%	8	2	2.50	1.5 1,057	8,456	822	94	728	5,824
TC 60%	TC 60%	4	2	2.50	1.5 1,005	4,020	822	94	728	2,912
TC 60%	TC 60%	6	2	2.50	1.5 1,044	6,264	822	94	728	4,368
TC 60%	TC 60%	10	2	2.50	1.5 974	B2 9,740	822	94	728	7,280
TC 30%	TC 30%	1	3	2.50	1,195	C1 1,195	518	116	402	402
TC 30%	TC 30%	2	3	2.00	1,226	C2 2,452	518	116	402	804
TC 60%	TC 60%	6	3	2.00	1,226	C2 7,356	962	116	846	5,076
TC 60%	TC 60%	17	3	2.50	1,195	C1 20,315	962	116	846	14,382
Rent Restricted Total		80				82,042				55,722
Market Rate		0				0				-
Market Rate						0				-
Market Rate						0				-
Market Rate						0				-
Market Rate						0				-
Market Rate						0				-
Market Rate Total		0				0				-
Employee/Owner Occupied*						0				-
Total Units		80				82,042				55,722
+ Non Rental Income Source #1			$4.59	per unit/month for:		Fees, laundry, cable,				367
+ Non Rental Income Source #2			$10	per unit/month for:		garages/carports				833
+ Non Rental Income Source #3				per unit/month for:		describe source here				-
= POTENTIAL GROSS MONTHLY INCOME										56,922
- Provision for Vacancy & Collection Loss							% of Potential Gross Income:		7.50%	4,269
- Rental Concessions										
= EFFECTIVE GROSS MONTHLY INCOME										52,653
x 12 = EFFECTIVE GROSS ANNUAL INCOME										631,834

* Only enter Employee/Owner Occupied Units if not included in rent restricted units shown above.

Application

05095

using gross SF not Net

Volume 1, Tab 2 ACTIVITY OVERVIEW

Part F. Building/Unit Type Configuration (Required for All Rental Developments)

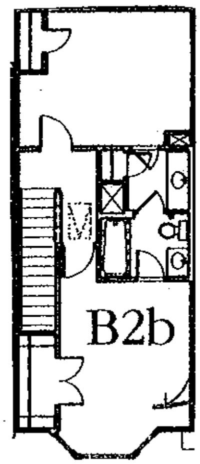
Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by unhiding the columns between J and Z in Excel.

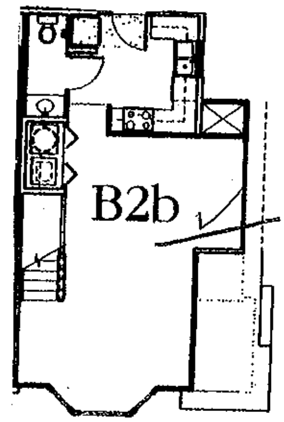
Sphinx at Reese Court Villas

				Building Configuration							
				Building Label	I	II	III			Total # of Buildings	
				Number of Buildings	2	2	2			6	
Unit Type					Number of Units Per Building					Total # of Units	Total Sq Ft for Unit Type
Unit Label	# of Bedrooms	# of Baths	Sq. Ft. Per Unit								
A-1	1	1.0	760		4	4	4			12	9,120
A-1a	1	1.0	742		2					2	1,484
A-3	1	1.0	~~874~~			4				4	3,496
B-2	2	1.5	974		6		4			10	9,740
B-2	2	1.5	1,044		6					6	6,264
B-2a	2	1.5	1,005			4				4	4,020
B-2b	2	1.5	1,057		4		4			8	8,456
B-3	2	2.0	1,018		4		4			8	8,144
C-1	3	2.5	1,195		8	10				18	21,510
C-2	3	2.0	1,226			4	4			8	9,808
										-	-
										-	-
										-	-
										-	-
										-	-
										-	-
										-	-
										-	-
										-	-
										-	-
				Totals	34	26	20	-	-	80	82,042

Application

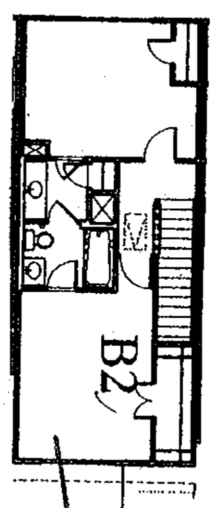
05095

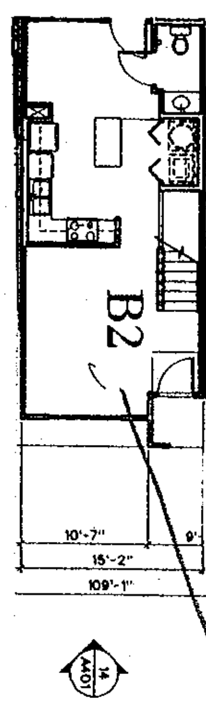




1057⏍
upper
level
(1 bath)

1057⏍
lower
level (½ bath)



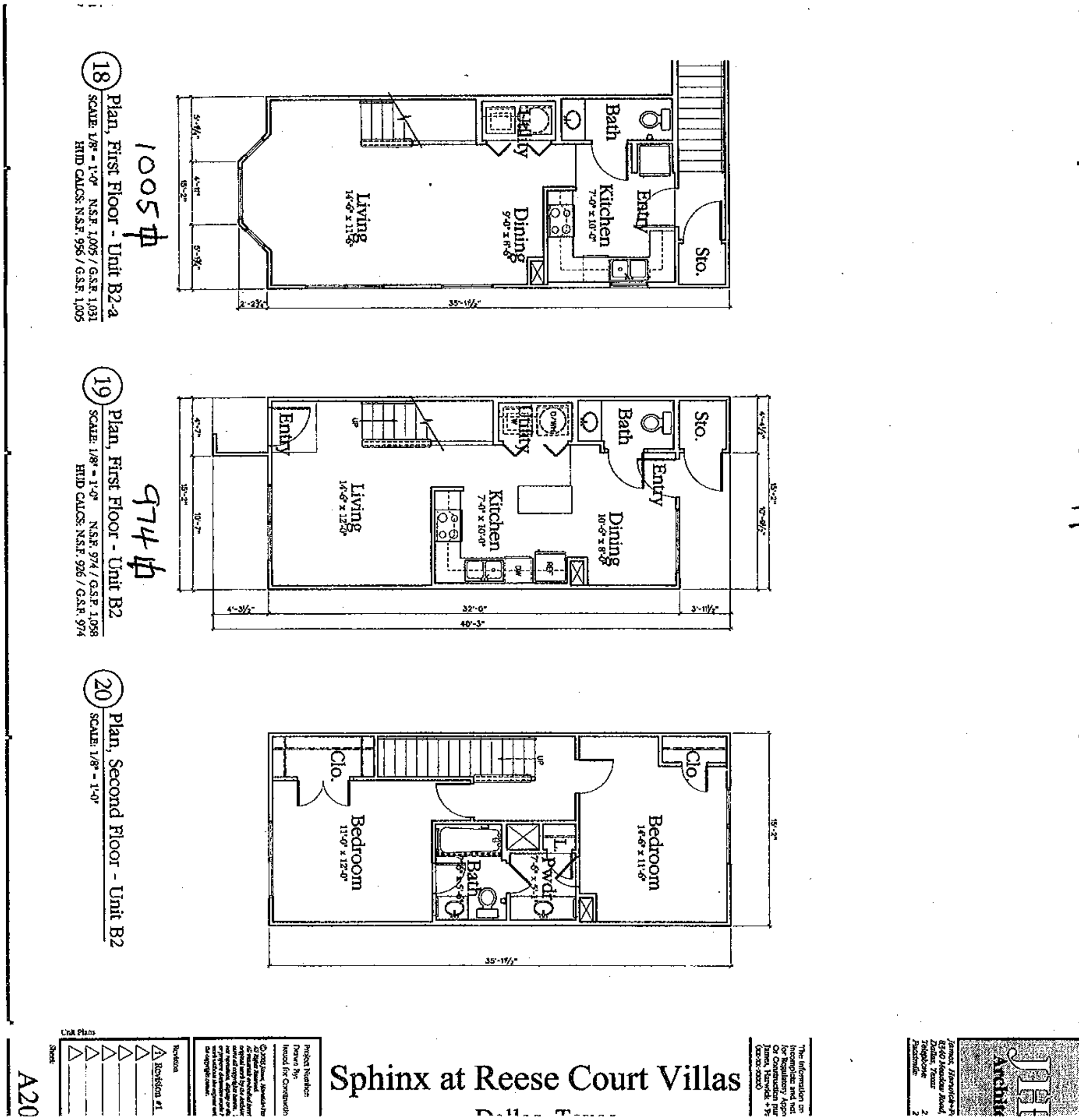


1044⏍
upper level
(1 bath)

1044⏍
lower level
(½ bath)

Application 1005 ф 974 ф

05095



PacifiCap

060408

October 15, 2008

Ben Sheppard
Multi-Family Finance and Production
Texas Department of Housing and
Community Affairs
221 E. 11th
Austin, TX 78711-3941

development

RE: Amberwood Apartments, TDHCA File No. 060408
Application Amendment Request

Dear Mr. Sheppard:

construction

Enclosed, please find our request for an Amendment for Amberwood Apartments, TDHCA File No. 060408. Amberwood Apartments Limited Partnership respectfully submits this amendment request to waive the Threshold requirement, "Ceiling fans in living areas and bedrooms," thereby amending the Amberwood 2006 Tax Credit Application.

Per our phone conversations, I believe I have included all of the pertinent information regarding this request. However, please do not hesitate to contact me at hboyd@pacificap.com or 503-288-6210 ext. 12 if you have any questions or require further information. Thank you for your assistance.

Sincerely,

management

Heather M Boyd

Heather M. Boyd
Assistant Vice President

Received

Compliance

PacifiCap Properties Group
412 NW 5th Avenue
Suite 200
Portland, OR 97209
Ph. (503) 288-6210
Fax (503) 288-6209

060408

060408

AMBERWOOD APARTMENTS

EXPLANATION FOR AMENDMENT

Request

Amberwood Apartments ("Amberwood") is a 310 unit multi-family housing complex, originally built in 1964 and redeveloped in 2006 utilizing low income housing tax credits and tax exempt bonds issued by the El Paso Housing Finance Corporation. Amberwood Apartments Limited Partnership respectfully submits this amendment request to waive the Threshold requirement, "Ceiling fans in living areas and bedrooms," thereby amending the Amberwood 2006 Tax Credit Application (the "Application"). Currently, each unit has one ceiling fan in the living room/dining area.

New Systems

During the course of the rehabilitation, all residents received a completely new HVAC system for heating and cooling their units. The new system installed included 90% efficient gas furnaces and 13 seer rated cooling units and provided increased ventilation throughout the unit. One and two bedroom units received two ton equipment and three bedroom units received three ton equipment. A two ton unit delivers 1,200 CFM circulation, while a three ton unit circulates 1,600 CFM, dramatically improving air circulation for the residents over the circulation that would be provided by installing additional ceiling fans in the bedrooms alone.

Dollars and Cents

The Application budgeted $1,007,000 for HVAC, which included $450,000 for necessary roof repairs and upgrades to support the new HVAC system. This covered additional structural support for the new cooling condenser units, repair of roof damage caused from the original swamp coolers, thru-roof penetrations from new venting systems and blocking out roofing for new condensate and condensing lines. If this $450,000 had been added to the Roofing line item, Roofing would have equaled $986,000 on the Application, with HVAC in the amount of $557,000.

During the rehabilitation process, it was decided that the HVAC system would be upgraded for the well being of our residents and longevity of the property. Upgrading the HVAC system provided residents with higher efficiency heating systems, better air circulation and more secure plumbing valves, but came with a total additional cost of $120,000. Adding fans per the Application would have cost only $21,700, but would not have provided the superior comfort to our residents. As the attached final cost certification shows, the final HVAC cost was $677,000 and the final Roofing cost was $986,000.

Results

Based on the size of these units, ceiling fans would cause unnecessary air circulation and make the high efficiency units work harder. With the capacity of these forced air units and the installed air return system, the impact of a ceiling fan is insignificant and unnecessary. In the tradeoff between ceiling fans and a higher qualify, more efficient HVAC system, the superior HVAC system is the better choice for our residents.

07309

KILDAY REALTY CORP.

November 25, 2008

Ms. Robbye Meyer
Director of Multifamily Finance
Texas Department of Housing & Community Affairs
221 East 11th
Austin, Texas 78701

Re: Request for Amendment to Glenwood Trails, HTC Application #07309

Dear Robbye:

Please accept this letter, along with the $2,500 check, as a formal request for amendment to Glenwood Trails (HTC Application #07309) to reduce the number of units from 114 to 96.

Originally, Glenwood Trails received an annual award of $942,176. Recently, pursuant to actions taken by the TDHCA Board at the November meeting, Glenwood Trails received an additional annual award of $232,485 for a total allocation amount of $1,174,661. While these additional tax credits assist the financing for Glenwood Trails, there is still a large financing gap to be addressed.

The additional tax credit allocation addressed the large decrease in syndication rates, but the rates continue to fall. We submitted an updated syndication letter for $.785 in late September 2008. Rates have now fallen into the low to mid 70's (we are using $.75 in our updated application documents). The additional tax credit allocation also addressed, to some extent, the significant increase in costs since the original allocation. The 10% increase in allowable sitework and direct construction costs helps and is much appreciated, but our current construction costs have increased approximately 14%. Additional costs include significant increases in interest rates and insurance rates due to the tightening credit markets and Hurricane Ike. We have also incurred increases in our pre-development loan carrying costs due to the delay in closing.

To address this financing gap caused by the falling syndication rates and increased costs, we are asking the TDHCA to allow us to reduce the total units from 114 to 96 while maintaining the approved Tax Credit allocation amount. This reduction in units, and corresponding reduction in total construction costs, would bring Glenwood Trails' sources and uses in line with the currently allocated tax credit amount and make Glenwood Trails a viable and attractive development for syndicators and lenders during this unsettled time in the affordable housing industry.

We are enclosing the following documentation for Glenwood Trails Apartments, TDHCA #07309 (a 2007 non-closed transaction):

1. Revised TDHCA form Tab 2 – Populations Served, Part B. Rent Schedule.
2. Revised TDHCA form Tab 2 – Activity Overview, Part D. Annual Operating Expenses
3. Revised TDHCA form Tab 2 – Activity Overview, Part E. 30 Year Operating Proforma
4. Revised TDHCA form Tab 2 – Activity Overview, Part F. Building/Unit Type Configuration
5. Revised TDHCA form Tab 3 - Activity Overview, Part A. Development Cost Schedule
6. Revised TDHCA form Tab 4 - Funding Request, Part A. Summary Sources and Uses of Funds
7. Updated Site Plan

If you have any questions regarding the documents submitted, please contact me at your convenience. We thank you in advance for your consideration of this matter.

Sincerely,

Les Kilday
Vice President
Kilday Realty Corp, Owner of GP

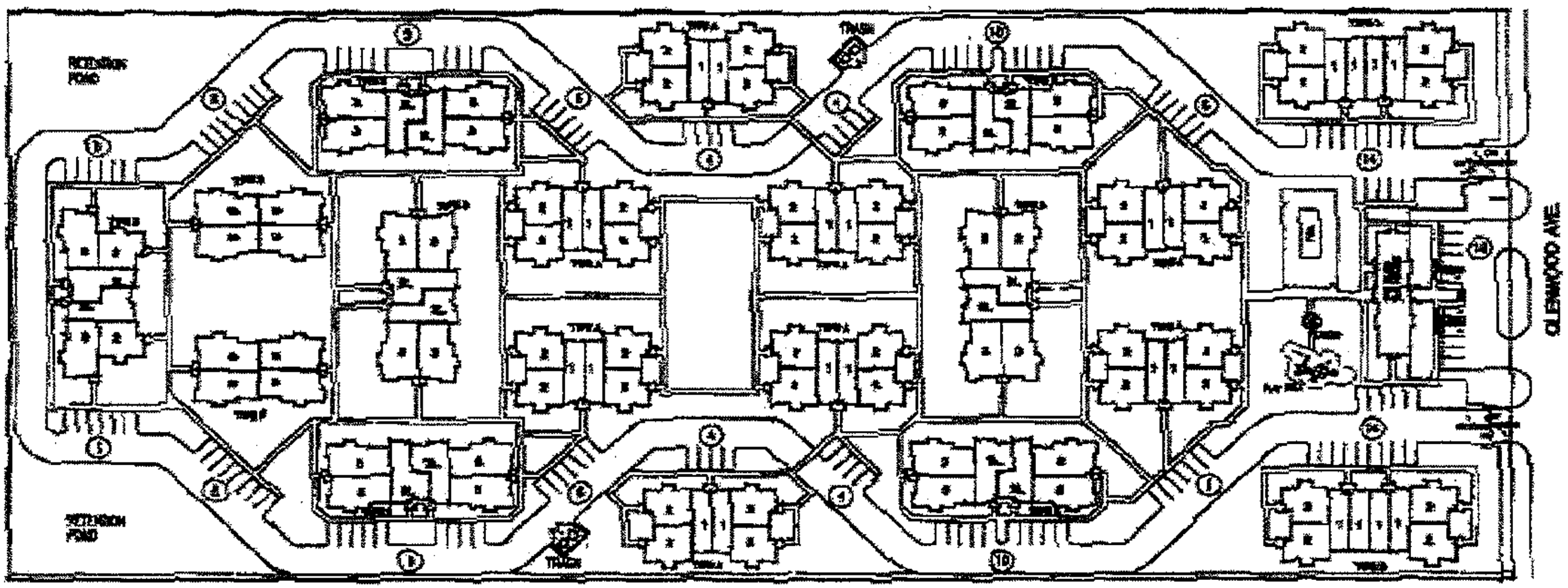
1717 ST. JAMES PLACE SUITE 150 HOUSTON, TEXAS 77056 (713) 914-9400 FAX (713) 914-9439

Application

07309

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	3	5	6						Total Buildings
Floors/Stories	1	1	1	1	1						
Number	8	2	6	1	2						**19**

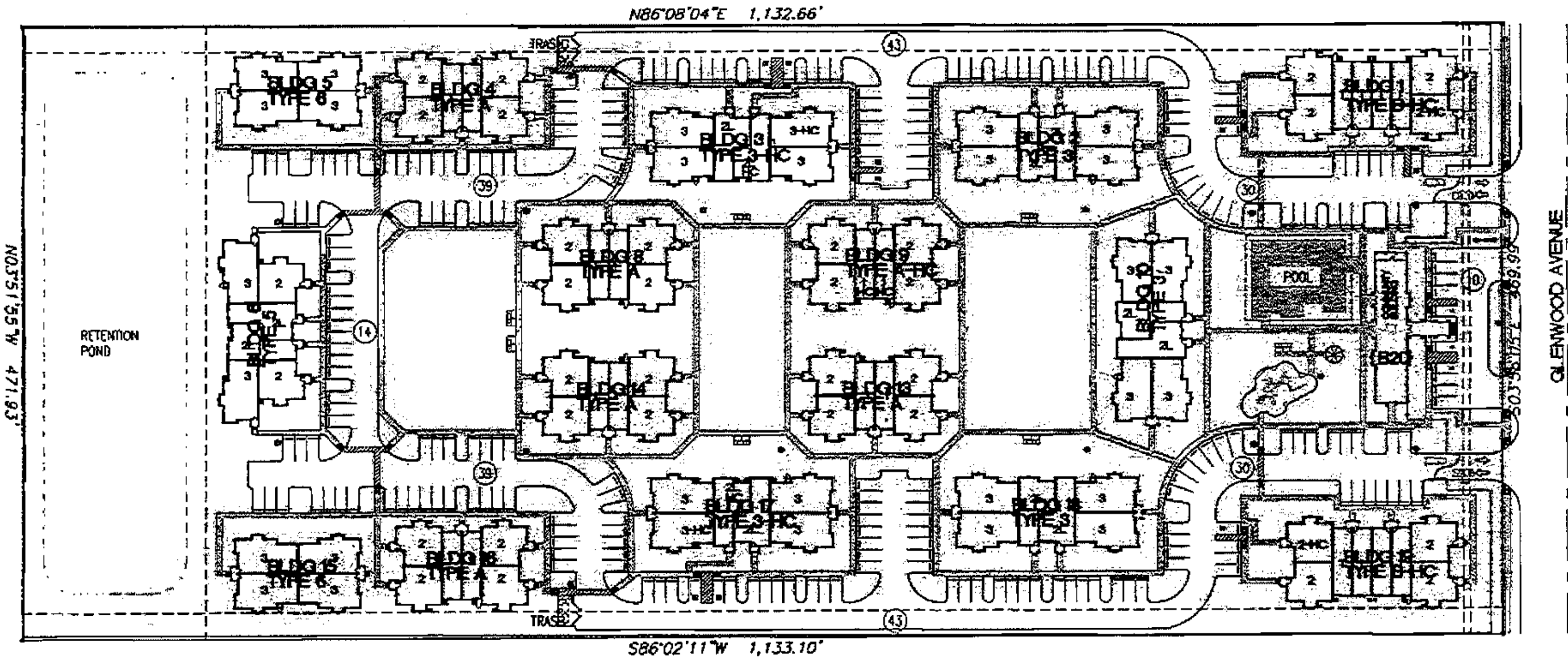
residential

BR/BA	SF	Units										Total Units	Total SF
1/1	750	2	4									24	18,000
2/1	950	4	4	2	4							56	53,200
3/2	1,120			4	2	4						34	38,080
Units per Building		6	8	6	6	4						**114**	**109,280**

SITE ISSUES

Amendment

07309



NO	BLDG TYPE	1-BED	2-BED	3-BED	U/BLDG	U. TOTAL	SF/BLDG	TOTAL S.F.
6	TYPE A	2(750 SF)	4(950 SF)		6 6	36	5,300 SF	31,800 SF
2	TYPE B	4(750 SF)	4(950 SF)		8 8	16	6,800 SF	13,600 SF
5	TYPE 3		2(950 SF)	4(1120 SF)	6 6	30	6,380 SF	31,900 SF
1	TYPE 5		4(950 SF)	2(1120 SF)	6 6	6	6,040 SF	6,040 SF
2	TYPE 6			4(1120 SF)	4 4	8	4,480 SF	8,960 SF
1	CLUBHOUSE							2,575 SF
17	TOTAL	25 UNITS	46 UNITS	30 UNITS		96		94,875 SF

PARKING:
96 UNITS x 2.333 = 224 PARKING REQUIRED
248 PARKING PROVIDED

GLENWOOD TRAILS APTS.
AFFORDABLE FAMILY HOUSING P.U.D.
DEER PARK TEXAS
SCALE: 1"=80'-0"
NOV. 21, 2006

JIM GWIN ARCHITECTS, INC.
3100 EDLOE SUITE 320
HOUSTON, TEXAS 77027 (713) 529-6262

PAST BOARD ACTIONS AFFECTING APPLICANTS, OWNERS AND DEVELOPERS WITH

PARTICIPATION IN THE CURRENT AMENDMENT REQUESTS

The pages that follow are records of past Board actions on amendment requests that are associated with the current requests via the participation of applicants, owners and developers that are in common with both. The numbers in the top right corner of the pages indicate the corresponding current request. The following pages name the applicable applicant, owner or developer below the text that describes the changes.

01004

Texas Department of Housing and Community Affairs

Housing Tax Credit Program

U.S. Mailing Address: P.O. Box 13941, Austin, Texas 78711-3941
Private Carrier Delivery: 507 Sabine, Suite 400 Austin, TX 78701
Telephone: (512) 475-3340 Telecopier: (512) 475-0764

To: Mr. Brent Stewart **NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST HEARD 1/31/08**

HTC No. 01420, Park at Pineywoods

This request is one of several that have come before the board in recent months in which the Limited Partner (SunAmerica) was involved in the removal of the original general partner. The Department approved a transfer of the sole general partner interest to an affiliate of SunAmerica on September 11, 2001. SunAmerica later contracted an affiliate of Trammell Crow Residential (TCR) to develop the property. According to TCR the original proposed development was determined to be infeasible and the Department was asked to approve changes. Brent Stewart with TCR asserts that the Executive Director of the Department in 2002 (Edwina Carrington), met with Mr. Stewart, Chris Bergman (also with TCR), and Alan Fair of SunAmerica to discuss changes in the development. Mr. Stewart states in this amendment request that the result of the meeting was that the Department advised the owner to build the development and submit the changes to the Department at the time of cost certification. The sole record of the meeting found in the allocation file consisted of notes written by the Department's Compliance Manager at the time (Sara Newsom), on the cover page of a facsimile transmission received on September 13, 2002. It is not known if Ms. Newsom attended the meeting, nor is the source of the information in the notes known. Ms. Newsom's notes follow:

> Met w/ Edwina & Sun
> Rob Burchfield got Bond award -
> TDHCA approved SunAmerica
> Apr – May 01 Bonds closed
> construction not started
> 100% stone, 100 garage – no way to Build under Bonds -
> Sun asked Tram to step in as GP
> not carrying the GP risk-
> [word unknown] to subs GP - so they can start building -

TCR reported in its letter of request that approval has been requested now, not earlier, because of the Department's instruction to request approval at cost certification.

The changes made include changes in the number and design of the buildings; the number of units, unit mix, unit sizes and configuration of the residential units; and changes in the amenities. The development as proposed in the application and as built are compared in the table below. Due to several of these changes, this must be reviewed by the Board in accordance with statute. The table differs in some instances from the facts presented in the letter requesting the amendment because TCR did not have the complete file. The differences are noted in the applicant's letter by Department staff's handwritten edits.

	Application		Cost Cert	
Number of Residential Buildings		26		16
Common Area		3,546		4,046
Rentable Area		193,528		193,124
Units & Avg Size	208	930	188	1,027

Units	Application		Cost Cert	
	units	sq.ft.	units	sq.ft.
1BR/1Bath	48	668	8	684
	28	710		
total units & average size	76	676	8	684
1BR/1.5Bath	NA	NA	16	795
	NA	NA	4	826
total units & average size	NA	NA	20	801
2BR/1.5Bath	NA	NA	88	1027
total units & average size	NA	NA	88	1027
2BR/2Bath	56	950	24	1102
2BR/2Bath	24	983	4	1128
total units & average size	80	960	28	1106

3BR/2.5Bath	52	1246	44	1143
total units & average size	52	1246	44	1143
Grand Total Units & Avg Size	208	930	188	1027
Grand Total Rentable Area		193,528		193,124

Deficient Features	Application	Cost Cert
Garages	208	None
Exteriors	35% Stone/ 65% Cement-board	100% Cement-board
Microwaves	Yes	None
Tub Surround	Tile & Fiberglass	Fiberglass
Other Features		
25 year architectural shingles	None	Yes
R-15 walls/R-30 ceilings	None	Yes
Energy Star appliances	None	Yes
Computer facilities	None	Yes
Recreation Room	Fitness	Fitness

Governing Law: §2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the site plan, a modification of the number of units or bedroom mix of units, and any other modification considered significant by the board.
Owner: Montgomery Trace Apartments, L.P.
General Partner: Montgomery Trace Apartments I, L.L.C.
Current Developer: Trammell Crow
Original Developer: Robert and Dorothy Burchfield
Current Principals Parties: Trammell Crow
Original Principals: Pro-Connection, Inc., Robert and Dorothy Burchfield, J. Craig Nelson)
Syndicator: AIG SunAmerica
Construction Lender: AIG SunAmerica
Permanent Lender: AIG SunAmerica
Other Funding: NA
City/County: Conroe/Montgomery
Set-Aside: Tax-Exempt Bond Financing (Lend Lease Mortgage – issuer)
Type of Area: Exurban
Type of Development: New Construction
Population Served: General Population
Units: 208 HTC units
2001 Allocation: $682,327
Allocation per HTC Unit: $3,280
Prior Board Actions: 4/01 – Approved award of tax credits
Underwriting Reevaluation: Pending

Staff Recommendation: **Staff recommends approving the request with the addition of microwaves in all the units.**

Penalty Assessment: **No penalty assessment is recommended because there were discussions with the Department prior to the implementation of the amendments.**

THE REQUEST ABOVE WAS APPROVED AS RECOMMENDED AT THE BOARD MEETING OF JANUARY 31, 2008. THE APPROVAL WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING. THIS NOTIFICATION MUST BE INCLUDED IN YOUR COST CERTIFICATION.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

Texas Department of Housing and Community Affairs

Housing Tax Credit Program

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01004

To: Ms. Tamea Dula, Esq. **NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST HEARD 12/20/07**

HTC No. 00032T, Victory Apartments

Summary of Request: The owner, 100 Victory, L.P., and the sponsor, the Houston Housing Authority, request approval to change the income targeting levels that were a condition of the original Underwriting Report. The original application in 2000 was for 100 units at 60% of Area Median Gross Income (AMGI). The original rent schedule was said to have shown less than the maximum tax credit rents because all units are also public housing, where tenants pay no more than 30% of their actual monthly income for rent. The original rent schedule was said to have been an attempt to state the restrictions and goals of the public housing authority in the somewhat dissimilar terms of the tax credit program. The rents used by the applicant in the rent schedule and by the Department in the original underwriting report were the same (within one dollar per unit). Consistent with the rent schedule, underwriting report and with the Department's understanding of the applicant's intentions from conversations with the applicant's financial consultant, the underwriting report conditioned the development to restricting one-third of the units to households with 0% to 15% of AMGI, another third to those with 16% to 30% of AMGI and the final third to those with 31% to 40% of AMGI. The owner indicated that its intent in providing the information in the rent schedule was not to restrict the incomes beyond 60% AMGI, but only to show the probable actual rental income from the development.

The approval of the housing tax credits was made in conjunction with an issuance of tax-exempt bond financing with a local issuer. For bond covenant purposes, rents are restricted to 50% of AMGI and incomes restricted to 60% of AMGI. There are no issues involving scoring or competition with other applications.

As public housing units, 100% of the units in the property are entitled to an operating subsidy based upon the deficit between the maintenance costs and the rental income. The U.S. Department of Housing and Urban Development (HUD) is reportedly currently only paying 82% of the deficit and therefore is not providing the full subsidy needed to support the units as proposed. Originally, the underwriting report estimated that this subsidy would not be needed if the development achieved its targeted rents. Because of concern about the financial feasibility of the development, the owner is now requesting to restrict both the rent and income of 37 units to households with 30% of AMGI, another 37 units to those with 40% of AMGI and the final 26 units to those with 50% of AMGI. This will decrease the subsidy to the development because the maximum subsidy is limited to the lesser of 90% of HUD's subsidy to the housing authority for public housing units and the difference between rental income and operating expenses, excluding debt service. Public housing is not permitted to carry debt service.

The development currently has ten tenants over the 50% income of AMGI. The owner is requesting relief from the income restriction for these ten tenants. The owner's counsel stated that the ten units were rented based on the restrictions proposed in the application and apparently in ignorance of the condition of the determination notice that increased the restrictions. The units will be replaced with 50% income qualified tenants as the current tenants leave. Both the two permanent lenders, the City of Houston and Victory Street Housing Facilities Corporation, and the syndicator, Enterprise Social Investment Corporation, agree that the development is at a financial risk without the changes requested and all have submitted letters confirming this as required under Section 50.17(d)(8) of the 2008 QAP.

The owner requests that, if a penalty is applicable to this request, the penalty be waived because the request is not an attempt to renege on the original development proposal.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	100 Victory, L.P.

General Partner:	Victory Redevelopment Corporation
Developers:	Housing Authority of the City of Houston
Principals/Interested Parties:	Housing Authority of the City of Houston; The Chase Affordable Housing Fund, L.P. (investor, only)
Syndicator:	The Enterprise Social Investment Corporation
Construction Lender:	Bank of America
Permanent Lender:	Bank of America, Victory Street Public Facility Corporation
Other Funding:	City of Houston HOME Funds
City/County:	Houston/Harris
Set-Aside:	Tax Exempt Bond Financing
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	General Population
Units:	100 HTC units
2000 Allocation:	$356,004
Allocation per HTC Unit:	$3,560
Prior Board Actions:	7/00 – Approved award of tax credits
Underwriting Reevaluation:	The proposed change will not impact the financial feasibility due to the existence of the ongoing operating subsidy that is controlled by the general partner (Houston Housing Authority)
Staff Recommendation:	**Staff recommends denying the request because the request will not serve the lowest income level tenants as originally agreed upon.**
Penalty Assessment:	**If the Board approves the amendment as is, the staff recommends the assessment of penalty under Section 50.9(c) of the QAP (stated earlier in this presentation) as well as consistency of the Board's decision with Section 50.17(d)(8) of the QAP which states: "For amendments that involve … a reduction in the number of low-income Units at any level of AMGI represented at the time of Application … [T]he Board may or may not approve the amendment request, however, any affirmative recommendation to the Board is contingent upon concurrence from the Real Estate Analysis Division that the Unit adjustment (or an alternative Unit adjustment) is necessary for the continued feasibility of the Development."**

THE REQUEST ABOVE WAS APPROVED, WITH PENALTIES WAIVED, AT THE BOARD MEETING OF DECEMBER 20, 2007. THE APPROVAL WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING. THIS NOTIFICATION MUST BE INCLUDED IN YOUR COST CERTIFICATION.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

05082 & 05095

Texas Department of Housing and Community Affairs

Housing Tax Credit Program

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July 5, 2005 **NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST**

To: Joseph Agumadu SDC Investments, L.P. Facsimile: 214-342-1409

Ewing Villas Apartments, HTC Development No. 01050 **Approved**

Summary of Request: Applicant requests approval for changes in the unit mix. The changes in unit mix are shown in the following table:

	Application				As Amended			
Income Level	50%	60%	Mkt	Totals	50%	60%	Mkt	Totals
3BR/2Bath	13	11	8	32	13	14	8	35
4BR/2Bath	18	18	12	48	18	15	12	45
Total	31	29	20	80	31	29	20	80

The Department originally underwrote the application with 32 three bedroom townhomes and 48 four bedroom townhomes. The net change is three fewer four bedroom units and three more three bedroom units. The site's sloping topography was more challenging than expected and site work costs exceeded the original estimates by approximately $775,000. The problematic topography ultimately required changes in the original building plans, which in turn dictated changes in the unit mix.

The requested modification would not have affected the score of the application or the selection of the application for an award.

Governing Law:	§2306.6712, Texas Government Code. The code states that material alterations include a modification of the number of units or bedroom mix of units.
Applicant:	SDC Investments, L.P.
General Partner:	Sphinx Development Corporation (Managing GP)
Developer:	Sphinx Development Corporation
Principals/Interested Parties:	Jay O. Oji (Owner of MGP and Developer)
Syndicator:	Wachovia Securities
Construction Lender:	J.P. Morgan Chase
Permanent Lender:	FHLMC
Other Funding:	NA
City/County:	Dallas/Dallas
Set-Aside:	General
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	General Population
Units:	60 HTC units and 20 market rate units
2001 Allocation:	$685,000
Allocation per HTC Unit:	$11,417
Prior Board Actions:	7/29/01 - Approved award of tax credits.
Underwriting Reevaluation:	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.**

THIS REQUEST WAS APPROVED AT THE BOARD MEETING OF JULY 27, 2005. THE APPROVAL WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

Texas Department of Housing and Community Affairs

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05082 & 05095

To: Cynthia Bast NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST HEARD 9/13/07

HTC No. 99005, The Homes of Parker Commons (forward commitment to HTC No. 98169)

Relevant Background Information: The application was approved in 1998 as a forward commitment of allocation from the 1999 State Housing Tax Credit (HTC) ceiling. The applicant/owner was Sphinx Development with Jay Oji as principal of the general partner. M. Myers Development, Inc. was approved to join the development team in December 1998 as co-general partner and general contractor of the development. Additionally in 1998, a change was approved in the unit mix, which reduced the number of three bedroom units (the original application received eight (8) points for the larger units). At that time, the development team change and the unit mix changes were approved by the former Manager of the HTC program, Cherno Njie. The carryover allocation for this development was executed in December 1999 and all buildings were placed in service between June and September of 2001. In July 2004, the general partner was replaced with Affordable Housing GP 668, L.L.C., an affiliate of the syndicator AIG, at the request of the AIG Retirement Services, Inc (the syndicator). The Department approved the replacement of the general partner which eliminated the Historically Underutilized Business (HUB) (the original application received five (5) points for the HUB) from the general partner. The cost certification was submitted on July 12, 2005.

The current letter of request from the owner's counsel states that the syndicator contributed $2.8 million more to the development than originally anticipated and the Department furnished $11.3 million in tax credits. As of September 6, 2007, documentation for additional costs have not been submitted by the owner. The differences in costs are shown in the underwriting addendum between the original costs submitted at the time of application and the costs submitted at the time of cost certification. The largest differences are in sitework and direct construction costs (for which there is no documentation). In addition, the request letter states that both, Sphinx Development, the original applicant, and M. Myers Development, Inc., who joined the ownership after the award, were mutually removed from participation. The syndicator installed an organization with widespread national participation as the replacement general partner. The new replacement general partner is now requesting the following amendments in an effort to receive the IRS Forms 8609.

Summary of Requests:

Unit Mix Changes: The application file contains six references to the unit mix of the development each with a different unit mix reflected. The August 1998 and August 2001 changes were approved by the previous manager of the HTC program, however, the changes approved only reference the number of bedrooms and do not address the number of bathrooms or rentable area. The completed development omitted one bathroom in 26 of the two-bedroom units.

Rentable Area and Common Area: Despite increasing the unit count from 168 to 192 (which was approved by Department staff), the development is cost certifying to 160,808 square feet of rentable area, not the 192,878 square feet underwritten. The 16.6% reduction is a material alteration of the application. Essentially, all units were designed smaller than originally proposed.

Rent Targeting: The owner's current request does not mention that their request to reduce the number of 50% units in the development would conflict with a scoring representation of the application that has since been incorporated into the LURA. The development was awarded and has been consistently reviewed since the award under the expectation that at least 126 tax credit units would be produced, with at least 38 units being restricted for tenants at 50% of area gross median income. The owner is requesting that 2 units be changed from 50% to 60%.

Daycare Facility: This amenity was another check-box item in the Specifications and Amenities section. A daycare facility was not a threshold requirement however it was an item that could have been selected as threshold by the applicant. The applicant requested that this requirement be waived and proposed no substitute.

Covered Parking and Garages: The architect's certification provided in the application as Exhibit 101, indicated that the development would contain covered parking as did the Cost Breakdown provided as Exhibit 102 and indicating a cost for this feature of $462,000. The Specifications and Amenities exhibit in the application specified that the development would contain 34 carports and 120 garages. The underwriting report acknowledged these same numbers in its text and, consistently, included $438,205 for parking garages in the cost schedule upon which the amount of the award was based. The owner's counsel states it was not physically or financially feasible to include garages in the development. The applicant requested that this requirement be waived and proposed no substitute.

Playground: The owner's counsel states that the site is covered with buildings and parking lots. Consequently, it was not physically feasible to construct a playground on the property. This feature was proposed in the Specifications and Amenities section of the application, in the architect's certification provided as Exhibit 101, in the architect's drawing of the site plan, and appears to be referenced in the Cost Breakdown provided as Exhibit 102 ("Athletic courts and/or playgrounds were estimated at $52,080). The underwriting report included the feature in its list of amenities. This item was not a threshold requirement however it was an item that could have been selected as threshold by the applicant. The applicant requested that this requirement be waived and proposed no substitute.

Energy Saving Devices: The design firm certified that five of the six features in Exhibit 206A of the 1998 QAP would be installed but upon completion, only two of the six were installed. The owner stated that these omissions were necessitated by the unique nature of the property.

Volleyball Court: The owner's counsel states that the site is covered with buildings and parking lots. Consequently, it was not physically feasible to construct a volleyball court. The Specifications and Amenities exhibit and underwriting report included this feature as an amenity.

This item was not a threshold requirement however it was an item that could have been selected as threshold by the applicant. The applicant requested that this requirement be waived and proposed no substitute.

In addition to the above mentioned amendment requests, two other items were omitted amenities, microwave ovens and a public telephone. These amenities were not threshold requirements and the owner is not proposing any substitute for the omission.

The present general partner was approved by the Department on July 13, 2004, after the development was placed in service. The application of a penalty to the current general partner remains under consideration pending the resolution of the issues at hand.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a modification of the number of units or bedroom mix of units, a significant modification of the site plan, a substantive modification of the scope of tenant services, a reduction of three percent or more in the square footage of the units or common areas, a modification of the residential density of the development of at least five percent, and any other modification that is considered significant by the board.
Owner:	Parker Commons, Ltd.
General Partner:	Affordable Housing GP 668, L.L.C. (Current GP is an affiliate of McCormack Baron Salazar, an organization installed by the syndicator.)
Developers:	Sphinx Development; M. Myers Development, Inc.; SunAmerica, Inc. (Jay Oji was original applicant; Marvin Myers was brought into the development for experience after the award was made. Both have been removed according to AIG)
Principals/Interested Parties:	SunAmerica, Inc.
Syndicator:	SunAmerica, Inc.
Construction Lender:	SunAmerica Investments, Inc.
Permanent Lender:	American Property Financing, Inc.
Other Funding:	NA
City/County:	Fort Worth/Tarrant
Set-Aside:	General
Type of Area:	Urban
Type of Development:	Adaptive Reuse of a Historic School Building and New Construction
Population Served:	General Population
Units:	126 HTC units and 42 market rate units (See Tables 1 & 2)
1999 Allocation:	$1,129,568
Allocation per HTC Unit:	$8,965
Prior Board Actions:	7/98 – Approved forward commitment from 1999 credit ceiling
Underwriting Reevaluation:	The changes appear to have no negative impact on the feasibility of the development and no change to the original award of tax credits is recommended prior to final review of the cost certification, however, REA recommends the owner be responsible for substituting acceptable amenities for those significant amenities that were omitted (i.e. microwave ovens, daycare facility, community/recreational facility, playground equipment, swimming pool and spa and covered parking).
Staff Recommendation:	**Staff recommends that the Board deny the amendments as presented and have the syndicator provide adequate substitutions for the omissions of the application because the syndicator had a responsibility to make sure the development was built according to the representations in the application.**
Penalty Assessment:	**If the Board approves the amendments as requested by the syndicator, staff recommends the penalties under 49.9(c), stated on page one of this write-up and 49.17(d)(8) relating to income targeting which states that the approved amendment will carry a penalty that prohibits the Applicant and all persons or entities with any ownership interest in the Application (excluding any tax credit purchaser/syndicator), from participation in the Housing Tax Credit Program (for both the Competitive Housing Tax Credit Developments and Tax-Exempt Bond Developments) for 12 months from the time that the amendment is approved. The penalties should be assessed (stated earlier in this presentation) to the previous owner, Sphinx Development and M. Myers Development, Inc. for having developed the property inconsistent with the application.**

THE REQUEST ABOVE WAS APPROVED AT THE BOARD MEETING OF SEPTEMBER 13, 2007 SUBJECT TO THE INSTALLATION OF MICROWAVE OVENS AND SUBMISSION OF REQUESTS TO THE CITY OF FORT WORTH AND APPLICABLE HISTORICAL COMMISSIONS FOR PERMISSION TO INSTALL CARPORTS. FURTHERMORE, IF PERMISSION IS GRANTED, THEN THE INSTALLATION MUST BE IMPLEMENTED. THE APPROVAL WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING. THIS NOTIFICATION MUST BE INCLUDED IN YOUR COST CERTIFICATION.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

07309

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Multifamily Finance Production Division **Director, Brooke Boston**
Telephone: (512) 475-3340 **Facsimile: (512) 475-0764**

NOTIFICATION OF ACTION BY BOARD OF DIRECTORS – AMENDMENT OF APPLICATION

October 27, 2004

Les Kilday
Kilday Realty Group

Fax: (713) 914-9439

Re: Kingsland Trails Apartments
Housing Tax Credit Development No. 04004

Dear Mr. Kilday:

Your request to amend the development plans was approved by the Department's Board of Directors on October 14, 2004. The minutes of the board's decision will be posted on the internet in a future board book. The board summary of the request approved was as follows:

Kingsland Trails Apartments, HTC Development No. 04004 (2003 forward commitment - formerly 03168)

Summary of Request: The applicant composed this request through consultation with the Department's underwriting staff to establish a financially feasible development plan despite the unforeseeable loss of the ability to increase the development's eligible basis by 30%, an incentive available to developments located in areas designated by the U.S. Department of Housing and Urban Development (HUD) as Difficult Development Areas (DDA). The DDA status was a key element in the feasibility of the Applicant's original proposal.

To compensate for the loss of DDA status, the applicant requests approval for a change in the applicable fraction and rent restrictions that were stated in the original application. In 2003 this application was awarded a forward commitment for a 2004 allocation. At that time, the development was located in a DDA. However, the development must be consistent with the DDA designation for the year of the applicable tax credit ceiling (not the year of the application or the year in which the forward commitment was made). In this case, HUD's list of 2003 DDA's no longer applies in 2004 and the subject development is no longer in a DDA. It is also important that the Internal Revenue Service (IRS) requires that forward commitments be consistent with the qualified allocation plan (QAP) of the year of the applicable tax credit ceiling. The subject development is therefore governed by the 2004 QAP.

Because of IRS policy, and the change in the DDA designation, the development owner may no longer claim the 30% increase in basis that was included in the application and in the Department's underwriting calculations. Consequently, the calculations which formed the basis for the amount of credits committed are no longer valid and the development, as originally proposed, appears to be financially infeasible. To restore feasibility, the Applicant is now requesting permission to reclassify all 16 of its market rate units as tax credit units at the 60% of AMFI rent level. The change would increase the applicable fraction from 79% to 100%. Additionally, the Applicant requests permission to change the 11 units originally proposed to be restricted to 30% of AMFI rents to become units restricted to 60% of AMFI rents. All remaining units would remain restricted as originally proposed and the development would have 7 units at 40% rents, 12 units at 50% and 57 units at 60%, for a total of 76 units. The Applicant has also reported cost increases that would increase its eligible basis.

It should be noted that the score of the application would have been lower if the applicable fraction, rental structure and DDA status that are now proposed or existing had been in effect in the original application. However, because of lack of funds for the subject region, Region 7, only three applications were received for the region in 2003. One was terminated and the other two, including the subject, were awarded allocations.

Governing QAP:	2004 QAP, §50.18(c)
Applicant:	Kingsland Trails, LP
General Partner:	Highland Lakes Housing Opportunity Corp. (GP) HLHOC Kingsland, Inc. (Co-GP)
Principals/Interested Parties:	HLHOC Development Company, LLC (20% developer); Kilday Development, LP (80% developer) Mark Mayfield (of GP & 20% developer), Dick Kilday (of 80% developer)
Syndicator:	MMA Financial
Construction Lender:	Washington Mutual
Permanent Lender:	Washington Mutual

City/County:	Kingsland/Llano
Set-Aside:	Rural
Type of Development:	New Construction
Population Served:	Family
Units:	76 HTC units
2004 Allocation:	$444,394
Allocation per HTC Unit:	$5,847
Prior Board Actions:	7/30/03 - Approval of Forward Commitment.
Underwriting Reevaluation:	Recommendation is pending.
Staff Recommendation:	The circumstances in this case were not foreseeable or preventable by the applicant. Although the applicant's proposal would eliminate the development's 11 units at 30% rents, the 60% units would increase by 27 units, 16 of which would not have been rent restricted under the original proposal. The proposal therefore creates an increase in the total number of low income households that will be served. **Staff recommends approval of the amendment requested.**

Sincerely,

Ben Sheppard

Ben Sheppard
Multifamily Finance Production Division

07309

Texas Department of Housing and Community Affairs

Housing Tax Credit Program

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To: Les Kilday **NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST HEARD 12/20/07**

HTC No. 04255, Freeport Oaks

Summary of Request: The owner requested approval to amend the application with respect to the participation of a Historically Underutilized Business (HUB) as the general partner. The original HUB lost its HUB status because its request for recertification was denied by the Texas Building and Procurement Commission (TBPC). The HUB certificate presented in the application expired on May 20, 2007. The participation of a HUB as majority owner of the general partner was worth three points in the application. To compensate for the loss of the HUB status of the owner, the owner requested to substitute the participation of HUBs in the development of the property in a manner similar to the manner contemplated in §50.9(i)(25)(A) of the 2008 QAP, which states, "An Application will receive these two points for submitting a plan to use Historically Underutilized Businesses in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas." The owner's general contractor provided an account of the HUBs actually used during development (eight of 25 contractors were HUBs) and the owner will commit to use HUBs in the operation of the property in compliance with the guidelines of the TBPC if necessary for the Board's approval of this amendment.

The subject application scored three points for the HUB based on the 2004 QAP. Even with the loss of all three of the HUB points, the application still would have been recommended for an award of tax credits.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	Freeport Oaks, LP
General Partner:	Freeport Oaks Partners, LLC
Developers:	Kilday Partners, LLC
Principals/Interested Parties:	Les Kilday, R.R. Kilday, Dianne Kilday (HUB)
Syndicator:	MMA Financial
Construction Lender:	Bank of America
Permanent Lender:	MMA Financial
Other Funding:	Bozrah International Ministries
City/County:	Freeport/Brazoria
Set-Aside:	General Population
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	General Population
Units:	80 HTC units and 20 market rate units
2004 Allocation:	$639,213
Allocation per HTC Unit:	$7,990
Prior Board Actions:	7/04 – Approved award of tax credits
Underwriting Reevaluation:	NA – No factors affecting cost have changed.
Staff Recommendation:	**Staff recommends the Board deny the request and require the replacement of the HUB with another HUB because the owner represented the use of a HUB in the development and operation of the development.**
Penalty Assessment:	**Staff recommends the assessment of the penalties pursuant to §50.9(c) of the Qualified Allocation Plan and Rules because the HUB is no longer a certified HUB and the amendment request was made after the loss of the HUB certification. The penalties should be assessed against the general partner and any special limited partners, as applicable, for having developed the property inconsistently with the application.**

THE BOARD APPROVED A MOTION TO ALLOW 90 DAYS FOR THE OWNER TO RESOLVE THE DEFICIENCIES. IF THE HUB IS NOT REPLACED WITH A HUB, A THREE (3) POINT PENALTY WILL BE APPLIED. THE BOARD'S DECISION WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

07309

Texas Department of Housing and Community Affairs

Housing Tax Credit Program

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To: Les Kilday **NOTICE OF BOARD DECISION RE: AMENDMENT REQUEST HEARD 12/20/07**

HTC No. 04260, TownePark Fredericksburg II

Summary of Request: The owner requested approval to amend the application with respect to the participation of a Historically Underutilized Business (HUB) as the general partner. The original HUB lost its HUB status because its request for recertification was denied by the Texas Building and Procurement Commission (TBPC). The HUB certificate presented in the application expired on May 20, 2007. The participation of a HUB as majority owner of the general partner was worth three points in the application. To compensate for the loss of the HUB status of the owner, the owner requested to substitute the participation of HUBs in the development of the property in a manner similar to the manner contemplated in §50.9(i)(25)(A) of the 2008 QAP, which states, "An Application will receive these two points for submitting a plan to use Historically Underutilized Businesses in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas." The owner's general contractor provided an account of the HUBs actually used. Seven of twenty contractors were HUBs. The owner also will commit to use HUBs in the operation of the property in compliance with the guidelines of the TBPC if necessary for the Board's approval of this amendment.

The subject application scored three points for the HUB based on the 2004 QAP. Even with the loss of all three of the HUB points, the application still would have been recommended for an award of tax credits.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification considered significant by the board.
Owner:	TownePark Fredericksburg II, LP
General Partner:	Fredericksburg Housing II, LLC
Developers:	MFHA Development Company LLC; Kilday Partners, LLC
Principals/Interested Parties:	Texas Housing Foundation; Les Kilday, R.R. Kilday, Dianne Kilday (HUB)
Syndicator:	Paramount Financial Group
Construction Lender:	Security State Bank and Trust
Permanent Lender:	Column Guaranteed LLC
Other Funding:	Federal Home Loan Bank of Dallas (grant)
City/County:	Fredericksburg/Gillespie
Set-Aside:	Nonprofit
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Elderly
Units:	39 HTC units and 5 market rate units
2004 Allocation:	$225,361
Allocation per HTC Unit:	$5,778
Prior Board Actions:	7/04 – Approved award of tax credits 5/05 – Approved amendment of unit mix
Underwriting Reevaluation:	NA – No factors affecting cost have changed.
Staff Recommendation:	**Staff recommends the Board deny the request and require the replacement of the HUB with another HUB because the owner represented the use of a HUB in the development and operation of the development.**
Penalty Assessment:	**Staff recommends the assessment of the penalties pursuant to §50.9(c) of the Qualified Allocation Plan and Rules because the HUB is no longer a certified HUB and the amendment request was made after the loss of the HUB certification. The penalties should be assessed against the general partner and any special limited partners, as applicable, for having developed the property inconsistently with the application.**

THE BOARD APPROVED A MOTION TO ALLOW 90 DAYS FOR THE OWNER TO RESOLVE THE DEFICIENCIES. IF THE HUB IS NOT REPLACED WITH A HUB, A THREE (3) POINT PENALTY WILL BE APPLIED. THE BOARD'S DECISION WILL BE CONFIRMED BY THE MINUTES AS APPROVED AND RECORDED IN A SUBSEQUENT BOARD MEETING.

Ben Sheppard

Ben Sheppard
Multifamily Finance Production

BOARD ACTION SUMMARY
MULTIFAMILY FINANCE PRODUCTION DIVISION

December 18, 2008

Action Item

Presentation, Discussion and Possible Approval to Allow Previously Returned Awards to Rescind the Return and Reinstate the Award.

Requested Action

Approve or Deny Previously Returned Awards to Rescind the Return and Reinstate the Award.

Background

At the November 13, 2008 Board meeting, a couple of previously awarded applicants that returned their awards, requested the Board instruct staff to add an agenda item to the December board meeting for them to discuss the reinstatement of their awards. One of these applicants was a 2007 applicant that returned their credits prior to the July 2008 awards and one was a 2008 award that returned their credits during the amnesty period after the September Board meeting. The funds from these awards have been reallocated by the Board and are no longer available for allocation. Once an application is returned it is considered inactive and is no longer able to be considered by the Board. A total of $10,429,097 in returned credits have occurred to date in 2008, $1,315,767 of which was reallocated at the July 31st Board meeting. The remaining $9,113,330 was allocated last month in an effort to meet the overwhelming demand from developments already moving forward in the difficult economy.

The follow awards have been returned this year:

ID	Development	Amount	Region
Returned Prior to July Awards			
05000	Snyder Housing Venture	$30,463	2
07179	Villas at Goose Creek	$242,318	6
07302	Casa Alton*	$691,032	11
060149	Women's Shelter of East Texas	$351,954	5
	Reallocated in July	$1,315,767	

ID	Development	Amount	Region
Returned After the July Awards but during the Amnesty Period			
07206	Villa Estella Trevino*	$1,151,989	11
07167	Measdowlake Village Apt	$174,797	3
07180	Holland House Apts	$267,348	8
060076	Countryside Village	$716,703	6
07177	Hamilton Senior Village	$339,782	8
08149	American GI Forum	$735,000	10
08130	Jourdanton Square	$222,957	9
08215	Quail Run Apts	$137,531	3
08220	Northview Apts	$238,654	4

08226	Whispering Oaks Apts*	$135,597	8
08121	Prairie Village Apts*	$104,992	8
08139	Arizona Avenue Apts	$717,150	2
08278	Vista Bella	$950,000	3
08157	Silverleaf at Chandler*	$761,465	4
08244	TownePlace Reserve	$1,189754	6
08229	Fairwood Commons Senior	$485,611	7
08152	Heights of Corral*	$784,000	10
	Reallocated in November	$9,113,330	

* These applicants have express interest in reinstatement of their award.

Recommendation

Staff does not recommend allowing any applicant to rescind their return and reinstate their award because the allocation of the award has been reallocated to other applications.

BOARD ACTION SUMMARY
MULTIFAMILY FINANCE PRODUCTION DIVISION

December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of Forward Commitments from the 2009 State Housing Credit Ceiling for the Allocation of Competitive Housing Tax Credits.

Requested Action

Approve, Approve with Amendments or Deny Awards from the 2008 Waiting List from either 2008 or 2009 Credit Ceiling.

Background

The Board has awarded $56,509,691 total tax credits for 2008 through the action taken in November of this year. That amount includes $10,379,580 utilized to implement the 9% applicable percentage and the 10% cost increase. The Board also swapped out $14,906,160 of the Ike credits for 2008 in the hurricane affected counties that were in a use or lose position. The amount from this year's credit ceiling was carried forward in to the hurricane impacted counties (largely regions 5 and 6) for use in 2009 so as not to violate congressional intent of having the Hurricane Ike credits provide maximum funding to the impacted region.

The board also took action at the request of public comment to approve all applications on the waiting list for funding subject to three restrictions. Those restrictions were that the applications must underwrite according to TDHCA standards, the applications were subject to the Regional Allocation Formula in future years, and that the deals be able to close with financing and syndication within 180 days of the November Board meeting.

After review, and without complete notification from all applicants that they can meet these requirements, the Department, if only forward commitments are used, the funds in sub-regions Rural 1, Urban 2, Urban 4, Rural 7 will be limited for new 2009 applicants. In addition the funding in five sub regions is potentially over-allocated for 2009 when looking at all action from the Board at the November meeting.

The following is a list of the potential affected sub-regions and applications:

Region	Est. Amount Available	Application	Requested
Rural 3	$1,105,688	West Park Senior	$507,268
		Mineral Wells Pioneer Crossing	$805,355
		Grand Reserve Senior Waxahachie	$891,368
		Westway Place	$478,392
Rural 4	$987,509	Paris Big Sandy Apts	$612,200
		Timber Village Apts II	$687,886
		Historic Lofts of Palestine	$647,682

Region	Est. Amount Available	Application	Requested
Urban 10	$959,523	Oasis at the Park	$292,131
		D N Leathers	$1,200,000
Urban 12	$212,469	Blackshear Homes	$278,624
Urban 13	$1,409,935	Ysleta del Sur Pueblo Homes I	$694,425
		Desert Villas	$954,776
		Canutillo Palms	$1,200,000

To meet the Board's objective to get the most housing on the ground as possible in the near future, the staff proposes the following plan:

1. Use all returned credits from 2008 whether returned this year or under amnesty in 2009 and do not place them in the Regional Allocation Formula (no estimated amount as the date of posting)
2. Use the regional Allocation formula (which includes the ceiling, carried forward funds, and the HR 3221 funds) for each region.
3. Determine that the funded waiting list will be the priority need for collapse
4. For rural regions, use the rural regional collapse as required by statute to fund only rural waiting list deals
5. Use the statewide collapse to fund any remaining deals from the 2008 waiting list as priority need
6. Place forward commitments in the subsequent years (2010 and 2011 ceilings) as needed in the regions over allocated by the 2008 waiting list.

This funding plan would meet the requirements of the regional Allocation Formula statutory requirement and place everyone in the 2009 application round currently underway that the above regions will have no existing funds and that the statewide collapse for both rural and subsequently all areas will be used to clear waiting list deals prior to funding other under allocated deals.

Note that the funds moved forward from the 2008 swap of Hurricane Ike credits will be initially available only in those regions, but if sufficient applications are not received to utilize this available funding, it will collapse into the statewide pools.

In order to fund some of these applications from the 2008 credit ceiling, a portion of the 10% additional credits previously funded out of the 2008 credit ceiling may need to be substituted out of the $4.7 million additional funds in 2009 provided by the Housing and Economic Recovery Act of 2008 and that could further impact the RAF allocations.

Recommendation

Staff recommends the Board approval to allocate as many of these whole awards from the 2008 as possible and condition the remaining awards from the earliest of 2009, 2010 or 2011 credit ceilings contingent upon funding availability subject to the above notice.

BOARD ACTION SUMMARY
MULTIFAMILY FINANCE PRODUCTION DIVISION
December 18, 2008

Action Item

Presentation, Discussion and Possible Approval to Allow 2006 Awarded Applications to Submit Updated Costs for Re-Evaluation for Additional Credits.

Requested Action

Approve or Deny Additional Housing Tax Credits to 2006 Awarded Applications.

Background

A request was made to staff by a developer for an additional award of credits for a 2006 award. No rules existed in the 2006 QAP, or now in the QAP, for asking for previous awards to be increased above the QAP cap placed on developments. At the November 13, 2008 Board meeting, a developer of a 2006 awarded development requested the Board instruct staff to place an agenda item on the December agenda to address construction cost increases to his 2006 development located in El Paso, Texas. At the request of Mr. Cardenas, the staff placed this agenda item on the agenda.

The original allocation of funds was $1,200,000, the maximum amount allowed under the 2006 QAP and it provided for syndication proceeds that effectively eliminated the need for any deferred developer fee. The underwriting addendum confirms the validity of the development's construction cost increases and confirms that the increased gap in funds requiring the deferral of nearly 100% of the current developer fee. The underwriting addendum further suggests that the development could utilize the additional credits without causing an excess of funding and that without the additional funds, the development would not meet the Department's typical standard for repayment of deferred developer fee. In such instances the Department generally allows the issuance of 8609's subject to a write-down of ineligible fees, confirmation by the syndicator that they are still comfortable with the feasibility of the transaction or another source of soft financing.

A request for additional 9% credits at this late stage in the development process is radical in several ways and substantially departs from the practices of this Board and the Department. Supplemental credits have rarely been awarded to individual 9% transactions nationally and never previously in Texas without going through the competitive process, unless an entire region or industry has been impacted.

The allocation of the 9% tax credit is controlled by the QAP with describes the manor of the competition, the required the submission of an application, the evaluation of the need for funds and the relative merits of a development based upon a statutory set of selection criteria. The applicant has had the ability to apply and compete for the additional funds in both the 2007 and 2008 rounds but did not do so. The Development must be completed by the end of 2008 in order to remain qualified for the original allocation of tax credits and can not receive additional tax credits after the end of the year in which it is completed which means the developer has completed all of substantially all of the development as it needs to be placed in service by December 31, 2008. Thus the applicant has chosen to request the additional funds outside of the competitive application process and in the last months of the last year that additional tax credit funding could, under the IRS Code, be considered for the development.

The developer accepted the risk associated with the development and by having a related party contractor was in control of the cost and timing of the construction as much as any developer could be. The cost increases have already been incurred and planned for by the developer as they were locked in long before any consideration from Congress or the TDHCA Board that additional funds for developments currently in the early stages of construction might be available.

This 2006 deal would be treated differently than all the other 2006 deals who are not before the Board today task for funding and will not have the opportunity to do so before their placed in service date.

Despite the unusual and dangerous precedent and the potential inequity with other 2006 deals, staff agrees with the Applicant they have submitted additional information to support a request for an additional $126,264 in new 2008 credits. The Applicant has indicated that construction delays caused a $684K or 7% increase in construction costs and a $1.28M or 9% increase in total costs. In addition, the construction delays lead to credit delivery adjustors which have the effect of reducing syndication proceeds by $446,980 or 4% of the syndication proceeds.

Recommendation

Staff does not recommend reconsideration of additional credits for this development for the following reasons:

1) The development already maximized the credit amount allowed under the QAP in the year in which the development was awarded funds

2) 2006 developments are required to place in service by December 31, 2008;

3) The development had the opportunity to apply for additional credits during the 2007 and 2008 application cycle;

4) This development should have been closed and locked-in long before the credit and cost increases began;

5) The awarding of credits at this time perverts the maximum award allowed; and

6) This creates a potentially dangerous trend to never finalize awards in the award year and is inequitable to others in the 2006 round who followed the rules.

Texas
❖
New Mexico

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December 5, 2008

Mr. Tom Gouris
Senior Director of Programs and Real Estate Analysis
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

Re: Spanish Creek Townhomes, Ltd.
El Paso, Texas 79907
TDHCA File No. 060080

Dear Tom:

As you know, I represent Spanish Creek Townhomes, Ltd. ("Spanish Creek") in connection with a request for the issuance of additional tax credits due to unanticipated costs caused by delays in placing units in service and unanticipated cost overruns that were beyond its control. Due to these unanticipated costs, the developer, Investment Builders Development Company, Inc. (the "Developer") is not able to maintain the economic viability of Spanish Creek Townhomes (the "Development"). Spanish Creek was originally awarded tax credits in 2006.

At the Board meeting on November 13, 2008, I asked the Board to expand the policy that was adopted on September 4, 2008 to include issuing additional credits to developments that were awarded credits in 2006. The Board indicated that this issue will be taken up at the Board meeting scheduled for December 18, 2008. In this letter I will review what I believe are the relevant rules, policies and facts that support an expansion of the policy.

Rule 50.16

At the outset, I would like to call your attention to Section 50.16 of the 2008 Housing Tax Credit Program Qualified Allocation Plan and Rules, which contemplates that additional credits can be issued by the Board when cost overruns affect the economic viability of a development:

> (i) The Board at its sole discretion may allocate credits to a Development Owner in addition to those awarded at the time of the initial Carryover Allocation in instances where there is a bona fide substantiation of cost overruns and the Department has made a determination that the allocation is needed to maintain the Development's financial viability.

I am quoting Section 50.16 to illustrate that the Board has by Rule always had the discretion to issue additional tax credits when cost overruns render a development non-viable. The policy adopted in September 2008 appears to be a specific application of Section 50.16 in reaction to the cost overruns caused by natural disasters (hurricanes) in 2007 and 2008 that affected the Gulf Coast region of Texas. However, cost overruns can also be caused by other unforeseeable events that are beyond the reasonable control of a developer, which will render a development financially non-viable just as surely as if it was damaged or destroyed by a hurricane. This is the case with Spanish Creek in El Paso.

Policy adopted on September 4, 2008

On September 4, 2008, the Board approved a policy under which TDHCA would consider issuing additional tax credits to certain developments that previously received an award of tax credits in 2007 and 2008. For 2007 awards that have not closed, the issuance of additional credits was to be based on a reevaluation of the costs using the gap method and allowing new syndication letters and a 9% rate to be applied to qualified basis. For 2007 awards that have closed and 2008 awards, the relief was to be based on cost data and other factors. Obviously, even if the Board is disposed to issue additional tax credits to Spanish Creek, it will have to expand the reach of the policy to include developments that were awarded credits in 2006. There are good reasons to do so.

Facts

Before discussing the specific cost overruns and the financial viability of Spanish Creek, I will briefly review the relevant facts:

1. Spanish Creek was awarded an allocation of tax credits on July 28, 2006 for the construction of an apartment project consisting of 34 buildings containing 136 units. (the "Development").

2. Spanish Creek closed on its construction loan on December 1, 2006.

3. Construction was scheduled to commence on December 30, 2006.

4. Substantial Completion was scheduled to be achieved on January 1, 2008.

5. Construction of the Development actually began on April 13, 2007.

6. Substantial completion was actually achieved on August 22, 2008.

7. Twenty seven (27) buildings were placed in service before July 30, 2008

8. Seven (7) buildings were placed in service after July 30, 2008. Eligible for 9% rate.

9. The estimated cost (hard and soft costs) of the development as submitted on the application was $13,714,267.

10. The final cost of the development (hard and soft costs) was $14,992,061 as shown in the draft of the Cost Certification prepared by Dauby, O'Connor and Zaleski, a copy of which is attached as Exhibit A. The final cost certification will be available not later than December 15, 2008.

11. Hard cost overruns (compared to the original application) equal $684,243.

12. Soft cost overruns (compared to the original application) equal $593,551.

13. Total overruns equal $1,277,794.

General Description of Cost Overruns

Spanish Creek incurred cost overruns due to three principal factors: First, a platting issue delayed the start of construction to April 13, 2007. Second, a lawsuit between the City of El Paso and the El Paso Water Improvement District No. 1 the ("District") caused a delay in the installation of water and sewer as well as the payment of a special fee. Third, the costs of subcontractors substantially increased during the construction period due to the fact that most of the local subcontractors were working at Ft. Bliss, which is undergoing an unprecedented expansion of housing facilities to accommodate approximately 38,000 new troops and civilians by 2014. Local school districts must provide for the 27,000 family members that will accompany the troops.

Economic Viability

The total cost overruns on Spanish Creek have materially undermined the economic viability of the Developer. I have been asked to inform you that, unless additional tax credits are issued as requested in this letter, the Developer may not be able to recover from the economic distress caused by these overruns. Exhibit B is a Sources and Uses Statement prepared by the Developer that contains a summary of the financial data pertinent to the Development.

Specific Description of Delays and Cost Overruns

Turning to the specific cost overruns, the platting issue not only delayed the start of construction, it also exposed the Development to increased subcontractor costs, additional construction interest expense, and additional attorneys' fees. A letter from the attorney representing Spanish Creek on the platting issue is attached as Exhibit C for your reference. This letter establishes that the start of the Development was pushed back by almost 4 months on account of the platting issue. This delay amounted to approximately 3-1/2 months and could not have been anticipated by the Developer. This delay, and the delay described below, are the primary reason why the Developer now has to pay a downward adjuster.

The lawsuit between the City of El Paso and the District involved a long-standing dispute between the two governmental entities over the amount and cost of water being provided to the City of El Paso. The installation of water lines to Spanish Creek required a bore under a lateral (i.e. a water course) next to the development. The bore is normally performed by the City with its employees and the cost is reimbursed by the developer. After construction of the Development commenced, Spanish Creek was informed by the District that it was not going to allow the City to perform the bore and that this work would have to be performed by Spanish Creek. This episode delayed the Development by approximately 90 days and exposed the Development to increased subcontractor costs, a special fee, additional construction interest expense, and additional attorney's fees. The letter attached as Exhibit C establishes that the delay could not have been anticipated by the Developer.

The Base Realignment and Closure Commission ("BRAC") selected Ft. Bliss, Texas for a major increase in size. There will be approximately 38,000 additional troops and civilians coming to Ft. Bliss by 2014. Attached as Exhibit D is a news article interview with the Commanding General of Ft. Bliss, which details the vast scope of the construction taking place at Ft. Bliss. Beginning in 2006, construction of new housing and training facilities was started and has continued at a very fast pace. Most of the general contractors come from outside of El Paso. However, these general contractors have been using the most reputable and financially stable subcontractors from El Paso. Due to the vast scope of the Ft. Bliss expansion, virtually all of the qualified subcontractors have been effectively taken out of the local market and are working at Ft. Bliss. The subcontractors who still work on other projects in El Paso have been able to charge more for their work. This is especially true for residential work. There are as many or more new homes being constructed on Ft. Bliss as are being constructed in the El Paso civilian market. The subcontractor shortage is reflected in the increased hard costs on Spanish Creek. The Source and Use Statement attached as Exhibit B shows that just with respect to Direct Hard Costs and Site work, the overrun amounted to $934,174. Spanish Creek has informed me that the entire overrun is attributable to labor and materials furnished by subcontractors.

Attached as Exhibit E is a comparison of the final construction costs on Cedar Oak Townhomes to Spanish Creek that illustrates quite clearly what happened in the El Paso market after the expansion at Ft. Bliss commenced. Cedar Oak is a tax credit project that is identical in design to Spanish Creek except that it has 160 units. It was completed in 2006. When the costs for Spanish Creek were being estimated, the developer used Cedar Oak as a reference because the costs to construct this project were fixed and current. The average cost of Cedar Oak was $61.71 per square foot. In its application, which was filed in February 2006, Spanish Creek used $65.52 per foot to take into account cost increases that could be anticipated due to expected market conditions. However, the final costs for Spanish Creek showed an overall cost per foot of $69.93, which is 13.32% increase over the cost for Cedar Oak.

As a result of the construction delays, Spanish Creek has had to pay additional construction period interest through November 2008. This additional interest would not have been paid had the project been completed as of the scheduled substantial completion date. Additionally, Spanish Creek had to pay a fee of $27,500 to extend the construction loan and interest of $277,103 on the bridge loan. These costs are reflected in the Eligible Indirect Fees, the Eligible Financing Fees and the Development Reserves shown on Exhibit B.

As noted above, the delays caused by the City platting issue and the District boring issue have caused an additional financial problem that cannot be resolved without the issuance of additional tax credits. The delay in delivering the Development has triggered a downward adjuster of approximately $446,980. Attached as Exhibit F is the calculation of the downward adjuster.

Consequently, the Developer is now in a position where not only has it incurred total overruns of $1,277,794, it has also had to defer a much greater amount of the developer fee than originally contemplated.

The Effect of Additional Credits

The Developer is asking for approximately $126,264 in additional credits as shown on Exhibit G, which is an amended application. This will result in proceeds of approximately $1,186,763, which will enable the Developer to recover most of the total cost overruns. Also, please note that syndicator is obligated to purchase any additional credits that are issued thereby insuring a source of funding.

are they still able to given the current market?

Expansion of the Policy

The policy adopted on September 4, 2008 is presently limited to 2007 and to 2008 projects. Based on information disseminated at the last Board meeting, it appears that there are credits available that could be used for 2006 developments. The current policy appears to have been adopted primarily as a response to cost increases that were caused by natural disasters in the Gulf Coast region and the financial effects of the current recession. It also appears that the policy was designed to assist developers of tax credit projects when cost increases were incurred due to events beyond their reasonable control.

I have noted that in the Board Action Summary, dated November 13, 2008, the Staff recommended that applicants that received forward commitments in 2006 should not be included in the policy because they could have avoided the crisis. The comment does not really apply to this request because the Developer received credits in 2006 and closed on its construction loan in 2006. The problems all occurred in 2007 and 2008, which is the period covered by the new policy.

they are being treated the same as 2007 & 2008

In this case, the Developer was caught in what I can best describe as a perfect storm. The project was delayed at the start and in the middle, the delays exposed the Developer to cost increases from Ft. Bliss, the delays in their own right caused cost increases and the delays caused the imposition of the downward adjuster. These problems could not have been foreseen by the Developer and could not have been overcome. You should note that the Developer's original estimate was based on a recently completed project and there was no reason to think that the cost of Spanish Creek would be substantially higher. The cost increases caused by construction on Ft. Bliss were exacerbated by the unforeseen delays that have been described.

In short, if credits are available, the policy should be expanded to include 2006 developments if the following criteria can be met:

> The Developer requesting additional tax credits must demonstrate that the original cost estimate was reasonable; and,

The Developer requesting additional tax credits must demonstrate that the cost increases were caused by an unpredictable event (natural disaster) or by market forces beyond its control or by governmental action that was not foreseeable.

The proposed expansion of the policy is narrowly drawn and will not allow developers who simply underestimated the original cost to seek relief. The proposed policy will also require the Developer to demonstrate to the Board's satisfaction that the cost increases and delays were unforeseeable.

The Developer believes that it meets the proposed criteria and respectfully requests the issuance of additional tax credits as set forth above.

Sincerely,

Francis S. Ainsa Jr.

FSA/lb
cc: IBI Spanish Creek Townhomes, LLC
Ms. Cynthia Bast

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING 2nd ADDENDUM

DATE: December 11, 2008 **PROGRAM:** 9% HTC **FILE NUMBER:** 060080

DEVELOPMENT NAME

Spanish Creek Townhomes

APPLICANT

Name:	Spanish Creek Townhomes, Ltd			**Contact:**	Ike Monty		
Address:	8800 Yermoland, Suite A						
City	El Paso			**State:**	TX	**Zip:**	79907
Phone:	(915) 599-1245	**Fax:**	(915) 594-0434	**Email:**	ikemonty@aol.com		

KEY PARTICIPANTS

Name:	Investment Builders, Inc	**Title:**	0.01% Managing General Partner/Developer
Name:	Ike Monty	**Title:**	100% Owner of GP and Developer

PROPERTY LOCATION

Location:	610 Lee Trevino Drive				
City:	El Paso			**Zip:**	79907
County:	El Paso	**Region:**	13	☒ **QCT**	☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$1,329,910*	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban

*Original Award: $1,203,646

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $1,203,646 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of written commitment acceptable to TDHCA for funds totaling a minimum of $767,059 (including the $447K in credit adjustments) of currently un-sourced funds which are in addition to deferred developer fee of $888,841.
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

ADDENDUM

The underwriting analysis has been revised to reflect changes in the Applicant's development cost schedule, submitted in response to the TDHCA Board's decision during the November 13, 2008 Board meeting for consideration of an additional allocation of tax credits.

The Applicant provided an updated rent schedule, expenses, cost schedule, and sources and uses and commitments for the permanent funds and syndication proceeds. Additionally, the Applicant is asking for an additional tax credit allocation of $126,264 in order to fill the gap caused by the significant cost overruns described below.

The Underwriter has evaluated the impact of these changes on the financial viability of the transaction and the tax credit award based on the documentation provided and the requested changes. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report with a full evaluation of the originally proposed development plan and structure.

The Applicant's revised development cost schedule reflects a $1.3M or 9% increase in total development costs, largely attributed cost increases due to a platting issue as a result of actions by the City of El Paso in imposing new governmental regulations, causing a delay in construction until April 13 2007; a lawsuit between the City and the El Paso Water Improvement District in imposing requirements on the developer with regard to installation of water and sewer and special payments fees that were unforeseen and basically unpredictable; and finally, the impact of the expansion of Fort Bliss on construction cost by taking subcontractors out of the market, and making those that were available much more expensive. Consequently, the Applicant indicates credit delivery adjustors have effectively reduced the amount of syndication proceeds by $446,980.

Also of note, the Underwriter re-evaluated the Applicant's direct construction cost estimate based on the current Marshall & Swift -derived estimate, resulting in an increase of 1.39% or approximately $106K from underwriting at application. This estimate is 3% higher than the Applicant's current estimate and is therefore considered comparable.

As a result, the Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's revised cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $12,894,017 supports annual tax credits of $1,355,521. This figure will be compared to the Applicant's previously approved credits and the tax credits calculated based on the gap in need for permanent funds to determine the need for additional funds.

The Applicant's total revised development cost estimate less the permanent loan of $2,470,000 indicates the need for $12,522,061 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,332,267 annually would be required to fill this gap in financing. Based on the three possible tax credit allocations, the Board approved award ($1,203,646), the gap-driven amount ($1,332,267), and eligible basis-derived estimate ($1,355,521); it appears that the previously awarded allocation would not sufficiently fill the current gap in funding.

Specifically, the Underwriter's re-evaluated financing structure indicates the need for $1,208,920 in additional permanent funds. Deferred developer fees in this amount represent 72% of the developer fee available and do not appear to be repayable from development cashflow. Additionally, the inclusion of the reported $447K in adjusters increases the total amount of necessary deferred fees to $1,655,900, further jeopardizing the development's financial feasibility; therefore, the Subject would demonstrate the need for additional funds.

However, the QAP does not allow any provisions to provide an allocation of additional credits outside of the regular competitive cycles; therefore, the Underwriter cannot make a recommendation in favor of providing the requested additional allocation of funds.

SUMMARY OF SALIENT RISKS AND ISSUES

- Environmental risks exist regarding the well located on the site.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The anticipated ad valorem property tax exemption for years 6 to 9 may not be received or may be reduced, which could affect the financial feasibility of the development.
- The financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Diamond Thompson*	**Date:**	December 11, 2008
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	December 11, 2008

MULTIFAMILY COMPARATIVE ANALYSIS

Spanish Creek Townhomes, El Paso, HTC#060080

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	4	1	1	730	$245	$159		159	$636	$0.22	$86.00	$34.00
TC 60%	25	1	1	995	$490	$404		404	10,100	0.41	86.00	34.00
MR	3	1	1	995	$650	$650		564	1,950	0.65	86.00	34.00
TC 30%	6	2	2	942	$295	$194		194	1,164	0.21	101.00	34.00
TC 30%	2	2	2	1,084	$295	$194		194	388	0.18	101.00	34.00
TC 60%	62	2	2	1,084	$588	$487		487	30,194	0.45	101.00	34.00
MR	2	2	2	1,084	$775	$775		674	1,550	0.71	101.00	34.00
TC 30%	2	3	2	1,190	$340	$222		222	444	0.19	118.00	36.00
TC 60%	29	3	2	1,190	$680	$562		562	16,298	0.47	118.00	36.00
MR	1	3	2	1,190	$850	$850		732	850	0.71	118.00	36.00
TOTAL:	136		AVERAGE:	1,074		$467			$63,574	$0.44	$101.47	$34.47

					TDHCA	TDHCA-UW	APPLICATION	APPLICANT			
INCOME		Total Net Rentable Sq Ft:	146,056						COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$762,888	$752,820	$752,820	$762,888	El Paso	El Paso	13
Secondary Income			Per Unit Per Month:	$8.00	13,056	13,056	13,056	13,056	$8.00	Per Unit Per Month	
Other Support Income:					0	0			$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$775,944	$765,876	$765,876	$775,944			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(58,196)	(57,441)	(57,444)	(58,200)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0						
EFFECTIVE GROSS INCOME					$717,748	$708,435	$708,432	$717,744			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.26%	$330	0.31	$44,921	$66,274	$47,578	$47,578	$0.33	$350	6.63%
Management		5.00%	264	0.25	35,887	35,422	35,422	35,422	0.24	260	4.94%
Payroll & Payroll Tax		18.37%	969	0.90	131,848	118,968	140,760	130,760	0.90	961	18.22%
Repairs & Maintenance		6.85%	362	0.34	49,192	49,103	51,000	51,000	0.35	375	7.11%
Utilities		5.77%	304	0.28	41,400	39,792	36,720	36,720	0.25	270	5.12%
Water, Sewer, & Trash		5.93%	313	0.29	42,533	42,967	34,680	34,680	0.24	255	4.83%
Property Insurance		4.07%	215	0.20	29,211	31,467	34,000	34,000	0.23	250	4.74%
Property Tax	3.184811	9.05%	478	0.44	64,970	64,970	64,560	62,500	0.43	460	8.71%
Reserve for Replacements		4.74%	250	0.23	34,000	27,200	27,200	34,000	0.23	250	4.74%
TDHCA Compliance Fees		0.72%	38	0.04	5,200			3,400	0.02	25	0.47%
Other:		0.47%	25	0.02	3,400	8,840	6,800	3,400	0.02	25	0.47%
TOTAL EXPENSES		67.23%	$3,548	$3.30	$482,563	$485,003	$478,720	$473,460	$3.24	$3,481	65.97%
NET OPERATING INC		32.77%	$1,729	$1.61	$235,185	$223,432	$229,712	$244,284	$1.67	$1,796	34.03%
DEBT SERVICE											
First Lien Mortgage		28.03%	$1,479	$1.38	$201,193	$172,846	$181,656	$193,529	$1.33	$1,423	26.96%
Additional Financing		0.00%	$0	$0.00	0				$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0				$0.00	$0	0.00%
NET CASH FLOW		4.74%	$250	$0.23	$33,992	$50,586	$48,056	$50,755	$0.35	$373	7.07%
AGGREGATE DEBT COVERAGE RATIO					1.17	1.29	1.26	1.26			
RECOMMENDED DEBT COVERAGE RATIO								1.21			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		9.61%	$10,640	$9.91	$1,446,981	$1,416,981	$1,416,981	$1,446,981	$9.91	10639.56618	9.65%
Off-Sites		0.00%	0	0.00	0	0	0		0.00	0	0.00%
Sitework		10.44%	11,562	10.77	1,572,457	897,970	897,970	1,572,457	10.77	11,562	10.49%
Direct Construction		51.30%	56,796	52.89	7,724,197	7,618,208	7,226,200	7,485,887	51.25	55,043	49.93%
Contingency						261,544	261,544		0.00	0	0.00%
Contractor's Fees	12.42%	7.67%	8,490	7.91	1,154,657	1,143,044	1,143,044	1,154,657	7.91	8,490	7.70%
Indirect Construction		2.85%	3,152	2.94	428,734	334,100	334,100	428,734	2.94	3,152	2.86%
Ineligible Costs		1.17%	1,295	1.21	176,063	234,451	234,451	176,063	1.21	1,295	1.17%
Developer's Fees	14.69%	11.17%	12,366	11.51	1,681,828	1,550,352	1,550,352	1,681,828	11.51	12,366	11.22%
Interim Financing		3.79%	4,195	3.91	570,454	472,825	472,825	570,454	3.91	4,195	3.81%
Reserves		2.01%	2,225	2.07	302,634	176,800	176,800	475,000	3.25	3,493	3.17%
TOTAL COST		100.00%	$110,721	$103.10	$15,058,005	$14,106,275	$13,714,267	$14,992,061	$102.65	$110,236	100.00%
Construction Cost Recap		*69.41%*	***$76,848***	***$71.56***	***$10,451,311***	***$9,920,766***	***$9,528,758***	***$10,213,001***	***$69.93***	***$75,096***	*68.12%*

SOURCES OF FUNDS

				TDHCA	TDHCA-UW	APPLICATION	APPLICANT	RECOMMENDED	
First Lien Mortgage	16.40%	$18,162	$16.91	$2,470,000	$2,165,000	$2,165,000	$2,470,000	$2,470,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	68,000	68,000		0	$1,681,828
HTC Syndication Proceeds	80.04%	$88,616	$82.51	12,051,793	11,396,960	11,396,960	12,051,793	11,313,141	% of Dev. Fee Deferred
Deferred Developer Fees	3.12%	$3,458	$3.22	470,268	84,307	84,307	470,268	888,841	53%
Additional (Excess) Funds Req'd	0.44%	$485	$0.45	65,944	392,008	0	0	320,079	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$15,058,005	$14,106,275	$13,714,267	$14,992,061	$14,992,061	$888,841

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$62.08	$9,066,440
Adjustments				
Exterior Wall Finish			$0.00	$0
Elderly			0.00	0
9-Ft. Ceilings	3.00%		1.86	271,993
Roofing			1.94	283,549
Subfloor			(1.28)	(187,264)
Floor Cover			2.43	354,916
Breezeways/Balconies	$20.39	6,939	0.97	141,486
Plumbing Fixtures	$805	(64)	(0.35)	(51,520)
Rough-ins	$400		0.00	0
Built-In Appliances	$1,850	136	1.72	251,600
Exterior Stairs	$1,800		0.00	0
Enclosed Corridors	$52.16		0.00	0
Heating/Cooling			1.90	277,506
Carports	$8.90	33,440	2.04	297,616
Comm &/or Aux Bldgs	$74.22	3,022	1.54	224,286
Other: fire sprinkler	$1.95		0.00	0
SUBTOTAL			74.84	10,930,609
Current Cost Multiplier	0.99		(0.75)	(109,306)
Local Multiplier	0.88		(8.98)	(1,311,673)
TOTAL DIRECT CONSTRUCTION COSTS			$65.11	$9,509,630
Plans, specs, survy, bld prm	3.90%		($2.54)	($370,876)
Interim Construction Interes	3.38%		(2.20)	(320,950)
Contractor's OH & Profit	11.50%		(7.49)	(1,093,607)
NET DIRECT CONSTRUCTION COSTS			$52.89	$7,724,197

PAYMENT COMPUTATION

Primary	$2,470,000	Amort	360
Int Rate	7.20%	DCR	1.17

Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.17

Additional	$12,051,793	Amort	
Int Rate		Aggregate DCR	1.17

RECOMMENDED FINANCING STRUCTURE
APPLICANT'S NOI:

Primary Debt Service	$201,193
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$43,091

Primary	$2,470,000	Amort	360
Int Rate	7.20%	DCR	1.21

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.21

Additional	$12,051,793	Amort	0
Int Rate	0.00%	Aggregate DCR	1.21

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	$762,888	$785,775	$809,348	$833,628	$858,637	$995,396	$1,153,937	$1,337,729	$1,797,796
Secondary Income	13,056	13,448	13,851	14,267	14,695	17,035	19,748	22,894	30,767
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	775,944	799,222	823,199	847,895	873,332	1,012,431	1,173,685	1,360,623	1,828,563
Vacancy & Collection Loss	(58,196)	(59,942)	(61,740)	(63,592)	(65,500)	(75,932)	(88,026)	(102,047)	(137,142)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$717,748	$739,281	$761,459	$784,303	$807,832	$936,499	$1,085,659	$1,258,576	$1,691,421
EXPENSES at 4.00%									
General & Administrative	$44,921	$46,718	$48,587	$50,530	$52,551	$63,937	$77,789	$94,642	$140,094
Management	35,887	36,964	38,073	39,215	40,392	46,825	54,283	62,929	84,571
Payroll & Payroll Tax	131,848	137,122	142,607	148,311	154,244	187,661	228,318	277,784	411,188
Repairs & Maintenance	49,192	51,159	53,206	55,334	57,547	70,015	85,184	103,640	153,412
Utilities	41,400	43,056	44,778	46,569	48,432	58,925	71,691	87,224	129,112
Water, Sewer & Trash	42,533	44,235	46,004	47,844	49,758	60,538	73,654	89,611	132,647
Insurance	29,211	30,380	31,595	32,859	34,173	41,577	50,584	61,544	91,100
Property Tax	64,970	67,569	70,272	73,083	76,006	92,473	112,507	136,882	202,619
Reserve for Replacements	34,000	35,360	36,774	38,245	39,775	48,393	58,877	71,633	106,034
Other	8,600	8,944	9,302	9,674	10,061	12,240	14,892	18,119	26,820
TOTAL EXPENSES	$482,563	$501,507	$521,197	$541,664	$562,939	$682,584	$827,781	$1,004,007	$1,477,596
NET OPERATING INCOME	$235,185	$237,774	$240,262	$242,638	$244,893	$253,915	$257,878	$254,569	$213,824
DEBT SERVICE									
First Lien Financing	$201,193	$201,193	$201,193	$201,193	$201,193	$201,193	$201,193	$201,193	$201,193
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	$33,992	$36,581	$39,069	$41,446	$43,700	$52,722	$56,685	$53,376	$12,631
DEBT COVERAGE RATIO	1.17	1.18	1.19	1.21	1.22	1.26	1.28	1.27	1.06

HTC ALLOCATION ANALYSIS -Spanish Creek Townhomes, El Paso, HTC#060080

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,446,981	$1,446,981		
Purchase of buildings				
Off-Site Improvements				
Sitework	$1,572,457	$1,572,457	$1,572,457	$1,572,457
Construction Hard Costs	$7,485,887	$7,724,197	$7,485,887	$7,724,197
Contractor Fees	$1,154,657	$1,154,657	$1,154,657	$1,154,657
Contingencies				
Eligible Indirect Fees	$428,734	$428,734	$428,734	$428,734
Eligible Financing Fees	$570,454	$570,454	$570,454	$570,454
All Ineligible Costs	$176,063	$176,063		
Developer Fees				
Developer Fees	$1,681,828	$1,681,828	$1,681,828	$1,681,828
Development Reserves	$475,000	$302,634		
TOTAL DEVELOPMENT COSTS	$14,992,061	$15,058,005	$12,894,017	$13,132,327

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		$12,894,017	$13,132,327
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$16,762,222	$17,072,025
Applicable Fraction		95.59%	95.59%
TOTAL QUALIFIED BASIS		$16,022,712	$16,318,847
Applicable Percentage		8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS		$1,355,521	$1,380,574
Syndication Proceeds	**0.940**	**$12,740,628**	**$12,976,102**

Total Tax Credits (Eligible Basis Method)	**$1,355,521**	**$1,380,574**
Syndication Proceeds	**$12,740,628**	**$12,976,102**
Approved Tax Credits	**$1,203,646**	
Syndication Proceeds	**$11,313,141**	
Gap of Syndication Proceeds Needed	**$12,522,061**	
Total Tax Credits (Gap Method)	**$1,332,267**	
Reconciled Tax Credits	**$1,203,646**	
Syndication Proceeds	**$11,313,141**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ADDENDUM

DATE: August 4, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060080

DEVELOPMENT NAME

Spanish Creek Townhomes

APPLICANT

Name:	Spanish Creek Townhomes, Ltd			**Contact:**	Ike Monty
Address:	8800 Yermoland, Suite A				
City	El Paso			**State:**	TX **Zip:** 79907
Phone:	(915) 599-1245	**Fax:**	(915) 594-0434	**Email:**	ikemonty@aol.com

KEY PARTICIPANTS

Name:	Investment Builders, Inc	**Title:**	0.01% Managing General Partner/Developer
Name:	Ike Monty	**Title:**	100% Owner of GP and Developer

PROPERTY LOCATION

Location:	610 Lee Trevino Drive		
City:	El Paso	**Zip:**	79907
County:	El Paso	**Region:**	13

☒ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$1,199,800	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $1,200,000[1] ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of evidence by commencement of construction that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out, in particular that the well found on the site be plugged and abandoned appropriately.
2. Receipt, review and acceptance prior to commitment of a recommendation, by a qualified professional, regarding noise.
3. Receipt, review and acceptance of a firm commitment for funding by the local political subdivision and proposed use of such funds. Should more than $68,000 be awarded, a reduction in credit may be warranted.
4. Should the terms and rates of the proposed debt of $2,212,770 or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

[1] The recommended tax credit allocation incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ADDENDUM

REVIEW of PREVIOUS UNDERWRITING REPORTS

The underwriting analysis has been revised to reflect the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively.

As stated in the Underwriting Report dated July 19, 2006, the Applicant's development cost schedule was used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $11,879,526 and the revised underwriting applicable percentage rate support annual tax credits of $1,248,870. This figure will be compared to the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. The Applicant's request will not limit the tax credits recommended as the requested allocation was most likely based on an understated applicable percentage rate.

The Applicant's total development cost estimate less the adjusted permanent loan of $2,212,770 and local funding of $68,000 indicates the need for $11,433,497 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,203,646 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the gap-driven amount ($1,203,646), the adjusted eligible basis-derived estimate ($1,248,870), and the maximum allowable allocation ($1,200,000), the maximum allowable allocation of $1,200,000 is recommended. The Underwriter's recommended financing structure indicates the need for $34,637 in additional permanent funds. Deferred developer fees in this amount appear to be repayable within one year of stabilized operation.

Due to the small amount of deferred developer fees, if the final syndication rate were to increase by one cent per dollar, an excess of funds would exist, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits.

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%.
- Environmental risks exist regarding the well located on the site.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The anticipated ad valorem property tax exemption for years 6 to 9 may not be received or may be reduced, which could affect the financial feasibility of the development.
- The financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Cameron Dorsey*	**Date:**	August 4, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	August 4, 2006

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM

Spanish Creek Townhomes, El Paso , HTC 9%, #060080 -- **App Perc Inc**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 30%	4	1	1	730	$242	$160	$640	$0.22	$82.00	$44.00
TC 60%	25	1	1.5	995	485	403	10,075	0.41	82.00	44.00
MR	3	1	1.5	995		580	1,740	0.58	82.00	44.00
TC 30%	6	2	2	942	291	193	1,158	0.20	98.00	45.00
TC 30%	2	2	2.5	1,084	291	193	386	0.18	98.00	45.00
TC 60%	62	2	2.5	1,084	582	484	30,008	0.45	98.00	45.00
MR	2	2	2.5	1,084		650	1,300	0.60	98.00	45.00
TC 30%	2	3	2.5	1,190	336	224	448	0.19	112.00	53.00
TC 60%	29	3	2.5	1,190	672	560	16,240	0.47	112.00	53.00
MR	1	3	2.5	1,190		740	740	0.62	112.00	53.00
TOTAL:	136		**AVERAGE:**	1,074	$527	$461	$62,735	$0.43	$97.53	$46.65

INCOME	Total Net Rentable Sq Ft:	146,056		**TDHCA**	**APPLICANT**		Comptroller's Region	13
POTENTIAL GROSS RENT				$752,820	$752,820		IREM Region	El Paso
Secondary Income		Per Unit Per Month:	$8.00	13,056	13,056	$8.00	Per Unit Per Month	
Other Support Income				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$765,876	$765,876			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(57,441)	(57,444)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$708,435	$708,432			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		9.35%	$487	0.45	$66,274	$47,578	$0.33	$350	6.72%
Management		5.00%	260	0.24	35,422	35,422	0.24	260	5.00%
Payroll & Payroll Tax		16.79%	875	0.81	$118,968	140,760	0.96	1,035	19.87%
Repairs & Maintenance		6.93%	361	0.34	$49,103	51,000	0.35	375	7.20%
Utilities		5.62%	293	0.27	39,792	36,720	0.25	270	5.18%
Water, Sewer, & Trash		6.07%	316	0.29	42,967	34,680	0.24	255	4.90%
Property Insurance		4.44%	231	0.22	31,467	34,000	0.23	250	4.80%
Property Tax	3.184811	9.17%	478	0.44	64,970	64,560	0.44	475	9.11%
Reserve for Replacements		3.84%	200	0.19	27,200	27,200	0.19	200	3.84%
Supp serv, compl fees		1.25%	65	0.06	8,840	6,800	0.05	50	0.96%
TOTAL EXPENSES		68.46%	$3,566	$3.32	$485,003	$478,720	$3.28	$3,520	67.57%
NET OPERATING INC		31.54%	$1,643	$1.53	$223,432	$229,712	$1.57	$1,689	32.43%
DEBT SERVICE									
MMA Financial Mortgage		24.40%	$1,271	$1.18	$172,846	$181,656	$1.24	$1,336	25.64%
Local Funding		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%
NET CASH FLOW		7.14%	$372	$0.35	$50,586	$48,056	$0.33	$353	6.78%
AGGREGATE DEBT COVERAGE RATIO					1.29	1.26			
RECOMMENDED DEBT COVERAGE RATIO						1.30			

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)		10.05%	$10,419	$9.70	$1,416,981	$1,416,981	$9.70	$10,419	10.33%
Off-Sites		0.00%	0	0.00	0	0	$0.00	$0	0.00%
Sitework		6.37%	6,603	6.15	897,970	897,970	$6.15	$6,603	6.55%
Direct Construction		54.01%	56,016	52.16	7,618,208	7,226,200	$49.48	$53,134	52.69%
Contingency	3.07%	1.85%	1,923	1.79	261,544	261,544	1.79	1,923	1.91%
General Req'ts	5.75%	3.47%	3,602	3.35	489,876	489,876	3.35	3,602	3.57%
Contractor's G & A	1.92%	1.16%	1,201	1.12	163,292	163,292	1.12	1,201	1.19%
Contractor's Profit	5.75%	3.47%	3,602	3.35	489,876	489,876	3.35	3,602	3.57%
Indirect Construction		2.37%	2,457	2.29	334,100	334,100	2.29	2,457	2.44%
Ineligible Costs		1.66%	1,724	1.61	234,451	234,451	1.61	1,724	1.71%
Developer's G & A	1.45%	1.10%	1,145	1.07	155,752	0	0.00	0	0.00%
Developer's Profit	13.00%	9.89%	10,254	9.55	1,394,600	1,550,352	10.61	11,400	11.30%
Interim Financing		3.35%	3,477	3.24	472,825	472,825	3.24	3,477	3.45%
Reserves		1.25%	1,300	1.21	176,800	176,800	1.21	1,300	1.29%
TOTAL COST		100.00%	$103,723	$96.58	$14,106,275	$13,714,267	$93.90	$100,840	100.00%
Construction Cost Recap		*70.33%*	***$72,947***	***$67.92***	***$9,920,766***	***$8,630,788***	***$65.24***	***$70,064***	*69.48%*

2006 QAP §50.9(i)(8) points awarded for costs less than ***$70.00*** ***per square foot***

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
MMA Financial Mortgage	15.35%	$15,919	$14.82	$2,165,000	$2,165,000	$2,212,770	Developer Fee Available
Local Funding	0.48%	$500	$0.47	68,000	68,000	68,000	$1,549,503
HTC Syndication Proceeds	80.79%	$83,801	$78.03	11,396,960	11,396,960	11,398,860	% of Dev. Fee Deferred
Deferred Developer Fees	0.60%	$620	$0.58	84,307	84,307	34,637	2%
Additional (Excess) Funds Req'd	2.78%	$2,882	$2.68	392,008	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$14,106,275	$13,714,267	$13,714,267	$981,147

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Spanish Creek Townhomes, El Paso , HTC 9%, #060080 -- App Perc Inc

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$55.32	$8,079,818
Adjustments				
Exterior Wall Finish			$0.00	$0
9-Ft. Ceilings	3.00%		1.66	242,395
Roofing			1.48	216,074
Subfloor			(0.86)	(125,095)
Floor Cover			2.81	410,417
Porches/Balconies	$18.78	6,986	0.90	131,188
Plumbing	$815	160	0.89	130,400
Built-In Appliances	$2,200	136	2.05	299,200
Stairs/Fireplaces			0.00	0
Fireplaces			0.00	0
Heating/Cooling			2.20	321,323
Carports	$8.90	33,440	2.04	297,616
Comm/Aux Bldgs	$63.33	3,022	1.31	191,383
Other:			0.00	0
SUBTOTAL			69.80	10,194,719
Current Cost Multiplier	1.04		2.79	407,789
Local Multiplier	0.88		(8.38)	(1,223,366)
TOTAL DIRECT CONSTRUCTION COSTS			$64.22	$9,379,142
Plans, specs, survy, bld prm	3.90%		($2.50)	($365,787)
Interim Construction Interes	3.38%		(2.17)	(316,546)
Contractor's OH & Profit	11.50%		(7.38)	(1,078,601)
NET DIRECT CONSTRUCTION COSTS			$52.16	$7,618,208

PAYMENT COMPUTATION

Primary	$2,165,000	Amort	360
Int Rate	7.00%	DCR	1.29

Secondary		Amort	
Int Rate		Subtotal DCR	1.29

Additional		Amort	
Int Rate		Aggregate DCR	1.29

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NO

Primary Debt Service	$176,659
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$53,053

Primary	$2,212,770	Amort	360
Int Rate	7.00%	DCR	1.30

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$752,820	$775,405	$798,667	$822,627	$847,306	$982,259	$1,138,708	$1,320,074	$1,774,070
Secondary Income	13,056	13,448	13,851	14,267	14,695	17,035	19,748	22,894	30,767
Other Support Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	765,876	788,852	812,518	836,893	862,000	999,294	1,158,456	1,342,968	1,804,837
Vacancy & Collection Loss	(57,444)	(59,164)	(60,939)	(62,767)	(64,650)	(74,947)	(86,884)	(100,723)	(135,363)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$708,432	$729,688	$751,579	$774,126	$797,350	$924,347	$1,071,572	$1,242,246	$1,669,474
EXPENSES at 4.00%									
General & Administrative	$47,578	$49,481	$51,460	$53,519	$55,660	$67,718	$82,390	$100,240	$148,379
Management	35,422	36484.83	37579.37485	38706.7561	39867.95878	46217.89101	53579.20281	62112.98074	83474.65219
Payroll & Payroll Tax	140,760	146,390	152,246	158,336	164,669	200,345	243,751	296,560	438,981
Repairs & Maintenance	51,000	53,040	55,162	57,368	59,663	72,589	88,315	107,449	159,051
Utilities	36,720	38,189	39,716	41,305	42,957	52,264	63,587	77,364	114,517
Water, Sewer & Trash	34,680	36,067	37,510	39,010	40,571	49,360	60,055	73,066	108,155
Insurance	34,000	35,360	36,774	38,245	39,775	48,393	58,877	71,633	106,034
Property Tax	64,560	67,142	69,828	72,621	75,526	91,889	111,797	136,018	201,340
Reserve for Replacements	27,200	28,288	29,420	30,596	31,820	38,714	47,102	57,306	84,827
Other	6,800	7,072	7,355	7,649	7,955	9,679	11,775	14,327	21,207
TOTAL EXPENSES	$478,720	$497,515	$517,050	$537,357	$558,464	$677,169	$821,228	$996,075	$1,465,967
NET OPERATING INCOME	$229,712	$232,174	$234,529	$236,770	$238,886	$247,178	$250,344	$246,171	$203,508
DEBT SERVICE									
First Lien Financing	$176,659	$176,659	$176,659	$176,659	$176,659	$176,659	$176,659	$176,659	$176,659
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	$53,053	$55,514	$57,869	$60,110	$62,227	$70,519	$73,685	$69,511	$26,848
DEBT COVERAGE RATIO	1.30	1.31	1.33	1.34	1.35	1.40	1.42	1.39	1.15

HTC ALLOCATION ANALYSIS - Spanish Creek Townhomes, El Paso , HTC 9%, #060080 -- App Perc Inc

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$1,416,981	$1,416,981		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$897,970	$897,970	$897,970	$897,970
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$7,226,200	$7,618,208	$7,226,200	$7,618,208
(4) Contractor Fees & General Requirements				
Contractor overhead	$163,292	$163,292	$162,483	$163,292
Contractor profit	$489,876	$489,876	$487,450	$489,876
General requirements	$489,876	$489,876	$487,450	$489,876
(5) Contingencies	$261,544	$261,544	$261,544	$261,544
(6) Eligible Indirect Fees	$334,100	$334,100	$334,100	$334,100
(7) Eligible Financing Fees	$472,825	$472,825	$472,825	$472,825
(8) All Ineligible Costs	$234,451	$234,451		
(9) Developer Fees			$1,549,503	
Developer overhead		$155,752		$155,752
Developer fee	$1,550,352	$1,394,600		$1,394,600
(10) Development Reserves	$176,800	$176,800		
TOTAL DEVELOPMENT COSTS	$13,714,267	$14,106,275	$11,879,526	$12,278,043

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		$11,879,526	$12,278,043
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$15,443,384	$15,961,455
Applicable Fraction		96%	96%
TOTAL QUALIFIED BASIS		$14,762,058	$15,257,274
Applicable Percentage		8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS		$1,248,870	$1,290,765
Syndication Proceeds	**0.9499**	**$11,863,080**	**$12,261,045**
Total Tax Credits (Eligible Basis Method)		**$1,248,870**	**$1,290,765**
Syndication Proceeds		**$11,863,080**	**$12,261,045**
Requested Tax Credits		**$1,199,800**	
Syndication Proceeds		**$11,396,960**	
Gap of Syndication Proceeds Needed		**$11,433,497**	
Total Tax Credits (Gap Method)		**$1,203,646**	
Limited Syndication Proceeds		**$11,398,860**	
Total Tax Credits (QAP Limit)		**$1,200,000**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: July 19, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060080

DEVELOPMENT NAME

Spanish Creek Townhomes

APPLICANT

Name: Spanish Creek Townhomes, Ltd **Contact:** Ike Monty

Address: 8800 Yermoland, Suite A

City El Paso **State:** TX **Zip:** 79907

Phone: (915) 599-1245 **Fax:** (915) 594-0434 **Email:** ikemonty@aol.com

KEY PARTICIPANTS

Name: Investment Builders, Inc **Title:** 0.01% Managing General Partner/Developer

Name: Ike Monty **Title:** 100% Owner of GP and Developer

PROPERTY LOCATION

Location: 610 Lee Trevino Drive

City: El Paso **Zip:** 79907

County: El Paso **Region:** 13 ☒ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$1,199,800	N/A	N/A	N/A

Proposed Use of Funds: New construction **Type:** Multifamily

Target Population: Family **Other:** Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $1,199,800 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of evidence by commencement of construction that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out, in particular that the well found on the site be plugged and abandoned appropriately.
2. Receipt, review and acceptance prior to commitment of a recommendation, by a qualified professional, regarding noise.
3. Receipt, review and acceptance of a firm commitment for funding by the local political subdivision and proposed use of such funds. Should more than $68,000 be awarded, a reduction in credit may be warranted.
4. Should the terms and rates of the proposed debt of $2,212,770 or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 136 **# Res Bldgs** 34 **# Non-Res Bldgs** 3 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 146,056 **Av Un SF:** 1,074 **Common Area SF:** 3,022 **Gross Bldg SF:** 149,078

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

STRUCTURAL MATERIALS

The structures will be constructed on concrete slabs. According to the plans provided in the application the exterior will be 100% stucco. The interior wall surfaces will be drywall and the roofs will be finished with concrete tile.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: amicrowave, laundry connections, a ceiling fixture in each room, a split refrigeration system, an individual water heater, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 100 or more, the Applicant has elected to provide a community laundry room, an enclosed sun porch or covered community porch, full perimeter fencing, a furnished community room, a furnished fitness center, public telephone(s) available to tenants 24 hours a day, a swimming pool, and two children’s playgrounds equipped for 5 to 12 year olds/two tot lots/one of each.

Uncovered Parking: 171 spaces **Carports:** 136 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Spanish Creek Townhomes is a 16.1-unit per acre new construction development located in southeast El Paso. The development is comprised of 34 evenly distributed residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
7	2	4		
1	2	4		
15	2		4	
3	2		4	
7	2			4
1	2			4

The development includes a 2,122-square foot community building and separate 300-square foot laundry and 600-square foot maintenance buildings.

SITE ISSUES

SITE DESCRIPTION

Total Size:	8.4492 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone B & C	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	C-1 (Commercial)	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The subject site is an irregular-shaped parcel located in the “East” sector of El Paso on Lee Trevino Drive just north of North Loop Drive/Loop 76.

Adjacent Land Uses:

- **North:** single family residential and vacant land immediately adjacent and residential beyond;
- **South:** an irrigation drain and North Loop Drive immediately adjacent and mixed residential and commercial beyond;
- **East:** storm water collection drain immediately adjacent and residential beyond; and
- **West:** Lee Trevino Drive immediately adjacent and mixed residential and commercial beyond.

Site Access: Access to the property is from north bound on Lee Trevino Drive.

Public Transportation: Public transportation to the area is provided by Sun Metro and the nearest linkage is 0.4 miles from the subject site.

Shopping & Services: A major supermarket, other retail shopping and restaurants, public schools, a library, and other community facilities are located within two miles of the site. A major medical center is located five miles of the site.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 05/04/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 9, 2006 was prepared by EFI Global, Inc and contained the following findings and recommendations:

Findings:

- **Noise:** The Phase I ESA did not indicate any recommendation regarding noise.
- **Floodplain:** "According to the Federal Emergency Management Agency (FEMA), Flood Insurance Rate Maps for El Paso, Texas Panel 480214 0045B, effective date October 15 1982, the Subject Property is located within an area of minimal flooding" (p. 5).
- **Asbestos-Containing Materials (ACM):** "During the time of our visit, no structures or buildings were observed on the subject property. Therefore building components and/or materials that may be covered with a lead based paint are not a concern of the Subject Property" (p. 12).
- **Lead-Based Paint (LBP):** "During the time of our visit, no structures or buildings were observed on the subject property. Therefore building components and/or materials that may have Asbestos Containing Materials (ACM) are not a concern of the Subject Property" (p. 11).
- **Lead in Drinking Water:** "The Subject Property was not connected to a public or private water supply distribution system. However, the El Paso Water Utilities provides potable water service to the adjacent properties and vicinity. The water supply meets EPA criteria under the Safe Drinking Water Act (SDWA)" (p. 11).
- **Radon:** "The final report of the Texas Indoor Radon Survey was issued by the Texas Department of State Health Services (TDSHS), formerly Texas Department of Health (TDH), in June 1994. According to the survey report, 106 radon samples were spatially distributed throughout El Paso County, Texas. The published test results indicated that radon concentration varied from less than 0.5 Pico Curies per Liter (pCi\L) to 21.6 pCi\L. The statistical average for El Paso County was reported to be 1.0 pCi\L. This is below the EPA's threshold limit of 4.0 pCi\L. During the course of our site visit, no structures or buildings were observed on the Subject Property. Therefore, the potential of radon gas accumulations is very low" (p. 12).

Recommendations: "Based on the results of our research, observations, and interviews, EFI has not identified suspect environmental conditions at the Subject Property. The review of historical aerial photographs identified no evidence of recognized environmental conditions associated with the Subject Property. The earliest onsite and adjacent land use was identified in the 1970s. Our review of regulatory

agency databases identified no listing that presents an existing environmental concern. Our site reconnaissance did not identify evidence of underground storage tanks, suspect subsurface equipment, or suspect surface conditions at the Subject Property. During the course of our site visit, we observed stained soils on the Subject Property, which was associated with the former agricultural and landscape nursery uses. Stained soil was observed in the southwestern portion of the property. The soil in this area was heavily stained and the ground's surface contained a dark-brown to black discoloration. Minor soil staining was observed in the northwestern portion of the Subject Property. It is EFI's opinion that the heavily stained soils were a result of stockpiled manure and/or compost materials typically associated with agricultural land and landscape nursery uses. Environmental impacts to the Subject Property resulting from these stained soils are unlikely. During our site visit, an inactive irrigation water supply well was observed in the western portion of the Subject Property. At the time of our site reconnaissance, the well was not in use and we were unable to determine if the well was operable. The presence of this well is considered a recognized environmental condition. There was one pole-mounted transformer on the Subject Property. It was located adjacent to the irrigation water supply well. The transformer had no labeling regarding its PCB content. EFI found no staining on the native soils around the equipment. El Paso Electric Company operates the equipment and is responsible for any environmental concerns associated with its operation" (p 14).
"Provided the well is not to be used for irrigation purposes, EFI recommends that the well be properly plugged and abandoned in accordance Federal and State rules and regulations governing such activities" (p. 15).

Receipt, review, and acceptance of evidence by commencement of construction that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out is a condition of this report. In addition, the Phase I ESA did not make a recommendation regarding the need for a noise study. Receipt, review and acceptance of a recommendation, by a qualified professional, of a recommendation regarding noise is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. One-hundred and thirty of the units (95% of the total) will be reserved for low-income tenants. Fourteen of the units (10%) will be reserved for households earning 30% or less of AMI, 116 units (85%) will be reserved for households earning 60% or less of AMI, and the remaining six units will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$18,120	$20,700	$23,280	$25,860	$27,900	$30,000

MARKET HIGHLIGHTS

A market feasibility study dated February 20, 2006 was prepared by Ipser & Associates, Inc ("Market Analyst") and included the following findings:

Secondary Market Information: The Market Analyst did not indicate a secondary market area.

Definition of Primary Market Area (PMA): "The overall market area for the subject includes 19 surrounding census tracts (see Map 5)" (p. 2-12). This area encompasses approximately 23 square miles and is equivalent to a circle with a radius of 2.7 miles.

Population: The estimated 2006 population of the PMA is 96,000 and is expected to increase by 0.5% to approximately 96,465 by 2011. Within the primary market area there are estimated to be 27,955 households in 2006.

Total Market Demand: The Market Analyst did not utilize a household size-appropriate adjustment rate. The Analyst's income band of $8,160 to $27,500 results in an income eligible adjustment rate of 35% (p. 3-5). The Market Analyst does not show how they came to this conclusion and the Underwriter looks at two income bands around the 30% and 60% target markets. The Underwriter's income eligible adjustment rate was higher at 43.8%. The tenure appropriate adjustment rate of 36% is specific to the general population (p. 3-5). The Market Analyst indicates a turnover rate of 42% applies based on 2000 Census data (p. Ex N-1).

In addition, the Market Analyst included 10% of the Section 8 waiting list for the area as a source of demand resulting in an added demand for 238 affordable units (14% of total demand) (Ex N-1). However, the Market Analyst does not evidence his methodology for this source of demand. Moreover, some persons on the Section 8 waiting list are effectively included in the resident turnover demand calculations based on the general population for the PMA. Therefore, the Underwriter chose not to include this demand source.

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	8	< 1%	6	< 1%
Resident Turnover	1,429	85%	1,587	99%
Other Sources: Section 8 Waiting List	238	14%	N/A	N/A
TOTAL DEMAND	**1,675**	**100%**	**1,596**	**100%**

p. Ex N-1

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 13.4% based upon 1,675 units of demand and 225 unstabilized affordable housing in the PMA (including the subject) (p. Ex N-1). The Underwriter calculated an inclusive capture rate of 14.10% based upon a supply of 225 unstabilized comparable affordable units divided by a revised demand estimate for 1,596 affordable units. Including the 108 units from the proposed Copper Square Estates would increase the Underwriter's capture rate to a still acceptable 20.9%.

Unit Mix Conclusion: "The subject will have 136 units, consisting of 32 1-Bd units at 730 and 995 Sq.Ft., 72 2-Bd units at 942 and 1,084 Sq.Ft., and 32 3-Bd units at 1,190 Sq.Ft.. The subject will be open to all segments of the population, including elderly. Therefore, the proposed unit mix appears appropriate" (p. 3-7).

Market Rent Comparables: The Market Analyst surveyed 15 comparable apartment projects totaling 1,963 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (30%)	$160	$160	$0	$555	-$395
1-Bedroom (60%)	$403	$403	$0	$590	-$187
1-Bedroom (MR)	$580	N/A		$590	-$10
2-Bedroom (30%) 942 SF	$193	$193	$0	$680	-$342
2-Bedroom (30%) 1,084 SF	$193	$193	$0	$695	-$342
2-Bedroom (60%)	$484	$484	$0	$695	-$211
2-Bedroom (MR)	$650	N/A		$695	-$45
3-Bedroom (30%)	$224	$224	$0	$760	-$516
3-Bedroom (60%)	$560	$560	$0	$760	-$200
3-Bedroom (MR)	$740	N/A		$760	-$20

(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: "Two HTC projects indicated absorption information in the market area. The 112-unit Capistrano Palms opened in April 2005 and was 90% occupied in July 2005, which indicated an absorption rate of 34 units per month. Also, Western Burgundy opened in May 1999 and was 100% occupied in 6 months, for a monthly absorption or 11 units" (p. 3-6). "Twelve of the 18 properties surveyed reported physical occupancy rates of 95.8% or higher, including 7 with occupancy rates between 96% and 99% and 5 that were 100% occupied (3 more were also 100% leased). Also, 5 locations had occupancy rates ranging from 90% to 95.5%, and the lowest physical occupancy rate was 84.7% at Valle Sereno AHDP" (p. 2-19).

Absorption Projections: "Absorption information was obtained from two HTC properties. Capistrano Palms opened in April 2005 and reached 90% occupancy in July 2005, which indicated an absorption rate of 34 units per month. Capistrano is currently 100% and reported the largest waiting list in the market area. Also, Western Burgundy opened in May 1999 and was 100% occupied in 6 months, for a monthly absorption or 11 units. Average absorption for the subject is estimated at 10 to 12 units per month, and it is expected that a 10 to 12 month lease-up period will be required to achieve 92.5% occupancy of the 136 units. Some tenants could be expected to relocate from multi-family complexes" (p. 2-22).

Unstabilized, Under Construction, and Planned Development: The newest development in the PMA is Capistrano Palms (TDHCA #03023, completed in April 2005) which has an occupancy of 100% and a waiting list of 250. The Market Analyst included the 95 tax credit units from Capistrano Palms in the capture rate calculation. A second development by the same developer is proposed for this market. Copper Square Estates (#060078) is a 108-unit development targeting families three miles northwest of the site. And a third proposed development by the same developer targeting elderly households is a few blocks north of the subject. All three of these developments have the same score as of the date of this report; however, according to program staff, the subject wins the tiebreaker and therefore would be the first in line to receive an award.

Market Impact: The market study made no reference to the market impact of the proposed development.

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 projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of July 1, 2006, maintained by Housing Authority of the City of El Paso, from the 2006 program gross rent limits. Tenants will be required to pay electric and natural gas. The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines and their effective gross income estimate is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,520 per unit is within 5% of the Underwriter's estimate of $3,566, derived from the TDHCA database and IREM data. However, the Applicant's estimate of general and administrative is $19K lower and payroll and payroll tax is $22K higher than the Underwriter's estimates. The Applicant also understated TDHCA compliance fees.

Conclusion: The Applicant's income, expense, and net operating income estimates are each within 5% of the Underwriter's estimates; therefore, the Applicant's proforma will be used to determine the development's debt coverage ratio and debt capacity. The Applicant's first-year debt coverage ratio appears to be within the Department's guideline of 1.10 to 1.30 based on the Applicant's estimate of annual debt service. However, the terms presented in the proposal for permanent financing results in a lesser annual debt service and a debt coverage ratio that exceeds the Department maximum of 1.30. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Long-Term Feasibility: The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized with a revised annual debt service resulting in a debt coverage ratio that remains above 1.10 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 10.0492 acres	$296,643	**Assessment for the Year of:**	2005
1 acre:	$29,519	**Valuation by:**	El Paso County Appraisal District
Prorated Value: 8.4492 acres	$249,413	**Tax Rate:**	3.184811

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control: Unimproved commercial property contract (8.4492 acres)

Contract Expiration: 09/01/2006 **Valid through Board Date?** ☒ Yes ☐ No

Acquisition Cost: $1,416,981.50 **Other:**

Seller: Richard J. Amstater, Trustee **Related to Development Team?** ☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $167,705 per acre or $10,419 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction. It should be noted, the seller is not the current owner of the property. Rather the seller has a current unimproved commercial property contract for a larger 10.34 acres encompassing the subject site with a closing date of August 31, 2006 (First Amendment). There is no indication any of the parties are related.

Sitework Cost: The Applicant's claimed sitework costs of $6,603 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost: The Applicant's direct construction cost estimate is $392K or 5% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's fees for the contractor and developer were set at the maximums allowed by TDHCA guidelines, but with the reduction in eligible basis due to the misapplication of eligible basis discussed above the eligible basis portion of these fees now exceeds the maximum by $6,509 and has been reduced by the same amount in order to recalculate the appropriate requested credit amount.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $11,879,526 supports annual tax credits of $1,206,060. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

INTERIM TO PERMANENT FINANCING

Source: MMA Financial, Inc **Contact:** Christopher E Tawa

Interim: $6,270,000 **Interest Rate:** 8.50%, variable, lender's estimate **Amort:** 24 months

Permanent: $2,220,000 **Interest Rate:** 7.00%, fixed, lender's estimate **Amort:** 360 months

Documentation: ☒ Signed ☐ Term Sheet ☐ LOI ☒ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

GRANT

Source: City of El Paso and/or County of El Paso **Contact:** N/A

Total Abatement: $68,000 **Conditions:** N/A

Documentation: ☐ Signed ☐ Term Sheet ☐ LOI ☐ Firm Commitment ☐ Conditional Commitment ☒ Application

Comments: Tax abatement and/or waiver of permit; Should both entities grant the requests, Applicant would reduce request to each accordingly.

TAX CREDIT SYNDICATION

Source: MMA Financial, Inc **Contact:** Suzanne Pixley

Proceeds: $11,396,960 **Net Syndication Rate:** 95% **Anticipated HTC:** $1,199,800/year

Documentation: ☒ Signed ☐ Term Sheet ☒ LOI ☐ Firm Commitment ☐ Conditional Commitment ☐ Application

Comments:

OTHER

Amount: $84,307 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Financing: The interim to permanent financing commitment from MMA Financial is inconsistent with the terms reflected in the sources and uses of funds listed in the application. The principal reflected in the commitment is $55K higher than is being shown in the sources and uses portion of the application. Moreover, it would appear that the development could support this additional debt. If the full $2,220,000 is utilized, an excess of funds may be present. The Underwriter completed this analysis at a debt level between the Applicant's stated amount and the commitment amount ($2,212,770) which also provides a maximum 1.30 DCR.

Funding by Local Political Subdivision: The Applicant has applied for and anticipates receiving a tax abatement for years 6 to 9 and/or a waiver of permit from the City of El Paso and/or County of El Paso. If the amount granted exceeds $68K, the requests to each will be revised accordingly. Receipt, review and acceptance of firm commitment for funding by local political subdivision and proposed use of such funds is a condition of this report. While a tax abatement would not affect the sources and uses of funds, any award of local funds higher than the $68,000 projected by the Applicant could affect the need for tax credits.

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 $84,307 amount to 2% of the total fees.

Financing Conclusions: As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.30. The underwriting analysis assumes an increase in the permanent loan amount to $2,212,770 based on the terms reflected in the application materials. As a result the development's gap in financing will decrease.

The Applicant's total development cost estimate less the revised permanent loan of $2,212,770 and $68,000 in local funding indicates the need for $11,433,497 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,203,646 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($1,199,800), the gap-driven amount ($1,203,646), and eligible basis-derived estimate ($1,206,060), the Applicant's request of $1,199,800 is recommended. The syndication rate of 95¢ per credit acquired is typical in today's market but a one cent per dollar increase in this rate would reduce the need for credits all else held equal. The Underwriter's recommended financing structure indicates the need for $36,537 in permanent funds. Deferred developer fees in this amount appear to be repayable within one year.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- The General Partner and Developer, Investment Builders, Inc, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $25M and consisting of $1.2M in cash, $9.1M in receivables, $1.1M in real property, $102K in prepaid expenses, $260K in machinery, equipment, and fixtures, and $13.3M in other assets. Liabilities totaled $13.9M, resulting in net assets of $11.2M.
- The principal of the General Partner and Developer, Ike Monty, submitted an unaudited financial

statement as of December 31, 2005 and is anticipated to be guarantor of the development.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- Environmental risks exist regarding the well located on the site.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The anticipated ad valorem property tax exemption for years 6 to 9 may not be received or may be reduced, which could affect the financial feasibility of the development.
- The financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Cameron Dorsey*	**Date:**	July 19, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	July 19, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Spanish Creek Townhomes, El Paso , HTC 9%, #060080

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 30%	4	1	1	730	$242	$160	$640	$0.22	$82.00	$44.00
TC 60%	25	1	1.5	995	485	403	10,075	0.41	82.00	44.00
MR	3	1	1.5	995		580	1,740	0.58	82.00	44.00
TC 30%	6	2	2	942	291	193	1,158	0.20	98.00	45.00
TC 30%	2	2	2.5	1,084	291	193	386	0.18	98.00	45.00
TC 60%	62	2	2.5	1,084	582	484	30,008	0.45	98.00	45.00
MR	2	2	2.5	1,084		650	1,300	0.60	98.00	45.00
TC 30%	2	3	2.5	1,190	336	224	448	0.19	112.00	53.00
TC 60%	29	3	2.5	1,190	672	560	16,240	0.47	112.00	53.00
MR	1	3	2.5	1,190		740	740	0.62	112.00	53.00
TOTAL:	136		**AVERAGE:**	1,074	$527	$461	$62,735	$0.43	$97.53	$46.65

INCOME	Total Net Rentable Sq Ft:	146,056	**TDHCA**	**APPLICANT**		Comptroller's Region	13
POTENTIAL GROSS RENT			$752,820	$752,820		IREM Region	El Paso
Secondary Income	Per Unit Per Month:	$8.00	13,056	13,056	$8.00	Per Unit Per Month	
Other Support Income			0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$765,876	$765,876			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(57,441)	(57,444)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$708,435	$708,432			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		9.35%	$487	0.45	$66,274	$47,578	$0.33	$350	6.72%
Management		5.00%	260	0.24	35,422	35,422	0.24	260	5.00%
Payroll & Payroll Tax		16.79%	875	0.81	$118,968	140,760	0.96	1,035	19.87%
Repairs & Maintenance		6.93%	361	0.34	$49,103	51,000	0.35	375	7.20%
Utilities		5.62%	293	0.27	39,792	36,720	0.25	270	5.18%
Water, Sewer, & Trash		6.07%	316	0.29	42,967	34,680	0.24	255	4.90%
Property Insurance		4.44%	231	0.22	31,467	34,000	0.23	250	4.80%
Property Tax	3.184811	9.17%	478	0.44	64,970	64,560	0.44	475	9.11%
Reserve for Replacements		3.84%	200	0.19	27,200	27,200	0.19	200	3.84%
Supp serv, compl fees		1.25%	65	0.06	8,840	6,800	0.05	50	0.96%
TOTAL EXPENSES		68.46%	$3,566	$3.32	$485,003	$478,720	$3.28	$3,520	67.57%
NET OPERATING INC		31.54%	$1,643	$1.53	$223,432	$229,712	$1.57	$1,689	32.43%
DEBT SERVICE									
MMA Financial Mortgage		24.40%	$1,271	$1.18	$172,846	$181,656	$1.24	$1,336	25.64%
Local Funding		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%
NET CASH FLOW		7.14%	$372	$0.35	$50,586	$48,056	$0.33	$353	6.78%
AGGREGATE DEBT COVERAGE RATIO					1.29	1.26			
RECOMMENDED DEBT COVERAGE RATIO						1.30			

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)		10.05%	$10,419	$9.70	$1,416,981	$1,416,981	$9.70	$10,419	10.33%
Off-Sites		0.00%	0	0.00	0	0	$0.00	$0	0.00%
Sitework		6.37%	6,603	6.15	897,970	897,970	$6.15	$6,603	6.55%
Direct Construction		54.01%	56,016	52.16	7,618,208	7,226,200	$49.48	$53,134	52.69%
Contingency	3.07%	1.85%	1,923	1.79	261,544	261,544	1.79	1,923	1.91%
General Req'ts	5.75%	3.47%	3,602	3.35	489,876	489,876	3.35	3,602	3.57%
Contractor's G & A	1.92%	1.16%	1,201	1.12	163,292	163,292	1.12	1,201	1.19%
Contractor's Profit	5.75%	3.47%	3,602	3.35	489,876	489,876	3.35	3,602	3.57%
Indirect Construction		2.37%	2,457	2.29	334,100	334,100	2.29	2,457	2.44%
Ineligible Costs		1.66%	1,724	1.61	234,451	234,451	1.61	1,724	1.71%
Developer's G & A	1.45%	1.10%	1,145	1.07	155,752	0	0.00	0	0.00%
Developer's Profit	13.00%	9.89%	10,254	9.55	1,394,600	1,550,352	10.61	11,400	11.30%
Interim Financing		3.35%	3,477	3.24	472,825	472,825	3.24	3,477	3.45%
Reserves		1.25%	1,300	1.21	176,800	176,800	1.21	1,300	1.29%
TOTAL COST		100.00%	$103,723	$96.58	$14,106,275	$13,714,267	$93.90	$100,840	100.00%
Construction Cost Recap		*70.33%*	***$72,947***	***$67.92***	***$9,920,766***	***$8,630,788***	***$65.24***	***$70,064***	*69.48%*

2006 QAP §50.9(i)(8) points awarded for costs less than ***$70.00*** ***per square foot***

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
MMA Financial Mortgage	15.35%	$15,919	$14.82	$2,165,000	$2,165,000	$2,212,770	Developer Fee Available
Local Funding	0.48%	$500	$0.47	68,000	68,000	68,000	$1,549,503
HTC Syndication Proceeds	80.79%	$83,801	$78.03	11,396,960	11,396,960	11,396,960	% of Dev. Fee Deferred
Deferred Developer Fees	0.60%	$620	$0.58	84,307	84,307	36,537	2%
Additional (Excess) Funds Req'd	2.78%	$2,882	$2.68	392,008	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$14,106,275	$13,714,267	$13,714,267	$981,147

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

Spanish Creek Townhomes, El Paso , HTC 9%, #060080

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$55.32	$8,079,818
Adjustments				
Exterior Wall Finish			$0.00	$0
9-Ft. Ceilings	3.00%		1.66	242,395
Roofing			1.48	216,074
Subfloor			(0.86)	(125,095)
Floor Cover			2.81	410,417
Porches/Balconies	$18.78	6,986	0.90	131,188
Plumbing	$815	160	0.89	130,400
Built-In Appliances	$2,200	136	2.05	299,200
Stairs/Fireplaces			0.00	0
Fireplaces			0.00	0
Heating/Cooling			2.20	321,323
Carports	$8.90	33,440	2.04	297,616
Comm/Aux Bldgs	$63.33	3,022	1.31	191,383
Other:			0.00	0
SUBTOTAL			69.80	10,194,719
Current Cost Multiplier	1.04		2.79	407,789
Local Multiplier	0.88		(8.38)	(1,223,366)
TOTAL DIRECT CONSTRUCTION COSTS			$64.22	$9,379,142
Plans, specs, survy, bld prm	3.90%		($2.50)	($365,787)
Interim Construction Interes	3.38%		(2.17)	(316,546)
Contractor's OH & Profit	11.50%		(7.38)	(1,078,601)
NET DIRECT CONSTRUCTION COSTS			$52.16	$7,618,208

PAYMENT COMPUTATION

Primary	$2,165,000	Amort	360
Int Rate	7.00%	DCR	1.29

Secondary		Amort	
Int Rate		Subtotal DCR	1.29

Additional		Amort	
Int Rate		Aggregate DCR	1.29

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NO

Primary Debt Service	$176,659
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$53,053

Primary	$2,212,770	Amort	360
Int Rate	7.00%	DCR	1.30

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.30

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.30

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

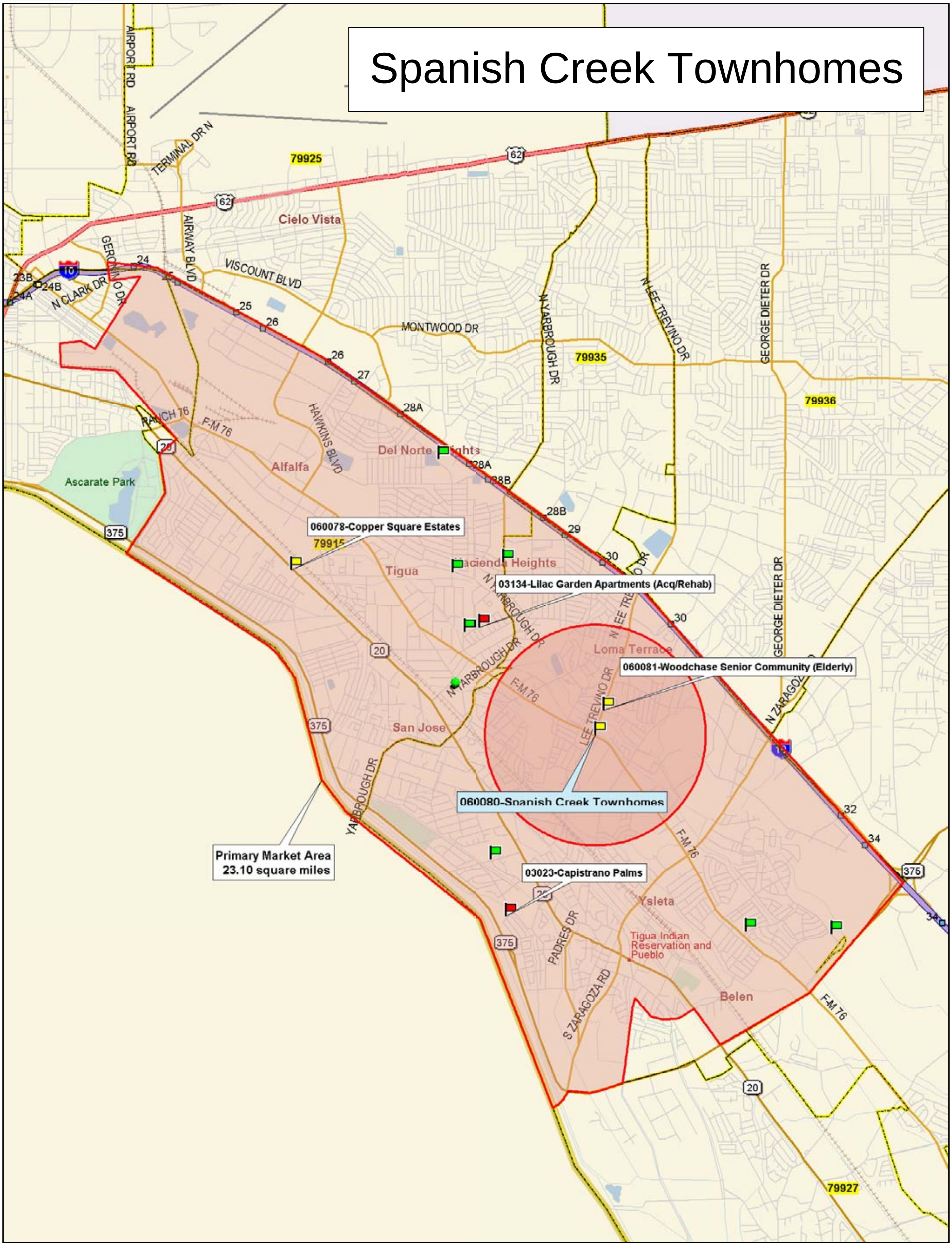
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$752,820	$775,405	$798,667	$822,627	$847,306	$982,259	$1,138,708	$1,320,074	$1,774,070
Secondary Income	13,056	13,448	13,851	14,267	14,695	17,035	19,748	22,894	30,767
Other Support Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	765,876	788,852	812,518	836,893	862,000	999,294	1,158,456	1,342,968	1,804,837
Vacancy & Collection Loss	(57,444)	(59,164)	(60,939)	(62,767)	(64,650)	(74,947)	(86,884)	(100,723)	(135,363)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$708,432	$729,688	$751,579	$774,126	$797,350	$924,347	$1,071,572	$1,242,246	$1,669,474
EXPENSES at 4.00%									
General & Administrative	$47,578	$49,481	$51,460	$53,519	$55,660	$67,718	$82,390	$100,240	$148,379
Management	35,422	36484.83	37579.37485	38706.7561	39867.95878	46217.89101	53579.20281	62112.98074	83474.65219
Payroll & Payroll Tax	140,760	146,390	152,246	158,336	164,669	200,345	243,751	296,560	438,981
Repairs & Maintenance	51,000	53,040	55,162	57,368	59,663	72,589	88,315	107,449	159,051
Utilities	36,720	38,189	39,716	41,305	42,957	52,264	63,587	77,364	114,517
Water, Sewer & Trash	34,680	36,067	37,510	39,010	40,571	49,360	60,055	73,066	108,155
Insurance	34,000	35,360	36,774	38,245	39,775	48,393	58,877	71,633	106,034
Property Tax	64,560	67,142	69,828	72,621	75,526	91,889	111,797	136,018	201,340
Reserve for Replacements	27,200	28,288	29,420	30,596	31,820	38,714	47,102	57,306	84,827
Other	6,800	7,072	7,355	7,649	7,955	9,679	11,775	14,327	21,207
TOTAL EXPENSES	$478,720	$497,515	$517,050	$537,357	$558,464	$677,169	$821,228	$996,075	$1,465,967
NET OPERATING INCOME	$229,712	$232,174	$234,529	$236,770	$238,886	$247,178	$250,344	$246,171	$203,508
DEBT SERVICE									
First Lien Financing	$176,659	$176,659	$176,659	$176,659	$176,659	$176,659	$176,659	$176,659	$176,659
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	$53,053	$55,514	$57,869	$60,110	$62,227	$70,519	$73,685	$69,511	$26,848
DEBT COVERAGE RATIO	1.30	1.31	1.33	1.34	1.35	1.40	1.42	1.39	1.15

HTC ALLOCATION ANALYSIS - Spanish Creek Townhomes, El Paso , HTC 9%, #060080

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$1,416,981	$1,416,981		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$897,970	$897,970	$897,970	$897,970
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$7,226,200	$7,618,208	$7,226,200	$7,618,208
(4) Contractor Fees & General Requirements				
Contractor overhead	$163,292	$163,292	$162,483	$163,292
Contractor profit	$489,876	$489,876	$487,450	$489,876
General requirements	$489,876	$489,876	$487,450	$489,876
(5) Contingencies	$261,544	$261,544	$261,544	$261,544
(6) Eligible Indirect Fees	$334,100	$334,100	$334,100	$334,100
(7) Eligible Financing Fees	$472,825	$472,825	$472,825	$472,825
(8) All Ineligible Costs	$234,451	$234,451		
(9) Developer Fees			$1,549,503	
Developer overhead		$155,752		$155,752
Developer fee	$1,550,352	$1,394,600		$1,394,600
(10) Development Reserves	$176,800	$176,800		
TOTAL DEVELOPMENT COSTS	$13,714,267	$14,106,275	$11,879,526	$12,278,043

Deduct from Basis:			
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)			
TOTAL ELIGIBLE BASIS		$11,879,526	$12,278,043
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$15,443,384	$15,961,455
Applicable Fraction		96%	96%
TOTAL QUALIFIED BASIS		$14,762,058	$15,257,274
Applicable Percentage		8.17%	8.17%
TOTAL AMOUNT OF TAX CREDITS		$1,206,060	$1,246,519
Syndication Proceeds	**0.9499**	**$11,456,426**	**$11,840,749**

Total Tax Credits (Eligible Basis Method)	**$1,206,060**	**$1,246,519**
Syndication Proceeds	**$11,456,426**	**$11,840,749**
Requested Tax Credits	**$1,199,800**	
Syndication Proceeds	**$11,396,960**	
Gap of Syndication Proceeds Needed	**$11,433,497**	
Total Tax Credits (Gap Method)	**$1,203,646**	



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BOARD ACTION SUMMARY
MULTIFAMILY FINANCE PRODUCTION DIVISION

December 18, 2008

Action Item

Presentation, Discussion and Possible Approval to Allow 2007 Awarded Applicants to Return Credits and Reallocate 2008 or 2009 Credits to the Applications.

Requested Action

Approve or Deny the Return of 2007 Credits and Reallocation of 2008 or 2009 Housing Tax Credits.

Background

At the November 13, 2008 Board meeting, several developers requested the Board consider allowing the 2007 applications to return their credit and receive a reallocation of housing tax credits from the 2008 or 2009 credit ceiling to allow them an addition year for placement in service. Some developers also requested the ability to submit new cost figures because the ten percent increase the Board approved at the November meeting was not enough to keep the deals financially feasible.

The Department's General Counsel expressed concern with this consideration because of the unique application year in which each of these applications were made and the concern that statutory requirements for each application round such as the notification process would not have been made in the year in which the award was made. The General Counsel requested the Board's permission to discuss the concerns with the Office of the Attorney General and report back to the Board at the December meeting.

The General Counsel has met informally with the Director of the Natural Resources and Administrative Law Division and another attorney within that division. The informal opinion by the OAG was that because Texas Government Code Chapter 2306 Subchapter DD provides direction that each year is contemplated as an individual round, applications must be resubmitted to award the 2007 Round applications with 2009 credits. It is their opinion that providing credits without an active application would not meet the statutory requirements as laid out in the code. If a formal statutory interpretation is desired, the Chairman or the Executive Director will need to request the opinion in writing to the Attorney General. The anticipated date for an answer would be approximately 180 days from the date of the request.

In the alternative to a return and reallocation the Board could allow these applications to return the credits under the amnesty policy approved at the November 13, 2008 meeting and agree to concessions on the application fees for the 2009 application cycle, assuming the applicant applies with the same site and development.

Recommendation

Staff does not recommend allowing the 2007 applications to return and receive an allocation without reapplying.

NONE AT THE TIME OF THIS POSTING

BOARD ACTION SUMMARY
MULTIFAMILY FINANCE PRODUCTION DIVISION
December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of 2009 Credit Ceiling for Applicants Affected by the $2 million cap limitation in 2008

Requested Action

Approve or Deny the Approval of using 2009 Credit Ceiling for Applicants Affected by the $2 million cap limitation in 2008.

Background

At the November 13, 2008 Board meeting, the Board ask staff to present a list of Applicants that would be affected by the $2 million cap limitation due to the additional credits and the Forward Commitments approved or considered for approval by the Board. The Board

The Department's governing statute sets forth a limitation in the amount of allocation any given Applicant may receive in an Application Round. The limitation is $2 million per Applicant. Due to the unforeseen events of this year, developers and Applicants were not able to plan or avoid this limitation as they have in the past. Many developers and Applicants are faced with having to decline the additional credits, thus, rendering their development infeasible. Some Applicants are asking the Board to consider allowing their additional credits to come from the 2009 credit ceiling instead of the 2008 so that their development has the same opportunity as all the other Applications.

The following is a list of Applications that would exceed the $2 million limitation for the developer/applicant should the additional credits be allocated from the 2008 credit ceiling.

07108	Paseo Palms	$195,464	13
07149	Residences at Eastland	$99,820	3
07234	Tuscany Park at Buda	$131,841	7
08101	Jackson Village Retirement	$116,848	6
08133	Timber Creek Senor	$147,561	5
08160	Tres Palmas	$187,790	13
08163	San Elizario Palms	$71,980	13
08233	Heritage Park Vista	$161,776	3
08261	Towne Center Apt Homes	$60,393	8
08262	Lake View Apt Homes	$281,675	4
	Estimate Total	$1,4,55,148	

Recommendation

Staff recommends the Executive Director have the discretion to allow 2009 credit ceiling be forward committed, if needed, for developers or applicants that may exceed the $2 million limitation.

To Be Posted as an Addendum three days prior to the meeting

To Be Posted as an Addendum three days prior to the meeting

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Possible Adoption of the Proposed Repeal of 10 Texas Administrative Code Chapter 35, 2007 Multifamily Housing Revenue Bond Rules and Proposed Adoption of 10 Texas Administrative Code Chapter 35, 2009 Final Multifamily Housing Revenue Bond Rules.

Required Action

1. Adoption of Repeal of Title 10, Part 1, Chapter 35- 2007 Final Multifamily Housing Revenue Bond Rules

2. Adoption of New Title 10, Part 1, Chapter 35 – 2009 Final Multifamily Housing Revenue Bond Rules

Background

At the September 4, 2008, Board Meeting, the Board approved the Proposed New Title 10 Texas Administrative Code, Part 1, Chapter 35 - 2009 Draft Multifamily Housing Revenue Bond Rules and the proposed repeal of the Title 10 Texas Administrative Code, Part 1, Chapter 35 - 2007 Multifamily Housing Revenue Bond Rules for public comment. The proposals were published in the *Texas Register* on September 19, 2008, for the public to provide comments. In order to receive additional comments on all proposed rules, the Texas Department of Housing and Community Affairs staff held public hearings in the cities of El Paso, Lubbock, Brownsville, Houston, Fort Worth and Austin. Forty-seven (47) people attended these hearings.

Staff notes that there were some administrative changes made to this rule since this draft was approved by the Board at the September 4, 2008 Board Meeting. Specifically the changes were made to the amenities so that the language was consistent with the Draft 2009 Qualified Allocation Plan which the Board approved at this same Board meeting. In addition, there was clarification made to §35.8(b) and (c) of this rule regarding the bond and tax credit compliance fees.

The Department received a few comments specific to the 2009 Multifamily Housing Revenue Bond Rule; however there were several comments that were in response to the Draft 2009 Qualified Allocation Plan which impacts this rule as well. Comment responses are included in the QAP agenda item which precedes this presentation. Below is a summary of that comment.

§35.3 (29) – Definitions – Rural Area, Page 4 of 17, (26)

Comment:
Comment was made requesting that Rural Bond transactions be allowed to exceed the 80 new unit construction limit, because the market demand should determine the number of units not an arbitrary number. Additionally, commenter requested that Rural Developments involving reconstruction not have a size limitation. (26)

Staff Response:
§2306.004 Texas Government Code specifically defines a Rural Development and imposes a maximum limit of 80 Units for Developments proposed in Rural Areas. The Department has applied this restriction consistently to all Department programs. Staff believes that allowing no more than 80 units as part of reconstruction is an appropriate application of the statute. No change is recommended.

§35.6(d)(16) Pre-Application Threshold Notification Requirement, Page 6 of 17, (26, 66)

Comment:
Comment was made requesting that the evidence of proof of delivery expand because a recipient may refuse to sign a receipt for mail or courier delivery, in which case a returned receipt that had been properly addressed but not signed should be allowed as proof of delivery. Comment also suggests that this requirement will be difficult to meet in order to receive confirmation from the recipients. Comment was indicated that municipalities who oppose a deal could pose a problem by simply not signing or provide evidence of proof of delivery. (26, 66)

Staff Response:
Staff believes that a returned receipt, although not signed, would be acceptable evidence as long as the delivering agent (courier, postal service, etc) indicates that delivery was attempted and refused. Staff notes that the requirements of the QAP have not changed only the clarification for what satisfies "proof of delivery". The Department does not require the Applicant to submit such evidence unless the notification process is challenged. The Department must have a mechanism that shows the notification was delivered to the intended recipient.

§35.6(d)(16) Pre-Application Threshold Criteria, Page 8 of 17, (62)

Comment:
Comment asks the Department to be more specific in its definition of "lighting fixtures." Comment went on to question whether an option is available to either provide Energy Star light fixtures, or simply provide tenants with Energy Star bulbs. It is their contention that the energy star light fixtures will be obsolete soon. (62)

Staff Response:
Staff agrees that this requirement should be revised and recommends the following:

> (vii) Energy-Star or equivalently rated lighting in all Units, which may include compact florescent bulbs.

§35.6(e)(5)(RR) Pre-Application Scoring Criteria Criteria, Page 9 of 17), (27, 32, 38, 43, 54, 60, 66)

Comment:
Comment was made supporting the green building initiatives. Commenter stated that NAHB has put out some guidelines and they will forward them to the Department. (27, 38) Comments were made asking to improve the point allocations for green building, to award points proportionally according to the impact of particular green practices and equipment will have on the project overall, and to clarify language to ensure more performance-based and not prescriptive goals to again meet overall green building goals. (32, 54) Comment was made suggesting that more points are awarded to larger photovoltaic panels, as opposed to smaller ones. Comment also suggested excluding the cost of solar insulations from the project cost so that developers are not deterred from including such systems in their projects. (43) Comment was

made asking the Department to consider scoring rehabilitation projects with 1.5 points per Green Building item achieved, because rehabilitation projects have less flexibility. (60) Comment was made suggesting “the addition of tankless hot water heaters for 3 points” to the Green Building criteria. (66)

Staff Response:

Staff agrees with the clarifications received. These comments appear to be substantial, however, staff believes these clarifications will enable the development community to understand what is required and will enable the Department to inspect and/or monitor the amenities. Staff recommends the following revisions:

(QQ) Green Building amenities: (Rehabilitation Developments will receive 1.5 points for each point requested for the green building amenities)

(i) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);

(ii) passive solar heating/cooling (3 points maximum)

(I)Two points if the glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west- facing walls; and the east-west axis of the building is within 15 degrees of due east-west.

(II)One point if in addition to the east-west axis of the building oriented within 15 degrees of due east-west, utilize a narrow floor plate (less than 40 feet), single loaded corridors and open floor plan to optimize daylight penetration and passive ventilation (note: to qualify for this particular point, application must also implement the 15 degree building orientation option above); and 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August); and solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east.

(iii) water conserving features (2 points maximum, 1 point for each):

(I)Install low-flow toilets using less than or equal to 1.6 gallons per flush, or high efficiency toilets using less than or equal to 1.28 gallons/flush.

(II)Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets.

(iv) solar water heaters (Solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.) (2 points);

(v) irrigation and landscaping (must implement both of the following) (2 points)

(I)collected water (at least 50%) for irrigation purposes;

(II)selction of native trees and plants that are appropriate to the site’s soils and microclimate and locate then to allow for shading in the sumer and allow for heat gain in the winter

(vi) sub-metered utility meters (2 points maximum);

(I)Sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or

(II)Sub-metered utility meters on new construction project (excluding new construction senior project) (1 point)

(vii) energy efficiency (4 points maximum);

(I)Three points if Energy Elements include Energy-Star qualified windows and glass doors; and Exterior envelope insulation, vapor barriers and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and HVAC, domestic hot water heater, or insulation that exceeds Energy Star standards or exceeds the IRC 2006; OR

(II)Four points if the project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85.

(viii) thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) (2 points);

(ix) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum);

(I)Photovoltaic panels that total 10 kW (1point);

(II)Photovoltaic panels that total 20 kW (2 points);

(III)Photovoltaic panels that total 30 kW (3 points)

(x) construction waste management and implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);

(xi) recycling service provided throughout the compliance period (1 point);

(xii) water permeable walkways (at least 20% of walkways and parking) (1 point).

(xiii) bamboo flooring, wool carpet, linoleum flooring, straw board, poplar OSB, or cotton batt insulation (50% of flooring on the ground floor of the development must be finished concrete and/or ceramic tile. 50% of the flooring on upper floors must be ceramic tile and/or a flooring material that is Floor Score Certified (developed by the Resilient Floor Covering Institute), applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty. (2 points);

Staff agrees that reconfiguration of existing Developments to include green building initiatives does require additional consideration. The Department allows this same consideration with other amenities. Staff agrees with the 1.5 point consideration. Staff proposes the following language:

"(QQ) Green Building amenities (Rehabilitation Developments will receive 1.5 points for each point requested for the green building amenities)

Staff believes including tankless hot water heaters may be a reasonable request. However, it would require further research and input for staff to establish an appropriate recommendation for this year's QAP. Staff proposes this suggestion be incorporated into the 2010 QAP and commits to further research this issue. The limited amount of research that staff has conducted to date indicates many possible disadvantages to the installation of such units; including, the limited in the amount of hot water that can be produced at one time; the longer period it may take to get hot water, since they don't start heating the water until you turn on the faucet; the possibility of an increase in water wastage since you have to let the water run longer to get your hot water; and the limited the rate of the heated water flow. Staff recommends no change.

§35.8(b)(c) Fees, (Page 16 of 17)

This section has been revised to clarify the bond and tax credit compliance fees. The changes since the draft was approved at the September 3 Board meeting are highlighted.

(a) Application and Issuance Fees. At the time of full application the Applicant is required to submit a tax credit application fee of $30/unit and $10,000 for the bond application fee (for multiple site Applications $10,000 or $30/unit, whichever is greater, for the bond application fee.) At the closing of the bonds the following fees are required: an issuance fee equal to 50 basis points (0.005) of the issued bond amount, administration fee equal to 20 basis points (0.002) and a Private Activity Bond compliance fee equal to $25~~15~~/unit and a tax credit compliance fee equal to $40/unit. For refunding Applications the Application fee will be $10,000 unless the refunding is not required to have a TEFRA public hearing, in which case the fee will be $5,000.

(c) Annual Administration, Portfolio Management and Compliance, and Asset Management Fees. The Department shall set ongoing fees to be paid by Development Owners to cover the Department's costs of administering the Bonds, portfolio management and compliance with the program requirements applicable to each Development and asset management applicable requirements. The annual tax credit compliance fee is paid in advance (for the duration of the compliance or affordability period) and is equal to $40/unit beginning two years from the closing date on the bonds. The fee will be collected, retroactively if applicable, beginning with the first year of the credit period. The invoice must be paid prior to the issuance of form 8609. Subsequent anniversary dates on which the compliance monitoring fee payments are due shall be determined by the month the first building is placed in service. The Private Activity Bond compliance fee is paid in advance at closing (for as long as the bonds are outstanding) and is equal to $25~~15~~/unit beginning two years from the closing date on the bonds for payment to be applied to the third year following closing; the asset management fee, if applicable, is paid in advance and is equal to $25/unit beginning two years from the closing date on the bonds. Compliance fees may be adjusted from time to time by the Department. The annual administration fee is paid in arrears and is equal to 10 basis points (0.001) of the outstanding bond amount beginning three years from the closing date. These fees are paid for a minimum of thirty (30) years or as long as the bonds are outstanding.

Recommendation

Staff recommends the Board adopt the Repeal 10 Texas Administrative Code Chapter 35 and Adopt the New 10 Texas Administrative Code Chapter 35 for the 2009 Multifamily Housing Revenue Bond Rules as presented and allow staff to make changes to these rules, where applicable, to be consistent with other program rules.

	2009 Rule Cycle Proposed Rules: (INCLUDES Public Hearing Testimony, Emails, & letters received; DOES NOT INCLUDE Staff Comments)
Number	**COMMENTER**
26	David Mark Koogler, President, Mark-Dana Corporation
27	Debra Guerrero, NRP Group
32	Jennifer Daughtrey Hicks, Development Project Manager, Foundation Communities
38	Mary Lawler, Executive Director, Avenue Community Development Corporation
43	Representatve Lon Burnam
54	Walter Moreau, Executive Director of Foundation Communities
60	Sarah Andre, S2A Development Consulting
62	Jill Moody, Gonzalez Newell Bender, Inc. Architects
66	Sarah Anderson, S. Anderson Consulting

Multifamily Finance Production Division

2009~~8~~ MULTIFAMILY HOUSING REVENUE BOND RULES
TITLE 10, PART 1, CHAPTER 35~~3~~, TEXAS ADMINISTRATIVE CODE

TITLE 10. COMMUNITY DEVELOPMENT
PART I. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 35~~3~~. MULTIFAMILY HOUSING REVENUE BOND RULES
10 TAC §§35~~3~~.1 – 35~~3~~.10

§35~~3~~.1. Introduction

The purpose of this Chapter 35~~3~~ is to state the Texas Department of Housing and Community Affairs (the "Department") requirements for issuing Bonds, the procedures for applying for multifamily housing revenue Bond financing, and the regulatory and land use restrictions imposed upon Developments financed with the issuance of Bonds for the 2009~~8~~ Private Activity Bond Program Year. The rules and provisions contained in Chapter 35~~3~~, of this title are separate from the rules relating to the Department's administration of the Housing Tax Credit Program. Applicants seeking a housing tax credit allocation should consult the Department's Qualified Allocation Plan and Rules ("QAP"), in effect for the program year for which the Housing Tax Credit application will be submitted. If the applicable QAP contradicts rules set forth in this chapter, the applicable QAP will take precedence over the rules in the chapter. The Department encourages the participation in the Multifamily Bond programs by working directly with Applicants, lenders, trustees, legal counsels, local and state officials and the general public to conduct business in an open, transparent and straightforward manner. The Department has simplified the process, within the limitation of statute, to affirmatively support and create affordable housing throughout the State of Texas.

§35~~3~~.2. Authority

The Department receives its authority to issue Bonds from Chapter 2306 of the Texas Government Code. All Bonds issued by the Department must conform to the requirements of the Act. Notwithstanding anything herein to the contrary, tax-exempt Bonds which are issued to finance the Development of multifamily rental housing are specifically subject to the requirements of the laws of the State of Texas, including but not limited to Chapter 2306 and Chapter 1372 of the Texas Government Code relating to Private Activity Bonds, and to the requirements of the Code (as defined in this chapter).

§35~~3~~.3. Definitions

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

(1) Administrative Deficiency--As defined in §49~~50~~.3(2~~1~~) of this title.

(2) Applicant--As defined in §49~~50~~.3(7~~6~~) of this title.

(3) Application--As defined in §49~~50~~.3(8~~7~~) of this title.

(4) Board--The Governing Board of the Department.

(5) Bond--An evidence of indebtedness or other obligation, regardless of the sources of payment, issued by the Department under the Act, including a bond, note, or bond or revenue anticipation note, regardless of whether the obligation is general or special, negotiable, or nonnegotiable, in bearer or registered form, in certified or book entry form, in temporary or permanent form, or with or without interest coupons.

(6) Code--The U.S. Internal Revenue Code of 1986, as amended from time to time, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued by the United States Department of the Treasury or the Internal Revenue Service.

(7) Development--As defined in §49~~50~~.3(32~~1~~) of this title.

(8) Development Owner--~~-~~As defined in §49~~50~~.3(35~~4~~) of this title.

(9) Eligible Tenants--

(A) individuals and families of Extremely Low, Very Low and Low Income;~~,~~

(B) Families of Moderate Income (in each case in the foregoing subparagraph (A) and (B) of this paragraph as such terms are defined by the Issuer under the Act)~~,~~; and

(C) Persons with Special Needs, in each case, with an Anticipated Annual Income not in excess of 140% of the area median income for a four-person household in the applicable standard metropolitan statistical area; provided that all Low-Income Tenants shall count as Eligible Tenants.

(10) Extremely Low Income--The income received by an individual or family whose income does not exceed thirty percent (30%) of the area median income or applicable federal poverty line, as determined by the Act.

(11) Family of Moderate Income--A family:

(A) that is determined by the Board to require assistance taking into account:

(i) the amount of total income available for the housing needs of the individuals and family;~~,~~

(ii) the size of the family;~~,~~

(iii) the cost and condition of available housing facilities;~~,~~

(iv) the ability of the individuals and family to compete successfully in the private housing market and to pay the amounts required by private enterprise for sanitary, decent, and safe housing;~~,~~ and

(v) standards established for various federal programs determining eligibility based on income; and

(B) that does not qualify as a family of Low Income.

(12) Ineligible Building Type—As defined in §49~~50~~.3(56~~2~~) of this title.

(13) Institutional Buyer--

(A) An accredited investor as defined in Regulation D promulgated under the Securities Act of 1933, as amended (17 CFR §230.501(a)), but excluding any natural person or any director or executive officer of the Department (17 CFR §§230.501(a)(4)-(6)); or

(B) A qualified institutional buyer as defined by Rule 144A promulgated under the Securities Act of 1935, as amended (17 CFR §230.144(A)).

(14) Intergenerational Housing--As defined in §49~~50~~.3(57~~5~~) of this title.

(15) Low Income--The income received by an individual or family whose income does not exceed eighty percent (80%) of the area median income or applicable federal poverty line, as determined by the Act.

(16) Land Use Restriction Agreement (LURA)--An agreement between the Department and the Development Owner which is binding upon the Development Owner's successors in interest that encumbers the Development with respect to the requirements of law, including this title, the Act and Section 42 of the Code.

(17) New Construction--As defined in §49~~50~~.3(64~~3~~) of this title.

(18) Owner--An Applicant that is approved by the Department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a Development subject to the regulatory powers of the Department and other terms and conditions required by the Department and the Act.

(19) Persons with Special Needs--Persons who:

(A) Are considered to be disabled under a state or federal law;~~,~~

(B) Are elderly, meaning 60 years of age or older or of an age specified by an applicable federal program;~~,~~

(C) Are designated by the Board as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise;~~,~~ or

(D) Are legally responsible for caring for an individual described by subparagraph (A), (B) or (C) of this paragraph and meet the income guidelines established by the Board.

(20) Private Activity Bonds--Any Bonds described by §141(a) of the Code.

(21) Private Activity Bond Program Scoring Criteria--The scoring criteria established by the Department for the Department's Multifamily Housing Revenue Bond Program, §35~~33~~.6(e) of this title.

(22) Private Activity Bond Program Threshold Requirements--The threshold requirements established by the Department for the Department's Multifamily Housing Revenue Bond Program, §35~~33~~.6(d) of this title.

(23) Program--The Department's Multifamily Housing Revenue Bond Program.

(24) Proper Site Control--Regarding the legal control of the land to be used for the Development, means the earnest money contract is in the name of the Applicant (principal or member of the General Partner); fully executed by all parties and escrowed by the title company.

(25) Property--The real estate and all improvements thereon, whether currently existing or proposed to be built thereon in connection with the Development, and including all items of personal property affixed or related thereto.

(26) Qualified 501(c)(3) Bonds--Any Bonds described by §145(a) of the Code.

(27) Rehabilitation--As defined in §49~~50~~.3(81) of this title.

(28) Rural Area--An area that is located:

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

(B) Within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area; or

(C) In an Area that is eligible for funding by Texas Rural Development Office of the United States Department of Agriculture (TRDO-USDA), other than an area that is located in a municipality with a population of more than 50,000.

(29) Rural Development--A Development or proposed Development that is located in a Rural Area, other than rural new construction Developments with more than 80 units.

(30) Tenant Income Certification--A certification as to income and other matters executed by the household members of each tenant in the Development, in such form as reasonably may be required by the Department in satisfaction of the criteria prescribed by the Secretary of Housing and Urban Development under §8(f)(3) of the Housing Act of 1937 ("the Housing Act") (42 U.S.C. 1437f) for purposes of determining whether a family is a lower income family within the meaning of the §8(f)(1) of the Housing Act.

(31) Tenant Services--Social services, including child care, transportation, and basic adult education, that are provided to individuals residing in low income housing under Title IV-A, Social Security Act (42 U.S.C. §601 et seq.), and other similar services.

(32) Tenant Services Program Plan--The plan, subject to approval by the Department, which describes the Tenant Services to be provided by the Development Owner in a Development.

(33) Trustee--A national banking association organized and existing under the laws of the United States, as trustee (together with its successors and assigns and any successor trustee).

(34) TRDO-USDA –As defined in §49~~50~~.3(94) of this title.

(35) Unit--As defined in §49~~50~~.3(95) of this title.

(36) Very Low Income--The income received by an individual or family whose income does not exceed sixty percent (60%) of the area median income or applicable federal poverty line as determined under the Act.

§35~~33~~.4. Policy Objectives and~~&~~ Eligible Developments.

The Department will issue Bonds to finance the rehabilitation, preservation or construction of decent, safe and affordable housing throughout the State of Texas. Eligible Developments may include those which are constructed, acquired, or rehabilitated and which provide housing for individuals and families of Low Income, Very Low Income, or Extremely Low Income, and Families of Moderate Income.

§35~~33~~.5. Bond Rating and Investment Letter.

(a) Bond Ratings. All publicly offered Bonds issued by the Department to finance Developments shall have and be required to maintain a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or Moody's Investors Service, Inc. If such rating is based upon credit enhancement provided by an institution other than the Applicant or Development Owner, the form and substance of such credit enhancement shall be subject to approval by the Board, which approval shall be evidenced by adoption by the Board of a resolution authorizing the issuance of the credit-enhanced Bonds. Remedies relating to failure to maintain appropriate credit ratings shall be provided in the financing documents relating to the Development.

(b) Investment Letters. Bonds rated less than "A," or Bonds which are unrated must be placed with one or more Institutional Buyers and must be accompanied by an investment letter acceptable to the Department. Subsequent purchasers of such Bonds shall also be qualified as Institutional Buyers and shall sign and deliver to the Department an investment letter in a form acceptable to the Department. Bonds rated less than "A" and Bonds which are unrated shall be issued in physical form, in minimum denominations of one hundred thousand dollars ($100,000), and shall carry a legend requiring any purchasers of the Bonds to sign and deliver to the Department an investment letter in a form acceptable to the Department.

§35~~33~~.6. Application Procedures, Evaluation and Approval.

(a) Application Costs, Costs of Issuance, Responsibility and Disclaimer. The Applicant shall pay all costs associated with the preparation and submission of the Application--including costs associated with the publication and posting of required public notices--and all costs and expenses associated with the issuance of the Bonds, regardless of whether the Application is ultimately approved or whether Bonds are ultimately issued. At any stage during the Application process, the Applicant is solely responsible for determining whether to proceed with the Application, and the Department disclaims any and all responsibility and liability in this regard.

(b) Pre-application. An Applicant who requests financing from the Department for a Development shall submit a pre-application in a format prescribed by the Department. Within fourteen (14) days of the Department's receipt of the pre-application, the Department will be responsible for federal, state, and local community notifications of the proposed Development. Upon review of the pre-application, if the Development is determined to be ineligible for Bond financing by the Department, the Department will send a letter to the Applicant explaining the reason for the ineligibility. If the Development is determined to be eligible for Bond financing by the Department, the Department will score and rank the pre-application based on the Private Activity Bond Program Scoring Criteria as described in subsection (d) of this section. The Department will rank the pre-application with higher scores ranking higher within each priority defined by §1372.0321, Texas Government Code. All Priority 1 Applications will be ranked above all Priority 2 Applications which will be ranked above all Priority 3 Applications, regardless of score, reflecting a priority structure which gives consideration to the income levels of the tenants and the rent levels of the units consistent with §2306.359. This priority ranking will be used throughout the calendar year. In the event two or more Applications receive the same score, the Department will use, as a tie-breaking mechanism, a priority first for Applications involving rehabilitation; then if a tie still exists, the Application with the greatest number of points awarded for Quality and Amenities for the Development; then if a tie still exists, the Department will grant preference to the pre-application with the lower number of net rentable square feet per bond amount requested. Pre-Applications must meet the threshold requirements as stated in the Private Activity Bond Program Threshold Requirements as set out in subsection (c) of this section. After scoring and ranking, the Development and the proposed financing structure will be presented to the Department's Board for consideration of a resolution declaring the Department's initial intent to issue Bonds (the "inducement resolution") with respect to the Development. After Board approval of the inducement resolution, the induced Applications will be submitted to the Texas Bond Review Board for its lottery, waiting list or carryforward processing in rank order. The Texas Bond Review Board will draw the number of lottery numbers that equates to the number of eligible Applications submitted by the Department for participation in lottery. The lottery numbers drawn will not equate to a specific Development. The Texas Bond Review Board will thereafter assign the lowest lottery number drawn to the highest ranked Application as previously determined by the Department. The Texas Bond Review Board will issue reservations of allocation for Applications submitted for the waiting list or carryforward in the order provided by the Department based on rank. The criteria by which a Development may be deemed to be eligible or ineligible are explained in subsection (j) of this section, entitled Eligibility Criteria. The Private Activity Bond Program Scoring Criteria will be posted on the Department's website.

(c) Approval of the inducement resolution does not guarantee final Board approval of the Bond Application. Department staff, for good cause, may recommend that the Board not approve an inducement resolution for an Application. The TDHCA Board reviews the Development as a whole for adherence to timelines and notification rules in the Qualified Allocation Plan and Rules, the need for the Development, compliance with local government rules and procedures, financial feasibility and the input of local and state officials and interested community members. These factors and others will be used to make the final determination at the appropriate time. Because each Development is unique, making the final determination is often dependent on the issues presented at the time the Application is presented to the Board.

(d) Pre-Application Threshold Requirements.

(1) As the Department reviews the Application, the Department will use the following assumptions, even if not reflected by the Applicant in the Application. Prequalification Assumptions:

(A) Development Feasibility:

(i) Debt Coverage Ratio must be greater than or equal to 1.15;

(ii) Deferred Developer Fees are limited to 80% of Developer's Fees;

(iii) Contractor Fee, Overhead and General Requirements are limited to 14% of direct costs plus site work cost; and

(iv) Developer Fees cannot exceed 15% of the project's Total Eligible Basis.

(B) Construction Costs Per Unit Assumption. Costs not to exceed $85~~75~~ per square foot~~Unit~~ for general population developments and $95~~85~~ for elderly developments (Acquisition / Rehab developments are exempt from this requirement);

(C) Anticipated Interest Rate and Term. As stated in the Summary of Financing Participants in the pre-application;

(D) Size of Units (Acquisition/Rehab developments are exempt from this requirement):~~;~~

(i) Efficiency Units must be at least 550 square feet;

(ii~~i~~) One bedroom Unit must be greater than or equal to 650 square feet for family and 600~~550~~ square feet for senior Units;

(iii) Two bedroom Unit must be greater that or equal to 900 square feet for family and 700~~750~~ square feet for senior Units;

(iv~~ii~~) Three bedroom Unit must be greater than or equal to 1,000 square feet; and/or~~ for family~~.

(~~i~~v) Four bedroom Unit must be greater than or equal to 1,200 square feet~~ for family~~.

(2) Appropriate Zoning. Evidence of appropriate zoning for the proposed use or evidence of application made and pending decision;

(3) Executed Site Control. Properly executed and escrow receipted site control through the inducement Board meeting at pre-application and ~~December 1, 2007 with option to extend through March 1, 2008 for lottery Applications or~~ 90 days from the date of the bond reservation with the option to extend through the scheduled TDHCA Board meeting at full application~~for waiting list and carryforward Applications~~. The potential expiration of site control does not warrant the application being presented to the TDHCA Board prior to the scheduled meeting;

(4) Current Market Information (must support affordable rents);

(5) Completed current TDHCA Bond Pre-Application;

(6) Completed Multifamily Rental Worksheets;

(7) Certification of Local Elected Official request for neighborhood organization information and Public Notification Information~~.~~;

(8) Completed 2009~~8~~ Bond Review Board Residential Rental Attachment;

(9) Signed letter of Responsibility for All Costs Incurred;

(10) Signed Mortgage Revenue Bond Program Certification Letter;

(11) Evidence of Paid Application Fees ($1,000 to TDHCA, $2,000~~1,500~~ to Vinson and Elkins, as the Department's bond counsel, and $5,000 to Bond Review Board);

(12) Boundary Survey or Plat clearly identifying the location and boundaries of the subject property;

(13) Local Area map showing the location of the Property and Community Services / Amenities within a three (3) mile radius;

(14) Utility Allowance documented from the Appropriate Local Housing Authority;

(15) Organization Chart showing the structure of the Applicant and the ownership structure of any principals of the Applicant with evidence of Entity Registration or Reservation with the Secretary of State; and

(16) Required Notification. Evidence of notification~~s~~ is required in the form of the "Certification of Notifications" form provided in the pre-application ~~shall include a copy of the exact letter and other materials that were sent to the individual or entity, a sworn affidavit~~ stating that they made all the required notifications prior to the deadlines and a copy of the entire mailing list on the "Public Information Form" (including names and complete addresses) of all the recipients. Proof of delivery of the notification must not be older than three months prior to the date of Application submission date. Notification must be sent to all the following individuals and entities (If the QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted reflect a notification process that is different from the process listed ~~below~~ in subparagraphs (A) – (F) of this paragraph, then the QAP and Rules will override the notification process listed ~~below~~ in subparagraphs (A) – (F) of this paragraph):

(A) State Senator and Representative that represents the community containing the development;

(B) Presiding Officer of the governing body of any municipality containing the development and all elected members of that body (Mayor, City Council members);

(C) Presiding Officer of the governing body of the county containing the development and all elected members of that body (County Judge and/or Commissioners);

(D) School District Superintendent of the school district containing the development;

(E) Presiding Officer of the School Board of Trustees of the school district containing the development; and

(F) Evidence in the form of a certification that all of the notifications required under this paragraph have been made. Requests for Neighborhood Organizations under clause~~subparagraph~~ (i) of this subparagraph must be made by the deadlines described in that clause. Evidence of notification must meet the requirements identified in clause~~subparagraph~~ (ii) of this subparagraph to all of the individuals and entities identified in ~~subparagraph~~ clause (iii) of this subparagraph.

(i) The Applicant must request Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site as follows:

(I) No later than fourteen~~twenty-one~~ (14~~21~~) days prior to the date the Application is submitted, the Applicant must e-mail, fax or mail with registered receipt a completed, "Neighborhood Organization Request" letter as provided in the Pre-Application materials to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request neighborhood organizations from that source in the same format;

(II) If no reply letter is received from the local elected officials by seven (7) days prior to the Application submission, then the Applicant must certify to that fact with the "Pre-Application Notification Certification Form" provided in the Pre-Application materials; and

(III) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries contain ~~include~~ the proposed Development Site ~~as outlined by the local elected officials,~~ or that the Applicant has knowledge of as of the Pre-Application Submission in the ~~"Pre-Application Notification~~ "Certification of Notification Form" provided in the Pre-Application.

(ii) No later than the date the Pre-Application is submitted, Notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt in the format required in the "Pre-Application Notification Template" provided in the Pre-Application materials. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials; however the county officials are required to be notified. Evidence of Notification is required in the form of a certification in the "~~Pre-Application Notification~~ Certification of Notification Form" provided in the Pre-Application materials. It is strongly encouraged that Applicants retain proof of delivery of the notifications to the persons or entities prescribed in subclauses (I) – (IX) of this clause in the event the Department requires proof of Notification. Evidence of proof of delivery is demonstrated by signed receipt for mail or courier delivery and confirmation of receipt by recipient for facsimile and electronic mail. Officials to be notified are those officials in office at the time the Pre-Application is submitted.

(I) Neighborhood Organizations on record with the ~~city~~state or county whose boundaries contain~~include~~ the proposed Development Site as identified in ~~subsection~~clause (i)(III) of this subparagraph;~~.~~

(II) Superintendent of the school district containing the Development;

(III) Presiding officer of the board of trustees of the school district containing the Development;

(IV) Mayor of any municipality containing the Development;

(V) All elected members of the governing body of any municipality containing the Development;

(VI) Presiding officer of the governing body of the county containing the Development;

(VII) All elected members of the governing body of the county containing the Development;

(VIII) State representative of the district containing the Development; and

(IX) State senator of the district containing the Development.

(iii) Each such notice must include, at a minimum, all of the following:

(I) The Applicant's name, address, individual contact name and phone number;

(II) The Development name, address, city and county;

(III) A statement informing the entity or individual being notified that the Applicant is submitting a request for Private Activity Bonds and Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(IV) Statement of whether the Development proposes New Construction or Rehabilitation;

(V) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing, or elderly);

(VI) The approximate total number of Units and approximate total number of low-income Units;

(VII) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the percentage of Units that are market rate; and

(VIII) The number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Pre-Application, which are subject to change as annual changes in the area median income occur.

(17) All New Construction or Reconstruction units must provide the amenities in subparagraphs (A) – (G~~I~~) of this paragraph. Rehabilitation (excluding Reconstruction) must provide the amenities in subparagraphs (B) – (G~~I~~) of this paragraph unless expressly identified as not required (§2306.187).

(A) All new construction units must be wired with ~~6 pair CAT5e wiring or better to provide phone and data service to each unit and wired with COAX cable to provide TV and high speed internet data service to each unit~~ RG-6 COAX or better and CAT3 phone cable or better, wired to each bedroom, dining room and living room;

(B) Blinds or window coverings for all windows;

(C) Energy-Star or equivalently rated dishwasher and disposal (not required for TRDO-USDA Developments);

(D) Energy-Star or equivalently rated Refrigerator (not required for SRO Developments);

(E) ~~Energy-Star or equivalently rated~~ Oven/Range;

(F~~EF~~) Exhaust/vent fans (vented to the outside) in bathrooms;

(G~~FG~~) Energy-Star or equivalently rated ceiling fans in living areas and bedrooms; and

(H~~GH~~) Energy-Star or equivalently rated lighting fixtures in all Units.

~~(I) Emergency 911 telephone accessible and available to tenants 24 hours a day.~~

(e) Pre-Application Scoring Criteria.

(1) Income and rent levels of the tenants: Priority 1 applications will receive 10 points, Priority 2 applications will receive 7 points and Priority 3 applications will receive 5 points.

(2) Construction Cost Per Unit includes: direct hard costs, site work, contractor profit, overhead, general requirements and contingency. Calculation will be hard costs per square foot of net rentable area. Must be greater than or equal to $85~~75~~ per square foot for general population Developments and $95~~85~~ per square foot for elderly Developments (1 point) (Acquisition / Rehab will automatically receive (1 point)).

(3) Size of Units. Average size of all Units combined in the development must be greater than or equal to 950 square foot for family and must be greater than or equal to 750 square foot for elderly (5 points). (Acquisition / Rehab developments will automatically receive 5 points).

(4) Period of Guaranteed Affordability for Low Income Tenants. Add 10 years of affordability after the extended use period for a total affordability period of 40 years (1 point).

(5) Quality and Amenities Substitutions in amenities will be allowed as long as the overall score is not affected. Applications in which Developments provide specific qualities and amenities at no extra charge to the tenant will be awarded points as follows: Acquisition/Rehab developments will receive 1.5 points for each item.

(A) Laundry Connections (2 points);

(B) Self-cleaning or continuous cleaning ovens (1 point);

(C) Microwave Ovens (in each Unit) (1 point);

(D) Refrigerator with icemaker (1 point);

(E) Laundry equipment (washer and dryers) for each individual Unit including a front load washer and dryer in required UFAS compliant Units (3 points);

(F) Storage Room of approximately nine (9) square feet or greater (does not include bedroom, entryway or linen closets (does not have to be in the unit but must be on the property site) (1 point);

(G) Covered entries (1 point);

(H) Nine foot ceilings in living room and all bedrooms (at minimum) (1 point);

(I) Covered patios or covered balconies (1 point);

(J) Covered Parking (including garages) of at least one covered space per Unit (2 points);

(K) High speed internet service to all Units at no cost to residents (2 points);

(L) Fire sprinklers in all Units (2 points);

(M) 100% masonry on exterior, which can include stucco, cementitious board products, concrete brick and mortarless concrete masonry; excludes EIFS synthetic stucco (3 points)~~;~~ Applicants may not select this item if subparagraph (N) of this paragraph is selected);

(N) Greater than 75% Masonry on exterior, which can include stucco and cementitious board products, concrete brick and mortarless concrete masonry; excludes EIFS synthetic stucco (1 point) Applicants may not select this item if subparagraph (M) of this paragraph is selected);

(O) Thirty year architectural shingle roofing (1 point);

(P) Use of energy efficient alternative construction materials (structurally insulated panels) with wall insulation at a minimum of R-20 (3 points);

(Q) R-15 Walls / R-30 Ceilings (rating of wall system) (3 points);

(R) 14 SEER HVAC or evaporative coolers in dry climates for new construction, adaptive reuse and reconstruction or radiant barrier in the attic for the rehabilitation (3 points);

~~(S) Energy Star or equivalently rated kitchen appliances (2 points);~~

(S~~T~~) One Children's Playscape Equipped for 5 to 12 years olds, or one Tot Lot~~--Only Family Developments Eligible~~ (1 point);

(T~~U~~) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each~~--Only Family Developments Eligible~~ (2 points);

(U~~V~~) Sport Court (Tennis, Basketball or Volleyball)(2 points);

(V~~W~~) Enclosed sun porch or covered community porch/patio (2 points);

(W~~X~~) BBQ Grills and Tables (at least one each per 50 Units) (1 point);

(X~~Y~~) Accessible walking path/jogging path separate from a sidewalk (1 point);

(Y~~Z~~) Full Perimeter Fencing (2 points);

(Z~~AA~~) Controlled access gate (1 point);

(AA~~BB~~) Equipped and functioning business center or equipped computer learning center with 1 computer for every 30 Units proposed in the Application, and 1 printer for every 3 computers (with a minimum of one printer), and 1 fax machine (2 points);

(BB~~CC~~) Furnished and staffed children's activity center (3 points);

(CC~~DD~~) Horseshoe pit, putting green or shuffleboard court~~)~~ (1 point);

(DD~~EE~~) Furnished Fitness Center equipped with a minimum of two of the following fitness equipment options with at least one per every 40 Units or partial increment of 40 Units: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, stationary weight bench, sauna, stair climber, etc. The maximum number of equipment options required for any Development, regardless of number of Units, shall be five (2 points);

(EE~~FF~~) Library with an accessible sitting area (separate from the community room) (1 point);

(FF~~GG~~) Gazebo with sitting area (1 point);

(GG~~HH~~) Covered Pavilion that includes barbeque grills and tables (2 points);

(HH~~II~~) Swimming pool (3 points);

(II~~JJ~~) Community laundry room (with at least one front lo~~e~~ading washer) (1 point);

(JJ~~KK~~) Furnished Community room (1 point);

(KK~~LL~~) Service coordinator office in addition to leasing offices (1 point);

(LL~~MM~~) Senior Activity Room (Arts and Crafts, etc.)(2 points);

(MM~~NN~~) Health Screening Room (1 point);

(NN~~OO~~) Secured Entry (elevator buildings only)--(1 point);

(OO~~PP~~) Community Dining Room with full or warming kitchen (3 points);

(PP~~QQ~~) Community Theatre Room equipped with a 52 inch or larger screen with surround sound equipment, DVD player; and theatre seating (3 points).

~~(RR) Green Building (for example, passive solar heating/cooling, water conserving fixtures, collected water (at least 50%) for irrigation purposes, sub-metered electric meters, exceed energy star standards, photovoltaic panels for electricity and design and wiring for the use of such panels, construction waste management, provide recycle service, water permeable walkways and parking areas, or other Department approved items) (3 points)~~

~~(SS) Jacuzzi/Hot Tub(1 point)~~

(QQ) Green Building amenities (Rehabilitation Developments will receive 1.5 points for each point requested for the green building amenities):

(i) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);

(ii) passive solar heating/cooling (3 points maximum)

(I)Two points if the glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west- facing walls; and the east-west axis of the building is within 15 degrees of due east-west.

(II)One point if in addition to the east-west axis of the building oriented within 15 degrees of due east-west, utilize a narrow floor plate (less than 40 feet), single loaded corridors and open floor plan to optimize daylight penetration and passive ventilation (note: to qualify for this particular point, application must also implement the 15 degree building orientation option above); and 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August); and solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east.

(iii) water conserving features (2 points maximum, 1 point for each):

(I)Install low-flow toilets using less than or equal to 1.6 gallons per flush, or high efficiency toilets using less than or equal to 1.28 gallons/flush.

(II)Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets.

(iv) solar water heaters (Solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.) (2 points);

(v) irrigation and landscaping (must implement both of the following) (2 points)

(I)collected water (at least 50%) for irrigation purposes;

(II)selction of native trees and plants that are appropriate to the site's soils and microclimate and locate then to allow for shading in the sumer and allow for heat gain in the winter

(vi) sub-metered utility meters (2 points maximum);

(I)Sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or

(II)Sub-metered utility meters on new construction project (excluding new construction senior project) (1 point)

(vii) energy efficiency (4 points maximum);

(I)Three points if Energy Elements include Energy-Star qualified windows and glass doors; and Exterior envelope insulation, vapor barriers and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and HVAC, domestic hot water heater, or insulation that exceeds Energy Star standards or exceeds the IRC 2006;

OR

(I)Four points if the project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85.

(viii) thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) (2 points);

(ix) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum);

(I)Photovoltaic panels that total 10 kW (1point);

(II)Photovoltaic panels that total 20 kW (2 points);

(III)Photovoltaic panels that total 30 kW (3 points)

(x) construction waste management and implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);

(xi) recycling service provided throughout the compliance period (1 point);

(xii) water permeable walkways (at least 20% of walkways and parking) (1 point).

(xiii) bamboo flooring, wool carpet, linoleum flooring, straw board, poplar OSB, or cotton batt insulation (50% of flooring on the ground floor of the development must be finished concrete and/or ceramic tile. 50% of the flooring on upper floors must be ceramic tile and/or a flooring material that is Floor Score Certified (developed by the Resilient Floor Covering Institute), applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty. (2 points);

(6) Tenant Services (Tenant Services shall include only direct costs (tenant services contract amount, supplies for services, internet connections, initial cost of computer equipment, etc.). Indirect costs such as overhead and utility allocations may not be included):

(A) $10.00 per Unit per month (10 points);
(B) $7.00 per Unit per month (5 points); or
(C) $4.00 per Unit per month (3 points).

(7) Zoning appropriate for the proposed use or no zoning required ~~appropriate zoning~~ for the intended use must be in place at the time of the Application submission date, which are~~September 4, 2007 (Applications submitted for lottery) or the submission dates~~ listed on the Department's website for Applications submitted for waiting list and carryforward, in order to receive points (5 points).

(8) Proper Site Control (as defined in §35~~3~~.3(24) of this title). ~~C~~Site control must be~~through December 1, 2007 with option to extend through March 1, 2008 (Applications submitted for lottery) or~~ through the scheduled

Board meeting inducement and at full application must be 90 days from the date of the bond reservation with the option to extend through the scheduled TDHCA Board meeting. The potential expiration of site control does not warrant the application being presented to the TDHCA Board prior to the scheduled meeting. For Applications submitted for waiting list and carryforward all information must be correct at the time of the Application submission date, ~~September 4, 2007 for Applications submitted for lottery or the submission dates~~ listed on the Department's website~~ for Applications submitted for waiting list or carryforward,~~ in order to receive points (5 points).

(9) Development Support / Opposition Maximum net points of +24 to -24. Each letter will receive a maximum of +3 to -3. All letters received by 5:00 PM, ~~October 1, 2007 for Applications submitted for lottery or~~ seven ~~fourteen~~ (7~~14~~) business days prior to the date of the Board meeting at which the Application will be considered for Applications submitted for waiting list and carryforward will be used in scoring. The letter must specifically indicate support or opposition otherwise the letter will be considered neutral:

(A) Texas State Senator and Texas State Representative (maximum +3 to -3 points per official);

(B) Presiding officer of the governing body of any municipality containing the Development and the elected district member of the governing body of the municipality containing the Development (maximum +3 to -3 points per official);

(C) Presiding officer of the governing body of the county containing the Development and the elected district member of the governing body of the county containing the Development (if the site is not in a municipality, these points will be doubled) (maximum +3 to -3 points per official); and/or

(D) Local School District Superintendent and Presiding Officer of the Board of Trustees for the School district containing the Development (maximum +3 to -3 points per official).

(10) Proximity to Community Services / Amenities Community services / amenities within three (3) miles of the site. A map must be included with the Application showing a three (3) mile radius notating where the services / amenities are located. (Acquisition/Rehab developments will receive 1.5 points for each item in subparagraphs (A) – (O) of this paragraph):

(A) Full service grocery store or supermarket (1 point);

(B) Pharmacy (1 point);

(C) Convenience store / mini-market (1 point);

(D) Retail Facilities (Target, Wal-Mart, Home Depot, Bookstores, etc.) (1 point);

(E) Bank / Financial Institution (1 point);

(F) Restaurant (1 point);

(G) Indoor public recreation facilities (community center, civic center, YMCA, museum) (1 point);

(H) Outdoor public recreation facilities (park, golf course, public swimming pool) (1 point);

(I) Fire / Police Station (1 point);

(J) Medical Facilities (hospitals, minor emergency, medical offices) (1 point);

(K) Public Library (1 point);

(L) Public Transportation (1/2 mile from site) (1 point);

(M) Public School (only one school required for point and only eligible with general population developments) (1 point);

(N) Dry Cleaners; and/or

(O) Family Video Rental (i.e. Blockbuster, Hollywood Video, Movie Gallery) (1 point).

(11) Proximity to Negative Features adjacent to or within 300 feet of any part of the Development site boundaries. A map must be included with the application showing where the feature is located. Developer must provide a letter stating there are none of the negative features listed in subparagraphs (A) – (F~~G~~) of this paragraph within the stated area if that is correct. (maximum -6~~7~~ points)

(A) Junkyards (1 point deducted);

(B) Active Railways (excluding light rail) (1 point deducted);

(C) Heavy industrial / manufacturing plants (1 point deducted);

(D) Solid Waste / Sanitary Landfills (1 point deducted);

(E) Within the "Fall line" of High Voltage Transmission Power Lines~~Towers within 100 feet~~ (1 point deducted); and/or

~~(F) Sexually Oriented Business (1 point deducted);~~

(F~~G~~) Accident zones or flight paths for commercial or military airports (1 point deducted).

(12) Acquisition/Rehabilitation Developments will receive thirty (30) points. This will include the demolition of old buildings and new construction of the same number of units if allowed by local codes or less units to comply with local codes (not to exceed 252 total units).

(13) Preservation Developments will receive ten (10) points. This includes rehabilitation proposals on properties which are nearing expiration of an existing affordability requirement within the next two years or for which the there has been a rent restriction requirement in the past ten years. Evidence must be provided.

(14) Declared Disaster Areas. Applications will receive 7 points, if at the time the complete pre-application is submitted or at any time within the two-year period preceding the date of submission, the proposed Development site is located in an area declared to be a disaster under §418.014 of the Texas Government Code. This includes Federal, State and Governor declared disaster areas.

(15) Developments in Census Tracts with No Other Existing Developments Supported by Tax Credits. Applications will receive 6 points if the proposed Development is located in a census tract in which there are no other existing developments that were awarded housing tax credits in the last 5 years and 3 points if there are no other existing developments that were awarded housing tax credits in the last 3 years. The applicant must provide evidence of the census tract in which the Development is located. These census tracts are outlined in the 2008 Housing Tax Credit Site Demographic Characteristics Report.

(16) Notary Public Services for Tenants. Applications will receive 1 point for this item (§2306.6710(b)(3)) To receive this point, the Applicant must submit a certification that the Development will provide notary public services to the tenants at no cost to the tenant. This provision will be included in the Land Use Restriction Agreement and Regulatory Agreement.

(f) Multiple Site Applications. For the purposes of scoring, applicants must submit the required information as outlined in the Pre-Application Submission Manual. Each individual property will be scored on its own merits and the final score will be determined based on an average of all of the individual scores.

(g) Financing Commitments. After approval by the Board of the inducement resolution, and as part of the ~~before~~ submission of a final application, the Applicant will be solely responsible for making appropriate arrangements with financial institutions which are to be involved with the issuance of the Bonds or the financing of the Development, and to begin the process of obtaining firm commitments for financing from each of the financial institutions involved.

(h) Final Application. An Applicant who elects to proceed with submitting a final Application to the Department must submit the Volumes I and II of the Application, for Priority 1 and 2, prior to receipt of a reservation of allocation from the Texas Bond Review Board. For Priority 3 Applications the Volumes I and II must be submitted within fourteen (14) days of the reservation date from the Texas Bond Review Board. The Volume III of the Application and such supporting material as is required by the Department must be submitted at least sixty (60) days prior to the scheduled meeting of the Board at which the Development and the Bond issuance are to be considered, unless the Department directs the Applicant otherwise in writing. If the Applicant is applying for other Department funding then refer to the Rules for that program for Application submission requirements. The final application must adhere to the Department's QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted. The Department may determine that supporting materials listed in the full application -shall be provided subsequent to the final Application deadline in accordance with a schedule approved by the Department. Failure to provide any supporting materials in accordance with the approved schedule may be grounds for terminating the Application and returning the reservation to the Texas Bond Review Board.

(1) A Public Notification Sign shall be installed on the proposed Development site, regardless of Priority, within thirty (30) days of the Department's receipt of Volumes I and II. The applicant must certify to the fact that the sign was installed within (thirty) 30 days of Volume I and II submission and the date, time and location of the ~~Bond~~ TEFRA Public Hearing must be included on the sign at least (thirty) 30 days prior to the hearing date. The sign must be at least four (4) feet by eight (8) feet in size and be located within twenty (20) feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day the TDHCA Board takes final action on the Application for the development. The information and lettering on the sign must meet the minimum requirements identified in the Application. In areas where the Public Notification Sign is prohibited by local ordinance or code, an alternative to installing a Public Notification Sign and at the same required time, the Applicant shall mail written notification to all addresses located within the footage distance required by the local municipality zoning ordinance or 1,000 feet, if there is no local zoning ordinance or if the zoning ordinance does not require notification, of any part of the proposed Development site. This written notification must include the information otherwise required for the sign. If the Applicant chooses to provide this mailed notice in lieu of signage, the final Application must include a map of the proposed Development site and mark the 1,000 foot or local ordinance area showing street names and addresses; a list of all addresses the notice was mailed to; an exact copy of the notice that was mailed; and a certification that the notice was mailed through the U.S. Postal Service and stating the date of mailing. The Applicant must mail notice to any public official that changed from the submission of the pre-application to the submission of the

final application and any neighborhood organization that is known and was not notified at the time of the pre-application submission. No additional notification is required unless the Applicant submitted a change in the Application that reflects a total Unit increase greater than 10%, an increase greater than 10% for any given AMFI, a decrease in the number of market rate units, or a change in the population being served (elderly, general population or transitional); and

(2) Completed Uniform Application and Multifamily Rental Worksheets in the format required by the Department as posted to the Department's website.

(i) 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. Because the review for Eligibility, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call (only if there has not been confirmation of the receipt of the email within 24 hours) to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. All Administrative Deficiencies shall be clarified or corrected to the satisfaction of the Department within five business days. Failure to resolve all outstanding deficiencies within five business days will result in a penalty fee of $500 for each day the deficiency remains unresolved. Any Application with unresolved deficiencies after the 10th day from the issuance of the deficiency notice will be terminated. The Applicant will be responsible for the payment of any fees accrued pursuant to this section regardless of any termination pursuant to this section. 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. The Application will not be presented to the Board for consideration until all outstanding fees have been paid.

(j) Eligibility Criteria. The Department will evaluate the Development for eligibility at the time of pre-application, and at the time of final Application. If there are changes to the Application that have an adverse affect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). The Development and the Applicant must satisfy the conditions set out in paragraphs (1) - (6) of this subsection in order for a Development to be considered eligible:

(1) The proposed Development must further meet the public purposes of the Department as identified in the Code.

(2) The proposed Development and the Applicant and its principals must satisfy the Department's Underwriting Rules and Guidelines (§1.32 of this title). The pre-application must include sufficient information for the Department to establish that the Underwriting Guidelines can be satisfied. The final Application will be thoroughly underwritten according to the Underwriting Rules and Guidelines (§1.32 of this title).

(3) The Development must not be located on a site determined to be unacceptable for the intended use by the Department.

(4) Any Development in which the Applicant or principals of the Applicant have an ownership interest must be found not to be in Material Non-Compliance under the compliance Rules in effect at the time of pre-application submission. Any corrective action documentation affecting the Material Non-compliance status score must be submitted to the Department no later than thirty (30) days prior to final application submission.

(5) Neither the Applicant nor any principals of the Applicant is, at the time of Application:

(A) barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs; or

(B) has been convicted of a state or federal crime involving fraud, bribery, theft, misrepresentation, misappropriation of funds, or other similar criminal offenses within fifteen (15) years; or

(C) is subject to enforcement action under state or federal securities law, action by the NASD, subject to a federal tax lien, or the subject of an enforcement proceeding with any governmental entity; or

(D) neither applicant nor any principals of the applicant have a development under their ownership or control with a Material Non-compliance score as set out in the Department's Compliance Monitoring Policies and Procedures (§60 of this title); or

(E) otherwise disqualified or debarred from participation in any of the Department's programs.

(6) Neither the Applicant nor any of its principals may have provided any fraudulent information, knowingly false documentation or other intentional or negligent misrepresentation in the Application or other information submitted to the Department.

(7) An application may include either the rehabilitation or new construction, or both the rehabilitation and new construction, of qualified residential rental facilities located at multiple sites and with respect to which 51% or more of the residential units are located:

(A) in a county with a population of less than 75,000; or

(B) in a county in which the median income is less than the median income for the state, provided that the units are located in that portion of the county that is not included in a metropolitan statistical area containing one or more projects that are proposed to be financed, in whole or in part, by an issuance of bonds. The number of sites may be reduced as needed without affecting their status as a project for purposes of the application, provided that the final application for a reservation contains at least two sites (§1372.002)

(k) Bond Documents. After receipt of the final Application, bond counsel for the Department shall draft Bond documents which conform to the state and federal laws and regulations which apply to the transaction.

(l) Public Hearings; Board Decisions. For every Bond issuance, the Department will hold a public hearing in accordance with §2306.0661, Texas Government Code and §147(f) of the Code, in order to receive comments from the public pertaining to the Development and the issuance of the Bonds. The Applicant or member of the Development team must be present and will be responsible for conducting a brief presentation on the proposed Development and providing handouts at the hearing that should contain at a minimum, a description of the Development, maximum rents and income restrictions. If the proposed Development is an acquisition/rehabilitation then the presentation should include the scope of work that will be done to the property. All handouts must be submitted to the Department for review at least two (2) days prior to the public hearing. Publication of all notices required for the public hearing shall be at the sole expense of the Applicant. The Board's decisions on approvals of proposed Developments will consider all relevant matters. Any topics or matters, alone or in combination, may or may not determine the Board's decision. The Department's Board will consider the following topics in relation to the approval of a proposed Development:

(1) The developer market study;

(2) The location;

(3) The compliance history of the developer;

(4) The financial feasibility;

(5) The appropriateness of the Development's size and configuration in relation to the housing needs of the community in which the Development is located;

(6) The Development's proximity to other low income Developments;

(7) The availability of adequate public facilities and services;

(8) The anticipated impact on local school districts;

(9) Zoning and other land use considerations;

(10) Any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes; and

(11) Other good cause as determined by the Board.

(m) Approval of the Bonds.

(1) Subject to the timely receipt and approval of commitments for financing, an acceptable evaluation for eligibility, the satisfactory negotiation of Bond documents, and the completion of a public hearing, the Board, upon presentation by the Department's staff, will consider the approval of the Bond issuance, final Bond documents and, in the instance of privately placed Bonds, the pricing of the Bonds. The process for appeals and grounds for appeals may be found under §1.7 and §1.8 of this title. The Department's conduit housing transactions will be processed in accordance with the Texas Bond Review Board rules 34 TAC, Part 9, Chapter 181, Subchapter A and Chapter 1372, Texas Government Code. The Bond issuance must receive an approving opinion from the Department's bond counsel with respect to the legality and validity of the Bonds and the security therefore, and in the case of tax-exempt Bonds, with respect to the excludability from gross income for federal income tax purposes of interest on the Bonds.

(2) Alternative Dispute Resolution Policy. The Department encourages use of Alternative Dispute Resolution methods as outlined in §1.17 of this title.

(n) Local Permits. Prior to the closing of the Bonds, all necessary approvals, including building permits, from local municipalities, counties, or other jurisdictions with authority over the Development must have been obtained or evidence that the permits are obtainable subject only to payment of certain fees must be provided to the Department.

(o) Closing. If there are changes to the Application prior to closing that have an adverse affect on the score and ranking order that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). Once all approvals have been obtained and Bond documents have been finalized to the respective parties' satisfaction, the Bond transaction will close. Any outstanding Housing Trust Fund Pre-Development loans for the proposed Development site must be paid in full at the time the bond transaction is closed. All Applicants are subject to §1.20(g) of this title. Upon satisfaction of all conditions precedent to closing, the Department will issue Bonds in exchange for payment thereof. The Department will then loan the proceeds of the Bonds to the Applicant and disbursements of the proceeds may begin.

§35~~3~~.7. Regulatory and Land Use Restrictions

(a) Filing and Term of LURA. A Regulatory and Land Use Restriction Agreement or other similar instrument (the "LURA"), will be filed in the property records of the county in which the Development is located for each Development financed from the proceeds of Bonds issued by the Department. For Developments involving new construction, the term of the LURA will be the longer of 30 years, the period of guaranteed affordability or the period for which Bonds are outstanding. For the financing of an existing Development, the term of the LURA will be the longer of the longest period which is economically feasible in accordance with the Act, or the period for which Bonds are outstanding.

(b) Development Occupancy. The LURA will specify occupancy restrictions for each Development based on the income of its tenants, and will restrict the rents that may be charged for Units occupied by tenants who satisfy the specified income requirements. Pursuant to §2306.269, Texas Government Code, the LURA will prohibit a Development Owner from excluding an individual or family from admission to the Development because the individual or family participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 (the "Housing Act"), and from using a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income of more than two and one half (2.5) times the individual's or family's share of the total monthly rent payable to the Development Owner of the Development. Development occupancy requirements must be met on or prior to the date on which Bonds are issued unless the Development is under construction. Adequate substantiation that the occupancy requirements have been met, in the sole discretion of the Department, must be provided prior to closing. Occupancy requirements exclude Units for managers and maintenance personnel that are reasonably required by the Development.

(c) Set Asides.

(1) Developments which are financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified 501(c)(3) Bonds must be restricted under one of the following two minimum set-asides:

(A) at least twenty percent (20%) of the Units within the Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed fifty percent (50%) of the area median income, or

(B) at least forty percent (40%) of the Units within the Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed sixty percent (60%) of the area median income.

(2) The Development Owner must designate at the time of Application which of the two set-asides will apply to the Development and must also designate the selected priority for the Development in accordance with §1372.0321, Texas Government Code. Units intended to satisfy set-aside requirements must be distributed evenly throughout the Development, and must include a reasonably proportionate amount of each type of Unit available in the Development.

(3) No tenant qualifying under either of the set-asides shall be denied continued occupancy of a Unit in the Development because, after commencement of such occupancy, such tenant's income increases to exceed the qualifying limit; provided, however, that, should a tenant's income, as of the most recent determination thereof, exceed 140% of the then applicable income limit and such tenant constitutes a portion of the set-aside requirement of this section, then such tenant shall only continue to qualify for so long as no Unit of comparable or smaller size is rented to a tenant that does not qualify as a Low-Income Tenant. (Required federal set-aside requirements)

(d) Global Income Requirement. All of the Units that are available for occupancy in Developments financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified 501(c)(3) Bonds shall be occupied or held vacant (in the case of new construction) and available for occupancy at all times by persons or families whose income does not exceed one hundred and forty percent (140%) of the area median income for a four-person household.

(e) Qualified 501(c)(3) Bonds. Developments which are financed from the proceeds of Qualified 501(c)(3) Bonds are further subject to the restriction that at least seventy-five percent (75%) of the Units within the Development that are available for occupancy shall be occupied (or, in the case of new construction, held vacant and available for occupancy until such time as initial lease-up is complete) at all times by individuals and families of Low Income (less than or equal to 80% of AMFI).

(f) Taxable Bonds. The occupancy requirements for Developments financed from the issuance of taxable Bonds will be negotiated, considered and approved by the Department on a case by case basis.

(g) Fair Housing. All Developments financed by the Department must comply with the Fair Housing Act which prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, religion, sex, national origin, familial status, and disability. The Fair Housing Act also mandates specific design and construction requirements for multifamily housing built for first occupancy after March 13, 1991, in order to provide accessible housing for individuals with disabilities.

(h) Tenant Services. The LURA will require that the Development Owner offer a variety of services for residents of the Development through a Tenant Services Program Plan which is subject to annual approval by the Department.

(i) Land Use Restriction Agreement. Requirements as defined in Chapter 60, Subchapter A of this title.

§35~~3~~.8 Fees.

(a) ~~(a)~~ Pre-Application Fees. ~~Application and Issuance Fees.~~ The Applicant is required to submit, at the time of pre-application, the following fees: $1,000 (payable to TDHCA), $2,000~~1,500~~ (payable to Vinson & Elkins, the Department's Bond Counsel) and $5,000 (payable to the Texas Bond Review Board (BRB)) These fees cover the costs of pre-application review and filing fees to the BRB. The Department shall set fees to be paid by the Applicant in order to cover the costs of pre-application review, Application and Development review, the Department's expenses in connection with providing financing for a Development, and as required by law. (§1372.006(a), Texas Government Code).

(b) Application and Issuance Fees. At the time of full application the Applicant is required to submit a tax credit application fee of $30/unit and $10,000 for the bond application fee (for multiple site Applications $10,000 or $30/unit, whichever is greater, for the bond application fee.) At the closing of the bonds the following fees are required:~~,~~ an issuance fee equal to 50 basis points (0.005) of the issued bond amount, administration fee equal to 20 basis points (0.002) and a Private Activity Bond compliance fee equal to $25~~15~~/unit and a tax credit compliance fee equal to $40/unit. For refunding Applications the Application fee will be $10,000 unless the refunding is not required to have a TEFRA public hearing, in which case the fee will be $5,000.

(c~~b~~) Annual Administration, Portfolio Management and Compliance, and Asset Management Fees. The Department shall set ongoing fees to be paid by Development Owners to cover the Department's costs of administering the Bonds, portfolio management and compliance with the program requirements applicable to each Development and asset management applicable requirements. The annual tax credit compliance fee is paid in advance (for the duration of the compliance or affordability period) and is equal to $40/unit beginning two years from the ~~first payment date~~closing date on the bonds. The fee will be collected, retroactively if applicable, beginning with the first year of the credit period. The invoice must be paid prior to the issuance of form 8609. Subsequent anniversary dates on which the compliance monitoring fee payments are due shall be determined by the month the first building is placed in service.~~;~~ T~~t~~he Private Activity Bond compliance fee is paid in advance at closing (for as long as the bonds are outstanding) and is equal to $25~~15~~/unit beginning two years from the closing date on the bonds for payment to be applied to the third year following closing~~first payment date~~; the asset management fee, if applicable, is paid in advance and is equal to $25/unit beginning two years from the closing date on the bonds~~first payment date~~.~~; both are adjusted annually for CPI.~~ Compliance fees may be adjusted from time to time by the Department. The annual administration fee is paid in arrears and is equal to 10 basis points (0.001) of the outstanding bond amount beginning three years from the closing date. These fees are paid for a minimum of thirty (30) years or as long as the bonds are out-standing.

§35~~3~~.9. Waiver of Rules

Provided all requirements of the Act, the Code, and any other applicable law are met, the Board may waive any one or more of the Rules set forth in §§35~~3~~.3 - 35~~3~~.8 of this title relating to the Multifamily Housing Revenue

Bond Program in order to further the purposes and the policies of Chapter 2306, Texas Government Code; to encourage the acquisition, construction, reconstruction, or rehabilitation of a Development that would provide decent, safe, and sanitary housing, including, but not limited to, providing such housing in economically depressed or blighted areas, or providing housing designed and equipped for Persons with Special Needs; or for other good cause, as determined by the Board.

§35~~3~~.10. No Discrimination

The Department and its staff or agents, Applicants, Development Owners, and any participants in the Program shall not discriminate under this Program against any person or family on the basis of race, creed, national origin, age, religion, handicap, family status, or sex, or against persons or families on the basis of their having minor children, except that nothing herein shall be deemed to preclude a Development Owner from selecting tenants with Special Needs, or to preclude a Development Owner from selecting tenants based on income in renting Units to comply with the set asides under the provisions of this chapter.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Possible Ratification of the Substantial Amendment for the Neighborhood Stabilization Program as submitted to HUD on December 1, 2008.

Requested Action

Ratify, Deny or Ratify with Amendments the Substantial Amendment to the State of Texas 2008 CDBG Action Plan for the Neighborhood Stabilization Program as submitted to HUD on December 1, 2008.

Background

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA), as a supplemental allocation to the Community Development Block Grant (CDBG) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The purpose of the program is to redevelop into affordable housing or acquire and hold abandoned and foreclosed properties in areas that are documented to have the greatest need for declining property values as a result of excessive foreclosures.

Texas will receive approximately $173,000,000, approximately $71,000,000 of which has already been identified by HUD as a direct allocation to 13 cities and counties with the greatest need as determined by HUD, as follows:

Harris County	$ 14,898,027
Houston	$ 13,542,193
San Antonio	$ 8,635,899
Dallas	$ 7,932,555
Fort Worth	$ 6,307,433
Dallas County	$ 4,405,482
Tarrant County	$ 3,293,388
El Paso	$ 3,032,465
Hidalgo County	$ 2,867,057
Fort Bend County	$ 2,796,177
Grand Prairie	$ 2,267,290
Mesquite	$ 2,083,933
Arlington	$ 2,044,254
Garland	$ 2,040,196

The Texas Department of Housing and Community Affairs along with the Office of Rural and Community Affairs (ORCA) and the Texas State Affordable Housing Corporation (TSAHC) will work together to administer the remaining $102M funds with TDHCA taking the lead role. TDHCA has updated the counties of greatest need using the HUD NSP formula.

The amendment to the Action Plan distributes the funds via three mechanisms:

1) Direct Allocation provides an initial reservation amount for the 25 counties identified as having the greatest need;
2) Select Pool provides allocations of not less than $500,000 on a limited competitive basis to communities in 76 additional counties identified as having the next greatest need in the state; and
3) Land bank activities provides funding in greatest need communities for a land bank activity since many local communities interested in this activity do not currently have the capacity or authority to complete such transactions.

ORCA will be involved in scoring and administration of funding to entities within the Select Pool counties and TSAHC will be involved in land banking activities in potentially all counties identified as eligible for State NSP allocation. Initially the Department will distribute the funds as follows:

Direct Allocation	$ 50,692,337
Select Pool	$ 31,077,826
Land Bank	$ 10,000,000
Administration	$ 10,196,685
Total Statewide Funds	$**101,966,848**

The amendment to the Action Plan describes that the Department will initially set aside funds for and accept applications from communities in 101 counties listed in Exhibit 1 that have been identified as having the greatest need (based on the modified version of HUD's formula and/or the TDHCA updated data.) Cities, counties and non-governmental organizations with the consent of the city or county that they wish to serve will be eligible to apply for Texas NSP funds. Applicants will be required to prove they have the capacity to administer the amount of funds requested.

The Department anticipates that HUD will approve the final plan and issue final funding authorization by February 2009 and HUD requires all funds to be obligated within 18 months of final funding authorization. This very short time period requires that the Department move quickly to allocate funds once authorization is received.

The amendment to the Action Plan calls for applications to be submitted within 30 days of notification on our website that HUD has approved the amendment to the plan. Staff is preparing the full notice and application requirements and will present those to the Board in February 2009. It was originally the intent of staff to bring forward at the December meeting a request to provide contingent notice of funding or contingent request for proposals and request approval of the details of the program. However, this document is still under development and will be presented at the February 2009 board meeting.

The draft amendment to the Action Plan was posted for a 15-day public comment period ending November 26, 2008. The final Action Plan was submitted for HUD approval on December 1, 2008. The final document was revised to reflect public comment. In addition to public comment, comment was solicited from the local HUD office and incorporated into the document.

See the following attachments:

- Attachment A: Summary of major changes from Board-approved Substantial Amendment
- Attachment B: Summary of public comment and reasoned responses

- Attachment C: Public comment received
- Attachment D: Substantial Amendment as submitted to HUD on December 1, 2008
- Attachment E: Substantial Amendment as submitted to HUD on December 1, 2008 with changes indicated in blackline

Recommendation

Staff recommends ratification of the Substantial Amendment to the State of Texas 2008 CDBG Action Plan for the Neighborhood Stabilization Program as submitted to HUD on December 1, 2008.

Attachment A
Summary of Major Changes from the Approved Substantial Amendment

- Acquisition price limits have been removed and may be addressed in further detail in the program guidelines.
- Clarification on the ability to use the funds for rental/multifamily properties.
- Clarification on the amount of funds available to all entities in each county for both the Direct and Select pools. Additional clarification on how to access additional amounts and how the Department will distribute these amounts among several applicants within the same county.
    - Eligible applicants from the Direct and Select pool counties will be limited initially to either the Direct pool amount or $500,000 for the Select pool. Eligible applicants may apply for more than these initial amounts based on need. The Department will consider additional amounts after the initial 30 day deadline for application submission. Multiple entities requesting funds from the same county will be awarded a proportional amount of the funds for their county based on need. Note that if the proportionate amount is less than $500,000, no award will be made.
- References to land bank activity have been reworded to allow greater flexibility for locals to participate.

Attachment B
Summary of Public Comment and Reasoned Responses

Direct Allocation

City of Corpus Christi: The State should consider direct allocations based on urban areas rather than solely counties. Urban areas with Participating Jurisdictions should have greater consideration based on the NSP timeline.

City of Conroe: Do not give direct allocations to the counties rather than the cities. Adding another layer to the allocation process by requiring the cities to apply to the counties for funding would go against the intent of the Council of Mayors.

City of Denton, City of Killeen: Do not emphasize collaborative efforts with the goal of one application from each county. The most efficient and effective method would be direct allocations to CDBG Entitlement Jurisdictions within each "high need" county. Entitlement Jurisdictions can make a greater impact with NSP funds by combining them with other CDBG dollars. Due to time constraints of the NSP, cities should be able to make the decision whether or not to involve nonprofits and how to set up the programs through which they should participate.

City of Lewisville: NSP funding would be best served by direct allocation to CDBG Entitlement Communities rather than allocation by county. It is not clear how, within a collaboration, jurisdictions, counties and nonprofits can determine the split of NSP funding.

City of Brownsville: Direct allocations should be made to Cities as well as Counties.

City of Irving: The City of Irving should receive a direct allocation. Dallas County has indicated they would support a direct allocation to the City of Irving.

Brazos Valley Affordable Housing Corporation: Participating Jurisdictions should be given priority weight similar to that given to CDBG Entitlement Jurisdictions.

City of Denton, City of Killeen: Provide an allocation of $500,000 directly to cities and counties that are not receiving a direct allocation from HUD and are identified as being in a "high need" area based on TDHCA's formula calculations.

City of Bryan: Entitlement Jurisdictions should receive priority in the select pool application process, or reduce the threshold need score for direct allocation from 6500 to 5000.

Brazos Valley Affordable Housing Corporation: The total need score (6,764) for 10 counties currently participating in the Brazos Valley/Washington County HOME Consortium exceeds the minimum threshold for a direct allocation. This issue needs to be addressed.

<u>*Response:*</u>

Published Direct Allocation amounts are the funds available to any entity within the specified county. There will be no need to apply to the county for funding although counties are considered eligible entities for application to the State.

Entitlement Jurisdictions have received priority in scoring based on perceived capacity to administer CDBG funds. Participating Jurisdictions, although acknowledged to have capacity to administer Federal (HOME) funds, do not necessarily have the same experience level with CDBG.

A direct allocation to each Entitlement Jurisdiction would be counter to the State's goal of encouraging cooperation between entities in each county to allow for a single county allocation.

Therefore, priority will be given to joint Texas NSP funding applications within a county, including Direct Allocation counties. For Direct Allocation counties, if joint applications are not received, the published amount for the county will be allocated based on the scoring criteria for the Select Pool applications and a pro rata share of the State published NSP funds available within the county.

The Need Scores will remain as published. Consortia are encouraged to apply for a single allocation of Texas NSP funds for multi-county areas. The total Need Score for all partner counties will be considered.

Application

City of Missouri City: CDBG Entitlement Communities are capable of administering the NSP without the additional roadblock of applying through the State. A direct allocation, without an application process, should be made to previous CDBG grantees.

City of Denton, City of Killeen: If applications are required, they should be limited to a brief explanation of how funding will be expended, how the potential grantee has identified eligible foreclosed properties, and how existing programs will expedite the obligation and expenditure of NSP funds.

Response:

An application to the State will be required to allow eligible entities to provide local need information and to encourage cooperation of eligible entities within an area. The State plans to make the application process as simple and expedient as possible under the circumstances.

Program Income

Brazos Valley Affordable Housing Corporation: Subgrantees should not be limited by the State with regards to NSP activities and program income.

City of Waco: The requirement to payback these funds leaves little incentive or ability for a participant to utilize these funds. There will be few recipients that want to take on any more liability with a declining HUD budget and staffing issues.

Response:

The specifics of program income will be addressed in the application guidelines. Public comment will be taken into consideration.

Demolition

City of McKinney: Allow clearance (demolition) of blighted structures to include unfinished new construction located in areas that do not necessarily benefit low-, moderate- and middle-income persons.

Response:

The federal rules for use of NSP funds are specific – the funds must be used to benefit persons or areas shown to be low-, moderate- or middle-income.

Interest Rate

Habitat for Humanity

Nonprofits should be able to apply directly for the NSP funds; but the way the State has structured it is satisfactory. Change the 1% interest rate on NSP-funded loans to 0% interest. Historically, Habitat does not charge an interest rate and, therefore, would not be able to participate in the program if a 1% interest rate is required.

Response:

A 1% interest rate was initially proposed for consistency with USDA program guidelines. However, the State has made the suggested change to a 0% interest rate for financing funded with the Texas NSP.

Targeting ≤50% AMI

Brazos Valley Affordable Housing Corporation: Areas deemed to have the greatest need based on the State's and HUD's needs analysis are predominantly areas with the highest median income. Those areas with the highest median income should be required to produce proportionately more assistance to low income households at or below 50% of AMI in meeting the set-aside requirements. This will help to level the disparity for households residing in lower median income areas who would otherwise qualify for assistance.

Coats|Rose: Target families with incomes at or below 50% of AMI with rental housing, not homeownership. Rental housing development should be a more prominent program activity in the Texas NSP Plan. Do not limit single and multifamily rental housing to only 15%.

Response:

All subrecipients of Texas NSP funds will be required to expend 35% of the total allocation on housing set-aside for households with incomes at or below 50% of AMI. Rental developments meeting the requirement of the NSP are eligible; the State does not want to dictate the type of housing, as long as the NSP requirements are met, to be produced by subrecipients.

Administrative Costs

City of Denton, City of Killeen: A minimum of 5% of administration should be provided to the cities and counties that develop and implement programs.

City of Lubbock: At least 5% to 6% of administrative funds should be passed to agencies implementing the NSP.

City of Waco: Subrecipients should receive administrative funds.

Response:

All subrecipients of Texas NSP funds will receive administrative funds. The amount, as a percentage of the total allocation, will be specified in the Texas NSP application guidelines.

Location in More than One County

City of Lewisville: It is unclear how a jurisdiction located in more than one county will be treated under the application process.

Response:

Eligible entities located in multiple counties may apply for funding available for each county; however, activities funded with the resulting allocations must occur in the county from which the NSP funding originated.

Per Unit Limit

City of Lubbock: The 125% of "as-is" appraised value at acquisition limit for combined cost of acquisition, rehabilitation, reconstruction and or new construction activities will make it almost impossible to commit and expend NSP funds within the time period allowed if at all. The resulting limits may preclude properties requiring expensive mitigation such as lead based paint removal. It is recommended that the Single Family Mortgage limits under Section 203(b) along with the HUD Section 221(d)(3) limits be substituted.

Coats|Rose: Program funding per unit should not exceed $100,000, which would generate 1,020 affordable homes rather than the State's estimate of 540 affordable units.

Response:

The language regarding a 125% "as-is" appraised value at acquisition limit has been removed from this Substantial Amendment. Per unit funding limits will be addressed in the Texas NSP application guidelines. Public comment will be taken into consideration.

100% Mortgage Financing

City of Lubbock: Households with up to 80% AMI should be eligible to obtain 100% mortgage financing from NSP funds.

Response:

The maximum income limit for 100% mortgage financing will remain at 50% of AMI.

Long Term Affordability

Coats|Rose: Many of the activities proposed in the Texas NSP Plan do not specify any affordability compliance term. All homeownership activities could be affordable for a 30-year term with a shared appreciation deed of trust securing the NSP loan, and all activities should require an enforceable affordability compliance period of at least 15 years. In addition, we recommend TDHCA use a "shared net proceeds" affordability enforcement mechanism as described in the HOME regulations 24 CFR 92.254. The following documents can also be required by TDHCA to maintain affordability in a shared net proceeds homeownership program: a purchase option and right of first refusal held by the NSP lender, a deed of trust, a promissory note, and a subordination agreement between the NSP lender and the first lender.

Response: The State will adopt the HOME program standards for continued affordability for rental housing. The State will follow the Single Family Mortgage limits under Section 203(b) of the National Housing Act which are allowable under HOME program standards. The State will require recapture based on shared net proceeds in the case of resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted homebuyer's principal residence.

Attachment C

Public Comment

	Name	Title	Organization
1	Bond, Alsie	Non-Housing Manager	City of Bryan Community Development Services Department
2	Brown, Phyllis	Housing Programs Coordinator	City of Lubbock
3	Burroughs, Mark	Mayor	City of Denton
4	Chavez, Samuel	Community Development Director	City of McKinney
5	Forgarty, Michael	CDBG Coordinator	City of Missouri City
6	Gallegos, Daniel		City of Corpus Christi
7	Hull, Matt	Executive Director	Habitat for Humanity Texas
8	Hancock, Timothy and Connie Green	Mayor and City Manager	City of Kileen
9	Kirby, James	Grants Coordinator	City of Lewisville
10	Marks, Scott	Attorney	COATS | ROSE
11	Medina, Ben	Director of Planning and Community Development	Brownsville, Texas
12	Mikeska, Nancy	Chair, Region VI National Community Development Asso.	City of Conroe
13	Price, Galen	Housing Coordinator	City of Irving
14	Turney, Paul	Executive Vice President	Brazos Valley Affd Hsg Corp
15	Wall, Jeff	Director	City of Waco, Housing & Community Development

1

Brenda Hull

From: Bond, Alsie J [abond@bryantx.gov]

Sent: Friday, November 21, 2008 4:31 PM

To: brenda.hull@tdhca.state.tx.us

Cc: Dunn, Joseph

Subject: Neighborhood Stabilization Program- Public Comment

Brenda,
We would like to make comment on the Neighborhood Stabilization Program draft plan amendment to the State's Action Plan that will be submitted to the U.S. Department of Housing and Urban Development:

It appears that the draft allocation plan encourages collaborative applications within each county for eligible entities with a goal of receiving a single application from each county and collaborative efforts are commendable, producing a more holistic regional plan, given the time for a formal planning process. The allocation plan also states that these funds are an adjunct to the Community Development Block Grant (CDBG) program. The focus of the funding is to purchase and develop or redevelop foreclosed properties, particularly foreclosed housing units. Most of these properties will be located in a single municipal jurisdiction.

The City of Bryan receives direct allocation from the federal government through CDBG and HOME funds, has administered these funds accordingly since the inception of the CDBG program, ranked high (within 739 points of the needed 6500 for a direct allocation for the draft plan) and would like TDHCA to consider that Cities meeting a 5000 point threshold, instead of 6500 be considered for direct allocation. Based on the data provided in the plan there are 12 counties between 6100 and 5000 and then the scoring for the remaining 64 counties is very low. A possibly second consideration, without reducing the threshold, would be to determine that entitlement Cities within a county be given priority points based on their capacity or be selected as the lead agency/s for the county for the select pool competitive process.

Thank you for your consideration,

Alsie Bond

Manager

City of Bryan Community Development Services Department

405 W. 28th Street

Bryan, Texas 77803

979.209.5181 979.209-5184 Fax

2

Brenda Hull

From: Phyllis Brown [PBrown@mail.ci.lubbock.tx.us]
Sent: Wednesday, November 26, 2008 4:06 PM
To: brenda.hull@tdhca.state.tx.us
Cc: Bill Howerton
Subject: Public Comment - Neighborhood Stabilization Program

1. Proposed Amendment states:
Note: The Texas NSP will follow the Single Family Mortgage limits under Section 203(b) of the National Housing Act which are allowable under HOME Program standards. However, in order to ensure affordability, reduce the risk of additional foreclosures, and maximize the use of the funds; the Texas NSP will go a step further based on market appraisals of the homes.
The combined cost of acquisition, rehabilitation, reconstruction and/or new construction activities for any property with existing improvements funded with NSP funds will be restricted to not more than 125% of the "as-is" appraised value at acquisition of any property (including demolition and acquisition). Further, acquisition and demolition of any structure will only be allowed if the "as-is" appraised value of the structure is less than 50% of the total appraised value of the property (lot and structure).

COMMENT:
The 125% will limit the program whereby it may make it almost impossible to commit and expend the funds within the time limits allowed if at all. The City of Lubbock operates a rehabilitation program. Our current rehab limit is $52,000 and lead base paint costs can be outside of this limit.

Example: If a house is purchased for $85,000 with a fair market value at time of foreclosure of $100,000, the 125% cap would put acquisition and rehab, etc. at $125,000. $125,000 minus $85,000 for acquisition = $40,000 to rehab to bring to code and there will probably be other costs such as appraisal, title work, etc. to purchase the house; so the $40,000 will be even less. If the house was built before 1978, lead base paint regulations apply. If an approved NSP recipient is able to purchase houses below $100,000; then the amount left to rehab would even be less. In many cases these will be older homes and lead base paint will come into play. Even if lead base paint doesn't come into play with he rising cost of materials and construction, there may not be enough funds to rehabilitate the homes.

Reconstruction/New Construction - To acquire and demolish a structure and then reconstruct a new home on the same site and try to stay in the 125% of the "as-is" appraised value at acquisition of the property will not be feasible. Example: Property with as-is value of $30,000 which is 50% of the total appraised value of $60,000 for the property (lot and structure). If you pay $30,000 to purchase + $5,000 to demo.; then that leaves $40,000 to build a new home ($60,000 total value x 125% = $75,000 - $35,000 for purchase and demo of substandard structure = $40,000) and this does not take into account costs for appraisal, survey and other closing costs, etc.

Recommendation would be that you consider using the Single Family Mortgage limits under Section 203(b) along with the HUD Section 221(d)(3) limits, which allows amounts based on bedroom sizes. These limits would be much easier to use.

2. Proposed Amendment States:
Financing Mechanisms - Homebuyers who qualify as 51-120% AMFI will be eligible for CDBG eligible down payment assistance, reasonable closing costs, principal reduction and gap financing needed for them to qualify for **private mortgage financing.**

COMMENT:
Many times it is credit rather than payback ability and funds to get into a home that keep people from obtaining private mortgage financing. I recommend that households with AMFI up to 80% of median income be allowed to obtain 100% mortgage financing.

3. **Administrative Funds** = 10%
COMMENT: Recommend that at least 5% to 6% be passed to the agencies implementing the programs.

Thank you,

Phyllis Brown
Housing Programs Coordinator
City of Lubbock
pbrown@mylubbock.us
806-775-2282

3

Michele Atkins

From: Brenda Hull
Sent: Thursday, November 20, 2008 3:00 PM
To: Michele Atkins
Subject: FW: Comment Re: NSP Action Plan Revision

AP Comment Mayor Burroughs.pdf...

NSP public comment.

Brenda Hull

Manager, Housing Resource Center
Texas Department of Housing and Community Affairs
221 East 11th, Austin, TX 78701-2401
PO Box 13941, Austin, TX 78711-3941
(512) 305-9038
www.tdhca.state.tx.us

-----Original Message-----
From: Barbara Ross [mailto:Barbara.Ross@cityofdenton.com]
Sent: Thursday, November 20, 2008 10:47 AM
To: brenda.hull@tdhca.state.tx.us
Cc: Mark Cunningham
Subject: Comment Re: NSP Action Plan Revision

Attached is a letter from Denton's Mayor, Mark Burroughs, commenting on the proposed allocation of NSP funding. The original copy is being mailed to you. Please let me know if you have any questions.

Thank you. Barbara

Barbara L. Ross for Mayor Mark Burroughs bs
Community Development
City of Denton
940-349-7235

City of DENTON

(3)

215 E. McKinney Street Denton, Texas 76201 (940) 349-7717 FAX (940) 349-8596

OFFICE OF THE MAYOR

TDHCA Governing Board
c/o Brenda Hull, NSP Contact
Texas Department of Housing and Community Affairs
221 East 11[th] Street
Austin, Texas 78701

RE: Response to TDHCA's amendment incorporating the Neighborhood Stabilization Program into the 2008 Action Plan.

Dear TDHCA Governing Board Members:

The allocation plan for TDHCA's Neighborhood Stabilization Program funding should be based on need and timely expenditure of funds. It appears that TDHCA has developed an appropriate methodology for determining need on a statewide basis. Based on this "needs calculation" that includes number of foreclosures, subprime loans and at-risk loans in each county, "high need" counties have been assigned an NSP allocation amount.

Timely expenditure of funds is the second major allocation goal due to the fact that all NSP funds must be obligated within an 18-month period. Information in the allocation plan would indicate that the State plans to encourage collaborative applications from governmental entities and non-profits in each county, hoping for a single application from each county. Collaborative efforts can be effective if services or program needs span more than one jurisdiction and sufficient time is available to develop a common plan. **However, in this instance, we believe that the most efficient and effective method would be direct allocations to Denton and other CDBG entitlement jurisdictions within each "high need" county.**

The focus of the NSP funding is to purchase and develop or re-develop foreclosed properties, particularly foreclosed housing units. These properties will be located in a single municipal jurisdiction with the exception of any properties in non-incorporated areas. Though TDHCA correspondence has indicated that the U.S. Department of Housing & Urban Development "expressed concern about states creating a distribution model that provides communities with small amounts of funds that have no meaningful impact on stabilization of property values in an area," we must point out that entitlement communities can combine these funds with other CDBG dollars which can greatly expand the impact of the program. Therefore, even an amount that may be considered "small" could have a significant impact in a low to moderate-income area.

The City of Denton and other local governments have the ability to work with Community Housing Development Organizations (CHDOs) and other local housing non-profits to purchase and redevelop residential properties. Again, due to the time constraints of the NSP, we should be able to make the decision whether or not to involve non-profits and how to set up the programs through which they would participate.

Below is a listing of our recommendations regarding the allocation of Neighborhood Stabilization funds. These recommendations will help Denton and other communities spend the funding quickly and effectively:

1) Provide an allocation of $500,000 directly to cities and counties that aren't receiving a direct allocation from HUD and are identified as being in a "high need" area based on TDHCA's formula calculations.

2) If applications are required, they should be limited to a brief explanation of how funding will be expended, how the potential grantee has identified eligible foreclosed properties, and how existing programs will expedite the obligation and expenditure of NSP funds.

3) Do not require or give additional "points" to applicants that attempt collaborative activities with other units of government and/or non-profit organizations. Developing collaborations is a time consuming process. Allow grantees to make this decision.

4) A minimum of five percent (5%) of administration funds should be provided to the cities and counties that develop and implement the programs.

If you have questions regarding the City of Denton's comments in response to the TDHCA's proposed 2008 Action Plan Amendment, please contact Barbara Ross at 940-349-7235 or barbara.ross@cityofdenton.com. Thank you.

Sincerely,

Mark Burroughs
Mayor

4

Brenda Hull

From: Samuel Chavez [schavez@mckinneytexas.org]
Sent: Tuesday, November 25, 2008 8:35 PM
To: brenda.hull@tdhca.state.tx.us
Subject: State's Proposed NSP Substantial Amendment
Importance: High

Ms. Hull
Thank you for the opportunity to provide public comments with regard to the State's proposed NSP Substantial Amendment. Attached is a letter on behalf of our city manager, Frank Ragan, which details our concerns and requested amendment. The requested amendment addresses the inability to use NSP funding for blighted structures when not located in areas that benefit low, moderate and middle-income persons.

Thank you.

Samuel D. Chavez, AICP
Community Development Director

4

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VIA EMAIL: brenda.hull@tdhca.state.tx.us

November 25, 2008

Ms. Brenda Hull
Texas Department of Housing and Community Affairs
221 East 11th
Austin Texas 78701
brenda.hull@tdhca.state.tx.us

RE: Public Comments, Substantial Amendment to State's CDBG Action Plan-NSP

Dear Ms. Hull:

Thank you for the opportunity to submit comments with regard to the proposed Substantial Amendment to the State of Texas CDBG Action Plan for the Neighborhood Stabilization Program (NSP). The State's Plan identified Collin County for "Direct Allocation" of NSP funding upon approval of the proposed Plan by H.U.D. The City of McKinney, the county seat of Collin County, with a population of approximately 119,000 people is one of the fastest-growing cities in the U.S. and like many other cities throughout the nation, the City of McKinney is also experiencing high foreclosure rates and abandonment of structures.

In an effort to combat these negative effects and an increase in the number of partially constructed abandoned residential structures, a strong consideration should be made to allow for clearance (demolition) of blighted structures, as defined in the plan, even if the blighted structure is located outside of an area that does not benefit areas with low, moderate and middle-income persons. Over the past few years, many homebuilders have been abandoning their construction sites and leaving behind partially completed residential structures. The residential structures are abandoned in various stages of construction ranging from foundations only to complete framing stage. As a result, neighborhoods are left to deal with unfinished structures that have become attractive nuisances, and with time will create blighted conditions and reduce neighborhood property values.

Item G. (1) Clearance (Removal of Blight), (3) National Objective of the State's NSP Substantial Amendment Plan states: "benefits areas with low, moderate and middle-income persons as defined in the NSP Notice (≤120% of area median income) and thus restricts funding to only those locations. These structures regardless of their location can create blighted conditions and reduce property values within residential neighborhoods. The City's request is to have the State's Plan amended to allow for the clearance of blighted structures regardless of their location.

Thank you again for the opportunity to submit our comments and concerns. We look forward to your favorable consideration of our request.

Sincerely,

Frank Ragan
City Manager
City of McKinney

cc: Rick Chaffin, Assistant City Manager
John Kessel, Executive Director of Community Development
Shirletta Best, CDBG Administrator
Carolyn S. Lovell, Grants Administrator

5

Michele Atkins

From: Brenda Hull

Sent: Thursday, November 20, 2008 3:00 PM

To: Michele Atkins

Subject: FW: City of Missouri City's-Public Comment Letter

NSP public comment

Brenda Hull

Manager, Housing Resource Center
Texas Department of Housing and Community Affairs
221 East 11th, Austin, TX 78701-2401
PO Box 13941, Austin, TX 78711-3941
(512) 305-9038
www.tdhca.state.tx.us

-----Original Message-----
From: Keely Aust [mailto:KAust@missouricitytx.gov]
Sent: Thursday, November 20, 2008 2:23 PM
To: brenda.hull@tdhca.state.tx.us
Subject: City of Missouri City's-Public Comment Letter

for Michael Fogarty
CDBG Coordinator

(5)

missouri CITY
TEXAS

PLANNING DEPARTMENT
CODE ENFORCEMENT DIVISION
CDBG Section
1522 Texas Parkway
Missouri City, Texas 77489
281-403-8600

November 20, 2008

Ms. Brenda Hull
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941
FAX: (512) 469-9606
EMAIL: brenda.hull@tdhca.state.tx.us

RE: Public Comment- Substantial Amendment to the Community Development Block Grant Action Plan for the Neighborhood Stabilization Plan

Dear Ms. Hull:

As a high performing CDBG entitlement city for the last 10 years, our department has prided itself in taking into account public input on all of our programs and recently became aware of the state's plans to receive and allocate the NSP monies and require CDBG localities to obtain this funding through another application process. Our department strongly opposes such measures, as we feel fully capable of administering said program and receiving federal money to assist our city without the additional roadblock of applying through the state. As the housing market collapsed, our city suffered with increases in foreclosures and abandoned properties. The Code Enforcement Division has been inundated with trying to abate these properties while citing absentee property owners to court to keep this collapse from taking over our low/moderate income neighborhoods. Requiring a successful CDBG grantee to file another state application to justify the already allocated monies just complicates the evident problem. Please do not require the already familiar CDBG grantees to apply, yet again, for much needed federally pre-determined monies to help to alleviate this problem. This extra application process will only delay the solution to assist our low/moderate income neighborhoods.

We appreciate the state's involvement in the NSP process but feel that requiring an additional application to receive pre-allocated monies is a waste of valuable time. Allow the local cities and counties who are dealing with these problems first hand determine how they will address the foreclosures and abandoned property problems without requiring another lengthy application process. Thank you for your kind consideration to this request.

Sincerely,

Michael Fogarty

Michael Fogarty
CDBG Coordinator
City of Missouri City

6

Michele Atkins

From: Brenda Hull
Sent: Wednesday, November 12, 2008 11:00 AM
To: Michele Atkins
Subject: Fw: Texas Neighborhood Stabilization Program (NSP) Funding

Importance: High

Untitled Attachment

Public comment.

Thanks

Brenda Hull

****

Sent from my Blackberry

----- Original Message -----
From: Daniel Gallegos <DanielG@cctexas.com>
To: brenda.hull@tdhca.state.tx.us <brenda.hull@tdhca.state.tx.us>
Cc: Cindy O'Brien <CindyO@cctexas.com>; Rudy Garza <RudyGa@cctexas.com>
Sent: Mon Nov 10 10:37:15 2008
Subject: Texas Neighborhood Stabilization Program (NSP) Funding

Brenda,
I was reviewing the TDHCA's website posting regarding the proposed allocation of Texas NSP funding. It appears Nueces County, of which the City of Corpus Christi is part of, is in the first tier/pool of funding with a direct allocation. Nueces County covers 835.9 square miles of which 163 are urban. According to the U.S. Census Bureau, Nueces County's population is 313,645 with 88.5% or 277,454 of the county's population reside in the City of Corpus Christi. The City of Corpus Christi is a direct HUD entitlement of CDBG, ESG and HOME funds and is the lead agency/fiscal agent for Continuum of Care funding as well. Nueces County is not a direct HUD entitlement of federal funds.

Prior to allocating NSP funding, TDHCA should have considered the direct allocation based on the urban areas and not solely based on the county areas especially when the urban areas have participating jurisdictions (those receiving a direct allocation from HUD). This should be more of a consideration given the parameters of NSP funds and the timeline to commit/obligate these funds.

I am not sure whether I will be able to attend your board meeting on November 13th to express my concerns; however, pls consider my email as an official public comment for the purposes of receiving comments regarding the substantial amendment to the State of Texas 2008 CDBG Action Plan for the Neighborhood Stabilization Program.

6

Michele Atkins

Brenda,
I was reviewing the TDHCA's website posting regarding the proposed allocation of Texas NSP funding. It appears Nueces County, of which the City of Corpus Christi is part of, is in the first tier/pool of funding with a direct allocation. Nueces County covers 835.9 square miles of which 163 are urban. According to the U.S. Census Bureau, Nueces County's population is 313,645 with 88.5% or 277,454 of the county's population reside in the City of Corpus Christi. The City of Corpus Christi is a direct HUD entitlement of CDBG, ESG and HOME funds and is the lead agency/fiscal agent for Continuum of Care funding as well. Nueces County is not a direct HUD entitlement of federal funds.

Prior to allocating NSP funding, TDHCA should have considered the direct allocation based on the urban areas and not solely based on the county areas especially when the urban areas have participating jurisdictions (those receiving a direct allocation from HUD). This should be more of a consideration given the parameters of NSP funds and the timeline to commit/obligate these funds.

I am not sure whether I will be able to attend your board meeting on November 13th to express my concerns; however, pls consider my email as an official public comment for the purposes of receiving comments regarding the substantial amendment to the State of Texas 2008 CDBG Action Plan for the Neighborhood Stabilization Program.

no application any more, now that you are under this reservation system. And so I would just ask for some clarity on that before we get too far down the line.

So any questions on my comment related to Trust Fund before I move over to --

MR. GERBER: Let's do the work on this before we get to the end.

MR. HULL: Okay. Okay. That's fine.

MR. CONINE: Okay. Go to the next one.

MR. HULL: The next one is actually -- and I have a handout, and so it's related to Agenda Item Number 5, the neighborhood stabilization program, Neighborhood Stabilization Fund. I don't know how involved the Board has been or how knowledgeable you are of this program. It started under the Housing Stimulus Bill over the summer passed by Congress. It set aside roughly $4 billion to help cities, counties and states and nonprofits purchase foreclosed properties and put them back into service, getting the families into those homes.

The first thing I want to do is commend the staff for working under a ridiculously short time frame on getting this thing done. I don't know what HUD was thinking when they were trying to set the time frame on this, but it was ridiculously short, as only HUD can do.

We had made comments during the public comment period about allowing nonprofits to apply directly for the funds, and I think that that's in there, or it's in such a way that it's satisfactory.

The other thing that Habitat for Humanity has done at the international level, is work with HUD to get provisions in place to where the subgrantee can be the mortgage holder for the funds, meaning that a city, a county, or the nonprofit could use neighborhood stabilization funds to purchase the home and then turn around and charge a mortgage owner that and recoup that money. That money would then have to circulate back to the neighborhood stabilization program for the first four- or five-year period, and then after that it could go back to the sub-grantee.

I sent this information to the staff, and they very generously included it in the proposal. I want to thank them for that.

However, my one point is that for families earning under 50 percent of AMFI, 25 percent of these funds were roughly for what -- TDHCA is administering roughly $25 million -- is set aside for families earning below 50 percent of AMFI. And if Habitat is to be encouraged to participate in this program, like I hope they will be, and like HUD has suggested that they could be, the state has suggested charging a 1 percent interest rate on that.

And while that does match the USDA 502 loan program, I understand, and 1 percent is very generous money. I'm not saying it isn't. Habitats traditionally and historically do not offer, or do not charge an interest rate for ethical and religious reasons because we are an ecumenical Christian ministry.

So what I would ask the Board to do is to recommend, or in approving the draft plans, that you make a change no longer requiring that 1 percent rate on the mortgage financing for families under 50 percent of AMFI, that you allow it to go to zero percent.

Now there are probably several ways you can do that. The easiest is that you just strike the 1 percent to zero percent. You might be able to do it in such a way that -- if you're able to couple down payment assistance with that, the mortgage money that you could use the down payment assistance, or the closing cost assistance to buy down and basically pay the points on them mortgage loans to get it to zero percent interest, because Habitats I don't think have closing costs on their loans.

So those are my comments. I'll take any

questions, and I would certainly appreciate if the Board could make that change in the neighborhood stabilization program to enable Habitat to fully use the program.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you.

MR. HULL: Thank you.

MR. CONINE: Craig Meyers?

FEMALE VOICE: Craig left.

MR. CONINE: Robert Gonzales? He's dedicating time to Craig, so Craig, yes. Fifteen -- or five minutes.

(Pause.)

MR. MEYERS: I'm Craig.

MR. CONINE: You're welcome to --

MR. MEYERS: Oh, here.

MR. CONINE: Yes, sir.

MR. MEYERS: Thank you.

I'm Craig Meyers, and I'm with West Texas Organizing Strategy and St. Paul Presbyterian Church in San Angelo, and we thank you for time, again, kind of time and time and time again, from San Angelo, and we love your traffic and --

(General laughter.)

MR. MEYERS: You have heard from us both by

8

CITY OF KILLEEN

COMMUNITY DEVELOPMENT

November 24, 2008

Texas Department of Housing and Community Affairs
TDHCA Governing Board
% Brenda Hull, NSP Contact
221 East 11th Street
Austin, Texas 78701

RE: Response to TDHCA's amendment incorporating the Neighborhood Stabilization Program (NSP) into the 2008 Action Plan.

Dear TDHCA Governing Board Members:

The allocation plan for TDHCA's Neighborhood Stabilization Program funding should be based on need and timely expenditure of funds. It appears that TDHCA has developed an appropriate methodology for determining need on a statewide basis. Based on this "needs calculation" that included number of foreclosures, subprime loans and at-risk loans in each county, "high need" counties have been assigned an NSP allocation amount.

Timely expenditure of funds is the second major allocation goal due to the fact that all NSP funds must be obligated within an 18-month period. Information in the allocation plan would indicate that the State plans to encourage collaborative applications from governmental entities and non-profits in each county, hoping for a single application form each county. Collaborative efforts can be effective if services or program needs span more than one jurisdiction and sufficient time is available to develop a common plan. **However, in this instance, we believe that the most efficient and effective method would be direct allocations to Killeen and other CDBG entitlement jurisdictions within each "high need" county.**

The focus of the NSP funding is to purchase and develop or re-develop foreclosed properties, particularly foreclosed housing units. These properties will be located in a single municipal jurisdiction with the exception of any properties in non-incorporated areas. Though TDHCA correspondence has indicated that the U.S. Department of Housing and Urban Development "expressed concern about states creating a distribution model that provides communities with small amount of funds that have no meaningful impact on stabilization of property values in an area," we must point out that entitlement communities can combine these funds with other CDBG dollars which can greatly expand the impact of the program. Therefore, even an amount that may be considered "small" could have a significant impact in a low to moderate-income area.

The City of Killeen and other local governments have the ability to work with Community Housing Development Organizations (CHDOs) and other local housing non-profits to purchase and redevelop residential properties. Again, due to the time constraints of the NSP, we should be able to make the decision whether or not to involve non-profits and how to set up the programs through which they would participate.

P.O. BOX 1329 · KILLEEN, TEXAS 76540 · 254.501.7844 · 254.634.2034 FAX
WWW.CI.KILLEEN.TX.US

decision whether or not to involve non-profits and how to set up the programs through which they would participate.

Below is a listing of our recommendations regarding the allocation of Neighborhood Stabilization funds. These recommendations will help Killeen and other communities spend the funding quickly and effectively:

1 – Provide an allocation of at a minimum of $500,000 directly to cities and counties that aren't receiving a direct allocation from HUD and are identified as being in a "high need" area based on TDHCA's formula calculations.

2 – If applications are required, they should be limited to a brief explanation of how funding will be expended, how the potential grantee has identified eligible foreclosed properties, and how existing programs will expedite the obligation and expenditure of NSP funds.

3 – Do not require or give additional "points" to applicants that attempt collaborative activities with other units of government and/or non-profit organizations. Developing collaborations is a time consuming process. Allow grantees to make this decision.

4 – A minimum of five percent (5%) of administration funds should be provided to the cities and counties that develop and implement the programs.

If you have questions regarding the City of Killeen's comments in response to the TDHCA's proposed 2008 Action Plan Amendment, please contact Leslie Hinkle at 254.501.7847 or lhinkle@ci.killeen.tx.us. Thank you.

Sincerely,

Timothy L. Hancock

Timothy L. Hancock
Mayor

for Connie J. Green
City Manager JB

9

Michele Atkins

From: Brenda Hull
Sent: Monday, November 24, 2008 12:52 PM
To: Michele Atkins
Cc: NSP - Neighborhood Stabilization Program; 'lisvecc@yahoo.com'
Subject: FW: NSP Allocations Public Comment

More NSP comment – direct allocation to entitlement communities.

Brenda Hull

Manager, Housing Resource Center
Texas Department of Housing and Community Affairs
221 East 11th, Austin, TX 78701-2401
PO Box 13941, Austin, TX 78711-3941
(512) 305-9038
www.tdhca.state.tx.us

-----Original Message-----
From: jkirby@cityoflewisville.com [mailto:jkirby@cityoflewisville.com]
Sent: Monday, November 24, 2008 12:10 PM
To: brenda.hull@tdhca.state.tx.us
Subject: NSP Allocations Public Comment

Please accept this email as a Public Comment for the CDBG Action Plan Amendment currently under consideration by TDHCA and due to HUD on December 1 for allocation of the Neighborhood Stabilization Program.

After reviewing the amendment, I would like to make the following comments as the City of Lewisville staff member with the most direct responsibility for administering CDBG and other HUD pass through funds.

I have shared a summary of the Amendment with out City Manager and he agrees that allocations from TDHCA of NSP funding would be best served by direct allocation to CDBG Entitlement communities rather than allocation by county.

The proposed amendment allows cities and nonprofit agencies within counties to make application to TDHCA. However, without a direct allocation of funds per jurisdiction it remains vague as to how each City that is also a CDBG Entitlement Community would negotiate with other entitlement jurisdictions and their county government to determine the appropriate 'split' of each county allocation. It also does not appear to address what would happen to entitlement communities that are located in more than one county.

For example in Denton County, the Cities of Denton, Flower Mound and Lewisville are current CDBG entitlement cities that lie wholly within the county. Denton County does not currently receive CDBG funds and is not staffed to administer them. The entitlement cities of Frisco and Carrollton are partially within Denton County. With six entities involved, it is all too easy to foresee difficulty in reaching timely agreements among all jurisdictions on how to avoid duplication of the county allocation as each entity applies for funding. The time involved would be very restricting considering there will only be 30 days to apply once HUD has approved the state's plan.

I believe it would be quicker and easier if TDHCA applied its formula for the $51 million in direct awards and allocated it to existing entitlement jurisdictions. This would avoid confusion and save time.

Thank you for your consideration as well as the work that your staff has put in on this issue on such a tight time-frame.

Jamey Kirby
Grants Coordinator
(w) 972-219-3780
(f) 972-219-3698

10

Michele Atkins

From: Brenda Hull
Sent: Thursday, November 20, 2008 3:01 PM
To: Michele Atkins
Subject: FW: Neighborhood Stabilization Program

NSP public comment

Brenda Hull

Manager, Housing Resource Center
Texas Department of Housing and Community Affairs
221 East 11th, Austin, TX 78701-2401
PO Box 13941, Austin, TX 78711-3941
(512) 305-9038
www.tdhca.state.tx.us

-----Original Message-----
From: Scott Marks [mailto:SMarks@coatsrose.com]
Sent: Thursday, November 20, 2008 9:18 AM
To: brenda.hull@tdhca.state.tx.us
Cc: michael.gerber@tdhca.state.tx.us; Tom Gouris; Barry Palmer
Subject: Neighborhood Stabilization Program

Brenda,

Comments on the draft Neighborhood Stabilization Program action plan are attached.

Scott Marks

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HOUSTON
AUSTIN
DALLAS
SAN ANTONIO
CLEARLAKE/GALVESTON CO.
NEW ORLEANS

November 20, 2008

Via Electronic Mail (brenda.hull@tdhca.state.tx.us)
Ms. Brenda Hull
Texas Department of Housing and
Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Neighborhood Stabilization Program Comments

Dear Brenda:

Please accept the following as our comments on the Texas action plan for the Neighborhood Stabilization Program (the "Texas NSP Plan").

Generate More Units And Spend Less Than $189,000 Of Federal Funding Per Home

The Texas NSP Plan proposes to subsidize 540 affordable housing units (page 10). By generating 540 affordable units with the $102 million available for Texas, TDHCA will spend $189,000 per home. The 2006 American Community Survey revealed a median home price in Texas of $114,000, so $189,000 in federal subsidy per home is excessive. Texas should be able to subsidize more than 540 homes and apartments with $102 million. We recommend that a reasonable level of program funding per unit should not exceed $100,000, which would generate at least 1,020 affordable homes.

Maintain Affordability Of Homeownership Units By Requiring Shared Appreciation Mortgages

HUD's "Guide to Neighborhood Stabilization Program (NSP) Eligible Uses" requires continued affordability: "Grantees shall ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed upon homes and residential properties under this section remain affordable... HUD will consider any grantee adopting the HOME program standards... to be in minimal compliance and expects any other standards proposed and applied by a grantee to be enforceable and longer in duration." Many of the activities proposed in the Texas NSP Plan do not specify any affordability compliance term. All of the homeownership activities could be affordable for a 30-year term with a shared appreciation deed of trust securing the NSP loan, and all activities should require an enforceable affordability compliance period of at least 15 years .

In the Financing Mechanisms activity, the only reference to the compliance period is, "The loans are to be repaid (if any of the following occurs before the end of the term): at the time of resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted homebuyer's principal residence. The amount of recapture will be based on the pro-rata share of the remaining loan term."

We recommend that TDHCA use a "shared net proceeds" affordability enforcement mechanism, as described in the HOME regulations at 24 CFR 92.254(a)(5)(ii)(3). In a shared net proceeds model, the NSP grant is divided by the home's purchase price to calculate the share of appreciation to be repaid to the NSP lender. For example, if the NSP loan amount is $50,000, and the homebuyer's total purchase price is $150,000, then one-third ($50,000/$150,000) is the sharing percentage to be repaid the NSP lender upon resale of the home. The NSP share of net proceeds can be secured by a subordinate deed of trust.

The shared net proceeds approach has two significant advantages over pro rating the amount of recapture based on the remaining loan term. The first advantage is that the shared net proceeds model allows the NSP funds to be an affordable housing source of funds in Texas for a longer period of time. The second advantage is that the NSP loan, especially if it is a large percentage of the purchase price of a home, should not become a windfall profit that goes into the pocket of the fortunate few initial program participants, regardless of whether the resale occurs in one year or ten years.

The affordability compliance period should comply with HOME regulations which require that if the subsidy amount is $40,000 or more per home, the affordability compliance period duration must be at least 15 years. The compliance period with a shared net proceeds deed of trust can be the same duration as the term of the subordinate loan, 30 years.

The following documents can also be required by TDHCA to maintain affordability in a shared net proceeds homeownership program: a purchase option and right of first refusal held by the NSP lender, a deed of trust, a promissory note, and a subordination agreement between the NSP lender and the first lender.

<u>Target 50% MFI Families Through Rental Housing, Not Homeownership</u>

The federal Neighborhood Stabilization Program statute requires 25% of NSP funding to target families at 50% median family income or below. HUD has clarified that development of rental housing is an eligible use of NSP funding. Rental housing development should be a more prominent program activity in the Texas NSP Plan. Moreover, 50% MFI families may be more appropriately housed in rental housing rather than homeownership activities.

The only reference to rental housing in the Texas NSP Plan is in the Rehabilitation activity section (page 18), which states, "Tenure will principally be homeownership; single and multifamily rental properties will be approximately 15% of the units made available." The

Rehabilitation activity has a goal of generating a total of 275 affordable units, so 15% of the total units would be only 41 units. The Texas NSP Plan should do more to promote rental housing than subsidize 41 units.

Families earning 50% of the median family income and below may be more affordably and more appropriately housed in rental units rather than a homeownership program. In Travis County, for example, the income limits for 50% MFI families are:

	Yearly Income	Monthly Income	30% Income	Mortgage Payment
1 person	$24,900	$2,075	$622	$197
2 person	$28,450	$2,370	$711	$286
3 person	$32,000	$2,667	$800	$375
4 person	$35,550	$2,962	$890	$465

The chart above assumes that an affordable housing payment (including utilities) will cost no more than 30% of a family's monthly income. If utility expenses average $75 per month, property taxes average $250 per month, and homeowners insurance $100 per month, then homeowners must pay a total of $425 per month for housing costs in addition to their mortgage payment. When you back out this $425 tax/insurance/utility payment from the 30% of income column, 50% MFI homeowners can only afford to pay toward a mortgage the amounts listed in the Mortgage Payment column above. A four-person 50% MFI family, for example, will have less than $500 per month for the mortgage payment, which could make homeownership very stressful.

Families at 50% MFI can be homeowners, but often only by straining their personal budgets. Homeownership involves upkeep and maintenance costs that a renter does not incur, in addition to homeowners insurance and property taxes. For these reasons, a more appropriate use of the NSP funding targeting 50% MFI families may be rental housing rather than homeownership.

Thank you for considering our comments on the Texas NSP Plan.

Sincerely,

Scott Marks

Scott Marks

(11)

Michele Atkins

From: Ben Medina [benmd@cob.us]
Sent: Wednesday, November 12, 2008 9:06 AM
To: Michele Atkins
Subject: RE: NSP Action Plan - for TDHCA Board Action 11/13/08

Thank you Michele for the link. In the Action Plan it mentions counties to be the direct grantees not citys this is not what we discussed at our workshop. Is the way the department intents to allocate funds to the county and we the city subgrant with the county? Do you think we need to be at the meeting? please respond when you have time. Ben Medina, Director of Planning and Community Development - Brownsville, Texas

---

From: Michele Atkins [mailto:michele.atkins@tdhca.state.tx.us]
Sent: Wed 11/12/2008 8:38 AM
To: 'Kelly.Hunt@ci.austin.tx.us'; 'jflores@bexar.org'; 'bfortner@bvahc.org'; 'sandy.bowen@abilenetx.com'; 'deon.coffman@amarillo.gov.'; 'steve.barney@ci.austin.tx.us'; 'tiffany.foster@baytown.org'; Ben Medina; 'abond@bryantx.gov'; 'nmikeska@cityofconroe.org'; 'danielg@cctexas.com'; 'Barbara.Ross@cityofdenton.com'; 'lillywl@elpasotexas.gov'; 'tdegannes@myharlingen.us'; 'Donald.Sampley@cityofhouston.net'; 'gprice@cityofirving.org'; 'mbarraza@ci.killeen.tx.us'; 'chayward@ci.killeen.tx.us'; 'lhinkle@ci.killeen.tx.us'; 'tacosta@ci.laredo.tx.us'; 'agarcia@ci.laredo.tx.us'; 'pbrown@mylubbock.us'; 'pmartinez@mcallen.net'; 'ybalderas@mcallen.net'; 'sbest@mckinneytexas.org'; 'cpruneda@mckinneytexas.org'; 'scantu@midlandtexas.gov'; 'salvarez@cityofsanbenito.com'; 'VHalfmann@ci.waco.tx.us'; 'smarks@coatsrose.com'; 'robert.salas@sanangelotexas.us'; 'kschulz@dallas-habitat.org'; 'DReiser@dennisonassociates.com'; 'gdburgoon@emgroup.info'; 'jaime_ortiz@fanniemae.com'; 'jennifer.hicks@foundcom.org'; 'larry@frameworkscdc.org'; 'fcceo@futurocommunities.org'; 'tres@grantworks.net'; 'bruce@grantworks.net'; 'nan@h2opartnersusa.com'; 'matt@habitattexas.org'; 'sofia.hernandez@hidalgocountyjudge.com'; 'joebarron@bizrgv.rr.com'; 'cwemple@h-gac.com'; 'mirenda_harris@embarqmail.com'; 'robinsisco@austin.rr.com'; 'Leah.Stolar@publicans.com'; 'SDugan@nationaldevelopmentcouncil.org'; 'rcantu@nccaatx.org'; 'mbosquez@orca.state.tx.us'; 'mwyatt@orca.state.tx.us'; 'lori.alford@yahoo.com'; 'nhouston@publicmgt.com'; 'rogerc@hcscorp.org'; 'randrews@summitamerica.com'; 'sau@TarrantCounty.com'; 'brooke.boston@tdhca.state.tx.us'; 'homero.cabello@tdhca.state.tx.us'; 'michael.gerber@tdhca.state.tx.us'; 'will.gudeman@tdhca.state.tx.us'; 'melissa.hajjar@tdhca.state.tx.us'; 'brenda.hull@tdhca.state.tx.us'; 'robbye.meyer@tdhca.state.tx.us'; 'eric.pike@tdhca.state.tx.us'; 'robb.stevenson@tdhca.state.tx.us'; 'lisa.vecchietti@tdhca.state.tx.us'; 'karen@texashousing.org'; 'bill@tml.org'; 'arturo_benavides@hotmail.com'; 'ddanenfelzer@tsahc.org'; 'nlawrence@tsahc.org'; 'dlong@tsahc.org'; 'jschirr@tsahc.org'; 'jwashi6012@aol.com'; 'cynthia_hairston@embarqmail.com'; 'txdevserv@att.net'
Cc: Tom Gouris; Brenda Hull; Homero Cabello
Subject: NSP Action Plan - for TDHCA Board Action 11/13/08

Good morning!

I have attached the link to the NSP Action plan for discussion and possible approval by our Board of Directors on November 13, 2008.

Thank you.

http://www.tdhca.state.tx.us/pdf/agendas/081109-NSP-Actionplan-081109.pdf

Michele Atkins

Executive Assistant to the Deputy Executive Director of Programs

Executive Division

512.475.3916 (o) 512.475.3978 (f)

michele.atkins@tdhca.state.tx.us

(12)

Michele Atkins

From: Mikeska, Nancy [nmikeska@cityofconroe.org]

Sent: Wednesday, November 12, 2008 9:13 AM

To: Michele Atkins

Cc: Barbara Ross

Subject: RE: NSP Action Plan - for TDHCA Board Action 11/13/08

The strength of Community Development Projects are through our Cities. The proposal to give the funding to County's is shocking to the Entitlement Cities who have the greatest and most sincere needs. Does the Board really believe that the majority of foreclosures are out in urban areas?

This funding was supported by the Conference of Mayors, --- does TDHCA think the Mayors intended for the funding to not flow directly to their City? Does TDHCA think the Mayors thought their City's CDBG Director, who is a knowledgeable and tenured professional, would have to seek their funding from the urban County, adding yet another layer?

My email has been filled this morning with comments and concerns of the complications with this proposal. Please express my concern immediately to whomever is presenting this to the Board.

Please reconsider this proposal. This proposal, as it stands, would not facilitate getting the funds where they need to be. I would be happy to discuss this with anyone who does not understand the problem with this proposal.

Sincerely,

Nancy S. Mikeska
Chair
Region VI National Community Development Asso.
City Of Conroe, TX

(936) 522-3063

From: Michele Atkins [mailto:michele.atkins@tdhca.state.tx.us]
Sent: Wednesday, November 12, 2008 8:39 AM
To: 'Kelly.Hunt@ci.austin.tx.us'; 'jflores@bexar.org'; 'bfortner@bvahc.org'; 'sandy.bowen@abilenetx.com'; 'deon.coffman@amarillo.gov.'; 'steve.barney@ci.austin.tx.us'; 'tiffany.foster@baytown.org'; 'benmd@cob.us'; 'abond@bryantx.gov'; Mikeska, Nancy; 'danielg@cctexas.com'; 'Barbara.Ross@cityofdenton.com'; 'lillywl@elpasotexas.gov'; 'tdegannes@myharlingen.us'; 'Donald.Sampley@cityofhouston.net'; 'gprice@cityofirving.org'; 'mbarraza@ci.killeen.tx.us'; 'chayward@ci.killeen.tx.us'; 'lhinkle@ci.killeen.tx.us'; 'tacosta@ci.laredo.tx.us'; 'agarcia@ci.laredo.tx.us'; 'pbrown@mylubbock.us'; 'pmartinez@mcallen.net'; 'ybalderas@mcallen.net'; 'sbest@mckinneytexas.org'; 'cpruneda@mckinneytexas.org'; 'scantu@midlandtexas.gov'; 'salvarez@cityofsanbenito.com'; 'VHalfmann@ci.waco.tx.us'; 'smarks@coatsrose.com'; 'robert.salas@sanangelotexas.us'; 'kschulz@dallas-habitat.org'; 'DReiser@dennisonassociates.com'; 'gdburgoon@emgroup.info'; 'jaime_ortiz@fanniemae.com'; 'jennifer.hicks@foundcom.org'; 'larry@frameworkscdc.org'; 'fcceo@futurocommunities.org'; 'tres@grantworks.net'; 'bruce@grantworks.net'; 'nan@h2opartnersusa.com'; 'matt@habitattexas.org'; 'sofia.hernandez@hidalgocountyjudge.com'; 'joebarron@bizrgv.rr.com'; 'cwemple@h-gac.com'; 'mirenda_harris@embarqmail.com'; 'robinsisco@austin.rr.com'; 'Leah.Stolar@publicans.com'; 'SDugan@nationaldevelopmentcouncil.org'; 'rcantu@nccaatx.org'; 'mbosquez@orca.state.tx.us'; 'mwyatt@orca.state.tx.us'; 'lori.alford@yahoo.com'; 'nhouston@publicmgt.com'; 'rogerc@hcscorp.org'; 'randrews@summitamerica.com'; 'sau@TarrantCounty.com'; 'brooke.boston@tdhca.state.tx.us'; 'homero.cabello@tdhca.state.tx.us'; 'michael.gerber@tdhca.state.tx.us'; 'will.gudeman@tdhca.state.tx.us'; 'melissa.hajjar@tdhca.state.tx.us'; 'brenda.hull@tdhca.state.tx.us'; 'robbye.meyer@tdhca.state.tx.us'; 'eric.pike@tdhca.state.tx.us'; 'robb.stevenson@tdhca.state.tx.us'; 'lisa.vecchietti@tdhca.state.tx.us'; 'karen@texashousing.org'; 'bill@tml.org'; 'arturo_benavides@hotmail.com'; 'ddanenfelzer@tsahc.org'; 'nlawrence@tsahc.org'; 'dlong@tsahc.org';

'jschirr@tsahc.org'; 'jwashi6012@aol.com'; 'cynthia_hairston@embarqmail.com'; 'txdevserv@att.net'
Cc: Tom Gouris; Brenda Hull; Homero Cabello
Subject: NSP Action Plan - for TDHCA Board Action 11/13/08

Good morning!

I have attached the link to the NSP Action plan for discussion and possible approval by our Board of Directors on November 13, 2008.

Thank you.

http://www.tdhca.state.tx.us/pdf/agendas/081109-NSP-Actionplan-081109.pdf

Michele Atkins
Executive Assistant to the Deputy Executive Director of Programs
Executive Division
512.475.3916 (o) 512.475.3978 (f)
michele.atkins@tdhca.state.tx.us

(13)

Brenda Hull

From: Galen B. Price [gprice@cityofirving.org]
Sent: Wednesday, November 26, 2008 2:18 PM
To: brenda.hull@tdhca.state.tx.us
Cc: Vivian Ballou; Vicki Ebner
Subject: NSP Public Comment

Good Afternoon Brenda:

The City of Irving respectfully requests that it be considered for a direct allocation of funds from TDHCA. The City of Irving is the 3rd largest city in Dallas County. It is the largest city in Dallas County that did not receive a direct allocation from HUD. Currently, the City of Irving has 400 foreclosures listed within the city limits. These funds would be used to address as many of these foreclosures as possible, thereby providing first time homebuyers with the ability to gain access to a home and also assisting with the stabilization of Irving neighborhoods. We have implemented a successful foreclosure, acquisition, rehabilitation program for the past 18 months. This enables us to be ready immediately to use NSP funds. Based on the need score and being the 3rd largest city in Dallas County, the City of Irving could make a substantial impact on the implementation of the NSP Program. Based on Dallas County's allocation plan for the direct allocation they received, only cities with less than populations of 50,000 or less are expected to receive funding from Dallas County. Dallas County has indicated that they would support us receiving a direct allocation.

Galen B. Price
Housing Coordinator
City of Irving
(972) 721-4804 phone
(972) 721-4813 fax

(14)

Brenda Hull

From: Paul Turney [pturney@bvahc.org]

Sent: Wednesday, November 26, 2008 2:35 PM

To: Brenda Hull

Cc: Tom Wilkinson; Bond, Alsie J; deller@cstx.gov; mfoster@setrpc.org; Donna Chatham

Subject: Public Comment on Draft Action Plan for Neighborhood Stabilization Program

On page 4 it states priority weight was given to counties with jurisdictions identified CDBG Entitlement Jurisdictions due to the capacity and mechanisms in place to administer CDBG funds quickly under the NSP program. Just as TDHCA, with its specialization in housing, is taking the lead in working with ORCA and TSAHC in administering the funds awarded the State it would seem appropriate at a minimum to also give priority weight to counties with participating jurisdictions (PJ) and that participate as a PJ through a HOME Consortium. When I run a total of Need Scores for the 10 counties currently participating in the Brazos Valley/Washington County HOME Consortium (without receiving priority weight) the total for Brazos, Burleson, Cherokee, Grimes, Houston, Leon, Madison, Robertson, Walker and Washington counties the score (6,764) falls above the minimum score of 6,650 stated on page 3 for a direct allocation from the State. This I feel should be addressed.

Second, it is not clear if activities and possible program income are being reserved to TDHCA and/or TSAHC. All jurisdictions receiving an allocation should have the discretion to implement NSP programs within the parameters published at the federal level and not have additional limitations imposed by the State. The local jurisdictions know their respective markets best and can better determine the most efficient way to stabilize their immediate communities. Additionally, use of any program income should be at the local jurisdictions discretion and not automatically returned to/or use of dictated by the State.

Thirdly, it's ironic that the areas deemed to have the greatest need based on the State's and HUD's needs analysis are predominantly areas with the highest median incomes. This needs to be taken into consideration as performance outcome requirements are written into the funding agreements. Those areas with the highest median incomes should be required to produce proportionately more assistance to low income households at or below 50% AMI in meeting the set aside requirements. This will help to level the disparity for households residing in lower median income areas who would otherwise qualify for assistance.

Respectfully;
Paul Turney
Executive Vice President
Brazos Valley Affordable Housing Corporation
President
Brazos Valley CDC, Inc.
4001 E. 29th St., Ste. 180
PO Drawer 4128
Bryan, TX 77805-4128
979 / 595 / 2809 ext. 5 phone
979 / 595 / 2816 fax
979 / 777 / 1915 cell
pturney@bvahc.org
www.bvahc.org

15

Michele Atkins

From: Jeff Wall [JWall@ci.waco.tx.us]
Sent: Tuesday, November 25, 2008 3:29 PM
To: michele.atkins@tdhca.state.tx.us
Subject: Ist comment
Importance: High

The requirement to payback these funds leaves little incentive or ability for a precipitant to utilize these funds. There will be few recipients that want to take on any more liability with a declining HUD budget and staffing issues.

Jeff Wall
Director
Housing & Community Development
254-750-5652

15

Michele Atkins

From: Jeff Wall [JWall@ci.waco.tx.us]
Sent: Tuesday, November 25, 2008 4:12 PM
To: michele.atkins@tdhca.state.tx.us
Subject: RE: Ist comment
Importance: High

2nd comment – it appears that there are no administrative funds for the sub recipient (city/county)– unlikely a city/county can take on any liability of HUD funds without appropriate administrative funding .

Jeff Wall
Director
Housing & Community Development
254-750-5652

From: Jeff Wall
Sent: Tuesday, November 25, 2008 3:29 PM
To: 'michele.atkins@tdhca.state.tx.us'
Subject: Ist comment
Importance: High

The requirement to payback these funds leaves little incentive or ability for a precipitant to utilize these funds. There will be few recipients that want to take on any more liability with a declining HUD budget and staffing issues.

Jeff Wall
Director
Housing & Community Development
254-750-5652

Attachment D

Substantial Amendment for the Neighborhood Stabilization Program

THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): State of Texas, Texas Department of Housing and Community Affairs Jurisdiction Web Address: http://www.tdhca.state.tx.us	NSP Contact Person: Brenda Hull Address: Texas Department of Housing and Community Affairs 221 East 11th Austin, Texas 78701 Telephone: (512) 305-9038 Fax: (512) 469-9606 Email: brenda.hull@tdhca.state.tx.us

This document is a substantial amendment to the Action Plan for FFY 2008 submitted by the State of Texas. The Action Plan is the annual update to the Consolidated Plan for FFY 2005 through 2009. This amendment outlines the expected distribution and use of $101,996,848 through the newly-authorized Neighborhood Stabilization Program (NSP), which the U.S. Department of Housing and Urban Development (HUD) is providing to the State of Texas. The NSP funds were authorized by the Housing and Economic Recovery Act of 2008 (HERA) as an adjunct to the Community Development Block Grant (CDBG) Program.

The Texas Department of Housing and Community Affairs (TDHCA) will implement NSP funds, and will work in cooperation with the Office of Rural Community Affairs (ORCA) and Texas State Affordable Housing Corporation (TSAHC) in order to expeditiously deliver and effectively administer these funds. TDHCA will be the lead agency and manage a direct award pool for communities with the greatest need. Land bank/trust activities will be coordinated with TSAHC and communities identified in the plan as having the greatest need, and ORCA will co-administer with TDHCA a pool of funds for a second tier of greatest need communities.

A. AREAS OF GREATEST NEED

Section 2301 of the Housing and Economic Recovery Act of 2008 is the enabling legislation for the NSP and it specifies that NSP funds are to be allocated to areas of greatest need based on:

(A) the number and percentage of home foreclosures in each State or unit of general local government;
(B) the number and percentage of homes financed by a subprime mortgage related loan in each State or unit of general local government; and
(C) the number and percentage of homes in default or delinquency in each State or unit of general local government." Section 2301 (b)(3)

Texas identified two tiers of counties with need. Counties with the greatest need are identified as “Direct Allocation” counties. Remaining counties with significant need are eligible to apply for a pool of NSP funds and are referred to as “Select Pool” counties.

Texas has used HUD’s published methodology for its initial NSP allocations as a base for analysis of need within the State of Texas. However, the Texas NSP formula was developed with three deviations from HUD’s methodology:

1) Revised weights for the need factors – 60% for *Foreclosure*, 30% for *Subprime* loans, and 10% for *At-Risk* loans;
2) Grouping of loans 60 to 89 days delinquent with loans greater than 90 days delinquent into a single factor renamed *At-Risk*, and
3) Use of county to state comparisons due to the availability of most data at only the county level.

$$\left[60\% \times \left| \frac{\text{County foreclosures}}{\text{State foreclosures}} \times \frac{\text{County foreclosure rate}}{\text{State foreclosure rate}} \right| + 30\% \times \left| \frac{\text{County subprime loans}}{\text{State subprime loans}} \times \frac{\text{County subprime rate}}{\text{State subprime rate}} \right| + 10\% \times \left| \frac{\text{County loans at-risk}}{\text{State loans at-risk}} \times \frac{\text{County at-risk rate}}{\text{State at-risk rate}} \right| \right] \times \frac{\text{County vacancy rate}}{\text{State vacancy rate}}$$

As stated by HUD, the highest weight is placed on foreclosures based on the emphasis the statute places on targeting foreclosed homes. However, the Texas methodology places a higher weight on subprime loans than the HUD methodology because of the unique Texas experience. As noted in an article on the Dallas Federal Reserve website, “[In Texas a] major contributing factor to the increase in foreclosures has been the expansion of the originations of subprime mortgages…”[1] HUD’s original formula has been less successful in predicting the areas of greatest need in Texas than in other states. Increasing the weight given to the key catalyst for foreclosure activity provides a better indicator of greatest need for the State.[2] Vacancy rates as measured by 90 day vacant addresses were

[1] Dallas Federal Reserve. *Residential Foreclosures in Texas Depart from National Trend*. Online. Source: http://www.dallasfed.org/ca/epersp/2008/2_2.cfm. Accessed: November 7, 2008.

[2] Pearson correlation comparison of HUD’s county foreclosure forecast to Equifax 90-day mortgage delinquency sample data indicates a correlation of only 0.428 for Texas. The LISC foreclosure data show a 0.994 correlation to their delinquency figures. The RealtyTrac Real Estate Owned (REO) counts show a 0.912 correlation to their delinquency figures (the sum of Notice of Default (NOD), Lis Penden (LIS), Notice of Trustee Sale (NTS) and Notice of Foreclosure Sale (NFS)).

used to account for areas most likely to need assistance with the problems associated with abandoned homes due to foreclosure.

The raw data utilized in HUD's methodology was updated to the most current data available from a variety of sources:

Total Mortgages used to calculate rates was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while Home Mortgage Disclosure Act (HMDA) data for the period 2004 to 2007 available from the Federal Financial Institutions Examination Council (FFIEC) was used for the remaining counties.

Foreclosures data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while Real Estate Owned (REO) data for the 24 month period preceding August 2008 from RealtyTrac was used for the remaining counties.

Subprime Loans data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while the sum of all subprime loans originated prior to May 2008 from First American Loan Performance was used for the remaining counties.

At-Risk data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while the sum of Notice of Default (NOD), Lis Penden (LIS), Notice of Trustee Sale (NTS) and Notice of Foreclosure Sale (NFS) data for the 24 month period preceding August 2008 from RealtyTrac was used for the remaining counties.

Vacancy data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions and by the United States Postal Service (USPS) via HUD for the remaining counties.

In HUD's methodology, a state's foreclosures, subprime loans, or at-risk loans figure is adjusted by its foreclosure rate, subprime loans rate, or at-risk rate, respectively. In keeping with HUD's methodology, the increase or reduction to a county's share of foreclosures, subprime loans, or at-risk loans is limited to no more than 30 percent. A county's vacancy rate difference relative to the state average is limited to the county's proportional share of foreclosures, subprime loans, or at-risk loans by a difference of no more than 10 percent.

Each county received a need score calculated based on the formula described above. Those counties encompassing Jurisdictions identified on HUD's formula list, but failing to meet HUD's $2M minimum threshold were given a priority weight in scoring. A minimum need score of 6,500 relates to eligibility to receive a direct Texas NSP allocation. Dollar amounts for the direct Texas NSP allocations were calculated using the formula described above with HUD direct allocations to CDBG Entitlement Jurisdictions ($76M) added to the Texas State funds of $102M for a total of $178M. The total was then reduced by the 10% allowed for administrative costs. The resulting allocation amount was reduced by the published HUD direct award less administrative cost. For example, the Texas formula may indicate a total HUD direct and direct Texas NSP allocation of $10M for County X; however, County X received a HUD direct allocation of $7M. Therefore, County X's direct Texas NSP allocation would be reduced to $3M ($10M minus $7M).

In addition, priority weight was given to counties with Jurisdictions identified as CDBG Entitlement Jurisdictions. These communities currently have mechanisms in place to administer CDBG funds; therefore, the weight is added to account for capacity to quickly implement NSP projects.

All counties with a minimum need score of 100 will either be noted for direct allocations or be eligible to participate as a Select Pool county.

The result is reservations for use by eligible entities in 25 counties:

County Name	Direct Texas NSP Allocation	Need Score
Tarrant	$7,320,349	13320
Dallas	4,684,332	10684
Cameron	3,465,632	9466
Bexar	3,150,408	9150
Hidalgo	3,005,258	9005
Harris	2,875,584	8876
Nueces	2,522,253	8522
Collin	2,278,454	8278
Webb	2,025,812	8026
Travis	2,017,952	8018
Montgomery	1,697,675	7698
El Paso	1,648,634	7649
Brazoria	1,586,234	7586
Potter	1,579,681	7580
Jefferson	1,498,945	7499
Denton	1,166,500	7166
Taylor	1,099,259	7099
Williamson	1,066,554	7067
Bell	1,064,488	7064
Lubbock	1,057,705	7058
Galveston	1,003,104	7003
Wichita	803,464	6803
Fort Bend	726,857	6727
Ector	699,232	6699
McLennan	647,971	6648

Based on the county need score, eligible entities within the following 76 counties may submit an application to receive allocations from the Select Pool:

County Name	Need Score
Gregg	6143
Tom Green	6055
Grayson	5809
Brazos	5761
Victoria	5741
Orange	5634
Bowie	5593
Harrison	5583
Midland	5507
Smith	5502
Comal	5498
Hays	5326
Ellis	4325
Johnson	4284
Kaufman	3964
Parker	2295
Bastrop	1898
Hood	1658
Liberty	1508
Hunt	1473
Henderson	1432
Rockwall	1266
Wise	996
Hill	766
Burnet	766
Navarro	746
Guadalupe	683
Randall	567
Angelina	495
Wood	463
Matagorda	452
Lamar	401
San Patricio	391
Atascosa	389
Milam	366
Maverick	359
Jim Wells	341
Eastland	316

County Name	Need Score
Van Zandt	300
Kleberg	296
Grimes	292
Hale	269
Palo Pinto	243
Nacogdoches	242
Hopkins	242
Kendall	234
Coryell	230
Cooke	224
Kerr	210
Medina	196
Aransas	184
Caldwell	183
Wilson	176
Gonzales	169
Waller	167
Anderson	165
Val Verde	165
Montague	165
Llano	165
Washington	159
Fannin	159
Walker	152
Upshur	152
Brown	150
Cherokee	145
Jackson	131
Austin	127
Starr	115
Wharton	114
Polk	111
Gillespie	106
Jasper	106
Leon	105
Willacy	105
Erath	103
Howard	102

B. Distribution and Uses of Funds

The NSP funding is available to entities operating in counties meeting the threshold of greatest need as defined by the State through a greatest needs score and methodology described above. In order to better address the diversity of geographies in need across Texas, the State has established a multi-level approach to the distribution of funds to communities with greatest need and a set-aside for Land Banking activities. The first level, Direct Allocation, is a reservation of a specified amount available to eligible entities in 25 counties identified as having significant need. The second level, Select Pool, is an initial allocation of $500,000 available to entities in up to 76 additional counties with significant need. Texas will administer land bank activities in conjunction with TSAHC because of the limited legal authority for such activities at the local level in most areas of the state. The following table summarizes the initial breakdown of Texas NSP funds:

Program Distribution of Texas NSP Funds:

Direct Allocation	$ 50,692,337
Select Pool	$ 31,077,826
Land Banking	$ 10,000,000
Administration (10%)	$ 10,196,685
Total Texas NSP Allocation	**$101,966,848**

Direct Allocation: The State will provide a reservation for a specified amount of direct NSP allocation for use in the top-ranked counties identified based upon the need factors. Cities, counties and non-governmental organizations with the consent of the city or county that they wish to serve are eligible to apply and are encouraged to work with other entities in their community to document the specific needs in their community.

To remain qualified for the reservation amount of a direct allocation identified in Exhibit 1, initial applications within each eligible county must be submitted within 30 days of notification on the TDHCA web site that HUD has approved this Substantial Amendment. Failure to meet this deadline will result in the reserved funds returning to the State. Requests for amounts in excess of the identified direct allocation amount for each county will be considered after the initial thirty-day deadline.

Eligible applicants within the county should coordinate to ensure that their proposals consistently address the needs in their communities and do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions. If needed, the State will allocate not less than $500,000 to multiple entities based on their proportionate need and the county's available direct allocation amount.

In the initial application, applicants are required to identify:

1) The geographic neighborhoods and communities targeted for Texas NSP funds within their jurisdiction,
2) The Texas NSP eligible activities proposed to meet the specific needs in each area, and
3) The strategy for maximum revitalization and impact of funds.

The form of the information required for applications will be made available in the Texas Neighborhood Stabilization Program Guidelines to be found at www.tdhca.state.tx.us.

Select Pool: In order to better address the diversity of geographies across Texas, including those in rural areas and urban peripheries which have the greatest need, the State has established the Select Pool. The State will competitively award Texas NSP funds to eligible entities in the greatest need counties listed on Exhibit 1. The first priority for Select Pool funds will be based on the selection criteria described below for applications submitted by Select Pool Counties within 30 days of notification on the TDHCA web site that HUD has approved this Substantial Amendment. After thirty days, the State will consider applications from both Select Pool and Direct Allocation counties. If an oversubscription of requests for funds occurs, the State will form a wait list and any lower scoring or subsequently filed applications will be placed on the wait list to be allocated as funds are available.

To address HUD's concern about allocating small amounts of funds that have no meaningful impact on stabilizing of property values in an area the awards will be a minimum of $500,000. Cities, counties and non-governmental organizations with the consent of the city or county that they wish to serve are eligible to apply. Requests for amounts in excess of $500,000 for each county will be considered after the initial thirty-day deadline.

Eligible applicants within the county jurisdiction should coordinate to ensure that their proposals do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions.

The form of the information required for applications will be made available in the Texas Neighborhood Stabilization Program Guidelines found at www.tdhca.state.tx.us after the final plan has been approved by HUD.

Selection Criteria and Priorities

The State of Texas has established the priorities and scoring described below that will be used in the application review process. While the criteria are important to demonstrate a successful proposal, the scoring structure was designed to ensure that the State complies with the HUD Notice designed to prioritize areas of greatest need, meets applicable CDBG regulations, and effectively spends the funds:

Maximum Total Score = 100 Points

- Greatest Need (50 Points)
- Neighborhood Stabilization (20 Points)

- Low-Income Households (20 Points)
- Partnerships & Coordination (10 Points)

Greatest Need (50 Points): The State will give priority to proposals that address the greatest need as represented on Exhibit 1; a higher Need Score indicates greater need. If an applicant has locally available, verifiable data that documents a greater need than established under the methodology described above, they may submit it for consideration. This may include but is not limited to U.S. Postal Service data, local financial institution data, and local government records. The State will consult with HUD to determine whether the additional data source is verifiable and acceptable by HUD standards.

Neighborhood Stabilization (20 Points): The Texas NSP requires applicants to connect their NSP-funded activities to housing foreclosure and abandonment problems caused by problematic mortgage lending activities. However, priority will be given to applications which identify specific properties for eligible activities and potential eligible buyers.

Assistance to Low-Income Households at or Below 50% AMI (20 Points): In order to emphasize affordability for households at or below 50% of the area median income (AMI), the State will give priority to proposals that will serve persons in this income category beyond the Texas NSP minimum allocation wide requirement of 35% for non-land bank activities. Proposal scores will be prorated according to the additional percentage of funds that will benefit households at or below 50% AMI.

Partnerships & Coordination (10 Points): The State will give priority to those applicants that demonstrate effective cooperation in addressing needs by providing evidence of capacity, communication and planning with other entities in the area to be served. This priority will include proposals submitted by city and county governments, nonprofits and regional efforts to efficiently manage NSP funds. The applicant must demonstrate a strong management role in the program delivery.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of "blighted structure" in context of state or local law.

The Texas NSP Program will use the definition provided by HUD's *Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees Under the Housing and Economic Recovery Act, 2008*, published in the *Federal Register* on October 6, 2008, as follows:

"*Blighted structure*. A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare."

(2) Definition of “affordable rents.”

The Texas NSP will adopt the HOME program standards for affordable rents at 24 CFR 92.252(a), (c), (e) and (f).

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

The Texas NSP will adopt the HOME program standards for continued affordability for rental housing at 24 CFR 92.252 and homeownership at 24 CFR 92.254. The Texas NSP will follow the Single Family Mortgage limits under Section 203(b) of the National Housing Act which are allowable under HOME program standards.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Housing that is constructed or rehabilitated with NSP funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of completion. In the absence of a local code for new construction or rehabilitation, the housing must meet the most current International Building Code. In addition, all NSP funded housing must meet the Texas Minimum Construction Standards for the TDHCA HOME Program, as published in the Texas NSP Program Guidelines. NSP assisted new construction or rehabilitation will comply with HOME Program lead-based paint requirements including lead screening in housing built before 1978 in accordance with 24 CFR Part 92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R. Multifamily housing assisted with NSP funds must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, and the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619). Finally, NSP assisted housing must meet Energy Efficiency Standards in accordance with Section 2306.187 of the Texas Government Code.

D. LOW INCOME TARGETING

Each subrecipient will be required to target as a goal at least 35% of their non-administrative allocation to benefit households with incomes less than or equal to 50% of area median income; however, the level of achievement of this goal may vary by area and activity. The estimated amount of funds that will be utilized for housing individuals and families whose incomes do not exceed 50% of area median income will be at least $25,491,712.

E. *ACQUISITIONS & RELOCATION*

The Texas NSP will emphasize the acquisition and conversion of dwelling units that will ultimately be affordable to low- and moderate-income households. The Texas NSP will limit the effective acquisition cost. It is anticipated that most of the units acquired for conversion will be acquired at prices that would make them marginally affordable or affordable, but in substandard condition, to households earning less than 120% of the area median income. Currently, it is not possible to specify the number of low- and moderate-income dwelling units (≤80% AMI) reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.

However, it is anticipated that few if any of the single family acquisitions will involve properties that are previously restricted for occupancy to households earning less than 80% of the area median income. This is because the foreclosure rate for homes originally funded with existing State of Texas programs is much lower than the foreclosure rate of privately funded homes as a result of the State's history of more conservative lending policies. Since most properties will be vacant, but previously improved, abandoned and foreclosed, it is not anticipated that relocation will occur. However, the Texas NSP will require adherence to the guidelines set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR part 24).

The following table indicates the minimum number of units reasonably expected to be served by proposed activity at each income level (Note the same unit may fall within several activities):

Income Level	Clearance	Financing Mechanisms	Acquisition	Rehabilitation	Land Bank/Trust
Under 50% AMI	-	200	75	75	100
51% to 80% AMI	-	250	75	100	125
81% to 120% AMI	-	250	75	100	75
Total	35	700	225	275	300

F. *PUBLIC COMMENT*

This draft Substantial Amendment was posted on the TDHCA website on November 9, 2008 for Texas Department of Housing and Community Affairs Board consideration at their November 13, 2008 meeting. Solicitation of public comment and the minimum 15-day comment period commenced at that time. The TDHCA Board took public comment on the draft plan at the board meeting. This document was revised to reflect public comment received by 5:00 PM, November 26, 2008. In addition to public comment, comment was solicited from the local HUD office and incorporated into this draft. Public comment was received at the TDHCA Board meeting as well as by mail, electronic mail and fax.

Summary of Public Comment

<u>Direct Allocation</u>

City of Corpus Christi

The State should consider direct allocations based on urban areas rather than solely counties. Urban areas with Participating Jurisdictions should have greater consideration based on the NSP timeline.

City of Conroe

Do not give direct allocations to the counties rather than the cities. Adding another layer to the allocation process by requiring the cities to apply to the counties for funding would go against the intent of the Council of Mayors.

City of Denton, City of Killeen

Do not emphasize collaborative efforts with the goal of one application from each county. The most efficient and effective method would be direct allocations to CDBG Entitlement Jurisdictions within each “high need” county. Entitlement Jurisdictions can make a greater impact with NSP funds by combining them with other CDBG dollars. Due to time constraints of the NSP, cities should be able to make the decision whether or not to involve nonprofits and how to set up the programs through which they should participate.

City of Lewisville

NSP funding would be best served by direct allocation to CDBG Entitlement Communities rather than allocation by county. It is not clear how, within a collaboration, jurisdictions, counties and nonprofits can determine the split of NSP funding.

City of Brownsville

Direct allocations should be made to Cities as well as Counties.

City of Irving

The City of Irving should receive a direct allocation. Dallas County has indicated they would support a direct allocation to the City of Irving.

Brazos Valley Affordable Housing Corporation

Participating Jurisdictions should be given priority weight similar to that given to CDBG Entitlement Jurisdictions.

City of Denton, City of Killeen

Provide an allocation of $500,000 directly to cities and counties that are not receiving a direct allocation from HUD and are identified as being in a “high need” area based on TDHCA’s formula calculations.

City of Bryan

Entitlement Jurisdictions should receive priority in the select pool application process, or reduce the threshold need score for direct allocation from 6500 to 5000.

Brazos Valley Affordable Housing Corporation
The total need score (6,764) for 10 counties currently participating in the Brazos Valley/Washington County HOME Consortium exceeds the minimum threshold for a direct allocation. This issue needs to be addressed.

<u>Application</u>
City of Missouri City
CDBG Entitlement Communities are capable of administering the NSP without the additional roadblock of applying through the State. A direct allocation, without an application process, should be made to previous CDBG grantees.

City of Denton, City of Killeen
If applications are required, they should be limited to a brief explanation of how funding will be expended, how the potential grantee has identified eligible foreclosed properties, and how existing programs will expedite the obligation and expenditure of NSP funds.

<u>Program Income</u>
Brazos Valley Affordable Housing Corporation
Subgrantees should not be limited by the State with regards to NSP activities and program income.

City of Waco
The requirement to payback these funds leaves little incentive or ability for a participant to utilize these funds. There will be few recipients that want to take on any more liability with a declining HUD budget and staffing issues.

<u>Demolition</u>
City of McKinney
Allow clearance (demolition) of blighted structures to include unfinished new construction located in areas that do not necessarily benefit low-, moderate- and middle-income persons.

<u>Interest Rate</u>
Habitat for Humanity
Nonprofits should be able to apply directly for the NSP funds; but the way the State has structured it is satisfactory. Change the 1% interest rate on NSP-funded loans to 0% interest. Historically, Habitat does not charge an interest rate and, therefore, would not be able to participate in the program if a 1% interest rate is required.

<u>Targeting ≤50% AMI</u>
Brazos Valley Affordable Housing Corporation
Areas deemed to have the greatest need based on the State’s and HUD’s needs analysis are predominantly areas with the highest median income. Those areas with the highest median income should be required to produce proportionately more assistance to low income households at or below 50% of AMI in meeting the set-aside requirements. This

will help to level the disparity for households residing in lower median income areas who would otherwise qualify for assistance.

Coats|Rose
Target families with incomes at or below 50% of AMI with rental housing, not homeownership. Rental housing development should be a more prominent program activity in the Texas NSP Plan. Do not limit single and multifamily rental housing to only 15%.

<u>Administrative Costs</u>
City of Denton, City of Killeen
A minimum of 5% of administration should be provided to the cities and counties that develop and implement programs.

City of Lubbock
At least 5% to 6% of administrative funds should be passed to agencies implementing the NSP.

City of Waco
Subrecipients should receive administrative funds.

<u>Location in More than One County</u>
City of Lewisville
It is unclear how a jurisdiction located in more than one county will be treated under the application process.

<u>Per Unit Limit</u>
City of Lubbock
The 125% of "as-is" appraised value at acquisition limit for combined cost of acquisition, rehabilitation, reconstruction and or new construction activities will make it almost impossible to commit and expend NSP funds within the time period allowed if at all. The resulting limits may preclude properties requiring expensive mitigation such as lead based paint removal. It is recommended that the Single Family Mortgage limits under Section 203(b) along with the HUD Section 221(d)(3) limits be substituted.

Coats|Rose
Program funding per unit should not exceed $100,000, which would generate 1,020 affordable homes rather than the State's estimate of 540 affordable units.

<u>100% Mortgage Financing</u>
City of Lubbock
Households with up to 80% AMI should be eligible to obtain 100% mortgage financing from NSP funds.

Long Term Affordability

Coats|Rose

Many of the activities proposed in the Texas NSP Plan do not specify any affordability compliance term. All homeownership activities could be affordable for a 30-year term with a shared appreciation deed of trust securing the NSP loan, and all activities should require an enforceable affordability compliance period of at least 15 years. In addition, we recommend TDHCA use a "shared net proceeds" affordability enforcement mechanism as described in the HOME regulations 24 CFR 92.254. The following documents can also be required by TDHCA to maintain affordability in a shared net proceeds homeownership program: a purchase option and right of first refusal held by the NSP lender, a deed of trust, a promissory note, and a subordination agreement between the NSP lender and the first lender.

G. ***NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(1) Activity Name: Clearance (Removal of Blight)

(2) Activity Type: NSP Eligible Use (D) Demolish Blighted Structures

CDBG Eligible Activity: 24 CFR 570.201(d) Clearance of blighted structures only

(3) National Objective: Benefits areas with low, moderate and middle-income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMA)

(4) Activity Description: This activity, when funded exclusive of other eligible activities, is anticipated to be used on a limited basis to address urbanized areas of greatest need where grantees can prove that blighted structures, as defined in this Action Plan, are affecting property values in the area. This activity will allow a grantee to remove dangerous structures that pose a threat to human health, safety, and public welfare and allow for the future private redevelopment of the property. This activity will not be utilized to target the 25% requirement for 50% AMI.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Clearance in those activities have been counted in 6 and 7 below.

(5) Location Description: Areas within the greatest need counties in Texas identified on Exhibit 1, as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 35 structures will be demolished due to blight for area-wide benefit of LMMA beneficiaries.

(7) Total Budget: NSP Funds $1,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th St., Austin, TX, 78701, Attention Michael Gerber, Executive Director

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects

(11) Specific Activity Requirements: N/A

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Financing Mechanisms

(2) Activity Type: NSP Eligible Use (A) Establish finance mechanisms for purchase and redevelopment of abandoned homes, foreclosed upon homes and reconstructed or redeveloped residential properties.

CDBG Eligible Activities: 24 CFR 570.206 Activity delivery costs; 24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) Relocation, (n) Homeownership Assistance; 24 CFR 570.202 Rehabilitation

(3) National Objective: Benefits low, moderate and middle-income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: This activity will provide affordable homeownership opportunities by providing financing mechanisms to assist homebuyers to purchase a foreclosed property at a discount and/or rehabilitate the property. Appraisals will be required for the purposes of determining the statutory purchase discount. The acquisition of foreclosed properties may be financed if the acquisition of the property is for not more than 85% of the approved appraisal fair market value of the property at the time of foreclosure. The acquisition of abandoned property may be funded if the property as been vacant for at least 90 days and the seller has not made payment on the mortgage or taxes for at least 90 days. The subsequent acquisition or conversion of eligible rehabilitated or redeveloped property activities may also be considered a financing mechanism.

Rehabilitation, down payment and/or closing costs assistance will be provided to households earning 51% to 120% AMI for an eligible property. Households earning less than 50% AMI may obtain up to 100% mortgage financing as well as rehabilitation, down payment and/or closing costs assistance if needed to make a property affordable.

Homebuyers who qualify as 51-120% AMI will be eligible for NSP eligible rehabilitation costs, down payment assistance, reasonable closing costs, principal reductions, and gap financing needed to qualify for private mortgage financing. Assistance will be in the form of a deferred forgivable loan at 0% interest and a term based upon the amount of funds provided in accordance with the TDHCA and HUD affordability requirements. The loans are to be repaid (if any of the following occurs before the end of the term): at the time of resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted homebuyer's principal residence. The amount of recapture will be based upon the recapture provision at 24 CFR 92.254(a)(5)(ii) as follows:

1. Recapture of the amount of the NSP investment reduced on a prorata share 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 shared net proceeds in the event of sale or foreclosure of the housing unit.

2. In the event of sale or foreclosure of the housing unit, if the shared net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than NSP funds) are in excess of the amount of the NSP 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:

   (NSP investment / (NSP investment + homeowner investment)) X net proceeds = NSP amount to be recaptured

   (NSP investment / (NSP investment + homeowner investment)) X net proceeds = amount to homeowner

Households earning less than 50% AMI may obtain 100% mortgage financing to purchase a foreclosed or abandoned single family house which will be the primary residence within 30 days of closing the mortgage loan. The mortgage loans will be for 30 years with a 0% interest rate and repayment obligations will begin immediately. Closing costs will be financed with the loan proceeds. Mortgage documents (Promissory Note and Deed of Trust) will be utilized to provide security for the repayment of the loan, registered against the property, with stated rights and remedies in the event of default. The Texas Neighborhood Stabilization Program Guidelines will outline mortgage underwriting criteria to determine the ability and willingness of the homebuyers to service the proposed debt as evidenced by the homebuyers' income, creditworthiness, assets, and the quality and present value of the property in relation to the loan amount requested. Again, recapture will be based on shared net proceeds as described above.

All NSP assisted homebuyers will be required to complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Financing Mechanisms in those activities have been counted in 6 and 7 below.

(5) <u>Location Description</u>: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) <u>Performance Measures:</u> It is estimated that 700 households will be assisted through the Financing Mechanisms activity as follows:

- 200 households – 50% AMI and below
- 250 households – 51-80% AMI
- 250 households – 81-120% AMI

(7) <u>Total Budget</u>: The Department anticipates leveraging its down payment and closing cost assistance with up to $60,000,000 in private mortgage lending funds to assist households between 51-120% AMI. Approximately $15,000,000 of NSP funds will be budgeted for rehabilitation, down payment, gap financing and closing cost assistance to assist 500 households between 51-120% AMI.

Approximately $28,000,000 of NSP funds will be utilized to provide 100% mortgage financing, rehabilitation and closing cost assistance to 200 households at 50% AMI and below.

Approximately $43,000,000 of NSP funds in total will be utilized for the Financing Mechanisms activity.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Purchase money for foreclosed properties will reflect acquisition of the foreclosed property at a 15% discount
- 0% interest rates will be charged for up to 100% financing for 50% and below AMI
- 0% interest will be charged for homeownership assistance (rehabilitation, down payment, closing costs, gap financing)

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Acquisition of Real Property

(2) Activity Type: NSP Eligible Use (B) Purchase and rehabilitate homes and residential properties that have been abandon or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR 570.201(a) Acquisition, (b) Disposition

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: To implement this activity, units of local governments and nonprofit organizations will purchase residential properties that have been abandoned or foreclosed upon. Such foreclosed properties must be purchased at a discount to ensure purchasers are paying below-market value for the property. Appraisals will be required for the purposes of determining the statutory purchase discount. Units of local governments or nonprofit organizations will be eligible to purchase abandoned or foreclosed properties to benefit households earning 120% AMI or below. Properties must be rehabilitated and made available to eligible households within 24 months of acquisition.

NSP funds will be provided to units of local governments and nonprofit organizations to purchase properties at the statutory discount. NSP funds will be required to be repaid to the Department within 24 months of acquisition unless maintained as rental property under program requirements. Assistance to rental property restricted to households earning 50% or less of AMI may have an interest rate at 0% fully amortized over 30 years. Properties being sold to households earning 50% or below AMI funds can be provided 100% mortgage financing including closing costs (see Financing Mechanisms activity) through the Department utilizing NSP funding.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Acquisition of Real Property in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 225 properties will be purchased through the Acquisition activity to benefit the following households:

- 75 households – 50% AMI and below
- 75 households – 51-80% AMI
- 75 households – 81-120% AMI

(7) Total Budget: Approximately $24,000,000 of NSP funds will be utilized to acquire foreclosed or abandon properties.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Foreclosed properties will be acquired at a 15% discount
- Permanent financing is available for multifamily properties targeting households at or below 50% AMI
- Tenure will principally be homeownership; however, single and multifamily rental properties are anticipated to meet the HUD requirement for 25% of NSP used to fund activities benefitting households at 50% AMI and below
- Compliance with the HOME Program property standards and affordability requirements for both rental and homeownership activities

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Rehabilitation

(2) Activity Type: Rehabilitate property to provide housing opportunities for households earning less than 120% of Area Median Income.

NSP Eligible Use (B) Rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR 570.202 Rehabilitation, Reconstruction and New Construction

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: This activity will rehabilitate properties to Texas Minimum Construction Standards, as defined in the Texas NSP Program Guidelines.

The purpose of the financial assistance is to provide decent, safe, and sanitary housing for low to middle income residents by the rehabilitation and/or improvement of existing structures to a condition that brings the structure into in compliance with Texas Minimum Construction Standards to ensure all repairs and improvements will contribute to the long term structurally sound housing stock in the area.

Demolition of a structure will only be allowed if the appraised value of the structure is less than 50% of the total appraised value of the property (lot and structure) which has major structural conditions that were either inadequate original construction, or has failing foundation, floor, wall, ceiling, roof, and exterior systems.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Rehabilitation in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1, as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 275 properties will be rehabilitated to benefit the following households:

- 75 households – 50% AMI and below
- 100 households – 51-80% AMI
- 100 households – 81-120% AMI

(7) Total Budget: Approximately $11,770,163 of NSP funds will be utilized to rehabilitate properties.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Permanent financing is available for multifamily properties targeting households at or below 50% AMI
- Tenure will principally be homeownership; however, single and multifamily rental properties are anticipated to meet the HUD requirement for 25% of NSP used to fund activities benefitting households at 50% AMI and below
- Compliance with the HOME Program property standards and affordability requirements for both rental and homeownership activities

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Land Bank/Trust

(2) Activity Type: NSP eligible uses defined under §§2302(c)(3)(B thru E)

(3) National Objective: Benefits areas with low, moderate and middle-income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMA)

(4) Activity Description: Assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging reuse of the property.

The Texas State Affordable Housing Corporation (TSAHC) will offer partnerships to local entities with limited capacity to administer land banking activities. In addition, TSAHC may own and operate a land bank for areas of greatest need without available local partners. TSAHC will operate the land bank under its Affordable Communities of Texas ("ACT") program, a statewide land trust that provides long-term affordability to low and moderate income households through the use of shared-equity agreements, limited-equity agreements, ground leases, and other regulatory restrictions.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and all costs and outcomes for Land Bank/Trust in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 200 properties could be acquired using NSP funds. Properties acquired will ultimately benefit the following households:

- 100 households – 50% AMI and below (a significant portion of this may not be realized within the four year time limit.)
- 125 households – 51-80% AMI
- 75 households – 81-120% AMI

(7) Total Budget: NSP funds $10,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: March 2009

(10) Projected End Date: Ongoing however all properties will be dispensed by March 2019

(11) Specific Activity Requirements: Pursuant to §2306.555(b) of the Texas Government Code, TSAHC, a 501(c)(3) nonprofit corporation, is authorized to operate the program and carry out activities necessary to hold real property, demolish dilapidated structures, rehabilitate structures and provide financing, grant or other methods of funding to create or preserve affordable housing.

The ACT program draws its design and policies from similar programs initiated by municipalities, states, the National Community Stabilization Trust and the U.S. Department of Housing and Urban Development's Asset Control Area program. It provides training and technical assistance to local government entities and nonprofits that seeks to create local community land trusts and land banks, and provides for partnerships between the Corporation and local entities, not authorized under state statute to land banks and land trusts.

The ACT program depends heavily on creating partnerships with local entities, including housing finance corporations, public housing agencies and nonprofit entities, in order to manage housing assets and identify qualified low-income households to purchase or lease housing assets. The program also partners with national and statewide banks, financial institutions and government entities to acquire foreclosed housing assets at significant discounts below the appraised market value. All properties acquired using NSP funds shall be purchased at or below the minimum pricing requirements noted in HERA. In utilization of NSP funds for land banking activities it is understood that other eligible activities under HERA may be encompassed.

TSAHC anticipates that at least two-thirds of all acquisitions will be held under the ACT program for a period of at least 5 years prior to resale or rental to low-income households. To ensure that the program will meet the affordability requirements of HERA, TSAHC shall place deed restrictions and/or regulatory agreements on at least 25% of properties acquired to benefit households at or below 50% of area median income. All properties acquired under the program shall meet the minimum affordability terms required under HERA. Additionally, restrictions will also require all future rehabilitation and construction meets the Texas Minimum Construction Standards, as defined in the Texas NSP Program Guidelines.

G. *NSP Information by Activity (Complete for EACH activity)*

(1) Activity Name: Redevelopment

(2) Activity Type: NSP eligible use (E) Redevelop Demolished or Vacant Properties

CDBG Eligible activities: 24 CFR 570.201(a) Acquisition, (b) Disposition, (c) Public Facilities, (e) Public Services, (i) Relocation, (n) Homeownership Assistance (restricted)

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: Redevelopment of demolished or vacant, but previously improved properties will address areas of greatest need throughout the state wherever there are large amounts of demolished or vacant, but previously improved properties that are contributing to declining land values.

This activity will be utilized to supplement the 25% requirement for 50% AMI. Redeveloped properties are anticipated to focus on redevelopment to permanent use structures for special needs populations.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Redevelopment in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: 15 properties will be redeveloped to benefit the following households:

- 15 households – 50% AMI and below

(7) Total Budget: NSP funds $2,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements: 3-year redevelopment loans for up to 100% financing at 0% interest serving households earning 50% or below AMI

Exhibit 1. Texas Neighborhood Stabilization Program County Need Score

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Tarrant	$7,320,349		13320
Dallas	4,684,332		10684
Cameron	3,465,632		9466
Bexar	3,150,408		9150
Hidalgo	3,005,258		9005
Harris	2,875,584		8876
Nueces	2,522,253		8522
Collin	2,278,454		8278
Webb	2,025,812		8026
Travis	2,017,952		8018
Montgomery	1,697,675		7698
El Paso	1,648,634		7649
Brazoria	1,586,234		7586
Potter	1,579,681		7580
Jefferson	1,498,945		7499
Denton	1,166,500		7166
Taylor	1,099,259		7099
Williamson	1,066,554		7067
Bell	1,064,488		7064
Lubbock	1,057,705		7058
Galveston	1,003,104		7003
Wichita	803,464		6803
Fort Bend	726,857		6727
Ector	699,232		6699
McLennan	647,971		6648
Gregg		Gregg	6143
Tom Green		Tom Green	6055
Grayson		Grayson	5809
Brazos		Brazos	5761
Victoria		Victoria	5741
Orange		Orange	5634
Bowie		Bowie	5593
Harrison		Harrison	5583
Midland		Midland	5507
Smith		Smith	5502
Comal		Comal	5498
Hays		Hays	5326
Ellis		Ellis	4325
Johnson		Johnson	4284
Kaufman		Kaufman	3964
Parker		Parker	2295
Bastrop		Bastrop	1898
Hood		Hood	1658

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Liberty		Liberty	1508
Hunt		Hunt	1473
Henderson		Henderson	1432
Rockwall		Rockwall	1266
Wise		Wise	996
Hill		Hill	766
Burnet		Burnet	766
Navarro		Navarro	746
Guadalupe		Guadalupe	683
Randall		Randall	567
Angelina		Angelina	495
Wood		Wood	463
Matagorda		Matagorda	452
Lamar		Lamar	401
San Patricio		San Patricio	391
Atascosa		Atascosa	389
Milam		Milam	366
Maverick		Maverick	359
Jim Wells		Jim Wells	341
Eastland		Eastland	316
Van Zandt		Van Zandt	300
Kleberg		Kleberg	296
Grimes		Grimes	292
Hale		Hale	269
Palo Pinto		Palo Pinto	243
Nacogdoches		Nacogdoches	242
Hopkins		Hopkins	242
Kendall		Kendall	234
Coryell		Coryell	230
Cooke		Cooke	224
Kerr		Kerr	210
Medina		Medina	196
Aransas		Aransas	184
Caldwell		Caldwell	183
Wilson		Wilson	176
Gonzales		Gonzales	169
Waller		Waller	167
Anderson		Anderson	165
Val Verde		Val Verde	165
Montague		Montague	165
Llano		Llano	165
Washington		Washington	159
Fannin		Fannin	159
Walker		Walker	152
Upshur		Upshur	152

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Brown		Brown	150
Cherokee		Cherokee	145
Jackson		Jackson	131
Austin		Austin	127
Starr		Starr	115
Wharton		Wharton	114
Polk		Polk	111
Gillespie		Gillespie	106
Jasper		Jasper	106
Leon		Leon	105
Willacy		Willacy	105
Erath		Erath	103
Howard		Howard	102

APPLICATION FOR FEDERAL ASSISTANCE — OMB Approved No. 3076-0006 — Version 7/03

1. TYPE OF SUBMISSION: Application: ☐ Construction ☑ Non-Construction	Pre-application: ☐ Construction ☐ Non-Construction	**2. DATE SUBMITTED**	Applicant Identifier
		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier

5. APPLICANT INFORMATION

Legal Name: State of Texas	**Organizational Unit:** Department: Texas Department of Housing and Community Affairs
Organizational DUNS: 806781902	Division:
Address: Street: 221 East 11th Street	**Name and telephone number of person to be contacted on matters involving this application (give area code)** Prefix: Mr. First Name: Michael
City: Austin	Middle Name
County: Travis	Last Name Gerber
State: Texas; Zip Code 78701-2410	Suffix:
Country: USA	Email: michael.gerber@tdhca.state.tx.us
6. EMPLOYER IDENTIFICATION NUMBER *(EIN)*: 74-2610542	Phone Number (give area code) 512-475-3930; Fax Number (give area code) 512-475-9606
8. TYPE OF APPLICATION: ☑ New ☐ Continuation ☐ Revision. If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) ☐ ☐ Other (specify)	**7. TYPE OF APPLICANT:** (See back of form for Application Types) A. State Government. Other (specify)
	9. NAME OF FEDERAL AGENCY: U.S. Department of Housing and Urban Development
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 14-218. TITLE (Name of Program): Neighborhood Stabilization Program	**11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:** Neighborhood Stabilization Program
12. AREAS AFFECTED BY PROJECT *(Cities, Counties, States, etc.)*: State of Texas	
13. PROPOSED PROJECT Start Date: 2/1/09; Ending Date:	**14. CONGRESSIONAL DISTRICTS OF:** a. Applicant State of Texas; b. Project State of Texas

15. ESTIMATED FUNDING:		**16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?**
a. Federal	$ 101,996,848 .00	a. Yes. ☐ THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE:
b. Applicant	$ .00	
c. State	$ .00	
d. Local	$ .00	b. No. ☑ PROGRAM IS NOT COVERED BY E. O. 12372
e. Other	$ .00	☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW
f. Program Income	$ .00	**17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?**
g. TOTAL	$ 101,996,848 .00	☐ Yes If "Yes" attach an explanation. ☑ No

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. Authorized Representative		
Prefix Mr.	First Name Michael	Middle Name
Last Name Gerber		Suffix
b. Title Executive Director		c. Telephone Number (give area code) 512-475-3930
d. Signature of Authorized Representative		e. Date Signed 11/25/08

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Standard Form 424 (Rev.9-2003)
Prescribed by OMB Circular A-102

CERTIFICATIONS

(1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

(2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.

(5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.

(6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

(8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

(9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.

(10) **Use NSP funds ≤ 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

(11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by

assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force**. The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws**. The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures**. The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws**. The jurisdiction will comply with applicable laws.

Signature/Authorized Official

11/25/08
Date

Executive Director
Title

Attachment D

Substantial Amendment for the Neighborhood Stabilization Program with Changes in Blackline (for informational purposes only)

THE NSP SUBSTANTIAL AMENDMENT
~~DRAFT FOR PUBLIC COMMENT~~
(BLACKLINE FOR INFORMATIONAL PURPOSES ONLY)

Jurisdiction(s): State of Texas, Texas Department of Housing and Community Affairs Jurisdiction Web Address: http://www.tdhca.state.tx.us	NSP Contact Person: Brenda Hull Address: Texas Department of Housing and Community Affairs 221 East 11th Austin, Texas 78701 Telephone: (512) 305-9038 Fax: (512) 469-9606 Email: brenda.hull@tdhca.state.tx.us

This document is a substantial amendment to the Action Plan for FFY 2008 submitted by the State of Texas. The Action Plan is the annual update to the Consolidated Plan for FFY 2005 through 2009. This amendment outlines the expected distribution and use of $101,996,848 through the newly-authorized Neighborhood Stabilization Program (NSP), which the U.S. Department of Housing and Urban Development (HUD) is providing to the State of Texas. The NSP funds were authorized by the Housing and Economic Recovery Act of 2008 (HERA) as an adjunct to the Community Development Block Grant (CDBG) Program.

The Texas Department of Housing and Community Affairs (TDHCA) will implement NSP funds, and will work in cooperation with the Office of Rural Community Affairs (ORCA) and Texas State Affordable Housing Corporation (TSAHC) in order to expeditiously deliver and effectively administer these funds. TDHCA will be the lead agency and manage a direct award pool for communities with the greatest need. Land~~TSAHC will operate a land~~ bank/trust ~~and will coordinate related~~ activities will be coordinated with TSAHC and ~~in~~ communities identified in the plan as having the greatest need, and ORCA will co-administer with TDHCA a pool of funds for a second tier of greatest need communities.

A. AREAS OF GREATEST NEED

Section 2301 of the Housing and Economic Recovery Act of 2008 is the enabling legislation for the NSP and it specifies that NSP funds are to be allocated to areas of greatest need based on:

(A) the number and percentage of home foreclosures in each State or unit of general local government;

(B) the number and percentage of homes financed by a subprime mortgage related loan in each State or unit of general local government; and
(C) the number and percentage of homes in default or delinquency in each State or unit of general local government." Section 2301 (b)(3)

Texas identified two tiers of counties with need. Counties with the greatest need are identified as "Direct Allocation" counties. Remaining counties with significant need are eligible to apply for a pool of NSP funds and are referred to as "Select Pool" counties.

Texas has used HUD's published methodology for its initial NSP allocations as a base for analysis of need within the State of Texas. However, the Texas NSP formula was developed with three deviations from HUD's methodology:

1) Revised weights for the need factors – 60% for *Foreclosure*, 30% for *Subprime* loans, and 10% for *At-Risk* loans;
2) Grouping of loans 60 to 89 days delinquent with loans greater than 90 days delinquent into a single factor renamed *At-Risk*, and
3) Use of county to state comparisons due to the availability of most data at only the county level.

$$\left[60\% \times \left(\frac{\text{County foreclosures}}{\text{State foreclosures}} \times \frac{\text{County foreclosure rate}}{\text{State foreclosure rate}} \right) + 30\% \times \left(\frac{\text{County subprime loans}}{\text{State subprime loans}} \times \frac{\text{County subprime rate}}{\text{State subprime rate}} \right) + 10\% \times \left(\frac{\text{County loans at-risk}}{\text{State loans at-risk}} \times \frac{\text{County at-risk rate}}{\text{State at-risk rate}} \right) \right] \times \frac{\text{County vacancy rate}}{\text{State vacancy rate}}$$

As stated by HUD, the highest weight is placed on foreclosures based on the emphasis the statute places on targeting foreclosed homes. However, the Texas methodology places a higher weight on subprime loans than the HUD methodology because of the unique Texas experience. As noted in an article on the Dallas Federal Reserve website, "[In Texas a] major contributing factor to the increase in foreclosures has been the expansion of the originations of subprime mortgages…"[1] HUD's original formula has been less successful in predicting the areas of greatest need in Texas than in other states. Increasing

[1] Dallas Federal Reserve. *Residential Foreclosures in Texas Depart from National Trend*. Online. Source: http://www.dallasfed.org/ca/epersp/2008/2_2.cfm. Accessed: November 7, 2008.

the weight given to the key catalyst for foreclosure activity provides a better indicator of greatest need for the State.[2] Vacancy rates as measured by 90 day vacant addresses were used to account for areas most likely to need assistance with the problems associated with abandoned homes due to foreclosure.

The raw data utilized in HUD's methodology was updated to the most current data available from a variety of sources:

Total Mortgages used to calculate rates was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while Home Mortgage Disclosure Act (HMDA) data for the period 2004 to 2007 available from the Federal Financial Institutions Examination Council (FFIEC) was used for the remaining counties.

Foreclosures data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while Real Estate Owned (REO) data for the 24 month period preceding August 2008 from RealtyTrac was used for the remaining counties.

Subprime Loans data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while the sum of all subprime loans originated prior to May 2008 from First American Loan Performance was used for the remaining counties.

At-Risk data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while the sum of Notice of Default (NOD), Lis Penden (LIS), Notice of Trustee Sale (NTS) and Notice of Foreclosure Sale (NFS) data for the 24 month period preceding August 2008 from RealtyTrac was used for the remaining counties.

Vacancy data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions and by the United States Postal Service (USPS) via HUD for the remaining counties.

In HUD's methodology, a state's foreclosures, subprime loans, or at-risk loans figure is adjusted by its foreclosure rate, subprime loans rate, or at-risk rate, respectively. In keeping with HUD's methodology, the increase or reduction to a county's share of foreclosures, subprime loans, or at-risk loans is limited to no more than 30 percent. A county's vacancy rate difference relative to the state average is limited to the county's proportional share of foreclosures, subprime loans, or at-risk loans by a difference of no more than 10 percent.

Each county received a need score calculated based on the formula described above. Those counties encompassing Jurisdictions identified on HUD's formula list, but failing

[2] Pearson correlation comparison of HUD's county foreclosure forecast to Equifax 90-day mortgage delinquency sample data indicates a correlation of only 0.428 for Texas. The LISC foreclosure data show a 0.994 correlation to their delinquency figures. The RealtyTrac Real Estate Owned (REO) counts show a 0.912 correlation to their delinquency figures (the sum of Notice of Default (NOD), Lis Penden (LIS), Notice of Trustee Sale (NTS) and Notice of Foreclosure Sale (NFS)).

to meet HUD's $2M minimum threshold were given a priority weight in scoring. A minimum need score of 6,500~~650~~ relates to eligibility to receive a direct Texas NSP allocation. Dollar amounts for the direct Texas NSP allocations were calculated using the formula described above with HUD direct allocations to CDBG Entitlement Jurisdictions ($76M) added to the Texas State funds of $102M for a total of $178M. The total was then reduced by the 10% allowed~~earmarked~~ for administrative costs. The resulting allocation amount was reduced by the published HUD direct award less administrative cost. For example, the Texas formula may indicate a total HUD direct and direct Texas~~State~~ NSP allocation of $10M for County X; however, County X received a HUD direct allocation of $7M. Therefore, County X's direct Texas~~State~~ NSP allocation would be reduced to $3M ($10M minus $7M).

In addition, priority weight was given to counties with Jurisdictions identified as CDBG Entitlement Jurisdictions. These communities currently have mechanisms in place to administer CDBG funds; therefore, the weight is added to account for capacity to quickly implement NSP projects. ~~As a result, counties with CDBG Entitlement Jurisdictions will either be noted for direct allocations or be eligible to participate as a Select Pool county.~~

All counties with a minimum need score of 100 will either be noted for direct allocations or be eligible to participate as a Select Pool county.

The result is reservations for use by eligible entities in 25 counties:
~~The result is direct allocations to CDBG Entitlement Jurisdictions within 25 counties, including:~~

County Name	***Direct Texas NSP Allocation***	***Need Score***
Tarrant	$7,320,349	13320
Dallas	4,684,332	10684
Cameron	3,465,632	9466
Bexar	3,150,408	9150
Hidalgo	3,005,258	9005
Harris	2,875,584	8876
Nueces	2,522,253	8522
Collin	2,278,454	8278
Webb	2,025,812	8026
Travis	2,017,952	8018
Montgomery	1,697,675	7698
El Paso	1,648,634	7649
Brazoria	1,586,234	7586
Potter	1,579,681	7580
Jefferson	1,498,945	7499
Denton	1,166,500	7166
Taylor	1,099,259	7099
Williamson	1,066,554	7067
Bell	1,064,488	7064
Lubbock	1,057,705	7058
Galveston	1,003,104	7003

County Name	Direct Texas NSP Allocation	Need Score
Wichita	803,464	6803
Fort Bend	726,857	6727
Ector	699,232	6699
McLennan	647,971	6648

Based on the county~~their~~ need score, eligible entities within the following 76 counties may ~~are eligible to~~ submit an application to receive allocations from the~~as a~~ Select Pool ~~county~~:

County Name	Need Score
Gregg	6143
Tom Green	6055
Grayson	5809
Brazos	5761
Victoria	5741
Orange	5634
Bowie	5593
Harrison	5583
Midland	5507
Smith	5502
Comal	5498
Hays	5326
Ellis	4325
Johnson	4284
Kaufman	3964
Parker	2295
Bastrop	1898
Hood	1658
Liberty	1508
Hunt	1473
Henderson	1432
Rockwall	1266
Wise	996
Hill	766
Burnet	766
Navarro	746
Guadalupe	683
Randall	567
Angelina	495
Wood	463
Matagorda	452
Lamar	401
San Patricio	391
Atascosa	389
Milam	366
Maverick	359
Jim Wells	341
Eastland	316

County Name	Need Score
Van Zandt	300
Kleberg	296
Grimes	292
Hale	269
Palo Pinto	243
Nacogdoches	242
Hopkins	242
Kendall	234
Coryell	230
Cooke	224
Kerr	210
Medina	196
Aransas	184
Caldwell	183
Wilson	176
Gonzales	169
Waller	167
Anderson	165
Val Verde	165
Montague	165
Llano	165
Washington	159
Fannin	159
Walker	152
Upshur	152
Brown	150
Cherokee	145
Jackson	131
Austin	127
Starr	115
Wharton	114
Polk	111
Gillespie	106
Jasper	106
Leon	105
Willacy	105
Erath	103
Howard	102

B. DISTRIBUTION AND USES OF FUNDS

The NSP funding is available to entities operating in counties meeting the threshold of greatest need as defined by the State through a greatest needs score and methodology described above. In order to better address the diversity of geographies in need across Texas, the State has established a multi-level approach to the distribution of funds to communities with greatest need and a set-aside for Land Banking activities. The first level, Direct Allocation, is a reservation of a specified amount available to eligible entities in 25 counties identified as having significant need. The second level, Select Pool, is an initial allocation of $500,000 available to entities in up to 76 additional counties with significant need. Texas will administer~~has consolidated~~ land bank activities in conjunction with~~through~~ TSAHC because of the limited legal authority for such activities at the local level in most areas of the state. The following table summarizes the initial breakdown of Texas NSP funds:

Program Distribution of Texas NSP Funds:

Direct Allocation	$ 50,692,337~~336~~
Select Pool	$ 31,077,826~~$ 41,274,512~~
Land Banking	$ 10,000,000
Administration (10%)	$ 10,196,685
Total Texas NSP Allocation	**$101,966,848**

Direct Allocation: The State will provide a reservation for a specified amount of direct NSP allocation for use in the top-ranked counties identified based upon the need factors. Cities, counties and non-governmental organizations with the consent of the city or county that they wish to serve are eligible to apply and are encouraged to work with other entities in their community to document the specific needs in their community.

To remain qualified for the reservation amount of a direct allocation identified in Exhibit 1, initial applications within each eligible county must be submitted within 30 days of notification on the TDHCA web site that HUD has approved this Substantial Amendment. Failure to meet this deadline will result in the reserved funds returning to the State. Requests for amounts in excess of the identified direct allocation amount for each county will be considered after the initial thirty-day deadline.

Eligible applicants within the county should coordinate to ensure that their proposals consistently address the needs in their communities and do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions. If needed, the State will allocate not less than $500,000 to multiple entities based on their proportionate need and the county's available direct allocation amount.

In the initial application, applicants are required to identify:

1) The geographic neighborhoods and communities targeted for Texas NSP funds within their jurisdiction,
2) The Texas NSP eligible activities proposed to meet the specific needs in each area, and
3) The strategy for maximum revitalization and impact of funds.

The form of the information required for ~~preliminary~~ applications will be made available in the Texas Neighborhood Stabilization Program Guidelines to be found at www.tdhca.state.tx.us.

Select Pool: In order to better address the diversity of geographies across Texas, including those in rural areas and urban peripheries which have the greatest need, the State has established the Select Pool. The State will competitively award Texas NSP funds to eligible entities in the greatest need counties listed on Exhibit 1. The first priority for Select Pool funds will be based on the selection criteria described below for applications submitted by Select Pool Counties within 30 days of notification on the TDHCA web site that HUD has approved this Substantial Amendment. After thirty days, the State will consider applications from both Select Pool and Direct Allocation counties. If an oversubscription of requests for funds occurs, the State will form a wait list and any lower scoring or subsequently filed applications will be placed on the wait list to be allocated as funds are available.

To address HUD's concern about allocating small amounts of funds that have no meaningful impact on stabilizing of property values in an area the awards will be a minimum of $500,000. Cities, counties and non-governmental organizations with the consent of the city or county that they wish to serve are eligible to apply. Requests for amounts in excess of $500,000 for each county will be considered after the initial thirty-day deadline.

Eligible applicants within the county jurisdiction should coordinate to ensure that their proposals do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions.

The form of the information required for applications will be made~~**Select Pool:** In order to better address the diversity of geographies across Texas, including those in rural areas and urban peripheries which have the greatest need, the State has established the Select Pool. The State will competitively award Texas NSP funds to communities for the greatest need counties listed on Exhibit 1. To address HUD's concern about allocating small amounts of funds that have no meaningful impact on stabilizing of property values in an area the awards will be a minimum of $500,000. Cities, counties and non-governmental organizations with the consent of the city or county that they wish to serve are eligible to apply.~~

~~Eligible applicants within the county jurisdiction should coordinate to ensure that their proposals do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions.~~

~~The first priority for Select Pool funds will be based on the selection criteria described below for applications submitted within 30 days of notification on the TDHCA web site that HUD has approved this Substantial Amendment. Applications submitted after this deadline will be considered on a first-come first-served basis from all eligible greatest need counties. If an oversubscription of requests for funds occurs the State will form a wait list and any lower scoring or subsequently filed applications will be placed on the wait list to be allocated as funds are available. The form of the information required for preliminary applications will~~ available in the Texas Neighborhood Stabilization Program Guidelines found at www.tdhca.state.tx.us after the final plan has been approved by~~submitted to~~ HUD.

Selection Criteria and Priorities

The State of Texas has established the priorities and scoring described below that will be used in the application review process. While the criteria are important to demonstrate a successful proposal, the scoring structure was designed to ensure that the State complies with the HUD Notice designed to prioritize areas of greatest need, meets applicable CDBG regulations, and effectively spends the funds:

Maximum Total Score = 100 Points

- Greatest Need (50 Points)
- Neighborhood Stabilization (20 Points)
- Low-Income Households (20 Points)
- Partnerships & Coordination (10 Points)

Greatest Need (50 Points): The State will give priority to proposals that address the greatest need as represented on Exhibit 1; a higher Need Score indicates greater need~~.~~ If an applicant has locally available, verifiable data that documents a greater need than established under the methodology described above, they may submit it for consideration. This may include but is not limited to U.S. Postal Service data, local financial institution data, and local government records. The State will consult with HUD to determine whether the additional data source is verifiable and acceptable by HUD standards.

Neighborhood Stabilization (20 Points): The Texas NSP requires applicants to connect their NSP-funded activities to housing foreclosure and abandonment problems caused by problematic mortgage lending activities. However, priority will be given to applications which identify specific properties for eligible activities and potential eligible buyers.

Assistance to Low-Income Households at or Below 50% AMI (20 Points): In order to emphasize affordability for households at or below 50% of the area median income (AMI), the State will give priority to proposals that will serve persons in this income category beyond the Texas NSP minimum allocation wide requirement of 35% for non-land bank activities. Proposal scores will be prorated according to the additional percentage of funds that will benefit households at or below 50% AMI.

Partnerships & Coordination (10 Points): The State will give priority to those applicants that demonstrate effective cooperation in addressing needs by providing evidence of capacity, communication and planning with other entities in the area to be served. This priority will include proposals submitted by city and county governments, nonprofits and regional efforts to efficiently manage NSP funds. The applicant must demonstrate a strong management role in the program delivery.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of "blighted structure" in context of state or local law.

The Texas NSP Program will use the definition provided by HUD's *Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees Under the Housing and Economic Recovery Act, 2008*, published in the *Federal Register* on October 6, 2008, as follows:

"*Blighted structure*. A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare."

~~"Economically depressed or blighted area" according to 2306.004 of the State of Texas Government Code means an area:~~

~~(A) that is a qualified census tract as defined by Section 143(j), Internal Revenue Code of 1986 (26 U.S.C. Section 143(j)) or has been determined by the housing finance division to be an area of chronic economic distress under Section 143, Internal Revenue Code of 1986 (26 U.S.C. Section 143);~~

~~(B) established in a municipality that has a substantial number of substandard, slum, deteriorated, or deteriorating structures and that suffers from a high relative rate of unemployment; or~~

~~(C) that has been designated as a reinvestment zone under Chapter 311, Tax Code.~~

(2) Definition of "affordable rents."

The Texas NSP will adopt the HOME program standards for affordable rents at 24 CFR 92.252(a), (c), (e) and (f).

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

The Texas NSP will adopt the HOME program standards for continued affordability for rental housing at 24 CFR 92.252 and homeownership at 24 CFR 92.254.

~~Note:~~ The Texas NSP will follow the Single Family Mortgage limits under Section 203(b) of the National Housing Act which are allowable under HOME program standards.~~ However, in order to ensure affordability, reduce the risk of additional foreclosures, and maximize the use of the funds; the Texas NSP will go a step further based on market appraisals of the homes. The combined cost of acquisition, rehabilitation, reconstruction and/or new construction activities for any property with existing improvements funded with NSP funds will be restricted to not more than 125% of the "as is" appraised value at acquisition of any property (including demolition and acquisition). Further, acquisition and demolition of any structure will only be allowed if the "as is" appraised value of the structure is less than 50% of the total appraised value of the property (lot and structure).~~

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Housing that is constructed or rehabilitated with NSP funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of completion. In the absence of a local code for new construction or rehabilitation, the housing must meet the most current International Building Code. In addition, all NSP funded housing must meet the Texas Minimum Construction Standards for the TDHCA HOME Program, as published in the Texas NSP Program Guidelines. NSP assisted new construction or rehabilitation will comply with HOME Program lead-based paint requirements including lead screening in housing built before 1978 in accordance with 24 CFR Part 92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R. Multifamily housing assisted with NSP funds must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, and the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619). Finally, NSP assisted housing must meet Energy Efficiency Standards in accordance with Section 2306.187 of the Texas Government Code.
~~For incorporated areas, local building codes and standards will be applied. For unincorporated areas the International Residential Code/International Building Code will be applied to all housing activities. All rehabilitation activities will be required to have inspectors, licensed by the Texas Real Estate Commission (TREC) and using the latest inspection forms promulgated by TREC, to perform initial and final inspections; all items noted on the report that are needed to bring the property up to the applicable code must be corrected. In addition, the Texas Minimum Construction Standards will be utilized for new and rehabilitation housing construction activities.~~

D. LOW INCOME TARGETING

Each subrecipient will be required to target as a goal at least 35% of their non-administrative allocation to benefit households with incomes less than or equal to 50% of area median income; however, the level of achievement of this goal may vary by area and activity. The estimated amount of funds that will be utilized for housing individuals and families whose incomes do not exceed 50% of area median income will be at least $25,491,712.~~$25,499,212.~~

E. ACQUISITIONS & RELOCATION

~~The Texas NSP will emphasize the acquisition and conversion of dwelling units that will ultimately be affordable to low and moderate income households. The Texas NSP will limit the effective acquisition cost as described in response to C3 above and as such, it is anticipated that most of the units acquired for conversion will be acquired at prices that would make them marginally affordable or affordable, but in substandard condition, to households earning less than 120% of the area median income.~~

The Texas NSP will emphasize the acquisition and conversion of dwelling units that will ultimately be affordable to low- and moderate-income households. The Texas NSP will limit the effective acquisition cost. It is anticipated that most of the units acquired for conversion will be acquired at prices that would make them marginally affordable or affordable, but in substandard condition, to households earning less than 120% of the area median income. Currently, it is not possible to specify the number of low- and moderate-income dwelling units (≤80% AMI) reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.

However, it is anticipated that few if any of the single family acquisitions will involve properties that are previously restricted for occupancy to households earning less than ~~120~~80% of the area median income. This is because the foreclosure rate for homes originally funded with existing State of Texas programs is much lower than the foreclosure rate of privately funded homes as a result of the State's history of more conservative lending policies. Since most properties will be vacant, but previously improved, abandoned and foreclosed, it is not anticipated that relocation will occur. However, the Texas NSP will require adherence to the guidelines set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR part 24).

~~The Texas NSP anticipates making at least the following number of homes available to low-, moderate-, and middle-income households as a result of NSP-assisted activities within the first two years of the program:~~
~~50% or less AMI: 250 units ($25,499,212)~~
~~51% to 80% AMI: 175 units ($28,148,975)~~
~~81% to 120% AMI: 115 units ($28,148,975)~~

The following table indicates the minimum number of units reasonably expected to be served by proposed activity at each income level (Note the same unit may fall within several activities):

Income Level	***Clearance***	***Financing Mechanisms***	***Acquisition***	***Rehabilitation***	***Land Bank/Trust***

Under 50% AMI	-	200	75	75	100
51% to 80% AMI	-	250	75	100	125
81% to 120% AMI	-	250	75	100	75
Total	35	700	225	275	300

F. PUBLIC COMMENT

~~This draft Substantial Amendment was posted on the TDHCA website on November 9, 2008 for Texas Department of Housing and Community Affairs Board consideration at their November 13, 2008 meeting. Solicitation of public comment and the minimum 15-day comment period commenced at that time. The TDHCA Board takes public comment on all agenda items and will consider comment on the draft plan at the November 13, 2008 TDHCA Board meeting. This document will be revised to reflect the public comment received by 5:00 PM, November 26, 2008.~~

This draft Substantial Amendment was posted on the TDHCA website on November 9, 2008 for Texas Department of Housing and Community Affairs Board consideration at their November 13, 2008 meeting. Solicitation of public comment and the minimum 15-day comment period commenced at that time. The TDHCA Board took public comment on the draft plan at the board meeting. This document was revised to reflect public comment received by 5:00 PM, November 26, 2008. In addition to public comment, comment was solicited from the local HUD office and incorporated into this draft. Public comment was received at the TDHCA Board meeting as well as by mail, electronic mail and fax.

Summary of Public Comment

Direct Allocation

City of Corpus Christi

The State should consider direct allocations based on urban areas rather than solely counties. Urban areas with Participating Jurisdictions should have greater consideration based on the NSP timeline.

City of Conroe

Do not give direct allocations to the counties rather than the cities. Adding another layer to the allocation process by requiring the cities to apply to the counties for funding would go against the intent of the Council of Mayors.

City of Denton, City of Killeen

Do not emphasize collaborative efforts with the goal of one application from each county. The most efficient and effective method would be direct allocations to CDBG Entitlement Jurisdictions within each "high need" county. Entitlement Jurisdictions can make a greater impact with NSP funds by combining them with other CDBG dollars. Due to time constraints of the NSP, cities should be able to make the decision whether or not to involve nonprofits and how to set up the programs through which they should participate.

City of Lewisville

NSP funding would be best served by direct allocation to CDBG Entitlement Communities rather than allocation by county. It is not clear how, within a collaboration, jurisdictions, counties and nonprofits can determine the split of NSP funding.

City of Brownsville

Direct allocations should be made to Cities as well as Counties.

City of Irving

The City of Irving should receive a direct allocation. Dallas County has indicated they would support a direct allocation to the City of Irving.

Brazos Valley Affordable Housing Corporation

Participating Jurisdictions should be given priority weight similar to that given to CDBG Entitlement Jurisdictions.

City of Denton, City of Killeen

Provide an allocation of $500,000 directly to cities and counties that are not receiving a direct allocation from HUD and are identified as being in a "high need" area based on TDHCA's formula calculations.

City of Bryan

Entitlement Jurisdictions should receive priority in the select pool application process, or reduce the threshold need score for direct allocation from 6500 to 5000.

Brazos Valley Affordable Housing Corporation
The total need score (6,764) for 10 counties currently participating in the Brazos Valley/Washington County HOME Consortium exceeds the minimum threshold for a direct allocation. This issue needs to be addressed.

Application
Cityof Missouri City
CDBG Entitlement Communities are capableof administering the NSP without the additional roadblock of applying through the State. A direct allocation, without an application process, should be made to previous CDBG grantees.

City of Denton, City of Killeen
If applications are required, they should be limited to a brief explanation of how funding will be expended, how the potential grantee has identified eligible foreclosed properties, and how existing programs will expedite the obligation and expenditure of NSP funds.

Program Income
Brazos Valley Affordable Housing Corporation
Subgrantees should not be limited by the State with regards to NSP activities and program income.

City of Waco
The requirement to payback these funds leaves little incentive or ability for a participant to utilize these funds. There will be few recipients that want to take on any more liability with a declining HUD budget and staffing issues.

Demolition
City of McKinney
Allow clearance (demolition) of blighted structures to include unfinished new construction located in areas that do not necessarily benefit low-, moderate- and middle-income persons.

Interest Rate
Habitat for Humanity
Nonprofits should be able to apply directly for the NSP funds; but the way the State has structured it is satisfactory. Change the 1% interest rate on NSP-funded loans to 0% interest. Historically, Habitat does not charge an interest rate and, therefore, would not be able to participate in the program if a 1% interest rate is required.

Targeting ≤50% AMI
Brazos Valley Affordable Housing Corporation
Areas deemed to have the greatest need based on the State's and HUD's needs analysis are predominantly areas with the highest median income. Those areas with the highest median income should be required to produce proportionately more assistance to low income households at or below 50% of AMI in meeting the set-aside requirements. This

will help to level the disparity for households residing in lower median income areas who would otherwise qualify for assistance.

Coats|Rose
Target families with incomes at or below 50% of AMI with rental housing, not homeownership. Rental housing development should be a more prominent program activity in the Texas NSP Plan. Do not limit single and multifamily rental housing to only 15%.

Administrative Costs
City of Denton, City of Killeen
A minimum of 5% of administration should be provided to the cities and counties that develop and implement programs.

City of Lubbock
At least 5% to 6% of administrative funds should be passed to agencies implementing the NSP.

City of Waco
Subrecipients should receive administrative funds.

Location in More than One County
City of Lewisville
It is unclear how a jurisdiction located in more than one county will be treated under the application process.

Per Unit Limit
City of Lubbock
The 125% of "as-is" appraised value at acquisition limit for combined cost of acquisition, rehabilitation, reconstruction and or new construction activities will make it almost impossible to commit and expend NSP funds within the time period allowed if at all. The resulting limits may preclude properties requiring expensive mitigation such as lead based paint removal. It is recommended that the Single Family Mortgage limits under Section 203(b) along with the HUD Section 221(d)(3) limits be substituted.

Coats|Rose
Program funding per unit should not exceed $100,000, which would generate 1,020 affordable homes rather than the State's estimate of 540 affordable units.

100% Mortgage Financing
City of Lubbock
Households with up to 80% AMI should be eligible to obtain 100% mortgage financing from NSP funds.

Long Term Affordability

Coats|Rose

Many of the activities proposed in the Texas NSP Plan do not specify any affordability compliance term. All homeownership activities could be affordable for a 30-year term with a shared appreciation deed of trust securing the NSP loan, and all activities should require an enforceable affordability compliance period of at least 15 years. In addition, we recommend TDHCA use a "shared net proceeds" affordability enforcement mechanism as described in the HOME regulations 24 CFR 92.254. The following documents can also be required by TDHCA to maintain affordability in a shared net proceeds homeownership program: a purchase option and right of first refusal held by the NSP lender, a deed of trust, a promissory note, and a subordination agreement between the NSP lender and the first lender.

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Clearance (Removal of Blight)

(2) Activity Type: NSP Eligible Use (D) Demolish Blighted Structures

CDBG Eligible Activity: 24 CFR 570.201(d) Clearance of blighted structures only

(3) National Objective: Benefits areas with low, moderate and middle-income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMA)

(4) Activity Description: This activity, when funded exclusive of other eligible activities, is anticipated to be used on a limited basis to address urbanized areas of greatest need where grantees can prove that blighted structures, as defined in this Action Plan, are affecting property values in the area. This activity will allow a grantee to remove dangerous structures that pose a threat to human health, safety, and public welfare and allow for the future private redevelopment of the property. ~~This activity, when funded exclusive of other eligible activities, will be restricted to areas that meet the State definition of "blighted area". Benefit will be restricted to LMMH area-wide benefit.~~ This activity will not be utilized to target the 25% requirement for 50% AMI.

This activity may also be used in conjunction or coincidental with other eligible activities ~~such as acquisition, rehabilitation, redevelopment or land bank~~described in this Amendment, and the costs and outcomes for Clearance in those activities have ~~not~~ been counted in 6 and 7 below. ~~Similarly when Clearance occurs in conjunction with another eligible activity it is not restricted to a State defined "blighted area" described in 5 below but must occur in the area defined in the location description of the other eligible activity.~~

(5) Location Description: Areas meeting the definition in 2306.004 of the State of Texas Government Code within the greatest need counties in Texas identified on Exhibit 1, as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 35 structures will be demolished due to blight for area-wide benefit of LMMA beneficiaries.

(7) Total Budget: NSP Funds $1,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th St., Austin, TX, 78701, Attention Michael Gerber, Executive Director

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects

(11) Specific Activity Requirements: N/A

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Financing Mechanisms

(2) Activity Type: NSP Eligible Use (A) Establish finance mechanisms for purchase and redevelopment of abandoned homes, foreclosed upon homes and reconstructed or redeveloped residential properties.

CDBG Eligible Activities: 24 CFR 570.206 Activity delivery costs; 24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) Relocation, (n) Homeownership Assistance; 24 CFR 570.202 Rehabilitation

(3) National Objective: Benefits low, moderate and middle-income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: This activity will provide affordable homeownership opportunities by providing financing mechanisms to assist homebuyers to purchase a foreclosed property at a discount and/or rehabilitate the property. Appraisals will be required for the purposes of determining the statutory purchase discount. The acquisition of foreclosed properties may be financed if the acquisition of the property is for not more than 85% of the approved appraisal fair market value of the property at the time of foreclosure. The acquisition of abandoned property may be funded if the property as been vacant for at least 90 days and the seller has not made payment on the mortgage or taxes for at least 90 days. The subsequent acquisition or conversion of eligible rehabilitated or redeveloped property activities may also be considered a financing mechanism.

Rehabilitation, down payment and/or closing costs assistance will be provided to households earning 51% to 120% AMI for an eligible property. Households earning less than 50% AMI may obtain up to 100% mortgage financing as well as rehabilitation, down payment and/or closing costs assistance if needed to make a property affordable.

Homebuyers who qualify as 51-120% AMI will be eligible for NSP eligible rehabilitation costs, down payment assistance, reasonable closing costs, principal reductions, and gap financing needed to qualify for private mortgage financing. Assistance will be in the form of a deferred forgivable loan at 0% interest and a term based upon the amount of funds provided in accordance with the TDHCA and HUD affordability requirements. The loans are to be repaid (if any of the following occurs before the end of the term): at the time of resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted homebuyer's principal residence. The amount of recapture will be based upon the recapture provision at 24 CFR 92.254(a)(5)(ii) as follows:

1. Recapture of the amount of the NSP investment reduced on a prorata share 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 shared net proceeds in the event of sale or foreclosure of the housing unit.

2. In the event of sale or foreclosure of the housing unit, if the shared net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than NSP funds) are in excess of the amount of the NSP 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:

(NSP investment / (NSP investment + homeowner investment)) X net proceeds = NSP amount to be recaptured

(NSP investment / (NSP investment + homeowner investment)) X net proceeds = amount to homeowner

Households earning less than 50% AMI may obtain 100% mortgage financing to purchase a foreclosed or abandoned single family house which will be the primary residence within 30 days of closing the mortgage loan. The mortgage loans will be for 30 years with a 0% interest rate and repayment obligations will begin immediately. Closing costs will be financed with the loan proceeds. Mortgage documents (Promissory Note and Deed of Trust) will be utilized to provide security for the repayment of the loan, registered against the property, with stated rights and remedies in the event of default. The Texas Neighborhood Stabilization Program Guidelines will outline mortgage underwriting criteria to determine the ability and willingness of the homebuyers to service the proposed debt as evidenced by the homebuyers' income, creditworthiness, assets, and the quality and present value of the property in relation to the loan amount requested. Again, recapture will be based on shared net proceeds as described above.

All NSP assisted homebuyers will be required to complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Financing Mechanisms in those activities have been counted in 6 and 7 below.
~~This activity will provide affordable homeownership opportunities by providing financing mechanisms to assist homebuyers to purchase a home. The acquisition of foreclosed homes may funded if the acquisition of the home is for not more than 85% of the approved appraisal fair market value of the home at the time of foreclosure. The acquisition of abandoned homes may be funded if the home as been vacant for at least 90 days and the seller has not made payment on the mortgage or taxes for at least 90 days. The subsequent acquisition or conversion of eligible rehabilitated or redeveloped home activities may also be considered a financing mechanism.~~

~~Down payment and closing cost assistance will be provided to households earning 51% to 120% AMFI for an eligible property. Households earning less than 50% AMFI may obtain up to 100% mortgage financing as well as down payment and closing costs assistance if needed to make a property affordable.~~

~~Homebuyers who qualify as 51-120% AMFI will be eligible for CDBG eligible down payment assistance, reasonable closing costs, principal reduction and gap financing needed for them to qualify for private mortgage financing. Assistance will be in the form of a deferred forgivable loan at 0% interest and a term based upon the amount of funds provided in accordance with the TDHCA and HUD requirements. The loans are to be repaid (if any of the following occurs before the end of the term): at the time of resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted homebuyer's principal residence. The amount of recapture will be based on the pro-rata share of the remaining loan term.~~

~~Households earning less than 50% AMFI may obtain 100% mortgage financing to purchase a foreclosed or abandoned single family house which will be the primary residence within 30 days of closing the mortgage loan. The mortgage loans will be for 30 years with a 1% interest rate and repayment obligations will begin immediately. Closing costs will be financed with the loan proceeds. Mortgage documents (Promissory Note and Deed of Trust) will be utilized to provide security for the repayment of the loan, registered against the property, with stated rights and remedies in the event of default. The Texas Neighborhood Stabilization Program Guidelines will outline mortgage underwriting criteria to determine the ability and willingness of the homebuyers to service the proposed debt as evidenced by the homebuyers' income, creditworthiness, assets, and the quality and present value of the property in relation to the loan amount requested.~~

~~All NSP assisted homebuyers will be required to complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.~~

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 700 households will be assisted through the Financing Mechanisms activity as follows:

- 200 households – 50% AM~~F~~I and below
- 250 households – 51-80% AM~~F~~I
- 250 households – 81-120% AM~~F~~I

(7) Total Budget: The Department anticipates leveraging its down payment and closing cost assistance with up to $60,000,000 in private mortgage lending funds to assist households between 51-120% AM~~F~~I. Approximately $15,000,000 of NSP funds will be budgeted for down payment, gap financing and closing cost assistance to assist 500 households between 51-120% AM~~F~~I.

Approximately $28,000,000 of NSP funds will be utilized to provide 100% mortgage financing and closing cost assistance to 200 households at 50% AM~~F~~I and below.

Approximately $43,000,000 of NSP funds in total will be utilized for the Financing Mechanisms activity.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Purchase money for foreclosed properties will reflect acquisition of the foreclosed property at a 15% discount
- ~~1~~0% interest rates will be charged for up to 100% financing for 50% and below AMI
- 0% interest will be charged for homeownership assistance (down payment, closing costs, gap financing)

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Acquisition of Real Property

(2) Activity Type: NSP Eligible Use (B) Purchase and rehabilitate homes and residential properties that have been abandon or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR 570.201(a) Acquisition, (b) Disposition

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: To implement this activity, units of local governments and nonprofit organizations will purchase residential properties that have been abandoned or foreclosed upon. Such foreclosed properties must be purchased at a discount to ensure purchasers are paying below-market value for the property. Appraisals will be required for the purposes of determining the statutory purchase discount. Units of local governments or nonprofit organizations will be eligible to purchase abandoned or foreclosed properties to ~~rehabilitate and sell to~~benefit households earning 120% AMFI or below. ~~35% of all properties acquired must be sold to households earning 50% AMFI or below.~~ Properties must be rehabilitated and sold to eligible households within 24 months of acquisition.

NSP funds will be provided to units of local governments and nonprofit organizations to purchase properties at the statutory discount. NSP funds will be required to be repaid to the Department within 24 months of acquisition unless maintained as rental property under program requirements. Assistance to rental property restricted to households earning 50% or less of AMI may have an interest rate at 0% fully amortized over 30 years. Properties being sold to households earning 50% or below AMFI funds can be provided 100% mortgage financing including closing costs (see Financing Mechanisms activity) through the Department utilizing NSP funding.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Acquisition of Real Property in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 225 properties will be purchased through the Acquisition activity to benefit the following households:

- 75 households – 50% AM~~F~~I and below
- 75 households – 51-80% AM~~F~~I
- 75 households – 81-120% AMI~~F~~

(7) Total Budget: Approximately \$24,000,000 of NSP funds will be utilized to acquire foreclosed or abandon properties.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Foreclosed properties will be acquired at a 15% discount
- Permanent financing is available for multifamily properties targeting households at or below 50% AMI
- Tenure will principally be homeownership; however, single and multifamily rental properties are anticipated to meet the HUD requirement for 25% of NSP used to funds activities benefiting households at 50% AMI and below
- Compliance with the HOME Program property standards and affordability requirements for both rental and homeownership activities

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Rehabilitation

(2) Activity Type: Rehabilitate houses acquired through the Acquisition activity to provide housing opportunities for households earning less than 120% of Area Median Income.

NSP Eligible Use (B) Rehabilitate homes and residential properties that have been abandon or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR 570.202 Rehabilitation, Reconstruction and New Construction

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: This activity will rehabilitate properties acquired though the Acquisition of Real Property activity to Texas Minimum Construction Standards.

The purpose of the financial assistance is to provide decent, safe, and sanitary housing for low to middle income residents by the rehabilitation and/or improvement of existing structures to a condition that brings the structure into in compliance with Texas Minimum Construction Standards to ensure all repairs and improvements will contribute to the long term structurally sound housing stock in the area. ~~Rehabilitation cannot exceed 125% of the initial appraised value of the property including acquisition.~~

~~A preliminary property inspection utilizing the most current Property Inspection Report as promulgated by the Texas Real Estate Commission shall be conducted to determine the condition of the unit and to prepare a list of the code deficiencies and items in need of repair. This will also help determine if the unit can be repaired within the limits of the NSP, and whether the unit requires more rehabilitation than what is possible through the provisions of the NSP. Improvements must meet all city building codes and cost effective energy measures. Improvements must be physically attached to the property and be permanent in nature (e.g., shed or garage located separately from the house are not eligible). Improvements may include cook stoves, refrigerators, and other necessary appliances are eligible items, but will only be considered when they are not in working order or the repair would not be cost effective.~~

~~Assistance will not be used for luxury items, including but not limited to barbeque pits, deck around swimming pool, equipment (used commercially or industrially, farm or dairy), exterior hot tubs, greenhouses, irrigation systems, luxury doors, saunas, spas, or whirlpools, television satellite dishes, and other items as described in the Texas Neighborhood Stabilization Program Guidelines.~~

Demolition of a structure will only be allowed if the appraised value of the structure is less than 50% of the total appraised value of the property (lot and structure) which has major structural conditions that were either inadequate original construction, or has failing foundation, floor, wall, ceiling, roof, and exterior systems. ~~The reconstruction or new construction activities after demolition cannot exceed 125% of the initial appraised value of the property (including demolition and acquisition).~~

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Rehabilitation in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated 275 properties will be rehabilitated to benefit the following households:

- 75 households – 50% AM~~F~~I and below
- 100 households – 51-80% AM~~F~~I
- 100 households – 81-120% ~~AMF~~AMI

(7) Total Budget: Approximately $11,770,163 of NSP funds will be utilized to rehabilitate properties ~~acquired through the Acquisition of Real Property activity~~.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- ~~30-year mortgages for 100% financing~~Permanent financing is available for multifamily properties targeting households at or below ~~for~~ 50% ~~or below~~ AMI
- Tenure will principally be homeownership; single and multi-family rental properties ~~will be approximately 15% of the units made available~~ are anticipated to meet the HUD requirement for 25% of NSP used to fund activities benefiting households at 50% AMI and below
- Compliance with HOME Program property standards and affordability requirements for both rental and homeownership activities ~~standards for continued affordability for rent and homeownership will be followed~~

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Land Bank/Trust

(2) Activity Type: NSP eligible uses defined under §§2302(c)(3)(B thru E)

(3) National Objective: Benefits areas with low, moderate and middle-income ~~areas~~ persons as defined in the NSP Notice (≤ 120% of area median income). (LMMA)

(4) Activity Description: Assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging reuse of the property.

The Texas State Affordable Housing Corporation (TSAHC) will ~~coordinate local and~~ offer partnerships to local entities with limited capacity to administer ~~statewide~~ land banking activities ~~using NSP funds~~. In addition, TSAHC may own and operate a land bank for areas of greatest need without available local partners. TSAHC will operate the program under its Affordable Communities of Texas ("ACT") program, a statewide land trust that provides long-term affordability to low and moderate income households through the use of shared-equity agreements, limited-equity agreements, ground leases, and other regulatory restrictions.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Land Bank/Trust in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: ~~TSAHC estimates~~It is estimated that 200 properties could be acquired ~~under the ACT program~~ using NSP funds. Properties acquired will ultimately benefit the following households:

- 100 households – 50% AM~~F~~I and below (a significant portion of this may not be realized within the four year time limit.)
- 125 households – 51-80% AM~~F~~I
- 75 households – 81-120% ~~AMF~~AMI

(7) Total Budget: NSP funds $10,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.~~Texas State Affordable Housing Corporation, David Long, President, P.O. Box 12637 Austin, TX 78711-2637~~

(9) Projected Start Date: March 2009

(10) Projected End Date: Ongoing however all properties will be dispensed by March 2019

(11) Specific Activity Requirements: Pursuant to §2306.555(b) of the Texas Government Code, TSAHC, a 501(c)(3) nonprofit corporation, is authorized to operate the program and carry out activities necessary to hold real property, demolish dilapidated structures, rehabilitate structures and provide financing, grant or other methods of funding to create or preserve affordable housing.

The ACT program draws its design and policies from similar programs initiated by municipalities, states, the National Community Stabilization Trust and the U.S. Department of Housing and Urban Development's Asset Control Area program. It provides training and technical assistance to local government entities and nonprofits that seeks to create local community land trusts and land banks, and provides for partnerships between the Corporation and local entities, not authorized under state statute to land banks and land trusts.

The ACT program depends heavily on creating partnerships with local entities, including housing finance corporations, public housing agencies and nonprofit entities, in order to manage housing assets and identify qualified low-income households to purchase or lease housing assets. The program also partners with national and statewide banks, financial institutions and government entities to acquire foreclosed housing assets at significant discounts below the appraised market value. All properties acquired using NSP funds shall be purchased at or below the minimum pricing requirements noted in HERA.

In utilization of NSP funds for land banking activities it is understood that other eligible activities under HERA may be encompassed.
~~These activities include but may not be limited to purchasing properties, including vacant land, foreclosed housing units, foreclosed rental units, tax foreclosed housing units, foreclosed commercial properties and associated activities including maintaining land and housing assets in good condition, demolishing vacant and dilapidated structures, rehabilitating housing units that require minimal repairs to meet federal, state and local housing standards, and to cover overhead, training, technical assistance and any other eligible expense under the NSP program guidelines.~~

TSAHC anticipates that at least two-thirds of all acquisitions will be held under the ACT program for a period of at least 5 years prior to resale or rental to low-income households. To ensure that the program will meet the affordability requirements of HERA, TSAHC shall place deed restrictions and/or regulatory agreements on at least 25% of properties acquired to benefit households at or below 50% of area median income. All properties acquired under the program shall meet the minimum affordability terms required under HERA. Additionally, restrictions will also require all future rehabilitation and construction meets ~~federal standards.~~the Texas Minimum Construction Standards, as defined in the Texas NSP Program Guidelines.

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Redevelopment

(2) Activity Type: NSP eligible use (E) Redevelop Demolished or Vacant Properties

CDBG Eligible activities: 24 CFR 570.201(a) Acquisition, (b) Disposition, (c) Public Facilities, (e) Public Services, (i) Relocation, (n) Homeownership Assistance (restricted)

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: Redevelopment of demolished or vacant ~~properties~~, but previously improved properties will address areas of greatest need throughout the state wherever there are large amounts of demolished or vacant, but previously improved properties that are contributing to declining land values.

This activity will be utilized to supplement the 25% requirement for 50% AMI. Redeveloped properties are anticipated to focus on redevelopment to permanent use structures for special needs populations.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Redevelopment in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: 15 properties will be rehabilitated to benefit the following households:

- 15 households – 50% AM~~F~~I and below

(7) Total Budget: NSP funds $2,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements: 3-year redevelopment loans for up to 100% financing at 0% serving households earning 50% or below AMI

Exhibit 1. Texas Neighborhood Stabilization Program County Need Score

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Tarrant	$7,320,349		13320
Dallas	4,684,332		10684
Cameron	3,465,632		9466
Bexar	3,150,408		9150
Hidalgo	3,005,258		9005
Harris	2,875,584		8876
Nueces	2,522,253		8522
Collin	2,278,454		8278
Webb	2,025,812		8026
Travis	2,017,952		8018
Montgomery	1,697,675		7698
El Paso	1,648,634		7649
Brazoria	1,586,234		7586
Potter	1,579,681		7580
Jefferson	1,498,945		7499
Denton	1,166,500		7166
Taylor	1,099,259		7099
Williamson	1,066,554		7067
Bell	1,064,488		7064
Lubbock	1,057,705		7058
Galveston	1,003,104		7003
Wichita	803,464		6803
Fort Bend	726,857		6727
Ector	699,232		6699
McLennan	647,971		6648
Gregg		Gregg	6143
Tom Green		Tom Green	6055
Grayson		Grayson	5809
Brazos		Brazos	5761
Victoria		Victoria	5741
Orange		Orange	5634
Bowie		Bowie	5593
Harrison		Harrison	5583
Midland		Midland	5507
Smith		Smith	5502
Comal		Comal	5498
Hays		Hays	5326
Ellis		Ellis	4325
Johnson		Johnson	4284
Kaufman		Kaufman	3964
Parker		Parker	2295
Bastrop		Bastrop	1898

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Hood		Hood	1658
Liberty		Liberty	1508
Hunt		Hunt	1473
Henderson		Henderson	1432
Rockwall		Rockwall	1266
Wise		Wise	996
Hill		Hill	766
Burnet		Burnet	766
Navarro		Navarro	746
Guadalupe		Guadalupe	683
Randall		Randall	567
Angelina		Angelina	495
Wood		Wood	463
Matagorda		Matagorda	452
Lamar		Lamar	401
San Patricio		San Patricio	391
Atascosa		Atascosa	389
Milam		Milam	366
Maverick		Maverick	359
Jim Wells		Jim Wells	341
Eastland		Eastland	316
Van Zandt		Van Zandt	300
Kleberg		Kleberg	296
Grimes		Grimes	292
Hale		Hale	269
Palo Pinto		Palo Pinto	243
Nacogdoches		Nacogdoches	242
Hopkins		Hopkins	242
Kendall		Kendall	234
Coryell		Coryell	230
Cooke		Cooke	224
Kerr		Kerr	210
Medina		Medina	196
Aransas		Aransas	184
Caldwell		Caldwell	183
Wilson		Wilson	176
Gonzales		Gonzales	169
Waller		Waller	167
Anderson		Anderson	165
Val Verde		Val Verde	165
Montague		Montague	165
Llano		Llano	165
Washington		Washington	159
Fannin		Fannin	159
Walker		Walker	152

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Upshur		Upshur	152
Brown		Brown	150
Cherokee		Cherokee	145
Jackson		Jackson	131
Austin		Austin	127
Starr		Starr	115
Wharton		Wharton	114
Polk		Polk	111
Gillespie		Gillespie	106
Jasper		Jasper	106
Leon		Leon	105
Willacy		Willacy	105
Erath		Erath	103
Howard		Howard	102

NONE AT THE TIME OF THIS POSTING

REAL ESTATE ANALYSIS DIVISION

BOARD ACTION REQUEST

December 18, 2008

Action Item

Presentation, Discussion, and Possible Action for Housing Tax Credit Appeals of Rescissions of Binding Allocation Agreements for 2008 Housing Tax Credits

Required Action

Approve, Deny, or Approve with Amendments Housing Tax Credit Appeals of Rescissions of Binding Allocation Agreements for 2008 Housing Tax Credits

Background

In 2006, the Board approved the Final Policy for Addressing Cost Increases for 2004 and 2005 Competitive Housing Tax Credit Developments (the "Final Policy"). Under the Final Policy, developments that previously received awards of tax credits under the 2004 and 2005 tax credit ceilings were offered a commitment for additional tax credits from the 2007 and 2008 tax credit ceilings, respectively. In conjunction with the Final Policy, the Department issued Binding Allocation Agreements, which served as a commitment to award tax credits from a future year's credit ceiling. Currently at issue are 2005 developments that received additional 2008 tax credits.

Pursuant to Internal Revenue Code Section 42, two methods of allocating tax credits exist: execution by the State Housing Agency of a Carryover Allocation Agreement; or issuance of IRS Forms 8609. The Binding Allocation Agreements were not considered Carryover Allocation Agreements, and because of this the 2008 tax credits must be allocated via the issuance of IRS Forms 8609. The IRS Forms 8609 cannot be issued later than December 31, 2008 of the year of the credit ceiling from which the credits are being allocated. Therefore, IRS Forms 8609 must be issued by December 31, 2008. There is no way to extend this deadline.

Each owner has been provided several notifications that IRS Forms 8609 must be issued during 2008 in order for the 2008 tax credits to be valid.

1. Extensions of Cost Certification Submission (sent March-May 2008) – Owners that requested extensions of the cost certification submission deadline and received Executive Director approval received a letter stating that the Department must issue IRS Forms 8609 prior to December 31, 2008.

2. Developments that Missed the Cost Certification Submission Deadline (sent mid-April 2008) – All owners that missed the April 1, 2008 cost certification submission deadline were notified that the Department would rescind 2008 credit from any owner who failed to submit the cost certification documentation by July 1, 2008.
3. Deficiency Notices (sent April-August 2008) – Each owner that submitted a cost certification has received a cost certification deficiency request stating that for 2008 tax credits to be valid, IRS Forms 8609 must be issued in 2008.
4. Mid-September Notification – All owners with cost certifications still in process as of September 16, 2008, with the exception of those that had recently been issued a deficiency letter and were within the allotted response timeline, were sent email correspondence regarding the December 31, 2008 deadline.
5. Early October Notification – Owners with cost certifications in process as of October 6, 2008 were sent a follow up email requesting a status update. Any owners not emailed in mid-September because their deficiency deadline had not passed, were also emailed.
6. Late October Notification – The owner of each development that submitted a cost certification and did not receive a placement in service extension received a letter on October 17, 2008 stating that if all cost certification deficiencies are not resolved by December 1, 2008, the 2008 tax credits will be rescinded.
7. Early November Notification – The owner of each development that submitted a cost certification and did not receive a placement in service extension received a reminder email about the December 1, 2008 deadline.

Because of the large number of developments with issues still outstanding, the Department sent a final reminder notice on October 17, 2008 notifying owners that the 2008 tax credits would be rescinded if all cost certification deficiencies were not resolved by December 1, 2008. The letter required that all amendments, ownership transfers, final inspections, as well as cost certification deficiencies were resolved by this deadline, as the completion of all of these items is necessary for the issuance of IRS Forms 8609. The purpose of the December 1, 2008 deadline was to allow staff sufficient time to process all remaining IRS Forms 8609 by December 31, 2008 to ensure that all 2008 tax credits are preserved. In addition, this deadline also served to allow owners to seek Board action during the December Board meeting for any unusual circumstances related to their development(s), and to appeal the rescission of tax credits to the Department's Board if necessary.

Each of the developments being considered for an appeal of rescission missed the December 1, 2008 deadline. As a result, the Department sent a letter to each owner on either December 4, 2008 or December 5, 2008 notifying the owner that the Binding Allocation Agreement for the 2008 tax credits was rescinded. The total amount of 2008 credits attributable to these developments is $296,970.

05026 / 08013 Mesa Vista Apartments
05034 / 08016 The Gardens of Taylor
05082 / 08025 Sphinx at Luxar
05095 / 08030 Sphinx at Reese Court
05097 / 08031 Cathy's Pointe
05099 / 08032 Madison Pointe

A detailed discussion of the appeal for each development follows.

Recommendation

1. Developments that have resolved all outstanding issues: Staff recommends that the Board approve the appeal for each development that was able to resolve all outstanding issues for the issuance of IRS Forms 8609 after December 1, 2008, but prior to the date of the Board meeting. This list may be amended at the Board meeting if additional developments resolve all issues after the date of Board book posting.

2. Developments with Outstanding Issues as of December 18, 2008:

   - Alternative 1 – Deny Each Appeal: Staff recommends that the Board deny the appeal for each development in this category. Each owner has been given extensive opportunities to correct all outstanding items, and has been given several notifications regarding the December 31, 2008 deadline to issue IRS Forms 8609. At this point there is very little time left to process and execute IRS Forms 8609 for those developments *without* outstanding items. Staff is very doubtful that these owners, who do have outstanding issues, will be able to resolve remaining issues in time for staff to route and execute IRS Forms 8609 by December 31, 2008.

   - Alternative 2 – Issue IRS Forms 8609 Prior to the Completion of All Cost Certification Requirements: If the Board chooses to depart from staff's Alternative 1 recommendation and allow for the issuance of IRS Forms 8609 to owners who have not met the requirements of the cost certification process, staff recommends that owners be required to enter into an escrow agreement prior to the release of IRS Forms 8609.

     At the end of 2007, the Department allowed some owners to establish such an escrow account via a Tri-Party Agreement which required the owner to escrow a dollar amount considered appropriate by the Department. These funds were held in the escrow account, and could not be withdrawn without the express consent of the Department. With this escrow agreement in place, the IRS Forms 8609 were issued to the developments prior to all cost certification requirements being met, enabling the owners to preserve the 2007 tax credits. The Department could institute this policy again, and model the escrow agreements after those entered into in 2007. It must be noted that this policy was unsuccessful in 2007, in that the owner of the developments that entered into an escrow agreement in December 2007 still has not met the requirements of the escrow agreement a year later.

     Staff recommends that if any owner is unable to meet all requirements of the escrow agreement by **December 29th**, the IRS Forms 8609 will not be issued and the 2008 tax credits will therefore be null and void.

Mesa Vista Apartments – 05026 / 08012

The Owner is appealing the rescission of the 2008 tax credits. As of December 1, 2008, the final inspection of the development was not cleared by the Department. All other issues related to the cost certification process have been addressed and resolved by the Owner. Pursuant to the attached December 10, 2008 final inspection deficiency letter from the Department, an accessibility issue remained unresolved as of December 10, 2008. On this basis, the tax credits were rescinded by the Department on December 4, 2008. As of the date the Board materials were posted, one deficiency related to the accessibility of the development's clubhouse remains outstanding; this issue prevents the final inspection from being cleared.

The basis of the Owner's appeal is that information submitted to the Department on December 1, 2008 addressed the outstanding deficiency. After December 1, 2008 Department staff made additional requests which, because they were made after December 1, 2008 could not have been resolved by the December 1, 2008 deadline. The Owner asserts that upon learning of additional requests by staff, the Owner took immediate action to resolve staff's additional requests.

The Owner is correct that Department staff made requests for additional information after December 1, 2008 based on the responses submitted on December 1, 2008. These requests were made to clarify the December 1, 2008 response, which on its own was insufficient to meet all criteria for the clearance of the final inspection. Although additional requests were made by staff after December 1, 2008, the original letter sent to the Owner on October 17, 2008 was clear that all issues, including the final inspection, must have been resolved by December 1, 2008 in order to avoid rescission of the 2008 tax credits. The fact that additional clarification was required based on the Owner's response does not on its own merit approval of the appeal, as the Owner had advanced notice that clearance of the final construction inspection was required on or before December 1, 2008.

Relevant documentation related to this appeal is provided behind the Board Action Request: the Owner's appeal of the rescission of the 2008 tax credits; the notice of rescission sent by the Department to the Owner on December 4, 2008; the most recent final inspection deficiency letter dated December 10, 2008; and the letter of notification of the December 1, 2008 deadline sent to the Owner on October 17, 2008.

Owner:	M V Housing, Ltd.
Site Location:	1301 S. Salinas Blvd.
City / County:	Donna / Hidalgo County
Regional Allocation Category:	Rural
Set-Aside:	None
Population Served:	General
Region:	11
Type of Development:	New Construction
Units:	76
Credits Requested:	$496,382
Credits Recommended:	$496,382

Staff Recommendation: Because the final construction inspection has not been cleared by the Department as of the date the Board materials were posted, staff recommends that the Board deny the appeal. However, if the Owner secures clearance of the final inspection from the Department prior to the Board meeting, staff recommends that the appeal be granted and the 2008 tax credits reinstated.

05026 / 08012 Mesa Vista Apartments

Owner's Appeal Documentation

100 Congress Avenue, Suite 300
Austin, Texas 78701-2748
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

Locke Lord Bissell & Liddell LLP
Attorneys & Counselors

Cynthia L. Bast
Direct Telephone: 512-305-4707
Direct Fax: 512-391-4707
cbast@lockelord.com

December 9, 2008

Audrey Martin
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: **Appeal** for Rescission of the Binding Allocation Agreement for 2008 Tax Credits for Mesa Vista Apartments
TDHCA #05026 / 08012

Dear Ms. Martin:

On behalf of our client, M V Housing, Ltd., we submit this formal appeal of the Rescission of the Binding Allocation Agreement for 2008 Tax Credits for the above referenced development, which was dated December 4, 2008. The Rescission alleges that a construction issue remained outstanding as of December 1, 2008. The Owner respectfully disputes that finding and presents the following facts.

The Owner timely filed its cost certification materials and its request for final construction inspection. The Owner timely satisfied all of the requirements of the final construction inspection report. Yet, TDHCA took issue with the Owner's satisfaction of deficiency # 6 of the final construction inspection report, which read:

> Accessible Route Running Slope. It is reported that the accessible route to the community room has a running slope measured at 10.6%, 8.6%, and 9.2% at different points along the ramp. Correction Action – provide an owner's statement with photographic evidence that the condition has been corrected. Provide an accessible route with a maximum running slope of 8.33% at all points along the route (excluding curb ramps).

Please be advised that the community room is located in the back of the clubhouse and has its own entrance. The property previously had been found to meet the Texas Accessibility Standards, so the Owner strove to understand TDHCA's issuance of this deficiency. Finally, it was determined that TDHCA's inspector had measured the entrance to the front of the clubhouse, not the back of the clubhouse where the community room is located. On December 1, the Owner submitted a response via email (copy attached), indicating that the Owner cleared deficiency #6, as no slopes along the accessible route to the community room via the back entrance were found to be in excess of the maximum 8.33% requirement.

On December 2, the Owner received a request by TDHCA for clarification of the December 1 response to deficiency #6, stating the response and the site map did not specifically address this particular route to the community room. Although the documentation presented did address the route and show that no slopes were above the maximum at the back of the clubhouse (where the community room is located), TDHCA staff remained unsatisfied. In an effort to resolve the inquiry, TDHCA staff and the Owner participated in a telephone conversation, and it was suggested that the Owner measure the slope of the ramp at the front of the clubhouse.

The Owner immediately had the contractor measure all slopes leading to the front entrance of the clubhouse. Such documentation and site map was then provided as promised to TDHCA on December 3 (copy attached). Within that documentation, the contractor's equipment showed a "ramp" slope of 9.0% (exceeding the 8.33% maximum). Upon review by TDHCA, that documentation was deemed insufficient. After double checking and recalibrating his equipment, the contractor re-measured the same location with a reading of 7.6%, which is an acceptable slope. That documentation was submitted to TDHCA staff and the issue was resolved via email confirmation from staff on December 5 (copy attached) The Owner had established appropriate measurements for two accessible routes to the community room.

On December 8, the Owner was contacted by TDHCA staff, stating that although the issue regarding the slope of the ramp was resolved, handrails would be required because the length of the ramp leading to the front door of the clubhouse exceeded 6 feet. The need for handrails was not identified as a deficiency in the final construction inspection report. Moreover, an independent accessibility professional verified that handrails should not be required (copy attached). Nonetheless, the Owner immediately began the process of complying with the request for handrails. It is anticipated that the installation of the handrails will be completed on December 10, 2008, with photographic evidence provided on that date.

We believe the Owner's appeal should be granted because: (1) the Owner responded to deficiency #6, providing TDHCA with evidence of an accessible route to the community room, by December 1, 2008; (2) when TDHCA was not satisfied with the accessible route provided, the Owner immediately provided evidence of a second accessible route; (3) the requirement for handrails was not included in the final construction inspection report and was not presented to the Owner until December 8, 2008; (4) as a result, it was impossible for the Owner to satisfy the construction conditions by December 1; and (5) upon learning that handrails would be required, the Owner acted immediately to install them.

These facts merit the Executive Director's approval of this appeal and re-instatement of the 2008 Binding Allocation Agreement and, thus, the tax credits for M V Housing, Ltd. In the event this appeal is denied by the Executive Director, please automatically add the appeal to the December 18, 2008 Board meeting agenda.

Thank you for your time and consideration of this issue.

Sincerely,

Cynthia L. Bast

Cynthia L. Bast

Thanks,
Gavin

-----Original Message-----
From: Sharon Korkan [mailto:skorkan@realtexdevelopment.com]
Sent: Monday, December 01, 2008 2:29 PM
To: Gavin Reid
Subject: Mesa Vista Response to Final Construction Inspection
Importance: High

Gavin,

Please find attached the written response to the final construction inspection for TDHCA number 05026 as well as the photographic evidence. Please let me know if you have any questions at all.

Sharon Korkan
Sr. Asset Manager
Realtex Development Corporation
912 S. Capital of Tx. Hwy., Suite 200
Austin, Texas 78746
Office: 512-306-9206
Fax: 512-306-9010
www.realtexdevelopment.com

M V HOUSING, LTD

November 25, 2008

Gavin Reid **VIA FACSIMILE and EMAIL: 512-475-3359**
Inspection Specialist gavin.reid@tdhca.state.tx.us
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

Re: Final Construction Inspection
Mesa Vista Apartments, TDHCA No. 05026 – CMTS No: 4241

Dear Mr. Reid,

We are in receipt of the final construction inspection report. Please accept this as our written response of explanation/corrective action.

Application Deficiencies:

Deficiency #1: The application identified game/recreation room as one of the specified-amenities.

Corrective Action: Please see documentation of approval within the department.

Accessibility Deficiencies

Deficiency #2: Threshold Height and Beveled Edge – Unit 411

Corrective Action: Please see attached evidence of correction.

Deficiency #3: Maneuvering Clearance All Doors in Unit #411 designated mobility accessible.

Corrective Action: Please see attached photos for evidence of correction.

Deficiency #4: Bathroom Lavatory Clear Floor Space – Unit #615.

Corrective Action: Please see photographs attached as evidence of correction.

Deficiency #5: Toilet Position at Full-Length Wall / UFAS Bathroom Unit #411 designated as mobility accessible.

Corrective Action: Please see photographs attached as evidence of correction

Deficiency #6: Accessible Route Running Slope.

Corrective Action: Please see attached documentation. All slopes were checked with the necessary equipment and all are found to be within the maximum slope of 8.33%.

Deficiency #7: Accessible Space for each parking type.

Corrective Action: Please see photographs attached as evidence of correction.

Deficiency #8: Accessible Trash Disposal Facility.

Corrective Action: Please see photographs attached as evidence of accessible dumpster installed.

Accessibility Certification of Compliance: Please find attached.

Upon your receipt and review, please do not hesitate to contact us should you have any questions or require additional information.

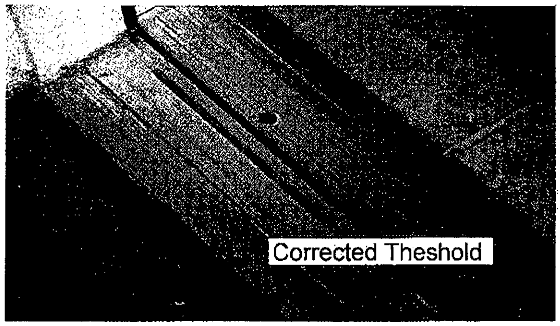
Sincerely,

Rick J. Deyoe

Rick J. Deyoe
Authorized Representative

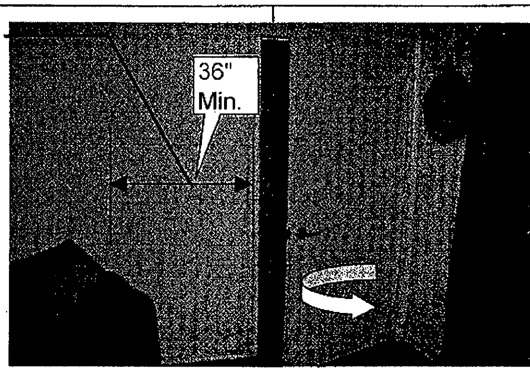
Mesa Vista Apartments
1301 N. Salinas
Donna, Texas 78537
TDHCA File No. 05026
CMTS 4241

Deficiency #2
Threshold Height & Bevelded Edge
Unit #411

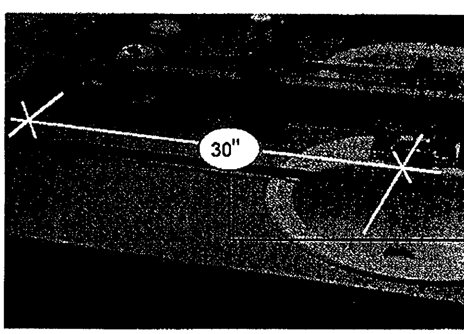


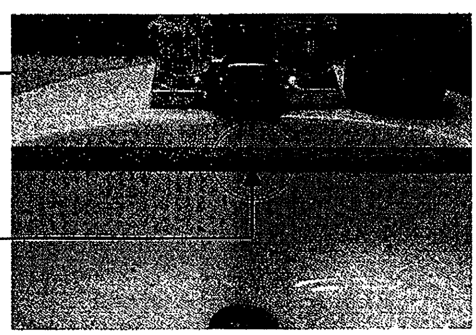
Deficiency #3
Maneuvering Clearance at Doors
Unit #411

New maneuvering clear space was provided at bedroom door. Door swing was reversed to swing out as recommended



Deficiency #4
Bathroom Lavatory Clear Floor Space
Unit #615



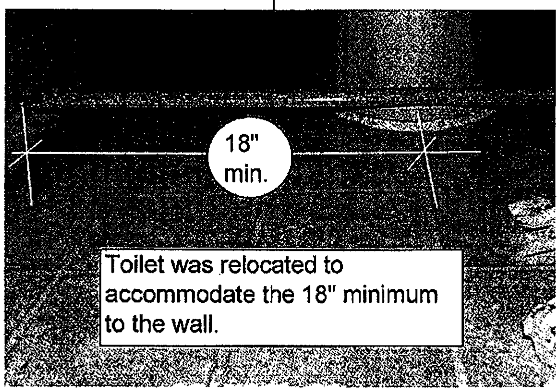


Mesa Vista Apartments
1301 N. Salinas
Donna, Texas 78537
TDHCA File No. 05026
CMTS 4241

Deficiency #5

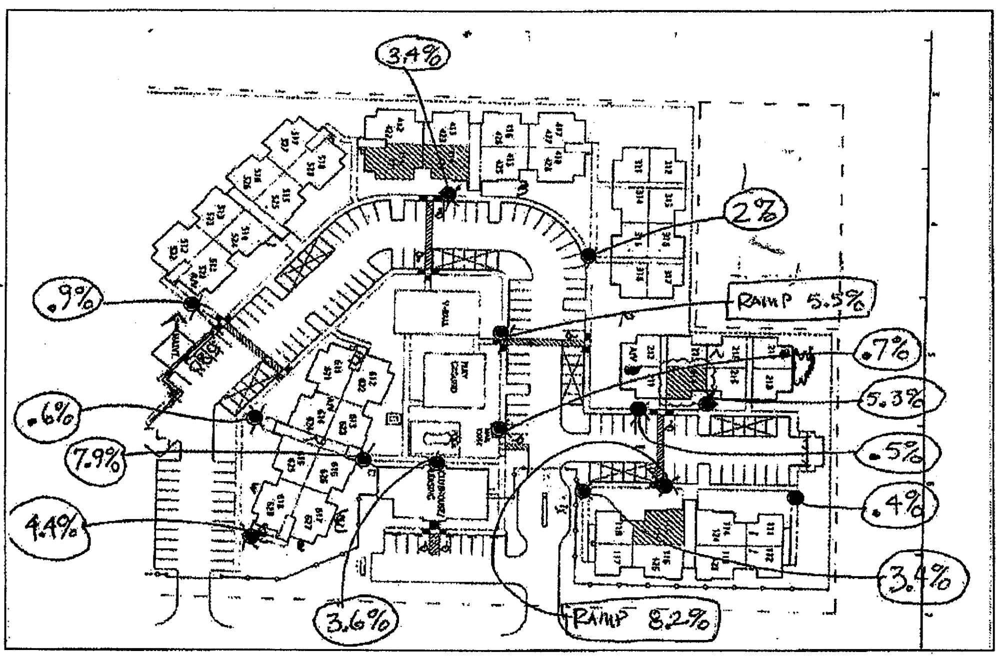
Toilet Position at Full Wall

Unit #411



Deficiency #6

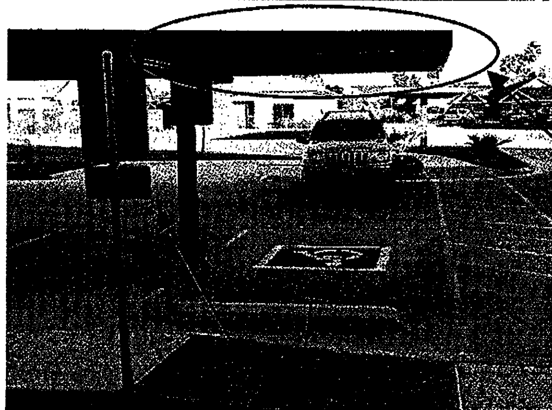
Accessible Route Running Slope
"To the Community Room"



The above sidewalk locations were spot checked for slopes and all these locations were compliant not exceeding the max slope of 8 33%. Even some of the ramps were checked and those have been included. Could not find any non-compliant sidewalks on this site A photo with the equipment showing these percentages was also taken at each locations.

Mesa Vista Apartments
1301 S. Salinas
Donna, Texas 78537
TDHCA File No. 05026

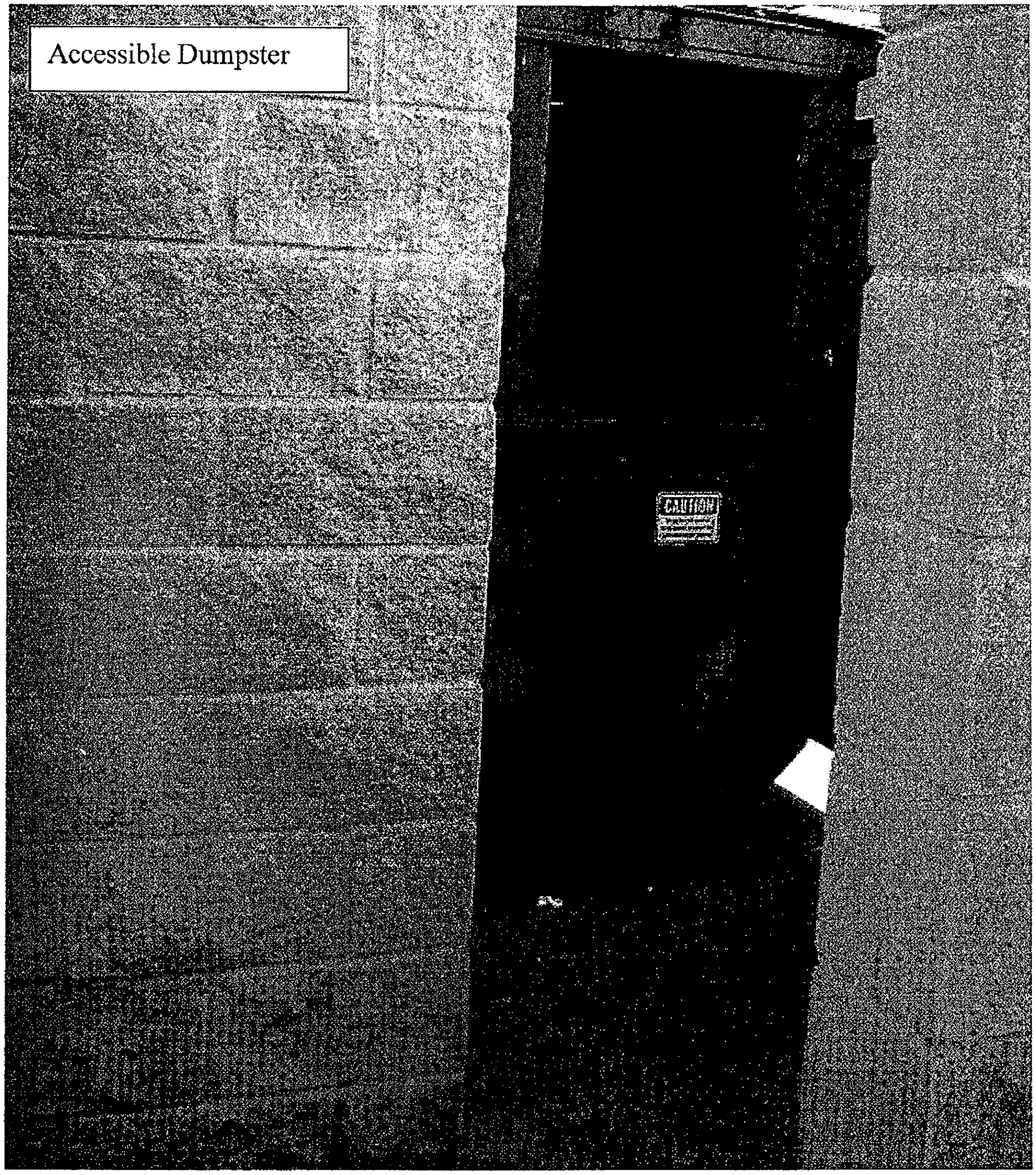
Deficiency #7
Accessible Space for Each Type of Parking



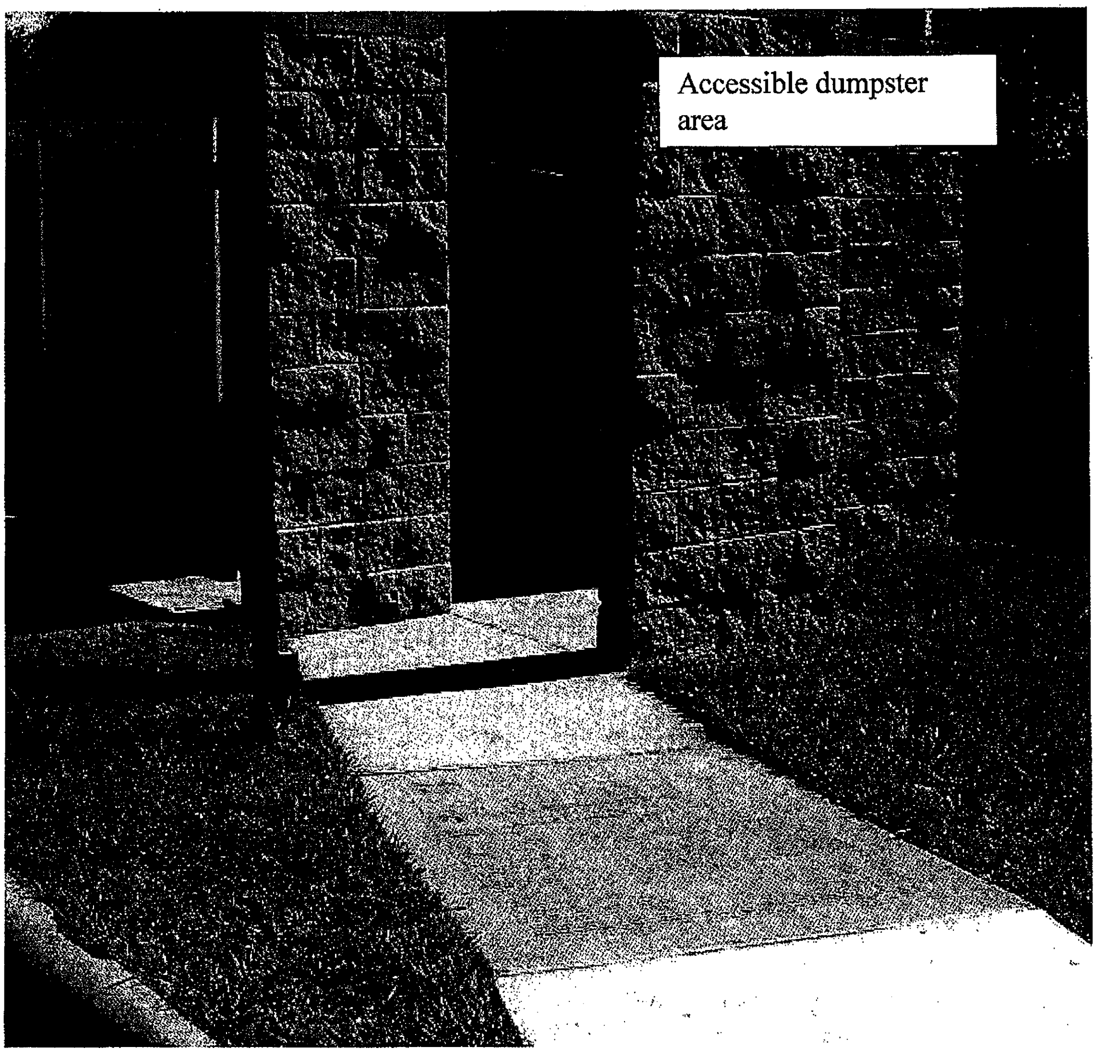
Awning for the covered spaces

Added post signs and HC parking symbol under the awning to create the covered accessible parking

End of Documentation



Accessible Dumpster


Accessible dumpster
area

NOV 1

NOV 25 2008

Compliance Certification
Following Notice of Need for Possible Corrective Action

(This "Compliance Certification")

The undersigned (the "Developer") has applied to the Texas Department of Housing and Community Affairs the "Department") for an allocation of tax credits in connection with the following affordable housing project:

Mesa Vista Apartments (the "Project")

On or about July 9, 2008, the Department notified the Developer that it had conducted an on-site inspection of the Project and identified one or more matters that it believed might not meet the requirements of Section 504 of the Rehabilitation Act of 1973

The Developer has consulted with its architect and/or such other advisers as it deemed necessary, performed such corrective actions as it deemed necessary and hereby **CERTIFIES** to the Department that as of the date of this Compliance Certification the Project is designed and constructed in accordance with all applicable requirements of Section 504 of the Rehabilitation Act of 1973

The Developer, in executing and delivering this Compliance Certification, hereby represents and warrants to the Department that:

1) The individual giving this Compliance Certification for and on behalf of the Developer has personal knowledge of the matters addressed herein and is duly authorized, for and on behalf of the Developer, to execute and deliver this Compliance Certification

2) The Developer will maintain, available for onsite inspection by the Department complete records of all actions taken by the Developer to address the Section 504 matters made the subject of the above-described notification by the Department of possible non-compliance with Section 504 and all steps taken to address same

3) This Compliance Certification is given for the benefit of the Department and the Internal Revenue Service and each of them may rely upon it

4) The execution and delivery of the Compliance Certification has been duly authorized by all necessary corporate and other action on behalf of the Developer

Executed this 26th **day of** November, 2008 **at** ________________, ________,

MV Housing Development, LLC ("Developer")

x Rick T. Deyoe, Pres. & Mging Member

By and through its duly authorized officer, general partner, or other representative

State of Texas §
County of Travis §

Before me, the undersigned authority, personally appeared this day Rick J. Deyoe known to me to be the person whose name is subscribed to the foregoing instrument and, being first duly sworn, acknowledged to me that he/she executed the same for the purposes and in the capacity therein expressed

SHARON KORKAN
MY COMMISSION EXPIRES
July 21, 2010

Witness my hand and seal this 26th **day of** Nov, 2008.

Sharon Korkan

Notary Public for and in the State of Texas

Sharon Korkan

From: Sharon Korkan
Sent: Wednesday, December 03, 2008 11:37 AM
To: 'Gavin Reid'
Subject: RE: Mesa Vista Response to Final Construction Inspection

Gavin,

Since deficiency #6 stated "Accessible Route Running Slope – accessible route to the community room has a running slope measured at ……. and the corrective action states "Provide an accessible route with a maximum running slope of 8.33% at all points along the route (excluding curb ramps), the response is two-fold.

1. The community room is located at the back of the clubhouse. Therefore all access to the community room from the back of the clubhouse and around the site was measured and confirmed to be in compliance and no slopes were found to be above 8.33%.

2. However, we have gone back and measured the accessible route running slope at the front of the clubhouse as well even though that is not a "direct" access to the community room.

That being said, attached is photographic evidence that the accessible route running slope at the front of the clubhouse is also compliant and is not over the 8.33% maximum slope. Additionally, per our conversation, I have included the photographs of the equipment used to measure each of the slopes noted in the previously submitted site plan/diagram. (I tried to type text on each photo to correspond with the diagram to no avail but each does match the percentages shown on the diagram)

Based on the contractor's measurements and documentation, the Owner is not able to locate a running slope to the community room that measures 10.6%, 8.6%, or 9.2% as noted in the deficiency item #6.

Upon your review, please let me know if you have any questions or require additional information.

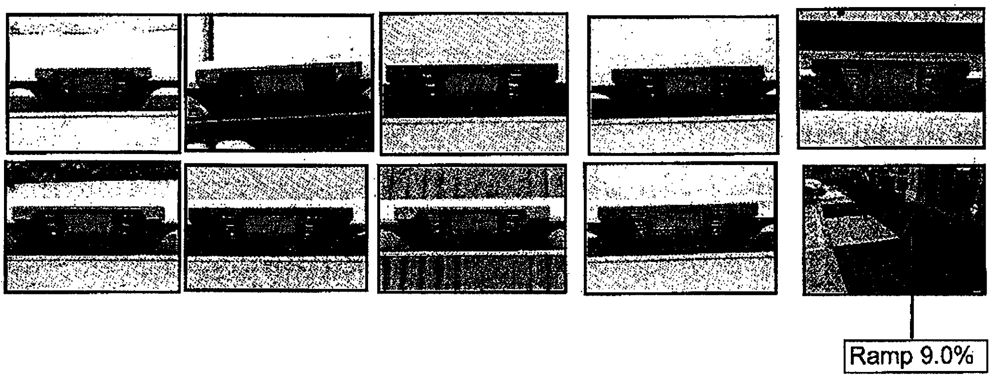
From: Gavin Reid [mailto:gavin.reid@tdhca.state.tx.us]
Sent: Tuesday, December 02, 2008 9:31 AM
To: Sharon Korkan
Subject: RE: Mesa Vista Response to Final Construction Inspection

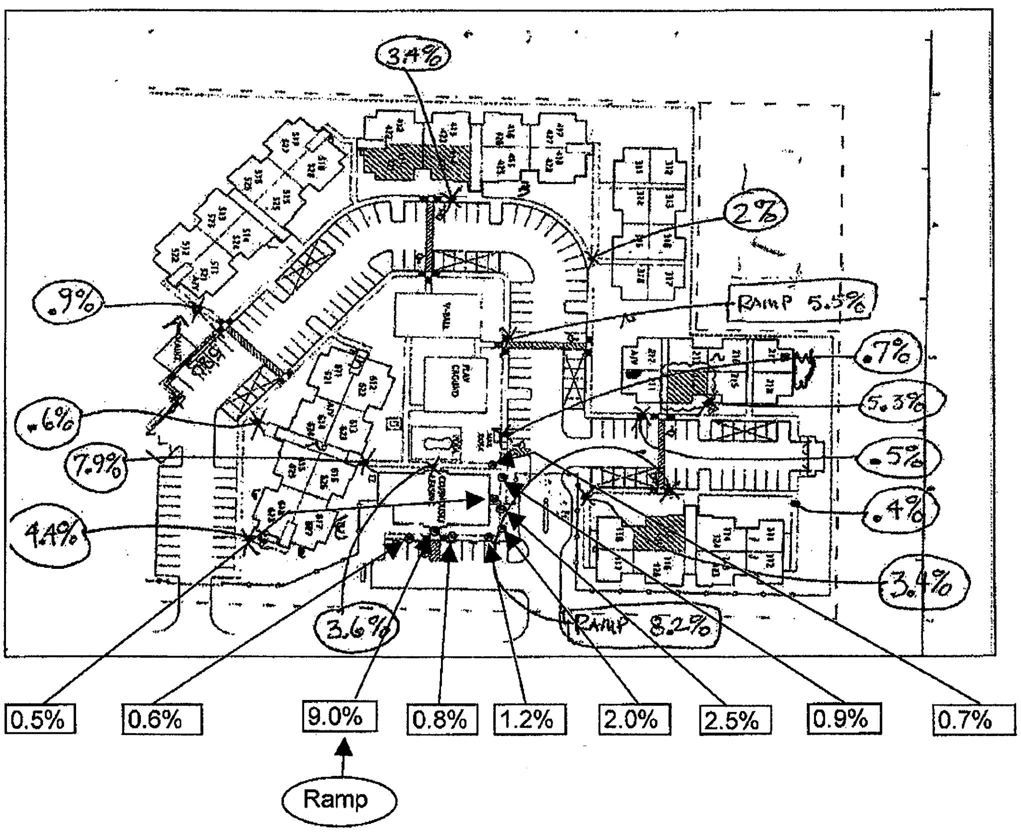
Sharon,

Deficiency #6 (accessible route slope at community room): The response you gave does not specifically address this particular route at the community room. Neither the wording of your response nor the site plan showing the route was addressed. A slope was identified in the back of the clubhouse, but the front one leading from parking is not addressed. This corrective action will need to be more specific since we specifically identified the accessible route leading to the community room in the original letter. Please provide pictures of slope with how the slope was measured (level, etc.) along with a statement specifically addressing this location

Mesa Vista
1301 S. Salinas
Donna, Tx. 78537
TDHCA File No. 05026
CMTS 4241

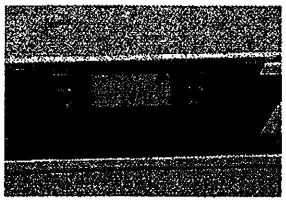
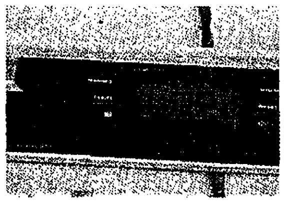
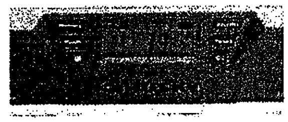
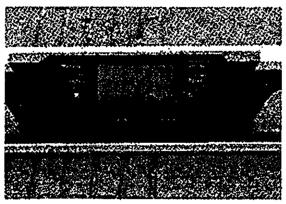
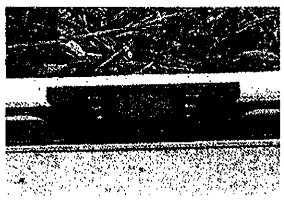
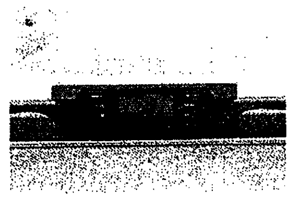
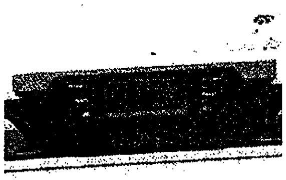
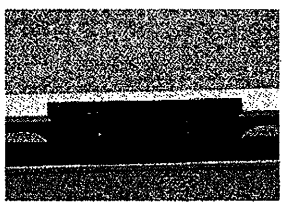
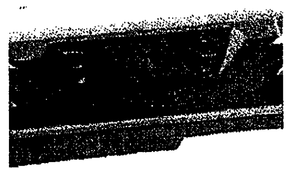
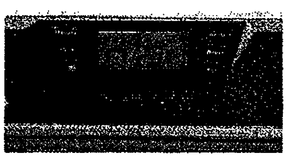
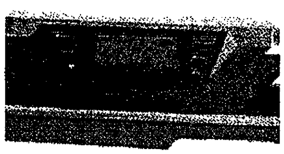
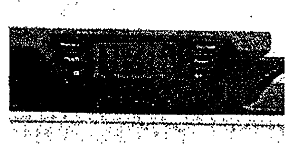
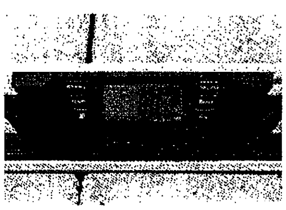
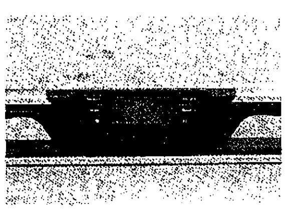
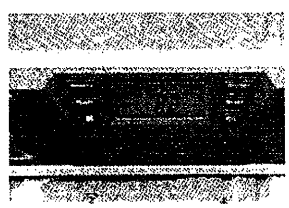
Deficiency #6-Clubhouse
Accessible Route Running Slope





Upon further observation of the "accessible route" running slopes to the Clubhouse, it has been confirmed that all sidewalks as described are fully compliant.

Mesa Vista Apartments
1301 S. Salinas
Donna, Texas 78537
TDHCA Files No. 05026
CMTS 4241

Bast, Cynthia L.

From: Sharon Korkan [skorkan@realtexdevelopment.com]
Sent: Monday, December 08, 2008 10:21 AM
To: Bast, Cynthia L.
Subject: FW: Mesa Vista Response to Final Construction Inspection

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From: Michael Garrett [mailto:michael.garrett@tdhca.state.tx.us]
Sent: Friday, December 05, 2008 11:20 AM
To: Sharon Korkan
Cc: 'Gavin Reid'; Audrey Martin
Subject: RE: Mesa Vista Response to Final Construction Inspection

Sharon, thanks-this is sufficient to clear the issue.

Mike
Mike Garrett
Manager, Physical Inspections
512/475-3847
fax: 512/475-3359

-----Original Message-----
From: Sharon Korkan [mailto:skorkan@realtexdevelopment.com]
Sent: Friday, December 05, 2008 11:07 AM
To: Michael Garrett
Subject: RE: Mesa Vista Response to Final Construction Inspection

Mr. Garrett,

Per our phone conversation, please find attached the documentation as it pertains to the ramp at the front of the clubhouse. Upon your receipt and review, please do not hesitate to contact us should you have any questions or require additional information.

Thank you for your time,

Sharon Korkan
Sr. Asset Manager
Realtex Development Corporation
912 S. Capital of Tx. Hwy., Suite 200
Austin, Texas 78746
Office: 512-306-9206
Fax: 512-306-9010
www.realtexdevelopment.com

From: Michael Garrett [mailto:michael.garrett@tdhca.state.tx.us]
Sent: Friday, December 05, 2008 7:41 AM
To: Audrey Martin

Cc: Sharon Korkan
Subject: RE: Mesa Vista Response to Final Construction Inspection

I didn't see the site plan showing where these ramps are, as mentioned in Sharon's email. If the front entry ramp that is shown with a 7.6% slope is the same as originally measured as 9%, then the route is acceptable. Was the ramp redone, or is the slope variable across the ramp?

I question designating the route to the back as accessible as it requires passage through a controlled access gate-the route is not accessible to a non-resident. The application copy in our file doesn't list controlled access gates selected as a common amenity, so removal of the gate would solve that question. However, if the front ramp is actually under 8.3%, this is moot.

Mike
Mike Garrett
Manager, Physical Inspections
512/475-3847
fax: 512/475-3359

Bast, Cynthia L.

Subject: FW: Ramp at Mesa Vista
Importance: High
Attachments: Photo of ramp.doc

From: RobinRoberts [mailto:robinroberts@austin.rr.com]
Sent: Monday, December 08, 2008 1:00 PM
To: Sharon Korkan
Subject: Ramp at Mesa Vista

Sharon,

This email is to confirm our phone conversation regarding the ramp leading to the entrance at Mesa Vista. The only violation cited in the TAS inspection report for this ramp was a lack of visual contrast between the ramped surface and the adjoining sidewalk. At the time of the inspection it was my opinion that the ramped section shown in the photo between the vegetated area, did not significantly exceed 6 feet (72 inches) in length, and therefore did not require handrails. It also could be argued that this is a "curb ramp". (curb ramps do not require handrails). See TAS Section 4.8.5, TAS 3.2 and TAS 3.5.23 below. Because TDLR does not have a definition for "curb" and to date TDLR has not published what they consider to be conventional building industry tolerances, it is possible for one inspector to cite something as a violation that another would consider acceptable.

4.8.5* Handrails. If a ramp run has a rise greater than 6 in (150 mm) or a horizontal projection greater than 72 in (1830 mm), then it shall have handrails on both sides. Handrails are not required on curb ramps or adjacent to seating in assembly areas. Handrails shall comply with 4.26 and shall have the following features:

3.2 Dimensional Tolerances. All dimensions are subject to conventional building industry tolerances for field conditions.

3.5.23 Curb Ramp. A short ramp cutting through a curb or built up to it.

Regards,

Robin
Robin Roberts' Accessibility Services
512-291-5994
robinroberts@austin.rr.com

05026 / 08012 Mesa Vista Apartments

Rescission Letter

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

December 4, 2008

Rick J. Deyoe
M V Housing, Ltd.
912 S. Capital of Texas Hwy, Suite 200
Austin, TX 78746
Phone: (512) 306-9206
Fax: (512) 306-9010
Email: rdeyoe@realtexdevelopment.com

Re: Rescission of the Binding Allocation Agreement for 2008 Tax Credits for Mesa Vista Apartments (TDHCA # 05026 / 08012)

Dear Mr. Deyoe:

On October 17, 2008 you received a letter from Mr. Michael Gerber related to the cost certification and IRS Forms 8609 for the development referenced above. The letter stated that "Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling."

The December 1, 2008 deadline was set in order to allow enough time for the IRS Forms 8609 to be processed in advance of December 31, 2008. In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by December 31, 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact.

As of December 1, 2008, some construction issues remain outstanding that prevent the final construction inspection from being cleared. Because of this, all cost certification requirements have not been satisfied. Therefore, this letter serves as official notification of the rescission of the Binding Allocation Agreement for the 2008 tax credits.

The Department understands that you are currently working toward a resolution of the remaining construction items. Please be aware that a formal appeals policy exists for the Housing Tax Credit program, which is described in further detail below. Staff encourages you to complete the remaining items as quickly as possible. If all items have been completed at the time of an appeal, the Department will take that into account in making a determination to approve or deny the appeal.

The Department's appeal policy may be found in Section 50.17(b) of the 2008 Qualified Allocation Plan and Rules ("QAP"). If you wish to appeal the rescission of the Binding Allocation Agreement, you must file your appeal to the Executive Director no later than 5:00 p.m. C.S.T. on December 11, 2008. In the event an appeal is denied by the Executive Director, the QAP allows for the appeal to be heard by the Department's Board. If you would like the appeal to automatically be added to the December 18, 2008 Board meeting, please indicate so in the appeal to the Executive Director.

Although the deadline to appeal under the QAP is December 11, 2008, staff strongly encourages the submission of appeal documentation no later than December 9, 2008 as the December Board book must be posted on December 11, 2008 and appeals submitted on December 11, 2008 may not be able to be incorporated into the Board book if necessary. All appeals should be submitted to the attention of Audrey Martin.

Please be aware that there is very little time between the December 18, 2008 Board meeting and the December 31, 2008 deadline to issue IRS Forms 8609. Therefore, if you intend to appeal the rescission of the Binding Allocation Agreement, staff recommends that you resolve all outstanding issues as soon as possible, but certainly prior to the December 18, 2008 Board meeting.

If you have any questions, please contact Audrey Martin at (512) 475-3872 or audrey.martin@tdhca.state.tx.us or Rosalio Banuelos at (512) 475-3357 or rosalio.banuelos@tdhca.state.tx.us.

Sincerely,

Robbye G. Meyer
Director of Multifamily Finance

RM:am

cc: Sharon Korkan
By Email Transmission: skorkan@realtexdevelopment.com

Nicole Flores
PNC MultiFamily Capital
1717 W. 6th St., Suite 262
Austin, TX 78703
By Email Transmission: nicole.flores@pnc.com

05026 / 08012 Mesa Vista Apartments

Final Inspection Deficiency Letter

Texas Department of Housing and Community Affairs

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

December 10, 2008

Rick Deyoe
M V Housing, Ltd.
912 S Capital of Texas Hwy, Ste 200
Austin, TX 78746

RE: July 9, 2008 Deficiency Letter Follow-up Notice
Final Development Inspection conducted on May 28, 2008
Mesa Vista Apartments – TDHCA File No: 05026 – CMTS: 4241

Dear Mr. Deyoe:

The Portfolio Management and Compliance Division received corrective action in response to deficiencies identified in the final inspection. Following are the results of the review of your corrective action response letter of November 25, 2008:

- **Deficiency #6**: NOT CLOSED. Ramp Handrails. The accessible ramp at the clubhouse front entrance is required to have handrails on both sides. Provide corrective action documentation and photographic evidence of completed repairs.
- **Deficiency #1-5, 7-8:** CLOSED. Sufficient documentation was received to close these deficiencies.

Please submit all outstanding corrective action as a single response as specified in the Department deficiency letter no later than **December 18, 2008**. Failure to respond by the due date may delay the issuance of IRS Form 8609 and/or could result in sanctions on current or future awards. If you have any questions, feel free to contact me directly at (512) 657-5619, toll free in Texas at (800) 643-8204 through email at gavin.reid@tdhca.state.tx.us.

Sincerely,

Gavin Reid

Gavin Reid
Inspections Specialist

cc: Inspection File
TDHCA Real Estate Analysis Division

221 East 11th • P. O. Box 13941 • Austin, Texas 78711-3941 • (800) 525-0657 • (512) 475-3800

05026 / 08012 Mesa Vista Apartments

October 17, 2008 Notification

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
Governor

Michael Gerber
Executive Director

October 17, 2008

Rick J. Deyoe
M V Housing, Ltd.
912 S. Capital of Texas Hwy, Suite 200
Austin, TX 78746
Phone: (512) 306-9206
Fax: (512) 306-9010

By Email Transmission: rdeyoe@realtexdevelopment.com

RE: Cost Certification and IRS Forms 8609 for Mesa Vista Apartments (TDHCA # 05026 / 08012)

Dear Mr. Deyoe:

The Department issued a 2005 Carryover Allocation in the amount of $453,995 and a Binding Allocation Agreement for an additional annual housing credit award from the 2008 credit ceiling in the amount of $42,387 to the Development referenced above. The cost certification documentation submitted to the Department has been reviewed, and outstanding issues have been identified in previous correspondence to the development owner and/or cost certification contact. As of the date of this letter IRS Forms 8609 have not been issued for this development because of outstanding deficiencies.

In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by year end 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact. Issuance of IRS Forms 8609 requires owners to actively resolve all outstanding issues identified at cost certification. This includes completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection. The remaining issues for this development are identified on the attached exhibit.

Please respond to this letter within 7 business days with the resolution to all outstanding deficiencies or a status and timeframe for resolution that can be achieved by December 1, 2008. **Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling.**

If you have any questions you may contact Audrey Martin at Audrey.martin@tdhca.state.tx.us or (512) 475-3872.

Sincerely,

Michael Gerber
Executive Director

MGG:am

Cc: Sharon Korkan
By Email Transmission: skorkan@realtexdevelopment.com

Nicole Flores
PNC MultiFamily Capital
1717 W. 6th St., Suite 262
Austin, TX 78703
By Email Transmission: nicole.flores@pnc.com

Outstanding Deficiencies for Mesa Vista Apartments, TDHCA # 05026/08012

1. **Exhibit 8B**: Please provide an updated nothing further certificate listing the recorded LURA.
2. **Exhibit 12B**: Please provide the current rent roll reflecting the correct square footage.
3. **Final Inspections**: Please be aware that all final inspections must have been conducted on this property and all deficiencies identified must be cleared prior to issuance of IRS Forms 8609. If you have specific questions about the inspection process, you may contact Kimbal Thompson at (512) 475-3887 or kimbal.thompson@tdhca.state.tx.us, or Gavin Reid at (512) 475-1565 or gavin.reid@tdhca.state.tx.us.

The Gardens of Taylor – 05034 / 08016

The Owner is appealing the rescission of the 2008 tax credits. As of December 1, 2008, the development as presented in the cost certification documentation was considered infeasible pursuant to the 2008 Real Estate Analysis Rules and Guidelines. Based on the permanent loan indicated in the loan commitment, a funding deficit exists that cannot be filled using deferred developer fee. In addition the Owner has indicated that the final loan amount is expected to be lower than the loan amount presented in the loan commitment; if the lower loan amount is considered, the funding gap is even greater. As of the date the Board materials were posted, the Owner provided documentation to show how all development costs can be funded and how all deferred developer fee can be repaid within 15 years of stabilized operations. This information was based on revised development costs that are lower than those originally proposed in the cost certification. While the development appears to be feasible based on the revised development costs, these costs have not been certified by the CPA, but rather were presented as "draft." Staff is unable to consider the costs final until they have been certified to by the CPA.

The basis of the Owner's appeal is that the Owner was not notified of the feasibility issues until after December 1, 2008. In addition, the Owner has presented updated documentation, including a draft development cost schedule which shows that the development is financially feasible.

It is correct that the Owner became aware of the financial feasibility issues after December 1, 2008. However, the Department does not issue IRS Forms 8609 to developments that are considered infeasible. Because staff found the development to be infeasible, staff rescinded the 2008 tax credits in order to preserve the Owner's ability to appeal staff's determination in time for an appeal to be added to the December Board meeting agenda if necessary. Staff believes it is imperative to allow Owners the opportunity to appeal those decisions that adversely affect the development. Because the 2008 tax credits must be issued by December 31, 2008, the December Board meeting is the Owner's last opportunity to appeal prior to this deadline.

Relevant documentation related to this appeal is provided behind the Board Action Request: cost certification feasibility analysis; the Owner's appeal of the rescission of the 2008 tax credits; the notice of rescission sent by the Department to the Owner on December 5, 2008; and the letter of notification of the December 1, 2008 deadline sent to the Owner on October 17, 2008.

Owner:	The Gardens of Taylor, L.P.
Site Location:	319 Sloan Street
City / County:	Taylor / Williamson County
Regional Allocation Category:	Rural
Set-Aside:	None
Population Served:	Elderly
Region:	7
Type of Development:	New Construction
Units:	36
Credits Requested:	$301,537
Credits Recommended:	$301,537

Staff Recommendation: Because the feasibility issues have not been cleared by the Department as of the date the Board materials were posted, staff recommends that the Board deny the appeal. However, if the Owner is able to resolve all feasibility issues prior to the Board meeting, staff recommends that the appeal be granted and the 2008 tax credits reinstated.

05034 / 08016 The Gardens of Taylor

Cost Certification Feasibility Analysis

COST CERTIFICATION COMPARATIVE ANALYSIS

The Gardens of Taylor, Taylor, HTC#05034

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%	2	1	1	725	$400	$248	$267	$248	$496	$0.34	$151.81	$0.00
TC 30%	2	2	2	994	$480	292	$321	$292	585	0.29	187.73	0.00
TC 60%	31	2	2	994	$960	772	$801	$772	23,940	0.78	187.73	0.00
EO	1	2	2	994		0		$0	0	0.00	187.73	0.00
TOTAL:	36		AVERAGE:	979		$695			$25,021	$0.71	$185.73	$0.00

INCOME	Total Net Rentable Sq Ft:	35,246	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT			$300,255	$321,764	$261,000	$300,144	Williamson	Austin	7
Secondary Income	Per Unit Per Month:	$15.00	6,480	6,480	648	8,064	$18.67	Per Unit Per Month	
Other Support Income:			0	0	11,232	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$306,735	$328,244	$272,880	$308,208			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(23,005)	(24,618)	(20,472)	(21,576)	-7.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0	0	0			
EFFECTIVE GROSS INCOME			$283,730	$303,626	$252,408	$286,632			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.29%	$417	0.43	$15,007	$17,030	$7,559	$9,700	$0.28	$269	3.38%
Management		5.00%	394	0.40	14,187	15,181	12,443	18,845	0.53	523	6.57%
Payroll & Payroll Tax		12.98%	1,023	1.05	36,835	37,223	34,152	34,391	0.98	955	12.00%
Repairs & Maintenance		8.19%	645	0.66	23,228	19,813	16,116	15,900	0.45	442	5.55%
Utilities		2.49%	196	0.20	7,063	5,629	3,600	3,920	0.11	109	1.37%
Water, Sewer, & Trash		2.23%	176	0.18	6,324	6,324	2,800	5,100	0.14	142	1.78%
Property Insurance		3.86%	304	0.31	10,949	11,286	14,450	13,350	0.38	371	4.66%
Property Tax	2.4791	12.14%	957	0.98	34,442	33,664	17,500	35,050	0.99	974	12.23%
Reserve for Replacements		2.54%	200	0.20	7,200	7,200	7,200	9,000	0.26	250	3.14%
TDHCA Compliance Fees		0.51%	40	0.04	1,440	8,784	7,548	1,440	0.04	40	0.50%
Other: Cable TV		2.20%	173	0.18	6,243			6,243	0.18	173	2.18%
TOTAL EXPENSES		57.42%	$4,525	$4.62	$162,917	$162,134	$123,368	$152,939	$4.34	$4,248	53.36%
NET OPERATING INC		42.58%	$3,356	$3.43	$120,813	$141,492	$129,040	$133,693	$3.79	$3,714	46.64%
DEBT SERVICE											
Boston Capital		32.61%	$2,570	$2.62	$92,517	$109,269	$109,430	$92,520	$2.62	$2,570	32.28%
Additional Financing		0.00%	$0	$0.00	0	0	2,400	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW		9.97%	$786	$0.80	$28,297	$32,223	$17,210	$41,173	$1.17	$1,144	14.36%
AGGREGATE DEBT COVERAGE RATIO					1.31	1.29	1.15	1.45			
RECOMMENDED DEBT COVERAGE RATIO					1.18						

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.53%	$3,570	$3.65	$128,532	$120,000	$120,000	$128,532	$3.65	3570	2.70%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		11.40%	16,108	16.45	579,884	268,180	268,180	579,884	16.45	16,108	12.18%
Direct Construction		49.97%	70,607	72.12	2,541,865	2,110,464	2,053,261	2,214,515	62.83	61,514	46.53%
Contingency						6,019	6,019		0.00	0	0.00%
Contractor's Fees	12.53%	7.69%	10,867	11.10	391,216	329,688	339,363	391,216	11.10	10,867	8.22%
Indirect Construction		6.84%	9,667	9.87	348,007	217,001	217,001	348,007	9.87	9,667	7.31%
Ineligible Costs		8.88%	12,554	12.82	451,944	23,600	23,600	451,944	12.82	12,554	9.50%
Developer's Fees	12.12%	9.45%	13,360	13.65	480,975	460,710	480,975	480,975	13.65	13,360	10.11%
Interim Financing		2.11%	2,985	3.05	107,445	140,050	140,050	107,445	3.05	2,985	2.26%
Reserves		1.12%	1,589	1.62	57,200	60,059	57,200	57,200	1.62	1,589	1.20%
TOTAL COST		100.00%	$141,307	$144.33	$5,087,068	$3,735,771	$3,705,649	$4,759,718	$135.04	$132,214	100.00%
Construction Cost Recap		*69.06%*	***$97,582***	***$99.67***	***$3,512,965***	***$2,714,351***	***$2,666,823***	***$3,185,615***	***$90.38***	***$88,489***	*66.93%*

SOURCES OF FUNDS

	%	Per Unit	Per Sq Ft	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	RECOMMENDED	
Boston Capital	22.80%	$32,222	$32.91	$1,160,000	$1,440,622	$1,440,622	$1,160,000	$1,285,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	36,036	36,036			$480,975
HTC Syndication Proceeds	53.34%	$75,377	$76.99	2,713,561	2,228,991	2,228,991	2,713,561	2,713,837	% of Dev. Fee Deferred
Deferred Developer Fees	8.98%	$12,683	$12.95	456,592	0	0	456,592	480,975	100%
Additional (Excess) Funds Req'd	14.88%	$21,025	$21.48	756,915	30,122	0	429,565	279,906	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$5,087,068	$3,735,771	$3,705,649	$4,759,718	$4,759,718	$487,038

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

The Gardens of Taylor, Taylor, HTC#05034

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Town Houses & Duplexes Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$67.26	$2,370,803
Adjustments				
Exterior Wall Finish	1.24%		$0.83	$29,398
Elderly	3.00%		2.02	71,124
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.88)	(66,262)
Floor Cover			3.16	111,377
Breezeways/Balconies	$20.39	8,960	5.18	182,694
Plumbing Fixtures	$1,000	30	0.85	30,000
Rough-ins	$435	36	0.44	15,660
Built-In Appliances	$2,500	36	2.55	90,000
Exterior Stairs	$1,800		0.00	0
Enclosed Corridors	$57.34		0.00	0
Heating/Cooling			1.83	64,500
Garages/Carports	$26.63	21,000	15.87	559,230
Comm &/or Aux Bldgs	$76.31	2,363	5.12	180,326
Other: fire sprinkler			0.00	0
SUBTOTAL			103.24	3,638,851
Current Cost Multiplier	0.99		(1.03)	(36,389)
Local Multiplier	0.87		(13.42)	(473,051)
TOTAL DIRECT CONSTRUCTION COSTS			$88.79	$3,129,412
Plans, specs, survy, bld prm	3.90%		($3.46)	($122,047)
Interim Construction Interes	3.38%		(3.00)	(105,618)
Contractor's OH & Profit	11.50%		(10.21)	(359,882)
NET DIRECT CONSTRUCTION COSTS			$72.12	$2,541,865

PAYMENT COMPUTATION

Primary	$1,160,000	Amort	360
Int Rate	6.99%	DCR	1.31
Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.31
Additional	$2,713,561	Amort	
Int Rate		Aggregate DCR	1.31

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$102,486
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$18,327

Primary	$1,285,000	Amort	360
Int Rate	6.99%	DCR	1.18
Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.18
Additional	$2,713,561	Amort	0
Int Rate	0.00%	Aggregate DCR	1.18

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	$300,255	$309,263	$318,541	$328,097	$337,940	$391,765	$454,163	$526,500	$707,572
Secondary Income	6,480	6,674	6,875	7,081	7,293	8,455	9,802	11,363	15,271
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	306,735	315,938	325,416	335,178	345,233	400,220	463,965	537,863	722,842
Vacancy & Collection Loss	(23,005)	(23,695)	(24,406)	(25,138)	(25,893)	(30,017)	(34,797)	(40,340)	(54,213)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$283,730	$292,242	$301,009	$310,040	$319,341	$370,204	$429,168	$497,523	$668,629
EXPENSES at 4.00%									
General & Administrative	$15,007	$15,607	$16,231	$16,881	$17,556	$21,359	$25,987	$31,617	$46,801
Management	14,187	14,612	15,050	15,502	15,967	18,510	21,458	24,876	33,431
Payroll & Payroll Tax	36,835	38,309	39,841	41,435	43,092	52,428	63,787	77,606	114,876
Repairs & Maintenance	23,228	24,157	25,123	26,128	27,173	33,060	40,223	48,937	72,439
Utilities	7,063	7,346	7,639	7,945	8,263	10,053	12,231	14,881	22,027
Water, Sewer & Trash	6,324	6,577	6,840	7,114	7,399	9,002	10,952	13,324	19,723
Insurance	10,949	11,387	11,842	12,316	12,808	15,583	18,960	23,067	34,145
Property Tax	34,442	35,820	37,252	38,742	40,292	49,022	59,642	72,564	107,412
Reserve for Replacements	7,200	7,488	7,788	8,099	8,423	10,248	12,468	15,169	22,454
Other	7,683	7,990	8,310	8,642	8,988	10,935	13,304	16,187	23,961
TOTAL EXPENSES	$162,917	$169,292	$175,918	$182,804	$189,961	$230,200	$279,012	$338,229	$497,270
NET OPERATING INCOME	$120,813	$122,950	$125,092	$127,236	$129,380	$140,003	$150,156	$159,294	$171,359
DEBT SERVICE									
First Lien Financing	$102,486	$102,486	$102,486	$102,486	$102,486	$102,486	$102,486	$102,486	$102,486
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	$18,327	$20,464	$22,606	$24,750	$26,894	$37,517	$47,670	$56,808	$68,873
DEBT COVERAGE RATIO	1.18	1.20	1.22	1.24	1.26	1.37	1.47	1.55	1.67

COST CERTIFICATION ANALYSIS

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$128,532	$128,532		
Purchase of buildings	$0	$0		
(2) Rehabilitation/New Construction Cost				
On-site work	$579,884	$579,884	$579,884	$579,884
Off-site improvements	$0	$0		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$2,214,515	$2,541,865	$2,214,515	$2,541,865
(4) Contractor Fees & General Requirements	$391,216	$391,216	$391,216	$391,216
(5) Contingencies	$0	$0	$0	$0
(6) Eligible Indirect Fees	$348,007	$348,007	$348,007	$348,007
(7) Eligible Financing Fees	$107,445	$107,445	$107,445	$107,445
(8) All Ineligible Costs	$451,944	$451,944		
(9) Developer Fees			$0	$0
Developer fees	$480,975	$480,975	$480,975	$480,975
			$0	$0
(10) Development Reserves	$57,200	$57,200		
TOTAL DEVELOPMENT COSTS	$4,759,718	$5,087,068	$4,122,042	$4,449,392

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis		$0	$0
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing		$0	$0
Non-qualified portion of higher quality units [42(d)(3)]		$0	$0
Historic Credits (on residential portion only)		$0	$0
TOTAL ELIGIBLE BASIS		$4,122,042	$4,449,392
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$4,122,042	$4,449,392
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$4,122,042	$4,449,392
Applicable Percentage		8.11%	8.11%
TOTAL AMOUNT OF TAX CREDITS		$334,472	$361,033
Syndication Proceeds	**0.900001454**	**$3,010,249**	**$3,249,306**
Total Tax Credits (Eligible Basis Method)		**$334,472**	**$361,033**
Syndication Proceeds		**$3,010,249**	**$3,249,306**
2004/2005 Approved Tax Credits		**$275,212**	
Syndication Proceeds		**$2,476,912**	
2007/2008 Approved Additional Tax Credits		**$26,325**	
Additional Allocation Amount Accepted		**$26,325**	
Cost Certification Request		**$301,537**	
Syndication Proceeds		**$2,713,837**	
Gap of Syndication Proceeds Needed		**$3,045,153**	**$3,532,506**
Total Tax Credits (Gap Method)		**$338,350**	**$392,500**
Percentage Increase		15%	
Credits Qualified for from 2nd Allocation		**$26,325**	
Total Approved Allocation		**$301,537**	
Total Qualified Allocation		**$301,537**	
Eligible Credits per CC Analysis		**$301,537**	
Total from Additional Allocation		**$26,325**	
Reconciled Tax Credits		**$301,537**	
Syndication Proceeds		**$2,713,837**	
Unused/Recaptured 2008 Credit Amount		**$0**	

05034 / 08016 The Gardens of Taylor

Owner’s Appeal Documentation

CONTINENTAL DEVELOPMENT GROUP INC.

2909 SW PLASS COURT • TOPEKA, KANSAS 66611

December 9, 2008

Audrey Martin
Real Estate Analysis Division
Texas Department of Housing and
Community Affairs
PO Box 13941
Austin, TX 78711-3941

VIA EMAIL ATTACHMENT
audrey.martin@tdhca.state.tx.us

RE: 05-034/08-016 Gardens of Taylor Cost Certification

Dear Ms. Martin,

We have received your notice of Rescission of the Binding Allocation Agreement for 2008 Tax Credits on the project referred to above. The reason stated for the rescission was that "all cost certification requirements have not been satisfied" by the deadline of December 1, 2008. We wish to appeal this rescission to the Executive Director. In the event the appeal is denied by the Executive Director, we would further request the appeal to be automatically added to the agenda of the December 18, 2008 meeting of the Department's Board.

Of the three (3) outstanding deficiencies referred to in the notice, I have been informed by Department staff that the application amendment and final inspection deficiencies have been cleared. Unfortunately, we did not become aware of the feasibility deficiency until December 2, 2008 – after the deadline had passed. However, we have been working with Department staff since that notification to correct the deficiency. Enclosed you will find revised exhibits that demonstrate the feasibility of this project. Document originals will follow via US mail.

We have reviewed the development costs of this project with our outside accountants. The review shows that we have a significant amount of costs that did not carry over to eligible basis. Furthermore, we have a significant amount of excess eligible basis supporting the credits allocated to the project. In light of the excess costs and perceived infeasibility, the decision was made to write-off $429,293 of development costs (a portion of which will also reduce eligible basis). We have requested the accountant's prepare revised Exhibits 10A: Independent Accountant's Report and 10C: Total Development Cost Summary to reflect this change in total cost and eligible basis. Additionally the lender has indicated to us that their analysis of the project and its cash flow will not support a loan of $1,285,000, which was the upper limit of the loan commitment. We have been informed that the current loan amount that the project can support at a debt coverage ratio of 1.15 is $1,160,000. Thus, I have enclosed an updated Exhibit 13A: Sources of Funds Summary to reflect this new loan amount, as well as eliminate the uncommitted $167,975 presented previously. This change in debt service also impacts the cash flow of the project, so I have also included updated Exhibits 11C: Annual Operating Expenses and 11D: 30-year Proforma.

As I mentioned previously, I will forward original documents to you via US mail once I have received them from our outside accountant's. In the meantime I would appreciate your consideration of these facsimile documents as we prepare for the appeal to the Executive Director and/or the TDHCA Board.

Thank you for your assistance in this matter.

Respectfully,

Kenneth A. Young

Kenneth A. Young

Phone (785) 266-6133 info@continentalgroups.com Fax (785) 266-6134

Reznick Group

COST CERTIFICATION

THE GARDENS OF TAYLOR, L.P.

JUNE 30, 2007

The Gardens of Taylor, L.P.

TABLE OF CONTENTS

Reznick Group

Reznick Group, P.C.
2002 Summit Boulevard
Suite 1000
Atlanta, GA 30319-1470

Tel: (404) 847-9447
Fax: (404) 847-9495
www.reznickgroup.com

INDEPENDENT AUDITORS' REPORT

Re: Project Name: The Gardens of Taylor ("Development"), TDHCA #: 05-034/ 08-016

Owner: The Gardens of Taylor, L.P.

We have audited the costs included in the accompanying Texas Department of Housing and Community Affairs ("TDHCA") Cost Certification ("Cost Certification") of The Gardens of Taylor ("Development"), owned by The Gardens of Taylor, L.P. ("Owner") as of June 30, 2007. The Cost Certification is the responsibility of the Development Owner. Our responsibility is to express an opinion on the Cost Certification based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Cost Certification is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Cost Certification. An audit also includes assessing the accounting principles used and significant estimates made by the Development Owner, as well as evaluating the overall Cost Certification presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Cost Certification was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in conformity with the format and qualified allocation plan rules set by TDHCA, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion and on the basis of accounting described above and information presented in Exhibit 10C: Total Development Cost Schedule, the Cost Certification presents fairly, in all material respects:

Total Development Cost:	$ 4,330,153	As of: June 30, 2007
Eligible Basis:	$ 3,992,566	As of: June 30, 2007

This report is intended solely for the information and use of the Development Owner and TDHCA and should not be used for any other purpose.

We have no financial interest in the Project other than in the practice of our profession.

Atlanta, Georgia
July 1, 2008

Contact name for questions about this report if different from above: Julie Lamers, CPA

Phn. # 404-250-4050 Fax #: 404-250-4051

Atlanta ■ Austin ■ Baltimore ■ Bethesda ■ Birmingham ■ Charlotte ■ Chicago ■ Los Angeles ■ Sacramento ■ Tysons Corner

EXHIBIT 9A. PLACEMENT IN SERVICE

DEVELOPMENT NAME: **The Gardens of Taylor** FILE NUMBER: **05-034**

			Placed in Service Date			Applicable Fraction		Applicable Percentage		Eligible Basis		Requested Tax Credits		
Credit Period Election	Bldg. #	BIN #	Acquisition	Rehab/New Construction	Net Rentable Area (NRA)	Based on Units	Based on NRA	Acquisition	Rehab/ New Constr.	Acquisition	Rehab/ New Constr.	Acquisition	Rehab/ New Constr.	Total
2007	102	TX 05-03401		4/6/2007	2,982	100.00%	100.00%		8.10%		295,296	$ -	$ 23,919	$ 23,919
2007	103	TX 05-03402		3/30/2007	2,982	100.00%	100.00%		8.15%		295,288	-	24,066	24,066
2007	104	TX 05-03403		4/6/2007	1,450	100.00%	100.00%		8.10%		143,580	-	11,630	11,630
2007	105	TX 05-03404		3/30/2007	2,982	100.00%	100.00%		8.15%		295,288	-	24,066	24,066
2007	106	TX 05-03405		4/6/2007	1,988	100.00%	100.00%		8.10%		196,864	-	15,946	15,946
2007	107	TX 05-03406		3/30/2007	2,982	100.00%	100.00%		8.15%		295,288	-	24,066	24,066
2007	108	TX 05-03407		4/6/2007	2,982	100.00%	100.00%		8.10%		295,296	-	23,919	23,919
2007	109	TX 05-03408		6/29/2007	1,988	100.00%	100.00%		8.11%		196,856	-	15,965	15,965
2007	110	TX 05-03409		4/13/2007	1,988	100.00%	100.00%		8.10%		196,852	-	15,945	15,945
2007	111	TX 05-03410		4/25/2007	2,982	100.00%	100.00%		8.10%		295,284	-	23,918	23,918
2007	112	TX 05-03411		4/13/2007	1,988	100.00%	100.00%		8.10%		196,852	-	15,945	15,945
2007	113	TX 05-03412		6/29/2007	1,988	100.00%	100.00%		8.11%		196,856	-	15,965	15,965
2007	114	TX 05-03413		4/13/2007	1,988	100.00%	100.00%		8.10%		196,852	-	15,945	15,945
2007	115	TX 05-03414		4/13/2007	1,988	100.00%	100.00%		8.10%		196,852	-	15,945	15,945
2007	116	TX 05-03415		4/13/2007	994	100.00%	100.00%		8.10%		98,432	-	7,973	7,973
		TOTAL			34,252					$3,391,736		$ -	$ 275,213	$ 275,213

DEVELOPMENT NAME: **The Gardens of Taylor** FILE NUMBER: **08-016**

			Placed in Service Date			Applicable Fraction		Applicable Percentage		Eligible Basis		Requested Tax Credits		
Credit Period Election	Bldg. #	BIN #	Acquisition	Rehab/New Construction	Net Rentable Area (NRA)	Based on Units	Based on NRA	Acquisition	Rehab/ New Constr.	Acquisition	Rehab/ New Constr.	Acquisition	Rehab/ New Constr.	Total
2008	102	TX 08-01601		4/6/2007	2,982	100.00%	100.00%		8.10%		28,247	$ -	$ 2,288	$ 2,288
2008	103	TX 08-01602		3/30/2007	2,982	100.00%	100.00%		8.15%		28,245	-	$ 2,302	$ 2,302
2008	104	TX 08-01603		4/6/2007	1,450	100.00%	100.00%		8.10%		13,728	-	$ 1,112	$ 1,112
2008	105	TX 08-01604		3/30/2007	2,982	100.00%	100.00%		8.15%		28,245	-	$ 2,302	$ 2,302
2008	106	TX 08-01605		4/6/2007	1,988	100.00%	100.00%		8.10%		18,827	-	$ 1,525	$ 1,525
2008	107	TX 08-01606		3/30/2007	2,982	100.00%	100.00%		8.15%		28,245	-	$ 2,302	$ 2,302
2008	108	TX 08-01607		4/6/2007	2,982	100.00%	100.00%		8.10%		28,247	-	$ 2,288	$ 2,288
2008	109	TX 08-01608		6/29/2007	1,988	100.00%	100.00%		8.11%		18,829	-	$ 1,527	$ 1,527
2008	110	TX 08-01609		4/13/2007	1,988	100.00%	100.00%		8.10%		18,827	-	$ 1,525	$ 1,525
2008	111	TX 08-01610		4/25/2007	2,982	100.00%	100.00%		8.10%		28,247	-	$ 2,288	$ 2,288
2008	112	TX 08-01611		4/13/2007	1,988	100.00%	100.00%		8.10%		18,827	-	$ 1,525	$ 1,525
2008	113	TX 08-01612		6/29/2007	1,988	100.00%	100.00%		8.11%		18,829	-	$ 1,527	$ 1,527
2008	114	TX 08-01613		4/13/2007	1,988	100.00%	100.00%		8.10%		18,827	-	$ 1,525	$ 1,525
2008	115	TX 08-01614		4/13/2007	1,988	100.00%	100.00%		8.10%		18,827	-	$ 1,525	$ 1,525
2008	116	TX 08-01615		4/13/2007	994	100.00%	100.00%		8.10%		9,420	-	$ 763	$ 763
		TOTAL			34,252					$324,417		$ -	$ 26,324	$ 26,324

See Independent Auditors' Report

EXHIBIT 10C: TOTAL DEVELOPMENT COST SCHEDULE

DEVELOPMENT NAME: **The Gardens of Taylor** **FILE NUMBER: 05-034/ 08-016**

		DEVELOPMENT COST SUMMARY			Taxpayer Identification Number (TIN) and % of cost if item involves multiple payees [Texas Statutes, Title 10, Chapter 2306.184]
		Total Cost	Eligible Basis		
			Acquisition	New/Rehab.	
ACQUISITION					
Site acquisition cost		120,000			Theophil Karkoska, Louren M. Karkoska- EIN # not available
Existing structures acquisition cost					
Closing costs & acq. legal fees		8,532			Theophil Karkoska, Louren M. Karkoska- EIN # not available
Other:					
Subtotal Acquisition Cost		$128,532	$0	$0	
DIRECT CONSTRUCTION COSTS					
Offsite Work		-			
Demolition					
Site Work		579,884		579,884	Continental Construction 20-1340832
Residential Buildings		2,085,039		2,085,039	Continental Construction 20-1340832
Accessory Buildings					
Subtotal Direct Construction Costs		$2,664,923	$0	$2,664,923	
OTHER CONSTRUCTION COSTS					
General requirements (<6%)	6.29%	167,664		167,664	Continental Construction 20-1340832
Contractor overhead (<2%)	2.10%	55,888		55,888	Continental Construction 20-1340832
Contractor profit (<6%)	6.29%	167,664		167,664	Continental Construction 20-1340832
Subtotal Other Const. Costs		$391,216	$0	$391,216	
INDIRECT CONSTRUCTION COSTS					
Architectural - Design fees		106,974		106,974	See Attached
Architectural - Supervision fees					
Engineering fees		89,793		89,793	See Attached
Real estate attorney/other legal fees		25,010		18,718	See Attached
Accounting fees		13,332		13,332	See Attached
Impact Fees					
Building permits & related costs					
Appraisal					
Market analysis		5,600		5,600	Apartment Market Data Research Services 74-2788748
Environmental assessment		1,980		1,980	See Attached
Soils report					
Survey		32,587		32,587	See Attached
Marketing		25,356			See Attached
Course of construction insurance					
Hazard & liability insurance		31,011		25,634	See Attached
Real property taxes		39,241		18,556	Williamson County Tax Office - EIN # not available
Personal property taxes					
Tenant relocation expenses					
Other: Other Construction Fees/Costs		81,576		34,833	See Attached
Subtotal Indirect Const. Cost		$452,460	$0	$348,007	

See Independent Auditors' Report

TDHCA File #: 05-034/ 08-016

		DEVELOPMENT COST SUMMARY			Taxpayer Identification Number (TIN) and % of cost if item involves multiple payees [Required by Texas Statutes, Title 10, Chapter 2306.184]
		Total Cost	Eligible Basis		
			Acquisition	New/Rehab.	
DEVELOPER FEES					
Housing consultant fees					
General & administrative					
Profit or fee		480,975		480,975	Continental Development Group, Inc. 48-0691401
Subtotal Developer's Fees (<15%)	13.70%	$480,975	$0	$480,975	
FINANCING:					
CONSTRUCTION LOAN(S)					
Interest		75,667		75,667	Boston Capital 04-3464028
Loan origination fees		82,787		3,247	See Attached
Title & recording fees		29,486		28,531	First American Title 95-2561222
Closing costs & legal fees					
Inspection fees					
Credit Report					
Discount Points					
Other:					
PERMANENT LOAN(S)					
Loan origination fees					
Mortgage brokerage fee					
Title & recording fees					
Closing costs & legal					
Bond premium					
Credit report					
Discount points					
Credit enhancement fees					
Prepaid MIP					
Other:					
BRIDGE LOAN(S)					
Interest					
Loan origination fees					
Title & recording fees					
Closing costs & legal fees					
Other:					
OTHER FINANCING COSTS					
Tax credit fees		15,827			TDHCA TIN: 74-2610542
Tax credit application fee		1,080			TDHCA TIN: 74-2610542
Payment bonds					
Performance bonds					
Cost of underwriting & issuance					
Syndication organizational cost					
Tax opinion					
Other:					
Subtotal Financing Cost		$204,847	$0	$107,445	

See Independent Auditors' Report

TDHCA File #: 05-034/ 08-016

	DEVELOPMENT COST SUMMARY			Taxpayer Identification Number (TIN) and % of cost if item involves multiple payees [Required by Texas Statutes, Title 10, Chapter 2306.184]
	Total Cost	Eligible Basis		
		Acquisition	New/Rehab.	
RESERVES				
Rent-up				
Operating	-			The Gardens of Taylor, L.P.
Replacement	7,200			The Gardens of Taylor, L.P.
Escrows				
Subtotal Reserves	$7,200	$0	$0	
TOTAL DEVELOPMENT COSTS	$4,330,153	$0	$3,992,566	
- Commercial Space Costs				
TOTAL RESIDENTIAL COSTS	$4,330,153			

Deduct From Basis:				
Fed. grant proceeds used to finance costs in eligible basis				
Fed. B.M.R. loans used to finance costs in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units				
Historic Credits (residential portion only)				
Total Eligible Basis		$0	$3,992,566	
High Cost Area Adjustment (100% or 130%)			100%	
Total Adjusted Basis		$0	$3,992,566	
Applicable Fraction			100%	
Total Qualified Basis	$3,992,566	$0	$3,992,566	
Applicable Percentage		0.00%	8.11%	**Average**
Owner's Requested Credits	$323,963	$0	$323,963	

See Independent Auditors' Report

Percentage of vendors in each line item	EIN number	Total Development Cost	Eligible Basis	Percentage of Total Development Cost
Architectural - Design fees				
Dennis A. Haugh, Architect	512-58-3483	2,000	2,000	1.87%
Schwerdt Design Group	48-1085409	104,974	104,974	98.13%
		106,974	106,974	100.00%
Engineering fees				
Bartlett & West Engineers	48-0770612	78,815	78,815	87.77%
City of Taylor	74-6002355	10,978	10,978	12.23%
		89,793	89,793	100.00%
Real estate attorney / other legal fees				
David N. Holstead	48-1250739	22,295	18,718	89.14%
Continental Real Estate	48-0691401	450	-	1.80%
Law Offices of Eric Opiela, PLLC	Not Available	1,815	-	7.26%
Unknown		450	-	1.80%
		25,010	18,718	100.00%
Accounting				
Klotz Accounting Services, Inc.	20-1264852	1,002	1,002	7.52%
Demaranville & Kramer, CPA's	743095424	350	350	2.63%
Mayer Hoffman McCann, P.C.	34-1857238	1,950	1,950	14.63%
Lori L. Dutton, CPA, P.A.	Not Available	30	30	0.23%
Reznick Group, P.C.	52-1088612	10,000	10,000	75.01%
		13,332	13,332	100.00%
Other Construction Fees/Costs				
Continental Real Estate	48-0691401	1,516	1,516	1.86%
City of Taylor	74-6002355	22,612	22,612	27.72%
Sherwin-Williams	Not Available	1,098	1,098	1.35%
Pride Landscaping, Inc.	74-2582102	8,497	8,497	10.40%
First American	95-2561222	200	200	0.25%
Texas Department of Licensing and Regulation	74-6000155	910	910	1.12%
Unknown		46,743	-	57.30%
		81,576	34,833	100.00%

Percentage of vendors in each line item	EIN number	Total Development Cost	Eligible Basis	Percentage of Total Development Cost
Environmental Assessment				
The Inspection Group	48-10897431	1,900	1,900	95.96%
Kansas SOS	48-6029925	80	80	4.04%
		1,980	1,980	100.00%
Survey				
Bartlett & West Engineers	48-0770612	10,553	10,553	32.38%
Walker Texas Surveyors	74-2983927	22,034	22,034	67.62%
		32,587	32,587	100.00%
Marketing				
Taylor Chamber of Commerce	Not Available	709	-	2.80%
VitalSigns	Not Available	1,367	-	5.39%
Office Depot	59-2663954	1,615	-	6.37%
Taylor Daily Press	Not Available	208	-	0.82%
DHL Express	Not Available	1,032	-	4.07%
Cingular Wireless	Not Available	153	-	0.60%
Sky Foto	Not Available	719	-	2.84%
Kansas Air Center	Not Available	8,002	-	31.56%
Southwest Airlines	Not Available	265	-	1.05%
United Airlines	Not Available	3,469	-	13.68%
Continental Management of Topeka, Inc.	48-0967934	609	-	2.40%
Texas Secretary of State	Not Available	400	-	1.58%
Continental Aviation Services, LLC	20-3386216	6,551	-	25.84%
Continental Real Estate	48-0691401	257	-	1.01%
		25,356	-	100.00%
Hazard & Liability Insurance				
IMA of Kansas, Inc.	48-1123642	30,984	see below	99.91%
First Insurance Funding Corp.	36-3437365	27	see below	0.09%
		31,011	25,634	100.00%
Loan Origination Fees				
Bank of America	94-1687665	11,000	see below	13.29%
Goodwin Proctor	Not Available	15,750	see below	19.02%
Boston Capital	04-3464028	48,277	see below	58.31%
David N. Holstead	48-1250739	7,760	see below	9.38%
		82,787	3,247	100.00%

EXHIBIT 13A: SOURCES OF FUNDS SUMMARY

DEVELOPMENT NAME: The Gardens of Taylor, LP **FILE NUMBER:** 05-034/ 08-016

PERMANENT FINANCING - Commitment

Source:	Boston Capital Affordable Housing Mortgage Fund, LLC %Boston Capital Finance, LL C	**Contact:**	Sean Curry		
Address:	One Boston Place 21st Floor	**Phone:**	(617) 624-8900	**Fax:**	(617) 624-8999
City:	Boston	**State:**	MA	**Zip:**	02108
Current Balance:	**$1,160,000**	**Closing Date:**	TBD		
Original Principle:	$	**Interest Rate:**	6.99%	**Fixed?**	☒ Yes ☐ No
Annual Payment:	$TBD	**Amortization:**	30 yrs **Term:** 18 yrs	**Lien Priority:**	First

PERMANENT FINANCING – Potential Alternative

Source:	US Department of Agriculture Rural Development Section 538 Loan	**Contact:**			
Address:	Lender to be Determined	**Phone:**	( )	**Fax:**	( )
City:		**State:**		**Zip:**	
Current Balance:	**$TBD**	**Closing Date:**	TBD		
Original Principle:	$	**Interest Rate:**	TBD	**Fixed?**	☒ Yes ☐ No
Annual Payment:	$TBD	**Amortization:**	30 yrs **Term:** 18 yrs	**Lien Priority:**	First

LIHTC SYNDICATION – Original Award

Net Proceeds: **$2,476,660** **Net Syndication Rate (per $1.00 of 10-yr LIHTC)** 90¢

LIHTC SYNDICATION – Additional Award (estimated)

Net Proceeds: **$236,901** **Net Syndication Rate (per $1.00 of 10-yr LIHTC)** 90¢

OWNER'S CONTRIBUTION

Amount: **$456,592** **Source:** Deferred Developer Fee

TOTAL SOURCES OF FUNDS: **$4,330,153**

EXHIBIT 11C. ANNUAL OPERATING EXPENSES

DEVELOPMENT NAME: The Gardens of Taylor **FILE NUMBER:** 05-034/ 08-016

Advertising		$	500	
Legal fees		$		
Accounting		$	3,500	
Leased equipment		$		
Postage & office supplies		$	1,200	
Telephone		$	2,500	
Other	Describe: Travel/Training & Miscellaneous	$	2,000	
Total General & Administrative Expenses:				$ 9,700
Management Fee:	Percent of Effective Gross Income:		6.57%	$ 18,845
Payroll, Payroll Tax & Employee Benefits				
Management		$	14,400	
Maintenance		$	15,540	
Other	Describe: PR Taxes, Benefits, & W/C Ins	$	4,451	
Total Payroll, Payroll Tax & Employee Benefits:				$ 34,391
Repairs & Maintenance				
Elevator		$		
Exterminating		$	500	
Grounds		$	4,800	
Repairs and make-ready		$	4,000	
Supplies		$		
Pool		$		
Other	Describe: Janitorial & Miscellaneous	$	6,600	
Total Repairs & Maintenance:				$ 15,900
Utilities (Enter development owner expense)				
Electric		$	3,920	
Natural gas		$		
Garbage/trash		$	500	
Water & sewer		$	4,600	
Other:	Describe:	$		
Total Utilities:				$ 9,020
Annual Property Insurance:	Rate per net rentable square foot: $		0.38	$ 13,350
Property Taxes:				
Annual Property Taxes:		$	35,050	
Payments in Lieu of Taxes:		$		
Other Taxes:	Describe:	$		
Total Property Taxes:				$ 35,050
Reserve for Replacements:	Reserves per unit per year:		250	$ 9,000
Other Expenses				
Cable TV		$	6,243	
Supportive service contract fees		$		
Compliance fees		$	1,440	
Security		$		
Other	Describe: Additional TDHCA costs	$	12,751	
Total Other Expenses:				$ 20,434
TOTAL ANNUAL EXPENSES	Expense per unit: $		4,603	$ 165,690
NET OPERATING INCOME (before debt service)				$ 120,941
ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.31	$ 92,520
NET CASH FLOW				$ 28,421

EXHIBIT 11D. 30-YEAR PROFORMA

DEVELOPMENT NAME: The Gardens of Taylor **FILE NUMBER:**)5-034/ 08-016

The proforma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and debt service. The Department currently considers an annual growth rate of 3% for income and 4% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME 3% Annual Increase	LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30
POTENTIAL GROSS ANNUAL RENTAL INCOME		$300,144	$309,148	$318,423	$327,975	$337,815	$391,620	$453,995	$526,304	$610,131	$707,309
Secondary Income		8,061	8,303	8,552	8,809	9,073	10,518	12,193	14,135	16,387	18,997
POTENTIAL GROSS ANNUAL INCOME		$308,205	$317,451	$326,975	$336,784	$346,888	$402,138	$466,188	$540,440	$626,518	$726,306
Provision for Vacancy & Collection Loss 7.00%		21,574	22,222	22,888	23,575	24,282	28,150	32,633	37,831	43,856	50,841
Rental Conessions											
EFFECTIVE GROSS ANNUAL INCOME		$286,631	$295,230	$304,087	$313,209	$322,605	$373,988	$433,555	$502,609	$582,661	$675,464
EXPENSES 4% Annual Increase											
General & Administrative Expenses		$ 9,700.00	$10,088	$10,492	$10,911	$11,348	$13,806	$16,797	$20,436	$24,864	$30,251
Management Fee		18,845	$19,599	$20,383	$21,198	$22,046	$26,822	$32,633	$39,704	$48,305	$58,771
Payroll, Payroll Tax & Employee Benefits		34,391	$35,767	$37,197	$38,685	$40,233	$48,949	$59,554	$72,457	$88,155	$107,254
Repairs & Maintenance		15,900	$16,536	$17,197	$17,885	$18,601	$22,631	$27,534	$33,499	$40,757	$49,587
Electric & Gas Utilities		3,920	$4,077	$4,240	$4,409	$4,586	$5,579	$6,788	$8,259	$10,048	$12,225
Water, Sewer & Trash Utilities		5,100	$5,304	$5,516	$5,737	$5,966	$7,259	$8,832	$10,745	$13,073	$15,905
Annual Property Insurance Premiums		13,350	$13,884	$14,439	$15,017	$15,618	$19,001	$23,118	$28,126	$34,220	$41,634
Property Tax		35,050	$36,452	$37,910	$39,426	$41,004	$49,887	$60,695	$73,845	$89,844	$109,309
Reserve for Replacements		9,000	$9,360	$9,734	$10,124	$10,529	$12,810	$15,585	$18,962	$23,070	$28,068
Other Expenses:		20,434	21,251	22,101	22,985	23,905	29,084	35,385	43,051	52,379	63,727
TOTAL ANNUAL EXPENSES		$165,690	$172,318	$179,210	$186,379	$193,834	$235,829	$286,921	$349,084	$424,714	$516,729
NET OPERATING INCOME		$120,941	$122,912	$124,876	$126,830	$128,772	$138,160	$146,633	$153,525	$157,947	$158,735
DEBT SERVICE											
First Deed of Trust Annual Loan Payment		$92,520	$92,520	$92,520	$92,520	$92,520	$92,520	$92,520	$92,520	$92,520	$92,520
Second Deed of Trust Annual Loan Payment											
Third Deed of Trust Annual Loan Payment											
Other Annual Required Payment:											
NET CASH FLOW		$28,421	$30,392	$32,356	$34,310	$36,252	$45,640	$54,113	$61,005	$65,427	$66,215
Debt Coverage Ratio	#DIV/0!	1.31	1.33	1.35	1.37	1.39	1.49	1.58	1.66	1.71	1.72

05034 / 08016 The Gardens of Taylor

Rescission Letter

December 5, 2008

Ivan L. Haugh
Continental Realty, Inc.
2909 SW Plass Ct.
Topeka, KS 66611
Phone: (785) 266-6133
Fax: (785) 266-6134
Email: ihaugh@continentalgroups.com

Re: Rescission of the Binding Allocation Agreement for 2008 Tax Credits for The Gardens of Taylor (TDHCA # 05034 / 08016)

Dear Mr. Haugh:

On October 17, 2008 you received a letter from Mr. Michael Gerber related to the cost certification and IRS Forms 8609 for the development referenced above. The letter stated that "Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling."

The December 1, 2008 deadline was set in order to allow enough time for the IRS Forms 8609 to be processed in advance of December 31, 2008. In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by December 31, 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact.

As of December 1, 2008, all cost certification requirements have not been satisfied. Therefore, this letter serves as official notification of the rescission of the Binding Allocation Agreement for the 2008 tax credits. A list of the items that have not been resolved is attached to this letter.

A formal appeals policy exists for the Housing Tax Credit Program pursuant to Section 50.17(b) of the 2008 QAP. If you wish to appeal the rescission of the Binding Allocation Agreement, you must file your appeal to the Executive Director no later than 5:00 p.m. C.S.T. on December 12, 2008. In the event an appeal is denied by the Executive Director, the QAP allows for the appeal to be heard by the Department's Board. If you would like the appeal to automatically be added to the December 18, 2008 Board meeting, please indicate so in the appeal to the Executive Director.

Although the deadline to appeal under the QAP is December 12, 2008, staff strongly encourages the submission of appeal documentation no later than December 9, 2008 as the December Board book must be posted on December 11, 2008 and appeals submitted on December 11, 2008 may not be able to be incorporated into the Board book if necessary. All appeals should be submitted to the attention of Audrey Martin.

Please be aware that there is very little time between the December 18, 2008 Board meeting and the December 31, 2008 deadline to issue IRS Forms 8609. Therefore, if you intend to appeal the rescission of the Binding Allocation Agreement, staff recommends that you resolve all outstanding issues as soon as possible, but certainly prior to the December 18, 2008 Board meeting.

If you have any questions, please contact Audrey Martin at (512) 475-3872 or audrey.martin@tdhca.state.tx.us or Rosalio Banuelos at (512) 475-3357 or rosalio.banuelos@tdhca.state.tx.us.

Sincerely,

RGM

Robbye G. Meyer
Director of Multifamily Finance

RM:am

cc: Ken Young
By Email Transmission: kyoung@continentalgroups.com

Charlotte Banghart
Boston Capital Corporate Tax Credit Fund XXIV
One Boston Place, 21st Floor
Boston, MA 2108
By Email Transmission: cbanghart@bostoncapital.com

Outstanding Deficiencies for Gardens of Taylor, TDHCA # 05034 / 08016

1. **Application Amendment**: The amendment to the application for the amenities omitted and the decrease in common area square footage must be approved by the Department.
2. **Final Inspections**: Please be aware that all final inspections must have been conducted on this property and all deficiencies identified must be cleared prior to issuance of IRS Forms 8609.
3. **Financial Feasibility:** The development does not currently appear to be financially feasible. The Department cannot issue IRS Forms 8609 to a development that is not considered financially feasible. Per Rosalio Banuelos' December 5, 2008 email, please address the following items:
   a. When the owner's debt service payment is used, the Underwriter's analysis reflects a DCR of 1.04 DCR, which is below the 1.15 DCR required by TDHCA guidelines. Furthermore, the amount of deferred developer fee cannot be repaid in 15 years.
   b. The $167K loan from Boston Capital will not be included in the Underwriter's analysis as a source of funding due to the fact that a firm commitment from the lender has not been provided as supporting documentation for this amount.
   c. Based on the loan amount that can be documented via the commitment from Boston Capital, the Underwriter's analysis reflects an acceptable 1.18 DCR; however, the gap left ($761K) cannot be covered by the available developer fee ($480,975). Additionally, at this loan amount, the Underwriter's analysis indicates the 15-year cumulative cash flow is only $487K.

05034 / 08016 The Gardens of Taylor

October 17, 2008 Notification

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

October 17, 2008

Ivan L. Haugh
Continental Realty, Inc.
2909 SW Plass Ct.
Topeka, KS 66611
Phone: 7852666133
Fax: 7852666134

By Email Transmission: ihaugh@continentalgroups.com

RE: Cost Certification and IRS Forms 8609 for The Gardens of Taylor (TDHCA # 05034 / 08016)

Dear Mr. Haugh:

The Department issued a 2005 Carryover Allocation in the amount of $275,212 and a Binding Allocation Agreement for an additional annual housing credit award from the 2008 credit ceiling in the amount of $26,325 to the Development referenced above. The cost certification documentation submitted to the Department has been reviewed, and outstanding issues have been identified in previous correspondence to the development owner and/or cost certification contact. As of the date of this letter IRS Forms 8609 have not been issued for this development because of outstanding deficiencies.

In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by year end 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact. Issuance of IRS Forms 8609 requires owners to actively resolve all outstanding issues identified at cost certification. This includes completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection. The remaining issues for this development are identified on the attached exhibit.

Please respond to this letter within 7 business days with the resolution to all outstanding deficiencies or a status and timeframe for resolution that can be achieved by December 1, 2008. **Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling.**

If you have any questions you may contact Audrey Martin at Audrey.martin@tdhca.state.tx.us or (512) 475-3872.

Sincerely,

Michael Gerber
Executive Director

MGG:am

Cc: William Keller
By Email Transmission: william.keller@reznickgroup.com

Charlotte Banghart
Boston Capital Corporate Tax Credit Fund XXIV
One Boston Place, 21st Floor
Boston, MA 2108
By Email Transmission: cbanghart@bostoncapital.com

Outstanding Deficiencies for Gardens of Taylor, TDHCA # 05034 / 08016

1. **Exhibit 5A**:
    a. The Net Rentable Area (NRA) is not consistent with the NRA in Exhibit 11A. Please explain and revise the appropriate exhibit(s). All exhibits must reflect consistent information.
    b. Common area square footage decreased by more than 5% from what was indicated at application. Please be aware that a decrease of 3% or greater requires approval by amendment to the application. Please submit an amendment request to Ben Sheppard in the Multifamily Division. If you have specific questions about the amendment process, please contact Mr. Sheppard at (512) 475-2122 or ben.sheppard@tdhca.state.tx.us.
    c. The number of uncovered parking spaces decreased from 92 at application to 79 at cost certification. This change also requires approval from the Department by amendment to the application.
    d. The architect did not certify to the following amenities committed to in the application:
        i. Covered entries
        ii. Senior activity room (arts and crafts)
        iii. Horseshoe, putting green or shuffleboard court.
        iv. 30-year architectural shingle roofing
        v. Mini blinds or window coverings throughout – Please be aware this amenity is required by the 2005 QAP for all developments.

    Please submit a signed statement from your architect indicating if the amenities listed above are present at the development. If any of the amenities have been omitted or substituted, the owner will be required to seek an amendment to the application. Please be aware that IRS Forms 8609 will not be issued until all amendment requests have been approved by the Department.
2. **Exhibit 11A:** The rents for the 60% units are below the maximum HTC rents for the region. Is this due to concessions? Are the rents expected to increase to the maximum HTC rents?
3. **Exhibit 15**: Your letter indicates the development owner is currently in the application process for a greater loan amount under the USDA RD Section 538 Guaranteed Loan Program. Please provide a detailed timeline as to when the final loan amount will be determined and approved. Please be aware that although conversion to the permanent loan is not required for the issuance of 8609s, a firm commitment for the final loan amount must be provided, and this may cause a delay in the issuance of 8609s. Additionally, please keep in mind that in order for any tax credits from the 2008 credit ceiling to be valid, IRS Forms 8609 must be issued in 2008.
4. **Final Inspections**: Please be aware that all final inspections must have been conducted on this property and all deficiencies identified must be cleared prior to issuance of IRS Forms 8609. If you have specific questions about the inspection process, you may contact Kimbal Thompson at (512) 475-3887 or kimbal.thompson@tdhca.state.tx.us, or Gavin Reid at (512) 475-1565 or gavin.reid@tdhca.state.tx.us.
5. **Late Cost Certification**: The cost certification package was submitted after the extended deadline of May 31st. Another extension request and extension fee payment has been submitted to Kent Bedell in the Multifamily Division. However, please be aware the extension request must be approved by the Board.

Sphinx at Luxar – 05082 / 08025

The Owner is appealing the rescission of the 2008 tax credits. As of December 1, 2008, several issues required for the release of IRS forms 8609 were still outstanding: the final inspection; an amendment to the application; an amendment to the Land Use Restriction Agreement ("LURA"); and a nothing further certificate listing the LURA and reflecting no liens on the property. As of the date the Board materials were posted all of these items remain outstanding. The amendment to the application requires Board approval, and will be presented to the Board in another agenda item. The clearance of the final inspection is pending Board approval of the amendment to the application. Clearance of the other two outstanding items are not pending Board approval of the amendment to the application.

The basis of the Owner's appeal is that all outstanding items that can be resolved without Department action have been resolved. The Owner asks that the 2008 tax credits be reinstated, as all remaining items are pending Department action.

It is important to note that two outstanding items can be resolved without Board approval, but have not been resolved as of the date the Board materials were posted. Regarding the final inspection and application amendment, it is correct that those items cannot be cleared unless the Board approves the amendment. However, staff originally notified the Owner of the need for an amendment on August 20, 2008. The Owner did not submit a request until October 24, 2008, and the request was incomplete at that time. The Owner did not supply sufficient documentation to complete the amendment request until November 17, 2008. So although the final items require Board approval, the Owner had sufficient notice to be able to resolve the amendment at either the September or November Board meeting.

In addition to the issues discussed above, the recommended tax credit allocation is $19,596 lower than the Owner's request. This recommendation is consistent with the recommendation in the underwriting analysis that was performed in conjunction with the application amendment, and which will be presented to the Board in another agenda item.

Relevant documentation related to this appeal is provided behind the Board Action Request: the Owner's appeal of the rescission of the 2008 tax credits; the notice of rescission sent by the Department to the Owner on December 4, 2008; the final inspection deficiency letter dated December 10, 2008; and the letter of notification of the December 1, 2008 deadline sent to the Owner on October 17, 2008.

Owner:	SDC Luxar Investments, LP
Site Location:	3110 S. Cockrell Hill Road
City / County:	Dallas / Dallas County
Regional Allocation Category:	Urban
Set-Aside:	None
Population Served:	General
Region:	3
Type of Development:	New Construction
Units:	100

Credits Requested:	$918,536
Credits Recommended:	$898,940

Staff Recommendation: Because several outstanding issues have not been cleared by the Department as of the date the Board materials were posted, staff recommends that the Board deny the appeal. However, if the Owner resolves all outstanding issues with the exception of the application amendment prior to the Board meeting, and if the Board approves the application amendment during the Board meeting, staff recommends that the appeal be granted and the 2008 tax credits reinstated.

05082 / 08025 Sphinx at Luxar

Owner's Appeal Documentation

SHACKELFORD MELTON & McKINLEY
ATTORNEYS & COUNSELORS

Macy Melton Humble
Direct 214.780.1304
mhumble@shacklaw.net

December 9, 2008

VIA ELECTRONIC MAIL

The Governing Board
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 900
Austin, Texas 78711
c/o Mike Gerber, Executive Director

Re: Tax Credit Program: Sphinx at Luxar Villas project, Dallas, Texas (TDHCA No. 05-082 / 08-025) (the "Development")

Dear Ladies and Gentlemen:

This firm represents SDC Luxar Investments LP, a Texas limited partnership ("Partnership"), in connection with financing the acquisition and rehabilitation of the Development. The Partnership is in receipt of a letter from the Department dated December 4, 2008, regarding rescission of the Binding Agreement for 2008 Tax Credits (the "Rescission Letter") due to certain deficiencies noted for cost certification prior to December 1, 2008. By way of background, the Partnership received tax credits related to the Development in the 2005 cycle and received additional credits to supplement construction costs in 2008. The Rescission Letter relates to the additional 2008 tax credits. The purpose of this letter is to appeal the Rescission Letter regarding the additional 2008 tax credits pursuant to Section 50.17(b) of the 2008 Qualified Allocation Plan ("QAP") and to request that this item be added to the Board agenda for the December 18, 2008 meeting.

The Rescission Letter indentifies four deficiencies relating to cost certification and IRS Form 8609 related to the Development, three of which cannot be addressed prior to the Board approving the application amendment (item#1) relating to a change in the number of half baths. It is our understanding that approval of the application amendment is on the agenda for the Board's December 18 meeting, but that this approval is required in order the amend the LURA to reflect this change as well as an error in indicating the applicable set aside percentages (item #2) and the Exhibit 8B nothing further certificate (item #3). With regard to the final inspection (item #4), it is our understanding that the Partnership's engineer has responded to the Department's

3333 Lee Parkway
Tenth Floor
Dallas, Texas 75219
Phone 214.780.1400
Fax 214.780.1401
www.shacklaw.net

identification of outstanding matters with photos and other documentation and that the Partnership is awaiting formal verification of this from the Department but anticipates that these items will have been addressed prior to the December 18 meeting. Thus, to date, Partnership has taken all actions it can take to address all deficiencies that it can without action by the Department. Accordingly, Partnership requests that in connection with approval of the application amendments, the Board also direct staff to take any action on its part required to complete cost certification with respect to the Development.

Respectfully submitted,

Macy M. Humble

Macy Melton Humble, Esq.

Cc: Audrey Martin, TDHCA
Joseph Agumadu, SDC Luxar Investments, LP

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05082 / 08025 Sphinx at Luxar

Rescission Letter

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
Governor

Michael Gerber
Executive Director

December 4, 2008

Jay O. Oji
SDC Luxar Investments, LP
3030 LBJ Freeway, Suite 880
Dallas, TX 75234
Phone: (214) 342-1400
Fax: (214) 342-1409
Email: jay@sphinxdevelopment.com

Re: Rescission of the Binding Allocation Agreement for 2008 Tax Credits for Sphinx at Luxar (TDHCA # 05082 / 08025)

Dear Mr. Oji:

On October 17, 2008 you received a letter from Mr. Michael Gerber related to the cost certification and IRS Forms 8609 for the development referenced above. The letter stated that "Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling."

The December 1, 2008 deadline was set in order to allow enough time for the IRS Forms 8609 to be processed in advance of December 31, 2008. In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by December 31, 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact.

As of December 1, 2008, all cost certification requirements have not been satisfied. Therefore, this letter serves as official notification of the rescission of the Binding Allocation Agreement for the 2008 tax credits. A list of the items that have not been resolved is attached to this letter.

A formal appeals policy exists for the Housing Tax Credit Program pursuant to Section 50.17(b) of the 2008 QAP. If you wish to appeal the rescission of the Binding Allocation Agreement, you must file your appeal to the Executive Director no later than 5:00 p.m. C.S.T. on December 11, 2008. In the event an appeal is denied by the Executive Director, the QAP allows for the appeal to be heard by the Department's Board. If you would like the appeal to automatically be added to the December 18, 2008 Board meeting, please indicate so in the appeal to the Executive Director.

Although the deadline to appeal under the QAP is December 11, 2008, staff strongly encourages the submission of appeal documentation no later than December 9, 2008 as the December Board book must be posted on December 11, 2008 and appeals submitted on December 11, 2008 may not be able to be incorporated into the Board book if necessary. All appeals should be submitted to the attention of Audrey Martin.

Please be aware that there is very little time between the December 18, 2008 Board meeting and the December 31, 2008 deadline to issue IRS Forms 8609. Therefore, if you intend to appeal the rescission of the Binding Allocation Agreement, staff recommends that you resolve all outstanding issues as soon as possible, but certainly prior to the December 18, 2008 Board meeting.

If you have any questions, please contact Audrey Martin at (512) 475-3872 or audrey.martin@tdhca.state.tx.us or Rosalio Banuelos at (512) 475-3357 or rosalio.banuelos@tdhca.state.tx.us.

Sincerely,

Robbye G. Meyer
Director of Multifamily Finance

RM:am

cc: Joseph Agumadu
By Email Transmission: joseph@sphinxdevelopment.com

Jason Brown
Wachovia Securities
301 South College St., 17th Floor
Charlotte, NC 28288
By Email Transmission: Jason.brown@wachovia.com

Outstanding Deficiencies for Sphinx at Luxar Villas, TDHCA # 05082 / 08025

1. **Application Amendment**: Please be aware 8609s will not be issued until the application amendment is approved by the Department's Board.
2. **Amendment to Land Use Restriction Agreement (LURA)**: The fully executed and recorded LURA includes incorrect minimum applicable fractions for buildings 1, 4, and 7. An amendment to the LURA must now be completed to correct the minimum applicable fractions. Building 1 should indicated a minimum applicable fraction of 94.12%, building 4 should indicate 92.31%, and building 7 should indicate 94.12%. Please be aware 8609s will not be issued until the LURA amendment is fully processed, recorded in the county, and returned to the Department. Please contact Meg Tynan at (512) 475-3067 or meg.tynan@tdhca.state.tx.us to begin the LURA amendment process.
3. **Exhibit 8B**: Once the Land Use Restriction Agreement (LURA) is fully processed and recorded, an updated nothing further certificate listing the recorded LURA must be provided.
4. **Final Inspections**: Please be aware that all final inspections must have been conducted on this property and all deficiencies identified must be cleared prior to issuance of IRS Forms 8609. If you have specific questions about the inspection process, you may contact Kimbal Thompson at (512) 475-3887 or kimbal.thompson@tdhca.state.tx.us or Gavin Reid at (512) 475-1565 or gavin.reid@tdhca.state.tx.us.

05082 / 08025 Sphinx at Luxar

Final Inspection Deficiency Letter

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

December 10, 2008

SDC Luxar Investments, LP
Attn: Jay Oji
3030 LBJ Freeway, Ste 880
Dallas, TX 75234

RE: October 28, 2008 Deficiency Letter Follow-up Notice
Final Development Inspection conducted on October 14, 2008
Sphinx at Luxar Villas – TDHCA File No: 05082 – CMTS No: 4254

Dear Mr. Oji:

The Portfolio Management and Compliance Division received corrective action in response to deficiencies identified in the final inspection. Following are the results of the review of your corrective action responses received December 3rd and 9th, 2008:

- **Deficiency #1:** NOT CLOSED. Unit Mix. The owner's response indicated that a change request or an amendment request will be submitted to the Department for approval. Before this inspection matter can be closed, a written copy of the Departments approval or evidence of correction must be submitted to this office as corrective action. Original deficiency letter attached.
- **Deficiency #3:** NOT CLOSED. 170 Covered Parking Spaces. The owner's response indicated that a change request or an amendment request will be submitted to the Department for approval. Before this inspection matter can be closed, a written copy of the Departments approval or evidence of correction must be submitted to this office as corrective action. Original deficiency letter attached.
- **Deficiency #5:** NOT CLOSED. 59 Space Detached Garages. The owner's response indicated that a change request or an amendment request will be submitted to the Department for approval. Before this inspection matter can be closed, a written copy of the Departments approval or evidence of correction must be submitted to this office as corrective action. Original deficiency letter attached.
- **Deficiency #2, #4, #6-9 :** CLOSED. Sufficient documentation was received to close these deficiencies.

Please submit all outstanding corrective action as a single response as specified in the Department deficiency letter no later than **December 18, 2008**. Failure to respond by the due date may delay the issuance of IRS Form 8609 and/or could result in sanctions on current or future awards. If you have any questions, feel free to contact me directly at (512) 475-3887, toll free in Texas at (800) 643-8204 through email at kimbal.thompson@tdhca.state.tx.us.

Sincerely,

Kimbal Thompson
Inspection Specialist

cc: Inspection File
TDHCA Real Estate Analysis Division

Attachments

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

October 28, 2008

SDC Luxar Investments, LP
Attn: Jay Oji
3030 LBJ Freeway, Ste 880
Dallas, TX 75234

RE: Final Development Inspection conducted on October 14, 2008
Sphinx at Luxar Villas – TDHCA File No: 05082 – CMTS No: 4254

Dear Mr. Oji:

The Portfolio Management and Compliance Division (the Department) is responsible for monitoring compliance with program and accessibility requirements during construction.

The attached inspection letter has been prepared to explain the deficiencies observed during the inspection process and to detail the required corrective action. Please supply all requested documentation immediately in order to clear all outstanding issues by **December 1, 2008** (the corrective action deadline). The documentation should be sent in as a single response when the corrective action is complete. Please address each deficiency item separately with an owner's certification of correction and photographic evidence that clearly shows the corrected condition. When the response is received, the Department will then determine whether or not the submitted material sufficiently corrects the deficiencies or concerns.

If it is not possible to provide the requested documentation by the corrective action deadline, please request an extension stating when the corrective action is expected to be complete. It will be the sole responsibility of the owner to inform the Department when and if the finding is corrected and submit the appropriate documentation. No further requests will be made by TDHCA for corrective action documentation.

Note that if construction is not properly completed, including provision of all committed features and compliance with accessibility requirements, the finalization of this process may be delayed. If you have any questions regarding the inspection report, please feel free to contact me directly at (512) 475-3887, toll free in Texas at (800) 643-8204 or through email at kimbal.thompson@tdhca.state.tx.us

Sincerely,

Kimbal Thompson
Inspections Specialist

cc: Inspection File
TDHCA Real Estate Analysis Division

Attachments

The Texas Department of Housing and Community Affairs performed a Final Development inspection of the above mentioned property. Pam Green conducted the inspection for the Department and Adolphus Oji represented the Development Owner.

Application Deficiencies – Corrective action required before December 1, 2008

- **Deficiency # 1**: Unit Mix The application indicated that the unit mix of the Development would consist of the unit types, totals and sizes shown in the left column below. The owner-provided information indicated the development consists of the units shown on the right column below. Note the Unit Type discrepancies in bold type.

Units Committed	Units Provided
11 2-bdrm/**2.5-bath** units at 974 sq. ft.	11 2-bdrm/**1.5-bath** units at 974 sq. ft.
9 2-bdrm/**2.5-bath** units at 1044 sq. ft.	9 2-bdrm/**1.5-bath** units at 1044 sq. ft.
6 2-bdrm/**2.5-bath** units at 1005 sq. ft.	6 2-bdrm/**1.5-bath** units at 1005 sq. ft.
8 2-bdrm/**2.5-bath** units at 1057 sq. ft.	8 2-bdrm/**1.5-bath** units at 1057 sq. ft.
27 3-bdrm/2.5-bath units at 1195 sq. ft.	12 2-bdrm/2.5-bath units at 1256 sq. ft.
8 3-bdrm/2-bath units at 1226 sq. ft.	23 3-bdrm/2-bath units at 1295 sq. ft.
100 Total units	100 Total units

  - **Corrective Action** – Please respond with the appropriate Corrective Action Response listed below for the discrepancies underlined above.

- **Deficiency # 2**: The application identified covered patio as one of the scoring point amenities to be included in the development. At inspection, it was reported that common-use sidewalks were observed at rear entries of some ground level units, but individual private patios at these units were not observed.

- **Deficiency # 3**: The application identified 170 covered parking spaces (carports) as one of the specified amenities to be included in the development. At inspection, only 9 carports were observed.

- **Deficiency # 4**: The application identified covered pavilion with barbecue grills and tables as one of the scoring point amenities to be included in the development. At inspection, the completed facilities were reported as not observed.

- **Deficiency # 5**: The application identified 59 detached garages as one of the specified amenities to be included in the development. At inspection, only 40 garages were reported as observed.

  - **Corrective Action** – Please respond with the appropriate Corrective Action Response listed below for each amenity deficiency cited above:

Corrective Action Responses

1. Inspection Error. If the application representation or amenity was provided as committed and you believe the inspection report to be in error, provide the Department with written certification of this and, if an amenity deficiency, provide photographic evidence.
2. Development Error. If an application representation or committed amenity was not provided, complete the work and submit an owner's written certification of completion

with photographic evidence clearly showing the corrected condition. If the amenity or facility is intended for common use, it must comply with the applicable accessibility requirements and be on an accessible route that is stable, firm, and slip resistant such as compacted crushed granite or concrete.

3. Approved Change. If the deficiency is a change from the commitments and representations of the application and approval of the change has been received in writing from the Department, submit a copy of the approval notification as corrective action to address the deficiency.

4. Unapproved Change. If the deficiency is a change from the commitments and representations of the application and approval of the change has not been received in writing from the Department, it may be necessary to request an amendment to the application. Please contact Ben Sheppard in Multi-Family Finance and Production at (512) 475-2122 with any questions regarding this process. Attached is the process and instructions to formally request an amendment. Submit a copy of the Department's approval notification as corrective action to address the deficiency.

Accessibility Deficiencies – Corrective action required before December 1, 2008

- **Deficiency #6:** Toilet Position at Full-Length Wall / UFAS Bathroom *(UFAS reference 4.34.5.2(1))* Unit #3101, designated as a mobility accessible unit and subject to UFAS design requirements, is reported to not provide an accessible distance between the toilet and the full length wall at the side. The distance is reported to be 19" measured from the centerline of the toilet to the wall.
  - **Corrective Action:** Please provide an owner's statement with photographic evidence that the condition has been corrected. Provide toilets in corners positioned with centerline exactly 18" from the side walls.

    Ensure that if a lavatory or vanity is located on the other side of the toilet, clearance of at least 18" from the toilet centerline to the lavatory or vanity is provided.
- **Deficiency #7:** Accessible Route to Building Entrances of Accessible Dwelling Units, Fair Housing Covered Units, and Public and Common Use Facilities *(Fair Housing Act Design Manual reference pg. 1.10 and UFAS reference 4.3.2(3))* It is reported that the trash dumpsters are not connected with the accessible route for the property.
  - **Corrective Action** – Please provide an owner's statement with photographic evidence that the condition has been corrected. Provide an accessible route within the boundaries of the site to and into each building entrance of each accessible dwelling unit, each Fair Housing covered unit, and at least one of each type of common use facility.
- **Deficiency #8:** Accessible Space for Each Parking Type *(Fair Housing Act Design Manual reference pg. 2.23)* It is reported that the development provides different types of parking (i.e. surface, garage, covered spaces) without at least one accessible space for each parking type. The reports shows there are no accessible carport spaces.
  - **Corrective Action** – Please provide an owner's statement with photographic evidence that the condition has been corrected. Provide at least one accessible carport space.

Ensure that a vertically mounted sign that is not obscured by parked vehicles designating the parking space as reserved for accessible parking is provided.

Ensure that an adjacent, level surface parking access aisle that is at least 60" wide and is connected to the accessible route (one aisle may be shared between two adjacent accessible parking spaces) is provided.

- **Deficiency #9:** Accessible Mailboxes *(Fair Housing Act Design Manual reference pg. 2.12 and UFAS reference 4.2.6)* The mail kiosk is a common use facility subject to the Fair Housing and UFAS design requirements and are required to be fully wheelchair accessible. The inspection report indicated that the mail box locks for the wheelchair accessible unit(s) are at an inaccessible height of 63" above the floor.
    - **Corrective Action** – If all mail boxes will not be made accessible, provide a photo and an owner's or architect's written certification that the following features are accessible: 1) the out-going mail slot and parcel locker operating mechanism (if any), 2) mailbox key lock for each fully mobility-accessible dwelling unit, and 3) the key lock of mailboxes for Fair Housing covered units in a sufficient number of each type to assure equitable opportunity for use by people with disabilities. Out-going slot and locker, and accessible mailboxes must be on an accessible route, be usable by persons with disabilities, and be located in a range of 9" to 54" from the floor if side (parallel) approach is possible, or 15" to 48" from the floor if only forward (perpendicular) approach is possible.

Accessibility Compliance Certification:

The enclosed Compliance Certification must be completed and returned to the Department. The development must certify that it is in compliance with TDHCA requirements regarding accessibility design and construction standards of the Fair Housing Act, as amended in 1988, and Section 504 of the Rehabilitation Act of 1973.

Any disagreements the development may have with any noted accessibility deficiencies should be accompanied with an explanation of why the items identified would not constitute violations of Department requirements.

Comments:

- **Comment #1:** The accessibility deficiencies noted above were a result of the inspection of only "1" of the required dwellings designated as "fully" accessible. The Owner should ensure that all units designed to meet this threshold requirement do not have the deficiencies noted above. If the deficiencies exist then the Owner should bring all those units into compliance. It is the Developer's responsibility to ensure that all units required to be "accessible" in accordance with the technical specifications of the Uniform Federal Accessibility Standards (UFAS) are in full compliance.
- **Comment #2:** The accessibility deficiencies noted above were a result of the inspection of only "3" of the "covered" Fair Housing dwellings. The Owner should ensure that all units designed to meet this threshold requirement do not have the deficiencies noted above. If the deficiencies exist then the Owner should bring all those units into compliance. It is the Developer's responsibility to ensure that all units required to be "accessible" under the Fair Housing Guidelines are in full compliance.

05082 / 08025 Sphinx at Luxar

October 17, 2008 Notification

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
Governor

Michael Gerber
Executive Director

October 17, 2008

Jay O. Oji
SDC Luxar Investments, LP
3030 LBJ Freeway, Suite 880
Dallas, TX 75234
Phone: (214) 342-1400
Fax: (214) 342-1409

By Email Transmission: jay@sphinxdevelopment.com

RE: Cost Certification and IRS Forms 8609 for Sphinx at Luxar (TDHCA # 05082 / 08025)

Dear Mr. Oji:

The Department issued a 2005 Carryover Allocation in the amount of $858,445 and a Binding Allocation Agreement for an additional annual housing credit award from the 2008 credit ceiling in the amount of $60,091 to the Development referenced above. The cost certification documentation submitted to the Department has been reviewed, and outstanding issues have been identified in previous correspondence to the development owner and/or cost certification contact. As of the date of this letter IRS Forms 8609 have not been issued for this development because of outstanding deficiencies.

In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by year end 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact. Issuance of IRS Forms 8609 requires owners to actively resolve all outstanding issues identified at cost certification. This includes completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection. The remaining issues for this development are identified on the attached exhibit.

Please respond to this letter within 7 business days with the resolution to all outstanding deficiencies or a status and timeframe for resolution that can be achieved by December 1, 2008. **Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling.**

If you have any questions you may contact Audrey Martin at Audrey.martin@tdhca.state.tx.us or (512) 475-3872.

Sincerely,

Michael Gerber
Executive Director

MGG:am

Cc: Joseph Agumadu
By Email Transmission: joseph@sphinxdevelopment.com

Tim McCann
Wachovia Securities
301 South College St., 17th Floor
Charlotte, NC 28288
By Email Transmission: tim.mccann@wachovia.com

Outstanding Deficiencies for Sphinx at Luxar Villas, TDHCA # 05082 / 08025

1. **Exhibit 3D**: Please indicate if a Historically Underutilized Business (HUB) participates in the ownership structure of this deal.
2. **Exhibit 4**: Please indicate the Taxpayer Identification Number (TIN) for Novogradac & Company LLP. Additionally, please provide the email address for the syndicator contact.
3. **Exhibit 5A**:
   a. The Net Rentable Area (NRA) is not consistent with the NRA in Exhibits 9A and 11A. Please revise the appropriate exhibit(s).
   b. The architect did not identify the following amenities committed to in the application as being present at the development:
      i. Covered patios or balconies
      ii. Two children's playgrounds equipped for 5 to 12 year olds, two tot lots, or one of each
      iii. R-15 Walls/R-30 Ceilings – please note this amenity is represented in Exhibit 5A by the box that identifies insulation values that meet the 2000 International Energy Conservation Code (IECC).
      iv. 30-year architectural shingle roofing
      v. Ceiling fixtures in all rooms

   Please have your architect indicate if the amenities listed above are present at the development. Any documentation submitted for this item must have the signature of the architect. If any of the amenities have been omitted or substituted, the owner will be required to seek an amendment to the application.
   c. The number of uncovered parking spaces decreased from 240 at application to 140 at cost certification. Please be aware this change requires approval by amendment to the application. Please submit an amendment request to Ben Sheppard in the Multifamily Division. If you have questions about this item, please contact Mr. Sheppard at (512) 475-2122 or ben.sheppard@tdhca.state.tx.us. Please be aware that IRS Forms 8609 will not be issued until all amendment requests have been approved by the Department.
4. **Exhibit 6, As-Built Survey**: The survey does not indicate the acreage of the site. Please submit a revised survey indicating the site acreage. Additionally, the table listing the buildings appears to have a typographical error in the Building Identification Numbers (BINs). Please revise the exhibit.
5. **Exhibit 8B**: Once the Land Use Restriction Agreement (LURA) is fully processed and recorded, an updated nothing further certificate listing the recorded LURA must be provided.
6. **Exhibit 9A**:
   a. Please revise the exhibit to identify the correct BINs.
   b. The NRA by building is not consistent with the NRA by building calculated from the rent roll as of 6/26/08. Please explain and revise the exhibit. Please be aware this change requires a revision to Appendix A of the LURA.

c. Due to the fact that the tax credit percentage was locked when the Binding Agreement was signed, the locked percentage must be used for both credit allocations. Please revise Exhibit 9A.

7. **Exhibit 10C**: The Reconciliation of Land Costs to Exhibit 10C under Tab 7 reflects acquisition costs of $541,973; however, Exhibit 10C identifies a site acquisition cost of $547,155. Please explain.
8. **Exhibit 11A**:
   a. At application it was indicated 61 units would have 2.5 baths, but at cost certification only 35 units are identified as having 2.5 baths. Please explain and be aware this change requires an amendment to the application.
   b. Please confirm Exhibit 11A identifies the correct number of baths for the 1,256 sq. ft. units. TC 30% units are identified as having 2.5 baths, but TC 60% units are identified as having 2 baths.
   c. Please identify the non rental income source(s).
9. **Exhibit 11B**: The exhibit indicates the tenant paid utility allowances include trash. Please confirm this is correct or revise the exhibit to identify accurate information.
10. **Exhibit 12B, Rent Roll**: Please indicate if the SUBR payments identified in the rent roll represent tenant-based or project-based assistance.
11. **Exhibit 13A**: Please explain how the syndication rate was calculated. Based on the information in the Amended and Restated Agreement of Limited Partnership, the syndication rate is $0.947. Be aware that based on this syndication rate, the development does not qualify for the full amount of credits from the 2008 allocation.
12. **Permanent Loan**:
   a. Please indicate if the loan has converted to the permanent phase.
   b. Additionally, Exhibit 13A indicates the interest rate has been fixed; please submit a rate lock agreement or supporting documentation from the lender.
13. **Exhibit 17A**: The certificate required for this exhibit must be from TDHCA or from The Texas Apartment Association (TAA) and it must be for housing tax credit training. Please submit the appropriate exhibit and a revised Exhibit 17B, if necessary.
14. **Land Use Restriction Agreement (LURA)**: The Compliance Division of the Department indicates the LURA for this development has not been submitted for processing. Please be aware 8609s will not be issued until the original LURA is fully processed, recorded in the county, and returned to the Department. Additionally, item 5 above must be satisfied. If you have questions about the LURA, please contact Jennifer Head at (512) 475-1971 or jennifer.head@tdhca.state.tx.us or Jessica Trejo at (512) 475-3969 or jessica.trejo@tdhca.state.tx.us.
15. **Final Inspections**: Please be aware that all final inspections must have been conducted on this property and all deficiencies identified must be cleared prior to issuance of IRS Forms 8609. It appears that the final inspection for this development has not yet been scheduled. Please schedule the final inspection by

completing the form at http://www.tdhca.state.tx.us/pmcdocs/08-ConstInspFinal.pdf. If you have specific questions about the inspection process, you may contact Kimbal Thompson at (512) 475-3887 or kimbal.thompson@tdhca.state.tx.us or Gavin Reid at (512) 475-1565 or gavin.reid@tdhca.state.tx.us.

16. **Outstanding Fees**: The Financial Services Division indicates this property has outstanding fees. Please be aware that all fees to the Department must be paid before IRS Forms 8609 can be released. If you have specific questions about the fees, please contact Monica Guerra at (512) 475-1051.

Sphinx at Reese Court – 05095 / 08030

The Owner is appealing the rescission of the 2008 tax credits. As of December 1, 2008, several issues required for the release of IRS forms 8609 were still outstanding: the final inspection; an amendment to the application; the Land Use Restriction Agreement ("LURA"); a lien release; and a nothing further certificate listing the LURA and reflecting no liens on the property. As of the date the Board materials were posted all of these items remain outstanding. The amendment to the application requires Board approval, and will be presented to the Board in another agenda item. The clearance of the final inspection and the completion of the LURA processing are pending Board approval of the amendment to the application. The nothing further certificate is pending the recording of the fully executed original LURA. Clearance of the item related to lien release is not pending Board approval of the amendment to the application.

The basis of the Owner's appeal is that all outstanding items that can be resolved without Department action have been resolved. The Owner asks that the 2008 tax credits be reinstated, as all remaining items are pending Department action.

It is important to note that one outstanding item can be resolved without Board approval, but has not been resolved as of the date the Board materials were posted. Regarding the final inspection, LURA, and application amendment, it is correct that those items cannot be cleared unless the Board approves the amendment. However, staff originally notified the Owner of the need for an amendment on August 8, 2008. The Owner did not submit a request until October 24, 2008, and the request was incomplete at that time. The Owner did not supply sufficient documentation to complete the amendment request until November 17, 2008. So although the final items require Board approval, the Owner had sufficient notice to be able to resolve the amendment at either the September or November Board meeting.

Relevant documentation related to this appeal is provided behind the Board Action Request: the Owner's appeal of the rescission of the 2008 tax credits; the notice of rescission sent by the Department to the Owner on December 4, 2008; the final inspection deficiency letter dated December 10, 2008; and the letter of notification of the December 1, 2008 deadline sent to the Owner on October 17, 2008.

Owner:	SDC Ewing Court, LP
Site Location:	1201 South Ewing Avenue
City / County:	Dallas / Dallas County
Regional Allocation Category:	Urban
Set-Aside:	None
Population Served:	General
Region:	3
Type of Development:	New Construction
Units:	80
Credits Requested:	$647,951
Credits Recommended:	$647,951

Staff Recommendation: Because several outstanding issues have not been cleared by the Department as of the date the Board materials were posted, staff recommends that the Board deny the appeal. If the Board approves the amendment to the application, and if the Board chooses to grant the appeal, staff recommends that if the Owner is unable to provide evidence that the fully executed LURA has been recorded with the County Clerk, and that all liens have been released by 5:00 p.m. C.S.T. on Monday, December 29, 2008, that IRS Forms 8609 will not be issued by the Department. The purpose of this recommendation is to allow sufficient time for the execution of the IRS Forms 8609.

05095 / 08030 Sphinx at Reese Court

Owner’s Appeal Documentation

SHACKELFORD MELTON & McKINLEY
ATTORNEYS & COUNSELORS

Macy Melton Humble
Direct 214.780.1304
mhumble@shacklaw.net

December 9, 2008

VIA ELECTRONIC MAIL

The Governing Board
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 900
Austin, Texas 78711
c/o Mike Gerber, Executive Director

Re: Tax Credit Program: Sphinx at Reese Court project, Dallas, Texas (TDHCA No. 05-095 / 08-030) (the "Development")

Dear Ladies and Gentlemen:

This firm represents SDC Ewing Court, LP, a Texas limited partnership ("Partnership"), in connection with financing the acquisition and rehabilitation of the Development. The Partnership is in receipt of a letter from the Department dated December 4, 2008, regarding rescission of the Binding Agreement for 2008 Tax Credits (the "Rescission Letter") due to certain deficiencies noted for cost certification prior to December 1, 2008. By way of background, the Partnership received tax credits related to the Development in the 2005 cycle and received additional credits to supplement construction costs in 2008. The Rescission Letter relates to the additional 2008 tax credits. The purpose of this letter is to appeal the Rescission Letter regarding the additional 2008 tax credits pursuant to Section 50.17(b) of the 2008 Qualified Allocation Plan ("QAP") and to request that this item be added to the Board agenda for the December 18, 2008 meeting.

The Rescission Letter indentifies five deficiencies, three of which cannot be addressed prior to the Board approving the application amendment (item#1) relating to increasing the number of buildings at the Development from six to seven. It is our understanding that approval of the application amendment is on the agenda for the Board's December 18 meeting, but that this approval is required in order the amend the LURA (item #3) and thus to be able to issue the Exhibit 8B nothing further certificate (item #4). With regard to the releases (item #2) and the final inspection (item #5), it is our understanding that the Partnership or Partnership's engineer has responded to the Department's identification of outstanding matters with photos and other documentation and that the Partnership is awaiting formal verification of this from the

Department but anticipates these items will have been addressed prior to the December 18 meeting. Thus, to date, Partnership has taken all actions it can take to address all deficiencies that it can without action by the Department. Accordingly, Partnership requests that in connection with approval of the application amendments, the Board also direct staff to take any action on its part required to complete cost certification with respect to the Development.

Respectfully submitted,

Macy M. Humble

Macy Melton Humble, Esq.

Cc: Audrey Martin, TDHCA
Joseph Agumadu, SDC Ewing Court, LP

N:\MHumble\Appeal letter Reese Court.docx

05095 / 08030 Sphinx at Reese Court

Rescission Letter

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
Governor

Michael Gerber
Executive Director

December 4, 2008

Jay O. Oji
SDC Ewing Court, LP
3030 LBJ Freeway, Suite 880
Dallas, TX 75234
Phone: (214) 342-1400
Fax: (214) 342-1409
Email: jay@sphinxdevelopment.com

Re: Rescission of the Binding Allocation Agreement for 2008 Tax Credits for Sphinx at Reese Court (TDHCA # 05095 / 08030)

Dear Mr. Oji:

On October 17, 2008 you received a letter from Mr. Michael Gerber related to the cost certification and IRS Forms 8609 for the development referenced above. The letter stated that "Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling."

The December 1, 2008 deadline was set in order to allow enough time for the IRS Forms 8609 to be processed in advance of December 31, 2008. In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by December 31, 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact.

As of December 1, 2008, all cost certification requirements have not been satisfied. Therefore, this letter serves as official notification of the rescission of the Binding Allocation Agreement for the 2008 tax credits. A list of the items that have not been resolved is attached to this letter.

A formal appeals policy exists for the Housing Tax Credit Program pursuant to Section 50.17(b) of the 2008 QAP. If you wish to appeal the rescission of the Binding Allocation Agreement, you must file your appeal to the Executive Director no later than 5:00 p.m. C.S.T. on December 11, 2008. In the event an appeal is denied by the Executive Director, the QAP allows for the appeal to be heard by the Department's Board. If you would like the appeal to automatically be added to the December 18, 2008 Board meeting, please indicate so in the appeal to the Executive Director.

Although the deadline to appeal under the QAP is December 11, 2008, staff strongly encourages the submission of appeal documentation no later than December 9, 2008 as the December Board book must be posted on December 11, 2008 and appeals submitted on December 11, 2008 may not be able to be incorporated into the Board book if necessary. All appeals should be submitted to the attention of Audrey Martin.

Please be aware that there is very little time between the December 18, 2008 Board meeting and the December 31, 2008 deadline to issue IRS Forms 8609. Therefore, if you intend to appeal the rescission of the Binding Allocation Agreement, staff recommends that you resolve all outstanding issues as soon as possible, but certainly prior to the December 18, 2008 Board meeting.

If you have any questions, please contact Audrey Martin at (512) 475-3872 or audrey.martin@tdhca.state.tx.us or Rosalio Banuelos at (512) 475-3357 or rosalio.banuelos@tdhca.state.tx.us.

Sincerely,

Robbye G. Meyer
Director of Multifamily Finance

RM:am

cc: Joseph Agumadu
By Email Transmission: joseph@sphinxdevelopment.com

Jason Brown
Wachovia Securities
301 South College St., 17th Floor
Charlotte, NC 28288
By Email Transmission: Jason.brown@wachovia.com

Outstanding Deficiencies for Sphinx at Reese Court, TDHCA # 05095 / 08030

1. **Application Amendment**: Please be aware IRS Forms 8609 cannot be released until all amendments have been approved by the Department's Board.
2. **Exhibit 8C**: A full copy of an executed and recorded release is required for each lien listed in the title policy or nothing further certificate.
3. **Land Use Restriction Agreement (LURA)**: Please be aware 8609s will not be issued until the original LURA is fully processed, recorded, and returned to the Department. If you have questions about this item, please contact Jessica Trejo at (512) 475-3969 or at jessica.trejo@tdhca.state.tx.us.
4. **Exhibit 8B**: Once the Land Use Restriction Agreement (LURA) is fully processed and recorded, an updated nothing further certificate listing the recorded LURA must be provided.
5. **Final Inspections**: Please be aware that all final inspections must have been conducted on this property and all deficiencies identified must be cleared prior to issuance of IRS Forms 8609. If you have specific questions about the inspection process, you may contact Kimbal Thompson at (512) 475-3887 or kimbal.thompson@tdhca.state.tx.us, or Gavin Reid at (512) 475-1565 or gavin.reid@tdhca.state.tx.us.

05095 / 08030 Sphinx at Reese Court

Final Inspection Deficiency Letter

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

December 10, 2008

Jay Oji
SDC Ewing Court, LP
3030 LBJ Freeway, Ste 880
Dallas, TX 75234

RE: October 28, 2008 Deficiency Letter Follow-up Notice #2
Final Development Inspection conducted on October 15, 2008
Sphinx at Reese Court Apts – TDHCA File No: 05095 – CMTS: 4259

Dear Mr. Oji:

The Portfolio Management and Compliance Division received corrective action in response to deficiencies identified in the final inspection. Following are the results of the review of your corrective action responses received December 3rd and 9th, 2008:

- **Deficiency #1:** NOT CLOSED. Unit Mix. The owner's response indicated that a change request or an amendment request will be submitted to the Department for approval. Before this inspection matter can be closed, a written copy of the Departments approval or evidence of correction must be submitted to this office as corrective action. Original deficiency letter attached.
- **Deficiency #2:** NOT CLOSED. Six Residential Buildings. The owner's response indicated that a change request or an amendment request will be submitted to the Department for approval. Before this inspection matter can be closed, a written copy of the Departments approval or evidence of correction must be submitted to this office as corrective action. Original deficiency letter attached.
- **Deficiency #4:** NOT CLOSED. 28 Detached Garages. The owner's response indicated that a change request or an amendment request will be submitted to the Department for approval. Before this inspection matter can be closed, a written copy of the Departments approval or evidence of correction must be submitted to this office as corrective action. Original deficiency letter attached.
- **Deficiency #3, #5-6:** CLOSED. Sufficient documentation was received to close these deficiencies.

Please submit all outstanding corrective action as a single response as specified in the Department deficiency letter no later than **December 18, 2008**. Failure to respond by the due date may delay the issuance of IRS Form 8609 and/or could result in sanctions on current or future awards. If you have any questions, feel free to contact me directly at (512) 475-3887, toll free in Texas at (800) 643-8204 through email at kimbal.thompson@tdhca.state.tx.us.

Sincerely,

Kimbal Thompson
Inspection Specialist

cc: Inspection File
TDHCA Real Estate Analysis Division

Attachments

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

October 28, 2008

SDC Ewing Court, LP
Attn: Jay Oji
3030 LBJ Freeway, Ste 880
Dallas, TX 75234

RE: Final Development Inspection conducted on October 15, 2008
Sphinx at Reese Court Apts – TDHCA File No: 05095 – CMTS No: 4259

Dear Mr. Oji:

The Portfolio Management and Compliance Division (the Department) is responsible for monitoring compliance with program and accessibility requirements during construction.

The attached inspection letter has been prepared to explain the deficiencies observed during the inspection process and to detail the required corrective action. Please supply all requested documentation immediately in order to clear all outstanding issues by **December 1, 2008**. The documentation should be sent in as a single response when the corrective action is complete. Please address each deficiency item separately with an owner's certification of correction and photographic evidence that clearly shows the corrected condition. When the response is received, the Department will then determine whether or not the submitted material sufficiently corrects the deficiencies or concerns.

If it is not possible to provide the requested documentation by the corrective action deadline, please request an extension stating when the corrective action is expected to be complete. It will be the sole responsibility of the owner to inform the Department when and if the finding is corrected and submit the appropriate documentation. No further requests will be made by TDHCA for corrective action documentation.

Note that if construction is not properly completed, including provision of all committed features and compliance with accessibility requirements, the finalization of this process may be delayed. If you have any questions regarding the inspection report, please feel free to contact me directly at (512) 475-3887, toll free in Texas at (800) 643-8204 or through email at kimbal.thompson@tdhca.state.tx.us

Sincerely,

Kimbal Thompson
Inspections Specialist

cc: Inspection File
TDHCA Real Estate Analysis Division

Attachments

The Texas Department of Housing and Community Affairs performed a Final Development inspection of the above mentioned property. Pam Green conducted the inspection for the Department and Adolphus Oji represented the Development Owner.

Application Deficiencies – Corrective action required before December 1, 2008

- **Deficiency # 1**: Unit Mix The application indicated that the unit mix of the Development would consist of the unit types, totals and sizes shown in the left column below. The owner-provided information indicated the development consists of the units shown on the right column below. Note the Unit Type discrepancies in bold type.

Units Committed	**Units Provided**
11 2-bdrm/**2.5-bath** units at 974 sq. ft.	11 2-bdrm/**1.5-bath** units at 974 sq. ft.
9 2-bdrm/**2.5-bath** units at 1044 sq. ft.	9 2-bdrm/**1.5-bath** units at 1044 sq. ft.
6 2-bdrm/**2.5-bath** units at 1005 sq. ft.	6 2-bdrm/**1.5-bath** units at 1005 sq. ft.
8 2-bdrm/**2.5-bath** units at 1057 sq. ft.	8 2-bdrm/**1.5-bath** units at 1057 sq. ft.
18 3-bdrm/2.5-bath units at 1195 sq. ft.	**4** 3-bdrm/2.5-bath units at 1256 sq. ft.
8 3-bdrm/2-bath units at 1226 sq. ft.	**22** 3-bdrm/2-bath units at 1295 sq. ft.
80 Total units	80 Total units

  - **Corrective Action** – Please respond with the appropriate Corrective Action Response listed below for the discrepancies underlined above.

- **Deficiency # 2**: The application identified 6 residential buildings as one of the representations to be included in the development. At inspection, 7 residential buildings were reported observed.

- **Deficiency # 3**: The application identified Covered pavilion with barbecue grill and picnic table as one of the scoring point amenities to be included in the development. At inspection, the amenity was reported as not observed.

- **Deficiency # 4**: The application identified 28 detached garages as one of the specified amenities to be included in the development. At inspection, 26 garages were reported observed.

- **Deficiency # 5**: The application identified covered patio as one of the scoring point amenities to be included in the development. At inspection, it was reported that common-use sidewalks were observed at rear entries of some ground level units, but individual private patios at these units were not observed.

  - **Corrective Action** – Please respond with the appropriate Corrective Action Response listed below for each amenity deficiency cited above:

Corrective Action Responses

1. Inspection Error. If the application representation or amenity was provided as committed and you believe the inspection report to be in error, provide the Department with written certification of this and, if an amenity deficiency, provide photographic evidence.
2. Development Error. If an application representation or committed amenity was not provided, complete the work and submit an owner's written certification of completion

with photographic evidence clearly showing the corrected condition. If the amenity or facility is intended for common use, it must comply with the applicable accessibility requirements and be on an accessible route that is stable, firm, and slip resistant such as compacted crushed granite or concrete.

3. Approved Change. If the deficiency is a change from the commitments and representations of the application and approval of the change has been received in writing from the Department, submit a copy of the approval notification as corrective action to address the deficiency.
4. Unapproved Change. If the deficiency is a change from the commitments and representations of the application and approval of the change has not been received in writing from the Department, it may be necessary to request an amendment to the application. Please contact Ben Sheppard in Multi-Family Finance and Production at (512) 475-2122 with any questions regarding this process. Attached is the process and instructions to formally request an amendment. Submit a copy of the Department's approval notification as corrective action to address the deficiency.

Accessibility Deficiencies – Corrective action required before December 1, 2008

- **Deficiency #6:** Threshold Height and Beveled Edge *(UFAS reference 4.34.2(6))* Unit #7101 is designated as "fully" mobility accessible and subject to the UFAS design requirements. The height of the entry door threshold was found to be 1" including ½" threshold and ½" change in slab height.
  - **Corrective Action** – Please provide an owner's statement with photographic evidence that the condition has been corrected. Ensure that at UFAS mobility accessible units, at least one entry door threshold, patio and interior door thresholds (if any) which are on an accessible route do not exceed ¾" for exterior sliding doors or ½" for other types of doors. Thresholds between ¼" and ½" in height must have beveled edges with maximum 1:2 slope.

    Maneuvering space. Note that a maneuvering space is required at both sides of passage doors on the accessible route. The floor, porch, or patio surface within the maneuvering space must be *clear and level* with no ramp at the threshold (a maximum 2% slope is allowed for drainage). Refer to Figure 1 for dimensions of the required maneuvering space at passage doors.

Accessibility Compliance Certification:

The enclosed Compliance Certification must be completed and returned to the Department. The development must certify that it is in compliance with TDHCA requirements regarding accessibility design and construction standards of the Fair Housing Act, as amended in 1988, and Section 504 of the Rehabilitation Act of 1973.

Any disagreements the development may have with any noted accessibility deficiencies should be accompanied with an explanation of why the items identified would not constitute violations of Department requirements.

Comments:

- **Comment #1:** The accessibility deficiencies noted above were a result of the inspection of only "1" of the required dwellings designated as "fully" accessible. The Owner should ensure that all units designed to meet this threshold requirement do not have the deficiencies noted above. If the deficiencies exist then the Owner should bring all those units into compliance. It is the Developer's responsibility to ensure that all units required to be "accessible" in accordance with the technical specifications of the Uniform Federal Accessibility Standards (UFAS) are in full compliance.

- **Comment #2:** The accessibility deficiencies noted above were a result of the inspection of only "3" of the "covered" Fair Housing dwellings. The Owner should ensure that all units designed to meet this threshold requirement do not have the deficiencies noted above. If the deficiencies exist then the Owner should bring all those units into compliance. It is the Developer's responsibility to ensure that all units required to be "accessible" under the Fair Housing Guidelines are in full compliance.

ILLUSTRATIONS & DIAGRAMS

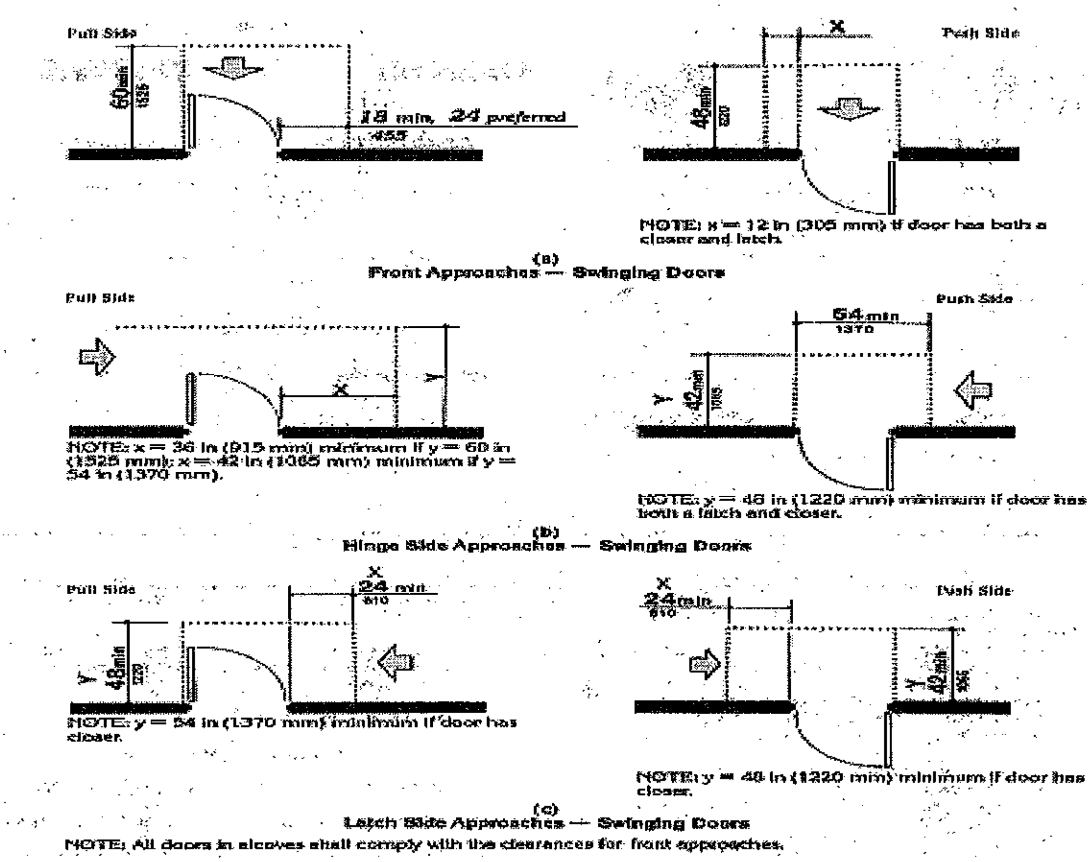

Figure 1
Maneuvering Space at Doors
All common use facilities, UFAS dwelling units,
and exterior of entry for FHA dwelling units

05095 / 08030 Sphinx at Reese Court

October 17, 2008 Notification

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
Governor

Michael Gerber
Executive Director

October 17, 2008

Jay O. Oji
SDC Ewing Court, LP
3030 LBJ Freeway, Suite 880
Dallas, TX 75234
Phone: (214) 342-1400
Fax: (214) 342-1409

By Email Transmission: jay@sphinxdevelopment.com

RE: Cost Certification and IRS Forms 8609 for Sphinx at Reese Court (TDHCA # 05095 / 08030)

Dear Mr. Oji:

The Department issued a 2005 Carryover Allocation in the amount of $597,776 and a Binding Allocation Agreement for an additional annual housing credit award from the 2008 credit ceiling in the amount of $50,175 to the Development referenced above. The cost certification documentation submitted to the Department has been reviewed, and outstanding issues have been identified in previous correspondence to the development owner and/or cost certification contact. As of the date of this letter IRS Forms 8609 have not been issued for this development because of outstanding deficiencies.

In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by year end 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact. Issuance of IRS Forms 8609 requires owners to actively resolve all outstanding issues identified at cost certification. This includes completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection. The remaining issues for this development are identified on the attached exhibit.

Please respond to this letter within 7 business days with the resolution to all outstanding deficiencies or a status and timeframe for resolution that can be achieved by December 1, 2008. **Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling.**

If you have any questions you may contact Audrey Martin at Audrey.martin@tdhca.state.tx.us or (512) 475-3872.

Sincerely,

Michael Gerber
Executive Director

MGG:am

Cc: Joseph Agumadu
By Email Transmission: joseph@sphinxdevelopment.com

Tim McCann
Wachovia Securities
301 South College St., 17th Floor
Charlotte, NC 28288
By Email Transmission: tim.mccann@wachovia.com

Outstanding Deficiencies for Sphinx at Reese Court, TDHCA # 05095 / 08030

1. **Exhibit 3A**: The Taxpayer Identification Number (TIN) identified for the owner is not consistent with the TIN in the organization chart. Please revise the appropriate exhibit.
2. **Exhibit 3D**: At application this development received points for the participation of a Historically Underutilized Business (HUB) in the ownership structure, but Exhibit 3D of the cost certification was not submitted. Please explain or submit the required documentation.
3. **Exhibit 4**: Please indicate the TIN for Novogradac & Company LLP. Also, please provide the email address for the syndicator contact.
4. **Exhibit 5A**:
    a. The number of residential buildings changed, and the number of parking spaces decreased from what was submitted and approved at application. Please be aware these changes require the owner to seek an amendment to the application. If you have not done so already, please submit an amendment request to Ben Sheppard in the Multifamily Division. If you have questions about the amendment, please contact Mr. Sheppard at (512) 475-2122 or at ben.sheppard@tdhca.state.tx.us. Please be aware that IRS Forms 8609 will not be issued until all amendment requests have been approved by the Department.
    b. Also, the architect did not identify the following amenities, committed to in the application, as being present:
        i. Covered pavilion w/barbecue grills and tables
        ii. Covered patios or balconies
        iii. 30-year architectural shingle roofing
        iv. Ceiling fixtures in all rooms
        v. R-15 walls/R-30 ceilings – please note this amenity is represented in Exhibit 5A by the box that indicates insulation values that meet the 2000 International Energy Conservation Code (IECC).

    Please have your architect indicate if the amenities listed above are present at the development; please submit documentation signed by the architect for this item. If any of the amenities have been omitted or substituted, this must be addressed in the amendment to the application.
5. **Exhibit 8B**: Once the Land Use Restriction Agreement (LURA) is fully processed and recorded, an updated nothing further certificate listing the recorded LURA must be provided.
6. **Exhibit 8C**: A full copy of an executed and recorded release is required for each lien listed in the title policy or nothing further certificate.
7. **Exhibit 9A**: Due to the fact that the tax credit percentage was locked when the Binding Agreement was signed (November 2006), the locked percentage must be used in the exhibit for both credit allocations. Please revise the exhibit.
8. **Exhibit 10C**: Please provide additional information about the expenditures included in the site acquisition cost.
9. **Exhibit 11A**: Please revise the exhibit to identify the number of baths for each unit type. Additionally, please identify the source(s) for the nonrental income.

10. **Exhibit 11C**: Please indicate if the amount for compliance fees represents fees from TDHCA. If this amount is for fees other than those from the Department, please revise the exhibit to include TDHCA compliance fees in the amount of $40 per low income unit in the development.
11. **Exhibit 12B**:
    a. Please explain why the total square footage in the rent roll is not consistent with the net rentable square footage in all other cost certification exhibits. If the rent roll is incorrect, please submit a revised rent roll reflecting the correct unit sizes and total square footage.
    b. Please indicate if the SUBR payments represent tenant-based or project-based rental assistance.
12. **Exhibit 13A**: Please explain how the syndication rate was calculated. Please note that based on the information in the Amended and Restated Agreement of Limited Partnership, the syndication rate is $1.003.
13. **Loan**:
    a. Please indicate if the loan has converted to the permanent phase. If conversion has not occurred, please provide an estimate of the conversion date.
    b. Please indicate if the interest rate has been locked, and if it has, please submit supporting documentation from the lender.
14. **Exhibit 17A**: The certificate required for this exhibit must be from TDHCA or from The Texas Apartment Association (TAA) and it must be for housing tax credit training. Please provide the appropriate certificate and a revised Exhibit 17B, if necessary.
15. **Land Use Restriction Agreement (LURA)**: Please be aware 8609s will not be issued until the original LURA is fully processed, recorded, and returned to the Department. Please be informed the Compliance Division indicates the LURA draft for this development has not been received for processing. If you have questions about this item, please contact Jessica Trejo at (512) 475-3969 or at jessica.trejo@tdhca.state.tx.us.
16. **Final Inspections**: Please be aware that all final inspections must have been conducted on this property and all deficiencies identified must be cleared prior to issuance of IRS Forms 8609. It appears that the final inspection for this development has not yet been scheduled. Please schedule the final inspection by completing the form at http://www.tdhca.state.tx.us/pmcdocs/08-ConstInspFinal.pdf. If you have specific questions about the inspection process, you may contact Kimbal Thompson at (512) 475-3887 or kimbal.thompson@tdhca.state.tx.us, or Gavin Reid at (512) 475-1565 or gavin.reid@tdhca.state.tx.us.
17. **Outstanding Fees**: The Financial Services Division indicates this property has outstanding fees. Please be aware that all fees to the Department must be paid before IRS Forms 8609 can be released. If you have specific questions about the fees, please contact Monica Guerra at (512) 475-1051.

Cathy's Pointe – 05097 / 08031

The Owner is appealing the rescission of the 2008 tax credits. As of December 1, 2008, the final inspection of the development was not cleared by the Department. All other issues related to the cost certification process have been addressed and resolved by the Owner. Pursuant to the attached December 3, 2008 final inspection deficiency letter from the Department, several items remained outstanding as of December 3, 2008. On this basis, the tax credits were rescinded by the Department on December 4, 2008. As of December 11, 2008, each deficiency identified in the December 3, 2008 letter remains outstanding; therefore the final inspection has not been cleared by the Department. The basis of the Owner's appeal is that each item on the final inspection deficiency letter is currently being addressed and corrected.

In addition to the issue discussed above, the recommended tax credit allocation is $21,540 lower than the Owner's request. The reason for the reduction in the tax credit allocation is that pursuant to the Limited Partnership Agreement, the additional capital contributions that the investor limited partner will contribute for the additional 2008 tax credits is capped at $500,000. Therefore, although the development can substantiate the entire credit allocation originally awarded, pursuant to the language in the Limited Partnership Agreement, $21,540 of the additional 2008 tax credits will not contribute additional equity proceeds to the development. For that reason, staff has limited the recommended tax credit allocation to the amount of tax credits required under the Limited Partnership Agreement to secure $500,000 in capital contributions from the investor limited partner. The limited partner has been notified of this credit recommendation and has stated that the limited partner is willing to negotiate an amendment to the Limited Partnership Agreement that would allow the limited partner to increase the capital contributions for the additional 2008 tax credits. The limited partner has requested that the Department allow additional time for these negotiations prior to recommending a reduction to the tax credit allocation.

Relevant documentation related to this appeal is provided behind the Board Action Request: the Owner's appeal of the rescission of the 2008 tax credits; the notice of rescission sent by the Department to the Owner on December 4, 2008; the final inspection deficiency letter dated December 3, 2008; and the letter of notification of the December 1, 2008 deadline sent to the Owner on October 17, 2008.

Owner:	Cathy's Pointe, Ltd.
Site Location:	2701 North Grand Avenue
City / County:	Amarillo / Potter County
Regional Allocation Category:	Urban
Set-Aside:	None
Population Served:	General
Region:	1
Type of Development:	New Construction
Units:	120
Credits Requested:	$830,579
Credits Recommended:	$809,039

Staff Recommendation: Because the final construction inspection has not been cleared by the Department as of the date the Board materials were posted, staff recommends that the Board deny the appeal. However, if the Owner secures clearance of the final inspection from the Department prior to the Board meeting, staff recommends that the appeal be granted and the 2008 tax credits reinstated.

05097 / 08031 Cathy’s Pointe

Owner’s Appeal Documentation

CATHY'S POINTE, LTD.
2137 N. COURTENAY PKWY – SUITE 23
MERRITT ISLAND FLORIDA 32953

(321) 453-3127 **FAX (321) 453-3801**

December 8, 2008

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

COST CERTIFICATION
DEC 09 2008
Texas Department of Housing & Community Affairs

ATTN: Audrey Martin

RE: Cathy's Pointe –TDHCA File No: 05097 - CMTS: 4260
Appeal of Rescission of Credits.

Dear Audrey,

We are appealing the rescission of the tax credits for this development because of the construction inspection deficiencies that the department did not agree with our information sent to them before December 1, 2008. If we do not get an Executive Director approval we are requesting to be put on the December 18, 2008 Board Meeting.

Deficiency # 1 – We are installing new 14 Seer units and removing the 13 Seer units.

Deficiency # 3 – We are installing a pay phone on December 9, 2008 and we will be keeping the 911 phone for safety purposes.

Deficiency # 9 – We will be complete with the accessible route to the playgrounds with the accessible route from the new handicap parking spaces to the ramps to the playgrounds. We have an accessible route from the clubhouse to the mail kiosk and we have an accessible route to the dumpster, all of this is shown on the drawing we are sending to Kimbal Thompson on Thursday. This will cure the accessible route issue.

Deficiency # 10 – We are sending Kimbal Thompson photos showing that the handicap bars meet the code. The bars in both the men and women restrooms are 18" from the center line of the water closet and there is 1-1/2" between the bar and the partition.

Deficiency # 11 – We are sending Kimbal Thompson photos showing the washer and dryer are accessible to the front loaded washer and dryer.

I will be sending Kimbal Thompson the answers to the Not Closed deficiency letter along with the photos showing the work has been completed.

Please let me know if you need anything else for this appeal.

Sincerely,
MM POINTE, LTD.

Donald Pace

Donald Pace
Gen Partner

05097 / 08031 Cathy's Pointe

Rescission Letter

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
Governor

Michael Gerber
Executive Director

December 4, 2008

Donald Pace
Cathy's Pointe, Ltd.
2137 N. Courtenay Parkway, Suite 23
Merritt Island, FL 32953
Phone: (321) 453-3127
Fax: (321) 453-3801
Email: dpaceman@earthlink.net

Re: Rescission of the Binding Allocation Agreement for 2008 Tax Credits for Cathy's Pointe (TDHCA # 05097 / 08031)

Dear Mr. Pace:

On October 17, 2008 you received a letter from Mr. Michael Gerber related to the cost certification and IRS Forms 8609 for the development referenced above. The letter stated that "Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling."

The December 1, 2008 deadline was set in order to allow enough time for the IRS Forms 8609 to be processed in advance of December 31, 2008. In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by December 31, 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact.

As of December 1, 2008, some construction issues remain outstanding that prevent the final construction inspection from being cleared. Because of this, all cost certification requirements have not been satisfied. Therefore, this letter serves as official notification of the rescission of the Binding Allocation Agreement for the 2008 tax credits.

The Department understands that you are currently working toward a resolution of the remaining construction items. Please be aware that a formal appeals policy exists for the Housing Tax Credit program, which is described in further detail below. Staff encourages you to complete the remaining items as quickly as possible. If all items have been completed at the time of an appeal, the Department will take that into account in making a determination to approve or deny the appeal.

The Department's appeal policy may be found in Section 50.17(b) of the 2008 Qualified Allocation Plan and Rules ("QAP"). If you wish to appeal the rescission of the Binding Allocation Agreement, you must file your appeal to the Executive Director no later than 5:00 p.m. C.S.T. on December 11, 2008. In the event an appeal is denied by the Executive Director, the QAP allows for the appeal to be heard by the Department's Board. If you would like the appeal to automatically be added to the December 18, 2008 Board meeting, please indicate so in the appeal to the Executive Director.

Although the deadline to appeal under the QAP is December 11, 2008, staff strongly encourages the submission of appeal documentation no later than December 9, 2008 as the December Board book must be posted on December 11, 2008 and appeals submitted on December 11, 2008 may not be able to be incorporated into the Board book if necessary. All appeals should be submitted to the attention of Audrey Martin.

Please be aware that there is very little time between the December 18, 2008 Board meeting and the December 31, 2008 deadline to issue IRS Forms 8609. Therefore, if you intend to appeal the rescission of the Binding Allocation Agreement, staff recommends that you resolve all outstanding issues as soon as possible, but certainly prior to the December 18, 2008 Board meeting.

If you have any questions, please contact Audrey Martin at (512) 475-3872 or audrey.martin@tdhca.state.tx.us or Rosalio Banuelos at (512) 475-3357 or rosalio.banuelos@tdhca.state.tx.us.

Sincerely,

Robbye G. Meyer
Director of Multifamily Finance

RM:am

cc: Cathy Dixon
By Email Transmission: tejascdixon@earthlink.net

Nirav Shah
TCIG Tax Credit Fund I, LLC
301 S. College Street, TW17
Charlotte, NC 28288
By Email Transmission: nirav.shah@wachovia.com

05097 / 08031 Cathy’s Pointe

Final Inspection Deficiency Letter

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

December 3, 2008

Don Pace
Cathy's Pointe, Ltd.
2137 N. Courtenay Parkway, Ste 23
Merritt Island, FL 32953

RE: October 31, 2008 Deficiency Letter Follow-up Notice
Final Development Inspection conducted on October 2, 2008
Cathy's Pointe – TDHCA File No: 05097 – CMTS: 4260

Dear Mr. Pace:

The Portfolio Management and Compliance Division received corrective action in response to deficiencies identified in the final inspection. Following are the results of the review of your corrective action response letter of November 28, 2008:

- **Deficiency #1:** NOT CLOSED. 14 SEER HVAC. The owner's response indicates this amenity has not been provided and a formal change request has not been received by the Department. Please complete the corrective action as stated in the October 31, 2008 deficiency letter or submit a written change request.
- **Deficiency #3:** NOT CLOSED. Public Telephone Available to Tenants 24 hr/day. The owner's response indicates that a 911 emergency phone is available, but not a public telephone, and a formal change request has not been received by the Department. Please complete the corrective action as stated in the October 31, 2008 deficiency letter or submit a written change request.
- **Deficiency #9:** NOT CLOSED / INACCESSIBLE AMENITY. Accessible Parking at Amenities. The Department received your statement and photo evidence of the accessible parking sign installation, however, it appears from the photo that the accessible spaces are not all located adjacent to an access aisle that is directly on an accessible route. Please verify the following:
    1. Both children's play areas have accessible parking with access aisles on a route;
    2. At least one of each type of common use amenity is on an accessible route. This includes trash disposal facility, and play area for toddlers (photos show accessible route is available to play area for 5-12 year olds). Note that the surface of an accessible route must be firm, stable and slip-resistant. A well-drained and compacted crushed granite path is acceptable as long as it meets all other requirements of accessible routes.

3. For each amenity or cluster of amenities near parking, at least one space is accessible with an adjacent access aisle on an accessible route with a curb ramp. This includes but is not limited to an accessible dumpster and mail kiosk.

Please provide this verification in the form of photos and a site plan showing all accessible parking spaces, access aisles, curb ramps and accessible route, building footprints, UFAS mobility accessible units (identified), and common use facilities including dumpsters and stairs. Also, please include a photo of the stairs with required handrails near units 1000 and 1001 identified in the owner's submitted request for TDHCA final inspection.

- **Deficiency #10**: NOT CLOSED. Toilet Position Next to Wall. The common use restrooms were inspected under the criteria of restrooms with toilets not in stalls and were found to be in non-compliance with UFAS, ANSI-1986 and with the Department's requirements regarding design for Fair Housing. The statement provided by Lisa Aguirre of Ambiente Design Associates stating that it is not necessary to locate the toilets at a distance of 18" from a wall at the side does not conform to the Department's position on this matter. Please refer to the Fair Housing Act Design Manual page 6.5 for clarification.

  Placing a partition next to the toilet, however, is considered to be an acceptable response in this case and relocating the toilets next to a wall will not be required. Because the restrooms were not inspected for compliance with requirements for toilets in stalls, additional information is required before this matter can be closed.

  Please provide an owner's written certification and photographic evidence clearly showing that the distance from the toilet centerline to the stall partition is exactly 18", in conformance with UFAS 4.17 and the Fair Housing Act Design Manual page 2.29. Also, provide owner's statement and clear photos showing the distance between the inside of the grab bar and the surface of the partition is exactly 1½", in conformance with UFAS 4.26.2.

  Deficiency #11: INACCESSIBLE AMENITY / NOT CLOSED. Common Use Washer and Dryer. The Department received your statement and photo evidence of the front-loading washer and dryer, however, it appears from the photo that the required unobstructed spaces in front of the appliances are not accessible. Please provide required maneuvering space for a forward and/or side approach (UFAS 4.2.5 or 4.2.6).

  Note that a 30" wide by 48" long maneuvering space is needed in front of, and centered on the appliances. For forward approach (30" dimension centered on the appliance), there must be 48" of unobstructed clearance perpendicular to the appliance fronts. For side approach (48" dimension centered on the appliance), the appliances must be pulled away from the wall at the side. Please take corrective action and provide written owner's certification and photos clearly showing that the required maneuvering clearances are in compliance with the UFAS standard.

- **Deficiency #2, #4-8:** CLOSED. Sufficient documentation was received to close these deficiencies.

Please submit all outstanding corrective action as a single response as specified here and in the Department deficiency letter no later than **December 15, 2008**. Failure to respond by the due date may delay the issuance of IRS Form 8609 and/or could result in sanctions on current or future awards. If you have any questions, feel free to contact me directly at (512) 475-3887, toll free in Texas at (800) 643-8204 through email at kimbal.thompson@tdhca.state.tx.us.

Sincerely,

Kimbal Thompson
Inspection Specialist

cc: Inspection File
TDHCA Real Estate Analysis Division

Attachments

05097 / 08031 Cathy’s Pointe

October 17, 2008 Notification

October 17, 2008

Donald Pace
Cathy's Pointe, Ltd.
2137 N. Courtenay Parkway, Suite 23
Merritt Island, FL 32953
Phone: (321) 453-3127
Fax: (321) 453-3801

By Email Transmission: dpaceman@earthlink.net

RE: Cost Certification and IRS Forms 8609 for Cathy's Pointe (TDHCA # 05097 / 08031)

Dear Mr. Pace:

The Department issued a 2005 Carryover Allocation in the amount of $757,752 and a Binding Allocation Agreement for an additional annual housing credit award from the 2008 credit ceiling in the amount of $72,827 to the Development referenced above. The cost certification documentation submitted to the Department has been reviewed, and outstanding issues have been identified in previous correspondence to the development owner and/or cost certification contact. As of the date of this letter IRS Forms 8609 have not been issued for this development because of outstanding deficiencies.

In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by year end 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact. Issuance of IRS Forms 8609 requires owners to actively resolve all outstanding issues identified at cost certification. This includes completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection. The remaining issues for this development are identified on the attached exhibit.

Please respond to this letter within 7 business days with the resolution to all outstanding deficiencies or a status and timeframe for resolution that can be achieved by December 1, 2008. **Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling.**

If you have any questions you may contact Audrey Martin at Audrey.martin@tdhca.state.tx.us or (512) 475-3872.

Sincerely,

Michael Gerber
Executive Director

MGG:am

Cc: Cathy Dixon
By Email Transmission: tejascdixon@earthlink.net

Dipan Patel
TCIG Tax Credit Fund I, LLC
301 S. College Street, TW17
Charlotte, NC 28288
By Email Transmission: Dipan.Patel@wachovia.com

Outstanding Deficiencies for Cathy's Pointe, TDHCA # 05097 / 08031

1. **Final Inspections**: Please be aware that all final inspections must have been conducted on this property and all deficiencies identified must be cleared prior to issuance of IRS Forms 8609. It appears that the final inspection for this development has not yet been scheduled. Please schedule the final inspection by completing the form at http://www.tdhca.state.tx.us/pmcdocs/08-ConstInspFinal.pdf. If you have specific questions about the inspection process, you may contact Kimbal Thompson at (512) 475-3887 or kimbal.thompson@tdhca.state.tx.us, or Gavin Reid at (512) 475-1565 or gavin.reid@tdhca.state.tx.us.
2. **Land Use Restriction Agreement (LURA)**: Please be aware 8609s will not be issued until the original, fully processed, and recorded LURA amendment is returned to the Department.

<u>Madison Pointe – 05099 / 08032</u>

The Owner is appealing the rescission of the 2008 tax credits. As of December 1, 2008, the final inspection of the development was not cleared by the Department. All other issues related to the cost certification process have been addressed and resolved by the Owner. Pursuant to the attached December 3, 2008 final inspection deficiency letter from the Department, several items remained outstanding as of December 3, 2008. On this basis, the tax credits were rescinded by the Department on December 4, 2008. As of December 11, 2008, each deficiency identified in the December 3, 2008 letter remains outstanding; therefore the final inspection has not been cleared by the Department. The basis of the Owner's appeal is that each item on the final inspection deficiency letter is currently being addressed and corrected.

Relevant documentation related to this appeal is provided behind the Board Action Request: the Owner's appeal of the rescission of the 2008 tax credits; the notice of rescission sent by the Department to the Owner on December 4, 2008; the final inspection deficiency letter dated December 3, 2008; and the letter of notification of the December 1, 2008 deadline sent to the Owner on October 17, 2008.

Owner:	MM Pointe, Ltd.
Site Location:	200 Mars Drive
City / County:	Cotulla / LaSalle County
Regional Allocation Category:	Rural
Set-Aside:	None
Population Served:	General
Region:	11
Type of Development:	New Construction
Units:	76
Credits Requested:	$664,927
Credits Recommended:	$664,927

Staff Recommendation: Because the final construction inspection has not been cleared by the Department as of the date the Board materials were posted, staff recommends that the Board deny the appeal. However, if the Owner secures clearance of the final inspection from the Department prior to the Board meeting, staff recommends that the appeal be granted and the 2008 tax credits reinstated.

05099 / 08032 Madison Pointe

Owner’s Appeal Documentation

MM POINTE, LTD.
2137 N. COURTENAY PKWY – SUITE 23
MERRITT ISLAND FLORIDA 32953

(321) 453-3127 **FAX (321) 453-3801**

December 8, 2008

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

COST CERTIFICATION
DEC 09 2008
Texas Department of Housing & Community Affairs

ATTN: Audrey Martin

RE: Madison Pointe –TDHCA File No: 05099- CMTS: 4261
Appeal of Rescission of Credits.

Dear Audrey,

We are appealing the rescission of the tax credits for this development because of the construction inspection deficiencies that the department did not agree with our information sent to them before December 1, 2008. If we do not get an Executive Director approval we are requesting to be put on the December 18, 2008 Board Meeting.

Deficiency # 2 – We are installing new 14 Seer units and removing the 13 Seer units.

Deficiency # 9 – We are installing a pay phone on December 9, 2008 and we will be keeping the 911 phone for safety purposes.

Deficiency # 16-17 – We will be complete with the ramp for the handicap parking spaces for building #2 and building #10 by December 11, 2008 and we have added a dumpster pad on the accessible route from building #2, #10, and # 11, all of this is shown on the drawing we are sending Kimbal Thompson on Thursday. This should cure the accessible route issue.

Deficiency # 19 – We are sending Kimbal Thompson photos showing that the handicap bars meet the code. The bars in both the men and women restrooms are 18" from the center line of the water closet and there is 1-1/2" between the bar and the partition.

I will be sending Kimbal Thompson the answers to the Not Closed deficiency letter along with the photos showing the work has been completed.

Please let me know if you need anything else for this appeal.

Sincerely,
MM POINTE, LTD.

Donald Pace

Donald Pace
Gen Partner

05099 / 08032 Madison Pointe

Rescission Letter

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

December 4, 2008

Donald Pace
MM Pointe, Ltd.
2137 N. Courtenay Parkway, Suite 23
Merritt Island, FL 32953
Phone: (321) 453-3127
Fax: (321) 453-3801
Email: dpaceman@earthlink.net

Re: Rescission of the Binding Allocation Agreement for 2008 Tax Credits for Madison Pointe
(TDHCA # 05099 / 08032)

Dear Mr. Pace:

On October 17, 2008 you received a letter from Mr. Michael Gerber related to the cost certification and IRS Forms 8609 for the development referenced above. The letter stated that "Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling."

The December 1, 2008 deadline was set in order to allow enough time for the IRS Forms 8609 to be processed in advance of December 31, 2008. In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by December 31, 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact.

As of December 1, 2008, some construction issues remain outstanding that prevent the final construction inspection from being cleared. Because of this, all cost certification requirements have not been satisfied. Therefore, this letter serves as official notification of the rescission of the Binding Allocation Agreement for the 2008 tax credits.

The Department understands that you are currently working toward a resolution of the remaining construction items. Please be aware that a formal appeals policy exists for the Housing Tax Credit program, which is described in further detail below. Staff encourages you to complete the remaining items as quickly as possible. If all items have been completed at the time of an appeal, the Department will take that into account in making a determination to approve or deny the appeal.

The Department's appeal policy may be found in Section 50.17(b) of the 2008 Qualified Allocation Plan and Rules ("QAP"). If you wish to appeal the rescission of the Binding Allocation Agreement, you must file your appeal to the Executive Director no later than 5:00 p.m. C.S.T. on December 11, 2008. In the event an appeal is denied by the Executive Director, the QAP allows for the appeal to be heard by the Department's Board. If you would like the appeal to automatically be added to the December 18, 2008 Board meeting, please indicate so in the appeal to the Executive Director.

Although the deadline to appeal under the QAP is December 11, 2008, staff strongly encourages the submission of appeal documentation no later than December 9, 2008 as the December Board book must be posted on December 11, 2008 and appeals submitted on December 11, 2008 may not be able to be incorporated into the Board book if necessary. All appeals should be submitted to the attention of Audrey Martin.

Please be aware that there is very little time between the December 18, 2008 Board meeting and the December 31, 2008 deadline to issue IRS Forms 8609. Therefore, if you intend to appeal the rescission of the Binding Allocation Agreement, staff recommends that you resolve all outstanding issues as soon as possible, but certainly prior to the December 18, 2008 Board meeting.

If you have any questions, please contact Audrey Martin at (512) 475-3872 or audrey.martin@tdhca.state.tx.us or Rosalio Banuelos at (512) 475-3357 or rosalio.banuelos@tdhca.state.tx.us.

Sincerely,

Robbye G. Meyer
Director of Multifamily Finance

RM:am

cc: Cathy Dixon
By Email Transmission: tejascdixon@earthlink.net

Nirav Shah
TCIG Tax Credit Fund I, LLC
301 S. College Street, TW17
Charlotte, NC 28288
By Email Transmission: nirav.shah@wachovia.com

05099 / 08032 Madison Pointe

Final Inspection Deficiency Letter

Texas Department of Housing and Community Affairs

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

December 3, 2008

Don Pace
MM Pointe, Ltd.
2137 N. Courtenay Parkway, Ste 23
Merritt Island, FL 32953

RE: October 31, 2008 Deficiency Letter Follow-up Notice
Final Development Inspection conducted on October 7, 2008
Madison Pointe – TDHCA File No: 05099 – CMTS: 4261

Dear Mr. Pace:

The Portfolio Management and Compliance Division received corrective action in response to deficiencies identified in the final inspection. Following are the results of the review of your corrective action response letter of November 28, 2008:

- **Deficiency #2:** NOT CLOSED. 14 SEER HVAC. The owner's response indicates this amenity has not been provided and a formal change request has not been received by the Department. Please complete the corrective action as stated in the October 31, 2008 deficiency letter or submit a written change request.
- **Deficiency #9:** NOT CLOSED. Public Telephone Available to Tenants 24 hr/day. The owner's response indicates that a 911 emergency phone is available, but not a public telephone, and a formal change request has not been received by the Department. Please complete the corrective action as stated in the October 31, 2008 deficiency letter or submit a written change request.
- **Deficiency #16-17:** NOT CLOSED / INACCESSIBLE AMENITY. Accessible Parking at Amenities and Accessible Route to Mobility Accessible Units. The Department received your statement and photo evidence of the accessible route, however, it appears from the photos that some accessible parking spaces are not located adjacent to an access aisle that is directly on an accessible route with a curb ramp at the level change to the sidewalk from the parking surface.

  Please verify that each amenity or cluster of amenities near parking has at least one accessible parking space with an adjacent access aisle on an accessible route with a curb ramp. Provide this verification in the form of photos and a site plan showing the entire accessible route with all accessible parking spaces, access aisles and curb ramps, building footprints, unit sidewalks, stairs and steps, UFAS mobility accessible units (identified), buildings with four or more units (identified), and common use facilities including dumpsters.

In addition, please verify with an architect's written certification that all Fair Housing covered units are provided with no-step access to the entries. Include verification that unit #1301 is a covered unit and has no-step access, or is not fair housing covered.

- **Deficiency #19**: NOT CLOSED. Toilet Position Next to Wall. The common use restrooms were inspected under the criteria of restrooms with toilets not in stalls and were found to be in non-compliance with UFAS, ANSI-1986 and with the Department's requirements regarding design for Fair Housing. The statement provided by Lisa Aguirre of Ambiente Design Associates stating that it is not necessary to locate the toilets at a distance of 18" from a wall at the side does not conform to the Department's position on this matter. Please refer to the Fair Housing Act Design Manual page 6.5 for clarification.

  Placing a partition next to the toilet, however, is considered to be an acceptable response in this case and relocating the toilets next to a wall will not be required. Because the restrooms were not inspected for compliance with requirements for toilets in stalls, additional information is required before this matter can be closed.

  Please provide an owner's written certification and photographic evidence clearly showing that the distance from the toilet centerline to the stall partition is exactly 18", in conformance with UFAS 4.17 and the Fair Housing Act Design Manual page 2.29. Also, provide owner's statement and clear photos showing the distance between the inside of the grab bar and the surface of the partition is exactly 1½", in conformance with UFAS 4.26.2.

- **Deficiency #1, #3-8, #10-15, #18:** CLOSED. Sufficient documentation was received to close these deficiencies.

Please submit all outstanding corrective action as a single response as specified here and in the Department deficiency letter no later than **December 15, 2008**. Failure to respond by the due date may delay the issuance of IRS Form 8609 and/or could result in sanctions on current or future awards. If you have any questions, feel free to contact me directly at (512) 475-3887, toll free in Texas at (800) 643-8204 through email at kimbal.thompson@tdhca.state.tx.us.

Sincerely,

Kimbal Thompson
Inspection Specialist

cc: Inspection File
TDHCA Real Estate Analysis Division
Attachments

05099 / 08032 Madison Pointe

October 17, 2008 Notification

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
Governor

Michael Gerber
Executive Director

October 17, 2008

Donald Pace
MM Pointe, Ltd.
2137 N. Courtenay Parkway, Suite 23
Merritt Island, FL 32953
Phone: (321) 453-3127
Fax: (321) 453-3801

By Email Transmission: dpaceman@earthlink.net

RE: Cost Certification and IRS Forms 8609 for Madison Pointe (TDHCA # 05099 / 08032)

Dear Mr. Pace:

The Department issued a 2005 Carryover Allocation in the amount of $619,762 and a Binding Allocation Agreement for an additional annual housing credit award from the 2008 credit ceiling in the amount of $45,165 to the Development referenced above. The cost certification documentation submitted to the Department has been reviewed, and outstanding issues have been identified in previous correspondence to the development owner and/or cost certification contact. As of the date of this letter IRS Forms 8609 have not been issued for this development because of outstanding deficiencies.

In order to claim the additional credits from the 2008 state housing credit ceiling, IRS Forms 8609 must be issued by year end 2008. The Department has no way to extend this deadline. The Binding Allocation Agreement provides no ability to carryover these credits into 2009 and our extensive research on this matter confirms this fact. Issuance of IRS Forms 8609 requires owners to actively resolve all outstanding issues identified at cost certification. This includes completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection. The remaining issues for this development are identified on the attached exhibit.

Please respond to this letter within 7 business days with the resolution to all outstanding deficiencies or a status and timeframe for resolution that can be achieved by December 1, 2008. **Failure to resolve all outstanding issues related to the cost certification by December 1, 2008, including completion of the LURA, all application amendments, ownership transfers, and clearance of the final construction inspection, will result in the termination of the commitment for the additional award of credits from the 2008 ceiling.**

If you have any questions you may contact Audrey Martin at Audrey.martin@tdhca.state.tx.us or (512) 475-3872.

Sincerely,

Michael Gerber
Executive Director

MGG:am

Cc: Cathy Dixon
By Email Transmission: tejascdixon@earthlink.net

Timothy J. McCann
Wachovia Affordable Housing Community Development Corporation
301 South College Street, TW-17
Charlotte, NC 28288
By Email Transmission: tim.mccann@wachovia.com

Outstanding Deficiencies for Madison Pointe, TDHCA # 05099 / 08032

1. **Organization Chart**:
   a. At application the general partner was Con-Cor Construction, Inc; however, at cost certification the general partner is MM Pointe GP, LLC. Please indicate if this change has been approved by the Department and submit supporting documentation. If this change has not been approved by the Department, please submit an ownership transfer request to Elizabeth Henderson in the Multifamily Division. If you have specific questions about the ownership transfer request, please contact Ms. Henderson at (512) 463-9784 or elizabeth.henderson@tdhca.state.tx.us.
2. **Final Inspections**: Please be aware that all final inspections must have been conducted on this property and all deficiencies identified must be cleared prior to issuance of IRS Forms 8609. It appears that the final inspection for this development has not yet been scheduled. Please schedule the final inspection by completing the form at http://www.tdhca.state.tx.us/pmcdocs/08-ConstInspFinal.pdf. If you have specific questions about the inspection process, you may contact Kimbal Thompson at (512) 475-3887 or kimbal.thompson@tdhca.state.tx.us, or Gavin Reid at (512) 475-1565 or gavin.reid@tdhca.state.tx.us.
3. **Land Use Restriction Agreement (LURA)**: Please be aware 8609s will not be issued until the original, fully processed, and recorded LURA amendment is returned to the Department.

REAL ESTATE ANALYSIS DIVISION

BOARD ACTION REQUEST

December 18, 2008

Action Item

Presentation, Discussion and Possible Action on the Issuance of IRS Forms 8609 for the 2005 Competitive Housing Tax Credit Developments with 2008 Binding Allocation Agreements for Additional Credits

Required Action

Discuss the Issuance of IRS Forms 8609 for the 2005 Competitive Housing Tax Credit Developments with 2008 Binding Allocation Agreements for Additional Credits

Background

The purpose of this agenda item is to address the issuance of IRS Forms 8609 for 2005 tax credit developments with additional 2008 tax credits (the "developments") if necessary.

In 2006, the Board approved the Final Policy for Addressing Cost Increases for 2004 and 2005 Competitive Housing Tax Credit Developments (the "Final Policy"). Under the Final Policy, developments that previously received awards of tax credits under the 2004 and 2005 tax credit ceilings were offered a commitment for additional tax credits from the 2007 and 2008 tax credit ceilings, respectively. In conjunction with the Final Policy, the Department issued Binding Allocation Agreements, which served as a commitment to award tax credits from a future year's credit ceiling. Currently at issue are 2005 developments that received additional 2008 tax credits.

Pursuant to Internal Revenue Code Section 42, two methods of allocating tax credits exist: execution by the State Housing Agency of a Carryover Allocation Agreement; or issuance of IRS Forms 8609. The Binding Allocation Agreements were not considered Carryover Allocation Agreements, and because of this the 2008 tax credits must be allocated via the issuance of IRS Forms 8609. The IRS Forms 8609 cannot be issued later than December 31, 2008 of the year of the credit ceiling from which the credits are being allocated. Therefore, IRS Forms 8609 must be issued by December 31, 2008. There is no way to extend this deadline.

At the time of Board book posting, six developments have yet to meet all cost certification requirements in order for IRS Forms 8609 to be issued. The owners for these developments have been notified that the Binding Allocation Agreements for the additional 2008 tax credits have therefore been rescinded by the Department. Another item on this agenda addresses appeals of these rescissions.

This agenda item is presented to allow for action on any additional issues related to any development for which IRS Forms 8609 have not been issued by the time of the Board meeting. Because IRS Forms 8609 must be issued by December 31, 2008, any development that requires Board action must be addressed during the December Board meeting in order allow for the preservation of the 2008 tax credits. To the extent that any issues become apparent that cannot be addressed in the appeal agenda item, this agenda item will allow for discussion and action as necessary. These actions may include authorization to execute IRS Forms 8609 conditioned upon escrow agreements or receipt or acceptance of specific documentation to finalize the cost certification process.

Recommendations

Staff makes no recommendation at the time of Board book posting. To the extent that Board action on this agenda item is necessary, staff will make a recommendation during the Board meeting.

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA

Requested Action

Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA

Background

This Board Action Request summarizes the activities of the Disaster Recovery Division which has oversight responsibility for Community Development Block Grant (CDBG) Disaster Recovery Programs for Round I and Round II funding administered by TDHCA, as well as the FEMA Alternative Housing Pilot Program (AHPP).

Public Law 109-148 – 1st Supplemental ($74.5 Million)

Under the **1st Supplemental CDBG Disaster Recovery Program (referred to as Round I),** three Councils of Governments (COGs) are responsible for administering housing contracts to help restore and rebuild in areas of the State most directly impacted by Hurricane Rita. Of the $74.5 million, the total funding allocation administered by the COGs is $40,259,276 broken down as follows:

- Deep East Texas Council Of Governments (DETCOG) - $6,745,034
- Houston-Galveston Area Council (H-GAC) - $7,015,70
- South East Texas Regional Planning Commission (SETRPC) - $26,348,536
  - SETRPC - $15,520,536
  - Beaumont - $5,232,000
  - Port Arthur - $5,596,000

The Disaster Recovery Division is working with the COGs to finalize completion of the Round I contracts. DETCOG will complete activities by the end of this year, H-GAC will complete activities by February 2009, and SETRPC is projecting completion by April 2009. As of this Board meeting, the COGs cumulatively have 105% of their contracted number of households to be served either under bid award, under construction, or completed. The COGs are continuing to access HTF dollars to finance gap amounts as well. As of December 1, 2008, $587,197 of HTF dollars has been committed and $294,100 has been drawn. The COGs have identified an estimated need of approximately $950,283 of the $1,000,000 reserved under the HTF program.

Staff continues to receive weekly updates from each COG to gauge their progress in completing contract activities. The COGs have completed assistance to twenty-two (22) households since the last Board report for a total of three hundred forty (340) households to date and another sixty-eight (68) are currently under construction.

Financial Summary

	Current Budget	Admin $ Drawn To Date	Project $ Drawn To Date	Total Drawn	% of Funds Disbursed
DETCOG	**$6,745,034.00**	**$612,683.93**	**$4,141,747.27**	**$4,754,431.20**	**70.49%**
H-GAC	**$7,015,706.00**	**$768,958.56**	**$3,103,450.58**	**$3,872,409.14**	**55.20%**
SETRPC	**$26,348,536.00**	**$1,726,597.83**	**$9,324,805.67**	**$11,051,403.50**	**41.94%**
SETRPC	$15,520,536.00	$1,453,917.73	$6,400,041.42	$7,853,959.15	50.60%
Beaumont	$5,232,000.00	$258,300.10	$1,703,025.34	$1,961,325.44	37.49%
Port Arthur	$5,596,000.00	$14,380.00	$1,221,738.91	$1,236,118.91	22.09%
Totals	**$40,109,276.00**	**$3,108,240.32**	**$16,570,003.52**	**$19,678,243.84**	**49.06%**

Project Summary

	No. to be Served per Contract*	No. out for Bid	**Units Under Contract	No. Site-built Under Construction	No. Site-built Constructed	No. of MHUs Delivered	Total No. Constructed/ Delivered
DETCOG	**96**	**10**	**7**	**3**	**10**	**99**	**109**
H-GAC	**105**	**9**	**6**	**20**	**11**	**59**	**70**
SETRPC	**229**	**1**	**55**	**45**	**114**	**47**	**161**
SETRPC	127	0	31	18	57	47	104
Beaumont	56	1	9	12	34	0	34
Port Arthur	46	0	15	15	23	0	23
Total	**430**	**20**	**68**	**68**	**135**	**205**	**340**

** Based on the contractual number of households that the COGs will be able to serve with the funding allocation*
*** Total of MHUs ordered but not yet delivered and construction contracts signed for site-built units*

COG Activity Highlights as of December 1, 2008

Deep East Texas Council of Governments

DETCOG has delivered homes to ninety-nine (99) households, has seven (7) additional homes pending delivery or start of construction, has three (3) rehabilitation projects under construction, and has completed construction activities for ten (10) rehabilitation projects as of December 1, 2008. DETCOG's Housing Trust Fund (HTF) contract amount is $178,321. DETCOG has identified a gap financing need for eighty-four (84) households totaling approximately $197,322.

Houston-Galveston Area Council

H-GAC has delivered fifty-nine (59) homes to homeowners, has completed construction of eleven (11) homes, has twenty (20) households under construction, and has six (6) households pending the on-set of activities. H-GAC's HTF contract amount is $184,414. H-GAC has reported a gap financing need for sixty-two (62) households totaling $166,509.

South East Texas Regional Planning Commission

SETRPC has delivered or completed construction of one hundred four (104) homes, has eighteen (18) homes under construction, and has thirty-one (31) more homes ready to begin construction activities as of December 1, 2008. The total HTF contract amount for SETRPC including its subcontractors is $637,265. In total, SETRPC has identified a gap financing need for one hundred sixty-eight (168) households totaling approximately $586,441.

SETRPC is working closely with each of its subcontractors, the cities of Beaumont and Port Arthur, to finalize projects.

City of Beaumont
The City of Beaumont has one (1) house out to bid and nine (9) homes under contract as of December 1, 2008. The city also has twelve (12) homes under construction, and has completed assistance to thirty-four (34) households.

City of Port Arthur
As of December 1, 2008, fifteen (15) construction contracts have been signed and are pending the on-set of construction activities, fifteen (15) homes are under construction, and twenty-three (23) homes have been constructed.

Public Law 109-234 – Round II ($428 Million)

The **2nd Supplemental CDBG Disaster Recovery Funding (referred to Round II)** is the second of two awards in CDBG funding to help restore and rebuild in areas of the State most directly impacted by Hurricanes Rita, but it also addresses needs arising from Katrina evacuees. The total funding allocation is $428,671,849, broken down as follows:

2nd Supplemental CDBG Disaster Recovery Activity	Available Funding	Amount Contracted per Activity	Cumulative Expenditures	% of Expenditures Disbursed	Balance Remaining
Rental Housing Stock Restoration Program (“Rental”)	$82,866,984	$81,147,333	$11,514,374.02	14.19%	$69,632,959
ORCA’s Restoration of Critical Infrastructure Program (Infrastructure)	$42,000,000	$42,000,000	$5,350,048.73	12.74%	$36,649,951.27
City of Houston and Harris County Public Service and CDP (“Houston/Harris”)	$60,000,000	$60,000,000	$14,662,855.61	24.44%	$45,337,144.39
Homeowner Assistance Program (“HAP”)	$210,371,273	$210,371,273	$5,299,835.77	2.07%	$205,071,437.23
Sabine Pass Restoration Program (“SPRP”)	$12,000,000	$12,000,000	$234,704.53	1.96%	$11,765,295.47
State Administration Funds (Used to Administer Funding)	$21,433,592	$21,433,592	$5,464,863.79	25.50%	$15,968,728.21
Total CDBG Round 2 Funding	**$428,671,849**	**$426,952,198**	**$41,349,757.54**	**9.68%**	**$385,602,440.46**

CDBG Round 2 City of Houston and Harris County Public Service and Community Development Program

City of Houston
Funding of $20 million was allocated to the Houston Police Department for establishment of the Housing Safety Component, composed of civilian and officer personnel. Civilian personnel consist of administrative staff that supports the officer personnel and the entry of the overtime incurred by officers on behalf of the hurricane evacuee population. Funding of $20 million was also allocated to carry out rehabilitation of existing multi-family housing stock through the existing Apartment to Standards Program. These funds will provide rehabilitation of multi-family housing to the evacuee population. Additionally, the City of Houston has a $2,000,000 administrative budget.

Reimbursement requests from July through October 2008 of $6,479,110 have been submitted for both the Housing Safety and Apartment to Standards program components. Approximately 54% of the current request is for expenses incurred for the Housing Safety Component and 47% for the Apartment to Standards component.

The pending request will be paid in December 2008. Once paid, cumulative expenditures for the Housing Safety component will be 77.54% of the $40,000,000 allocation and cumulative expenditures for the Apartment to Standards component will be 24.19% of the $20,000,000 allocation.

A monitoring review was conducted the week of November 12, 2008 with the primary focus on the Housing and Community Development Department, the administrator of the Apartment to Standards program. The monitoring report is currently in draft form however there were no findings or significant issues noted. Fiscal and program controls are in place to safeguard program funds.

During the monitoring review, the Division also addressed the need for the City of Houston to develop and implement a monitoring and oversight plan for both the Housing Safety Component and the Apartment to Standards component. (The monitoring and oversight plan was submitted to TDHCA on December 8, 2008.)

Harris County

Funding of $20 million was allocated to provide services to the residents of Harris County among five different program components: Expanded Services to Hurricane Evacuees (Harris County Sheriff's Dept.), Evacuee Medical Services (Harris County Hospital District), Katrina Crisis Counseling Program (Mental Health and Mental Retardation Authority), Youth Offenders Services (Harris County Sheriff's Dept.) and the Disaster Housing Assistance Program Component (Harris County).

Harris County has expended approximately 4.25% of its $20,000,000 allocation along with a $1,000,000 administrative budget. Expenditures for Evacuee Medical Services totaling $6,285,000 have been incurred. Harris County has procured the services of a CPA firm to conduct testing for program compliance in December 2008. A conclusion is expected in January 2009 with expenditures submitted shortly thereafter.

A monitoring review was conducted the week of December 1, 2008 with the primary focus on the administrative expenses as well as the Coordinated Housing Safety Component, the Katrina Crisis Component and the Disaster Housing Assistance Component. Monitoring results will be provided during the subsequent Board meeting.

CDBG Round 2 Multifamily Rental Housing Stock Restoration Program

On September 13, 2007, the TDHCA Board awarded $81.1 million to repair or rebuild seven Golden Triangle-area affordable multifamily rental properties damaged or destroyed by Hurricane Rita. The construction work, once completed, will restore rental unit housing to 813 low-income individuals and families. Award-specific status is outlined in the table below:

Loan Number	Development Name	City	Total Units	Type of Activity	CDBG Loan Amount	Funds Drawn/ Expended	Loan Closing Date*	Notes on Status of Award
7060007	Orange Navy Homes	Orange	115	Recon.	$14,189,439	$1,178,834	10/15/2008	Started Construction
7060010	Brittany Place II Single Family	Port Arthur	100	Recon.	$13,077,366	$784,212.50	12/04/08*	Closed – Construction starts mid December
7060006	Pointe North	Beaumont	158	Recon.	$13,778,332	$233,522.00	8/31/2008	Started Construction
7060011	Gulfbreeze Plaza I	Port Arthur	86	Recon.	$9,067,577	$0	12/04/08*	Closing is pending resolution of HUD issue (not TDHCA requirement, but can not close until issue is resolved).
7060012	Gulfbreeze Plaza II	Port Arthur	148	Recon.	$13,280,250	$2,826,701.49	6/11/2008	Started Construction
7060008	Virginia Estates	Beaumont	110	Rehab	$6,707,534	$2,378,593.85	5/26/2008	Started Construction
7060009	Brittany Place I Multifamily	Port Arthur	96	Recon.	$11,046,835	$4,229,271.18	4/9/2008	Started Construction
		Totals:	**813**		**$81,147,333**	**$11,631,135.02**		

* Awarded applications have not closed, and dates reflected are final closing dates.

<u>CDBG Round 2 Homeowner Assistance Program and Sabine Pass Restoration Program Update from ACS State & Local Solutions, Inc.</u>

The past month has seen significant progress in several areas of the programs. Of particular note is that after many months of negotiations, FEMA has agreed to provide direct access to their database. FEMA computers are on-sight at our eligibility processing center and staff dedicated to the process are in place. Direct access to the FEMA database will greatly expedite verification of Rita damage and determination of benefit duplication.

A new production schedule designed to accelerate the number of applicants moving to construction in SPRP and to maximize the number of applicants moving through eligibility and contractor selection in HAP by mid-January, when funding for HAP is anticipated to be available, has been developed.

Meetings were held in Beaumont on November 13th and 14th with contractors who expressed interest in participating in the programs but who did not respond to the original Request for Proposal (RFP). As a result, a second RFP was published the week of November 30th. Any contractor, to include those who responded to the original RFP, will be able to reply. It is anticipated that this will result in additional construction capacity thereby insuring the achievement of the more aggressive production schedule.

An affidavit specifically for collection of Ike duplication of benefit information was developed, approved, and mailed to all applicants who had reached the Pending Eligibility stage.

Plans for processing applicants on the Wait List beginning in the next 30 days are complete and discussions continue regarding re-opening the programs to additional applicants.

<u>HAP –</u> The Final Floodplain Notices for the DETCOG, SETRPC and H-GAC areas have been published and the Notice of Intent to Request Release of Funds Notice will be published later this month. Publication of these notices and the period for public and HUD comment must be completed before funds for HAP are made available. It is anticipated that this process will be complete and funds available in mid-January.

As of December 2nd, 2,341 HAP Supplemental Applications have been returned with 1,367 being complete. Eighty-two inspections have been conducted with another 52 scheduled.

Outreach efforts continue with 6 Community Days scheduled for the month of December in the Beaumont, Woodville, Orange, Port Arthur and Livingston areas.

<u>SPRP</u> – This week, the first replacement home was completed in Sabine Pass and the family received the keys to their new home (see below),

Three additional homes are currently under construction with completion expected in the next few weeks. Seventeen homeowners have met with their contractors and selected their homes with construction to begin shortly.

FEMA Affordable Housing Pilot Program

The Disaster Recovery Division is also responsible for administration of the Federal Emergency Management Agency (FEMA) award of $16,471,725 for the Affordable Housing Pilot Program (AHPP). The purpose of the AHPP is to demonstrate an alternative housing solution to the FEMA trailer in the areas affected by the 2005 Hurricanes.

On January 7, 2008, the Federal Emergency Management Agency (FEMA) announced that TDHCA was awarded $16,471,725 for the Affordable Housing Pilot Program (AHPP). The purpose of the AHPP is to demonstrate an alternative housing solution to the FEMA trailer in the areas affected by the 2005 Hurricanes for a time period of twenty-four months. A one-time exemption to the Stafford Act, AHPP permits the use of FEMA funding to study alternatives to the FEMA trailer by examining cost-effective solutions that meet a variety of housing needs. Pursuant to FEMA requirements, the pre-fabricated units must be awarded within the 22 counties affected by the 2005 Hurricanes.

The Heston Group was selected to pilot a pre-fabricated, panelized solution which can be deployed quickly and built to accommodate a diverse population.

The Department has been working diligently with the Heston Group, identifying and managing activities to be performed before the delivery of the first 50 homes.

Letters of interest have been sent to a total of 100 potential occupants. There are currently 59 interested potential occupants; 18 out of those 59 have been verified eligible. TDHCA staff is working through obtaining ownership and current property tax documentation from the remaining 41. A site work schedule has been established for the currently eligible 18 sites.

The Heston Group has completed the Environmental Historic Preservation worksheet for the first four single family sites in East Texas and those worksheets have been submitted to FEMA. FEMA expects that the Environmental Clearance will be given no later than the second week in December provided no environmental issues arise.

TDHCA staff continues to work closely with the Harris County Housing Authority (HCHA) to finalize a contract for the placement of 20 homes in Harris County on a group site. A site has been chosen and submitted to FEMA for Environmental Review and Clearance.

Staff is also working with the city of Houston on the placement of a thirty-five (35) home scattered site program to further address housing needs in the area.

DISASTER RECOVERY DIVISION
BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of Request for Changes in the Maximum Benefit Limitations to the Homeowner Assistance Program (HAP) and Sabine Pass Restoration Program (SPRP) for CDBG Disaster Recovery Round 2.

Requested Action

Approve Maximum Benefit Limitations to the Homeowner Assistance Program (HAP) and Sabine Pass Restoration Program (SPRP) for CDBG Disaster Recovery Round 2, pending HUD approval of Amendment 6 to the Partial Action Plan approved by the TDHCA Board on November 13, 2008.

Background

On November 13, 2008, the TDHCA Board approved Amendment 6 to the Action Plan, which altered the reconstruction maximum benefit restrictions in the Action Plan under HAP and SPRP components of CDBG Round 2. The alteration included separating out construction costs for the new structure itself and related costs like demolition, closing costs and remediation for subsequent board approval after public comment. Once approved by HUD, the action will allow the Board to direct staff with modified limits, as needed, without the lengthy Action Plan amendment process with HUD.

The Board accepted draft Maximum Benefits for public comment on the HAP and SPRP reconstruction, replacement and/or new construction of a qualified home, including manufactured housing to be presented to the public, as follows:

- 1 – 4 person Household: $78,775
- 5 – 6 person Household: $86,275
- 7 or more person Household: $93,775

The breakdown of expenses for these levels for all homes is:

• Cost of building the home:	2 bedroom (1 – 4 person) Household: $60,000 3 bedroom (5 – 6 person) Household: $67,500 4 bedroom (7 or more person) Household: $75,000
• Closing costs:	not to exceed $1,500
• Insurance – Hazard and Wind	not to exceed $4,500

Additionally, most homes/sites may require:

• Demolition and debris removal	not to exceed $7,500
• Asbestos and lead-based paint assessments	not to exceed $3,200
• Mitigation for contamination including Lead paint and asbestos removal	not to exceed $10,000

Specialized costs included in plan for SPRP and estimated 10% of HAP applications may require:

• Elevation	not to exceed $30,000
• Accessibility assistance	not to exceed $15,000
• Insurance – Flood (3 years) in a flood plain	not to exceed $3,750

Closing costs include the cost of title company expenses, legal compliance review, closing coordination, conducting signing event, post closing file review and recordation.

Note that an assessment, abatement, and demolition agreement is being negotiated by ACS with subcontractor Shaw Environmental, Inc. to reduce the cost of these services from previously bid amounts. A separate quality assurance team hired by ACS will oversee this aspect of the construction process. This element will not be competitively bid.

Because hazardous material mitigation is subject to site specific variability, staff requests the Board approve a maximum amount that the program will pay. It is imperative to know the upper end limit or to acknowledge that it is within the program boundaries to approve mitigation expenses to assure that the homeowner will receive the homeowner benefit. A maximum allowable cap may require the Department to walk away from an applicant once the process has begun or require some form of GAP financing which, in our experience, most recipients have not been eligible to receive from third parties. If the board establishes a maximum limit, staff could still bring forward a case-by-case waiver; however, it may delay the program.

Public Roundtable and Comment Summary:

As directed by the Board, TDHCA and ACS conducted a public roundtable on December 8, 2008 to gather input and comment from the citizens and organizations that were directly impacted by the storm. In advance of the meeting, TDHCA provided the public the attached handout for comment, which outlined both the November Board's Proposed Limits, as well as a proposed staff recommendation, currently revised in this Action Request, to the TDHCA Board on December 18, 2008 (See Attachment 1). A summary of the roundtable is provided below:

- Twenty-two people attended the roundtables including individuals from Sabine Pass and the Contractor community. A full transcript of the public comment received is attached to this Action Item.
- All of the attendees' comment (100%) supported increasing the program maximums.

While the handout provided for public comment provided for the removal of those costs included in the All Other Costs category, as defined above, from the Maximum Benefit limitations calculations, staff believes that public comment would continue to support the increased Maximum Benefit limitations currently proposed.

Recommendation

Staff recommends Governing Board approval of staffs' recommended HAP and SPRP Maximum Benefit Limitations, as proposed above.

ATTACHMENT 1

TDHCA Announces Hurricane Rita HAP and SPRP Public Input Roundtable

On December 18, 2008, the TDHCA Board is scheduled to consider TDHCA Disaster Recovery staff recommendations for an increase in the Maximum Benefit Limitations applicable to the Homeowner Assistance Program (HAP) and Sabine Pass Restoration Program (SPRP) for CDBG Disaster Recovery Round 2. The TDHCA Disaster Recovery Division will be holding an Hurricane Rita HAP and SPRP Public Input Roundtable on Monday, December 8, 2008 at 8:30 a.m. at the MCM Elegante Hotel located at 2355 I-10 South, Beaumont, Texas (Phone: 409-842-3600). PLEASE NOTE THAT THIS ROUNDTABLE IS NOT RELATING TO HURRICANE IKE RECOVERY. Rather, the roundtable is intended to receive input from the public regarding the potential changes to the Maximum Benefit Limitations applicable to the Hurricane Rita HAP and SPRP programs, as proposed below.

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1) Draft Maximum Benefit Limitations Approved by TDHCA Board on November 13, 2008

On November 13, 2008, the Board approved new draft Maximum Benefits for HAP and SPRP. The Board directed staff to solicit public comment on these draft limits and to report public comment received to the Board during the December 2008 meeting. The current HAP and SPRP Maximum Benefits are provided below (Column A), as well as the Board approved draft Maximum Benefits for HAP and SPRP (Column B).

A) Current HAP and SPRP Maximum Benefits

- Rehabilitation: $40,000
- 1 – 4 person Household: $60,000
- 5 – 6 person Household: $67,500
- 7 or more person Household: $75,000

B) Draft Maximum Benefits Approved by Board Nov. 13

- Rehabilitation: $40,000
- 1 – 4 person Household: $78,775
- 5 – 6 person Household: $86,275
- 7 or more person Household: $93,775

In addition to the Draft Maximum Benefits Approved by Board Nov. 13 (Column B, above), TDHCA has developed a proposed staff recommendation to the TDHCA Board on December 13, 2008, outlined below.

2) Proposed Staff Recommendation to the TDHCA Board on December 13, 2008

Under both the SPRP and HAP programs, staff recommends that the following eligible project costs not be included in the Maximum Benefit Calculations:

2. Third-party project costs relating to loan closing and/or grant execution, including but not limited to appraisals, closing agent fees, title reports, insurance, tax certificates, and recording fees.
3. Costs to meet federal regulation requirements, including but not limited to lead based paint, asbestos mitigation, flood mitigation, accessibility, and environmental clearance; and/or local code requirements more restrictive than minimum state program threshold requirements.
4. Costs associated with demolition and removal.

By removing these costs from the current Maximum Benefit Calculation, there is no longer a need to increase the Maximum Benefit Limitation. Staff does recommend basing the limits on bedroom size of the home, rather than household size. Therefore, staff proposes the following SPRP and HAP Maximum Benefit limitations, based on number of bedrooms:

- Rehabilitation: $40,000
- 2-Bedroom (typically 1 - 4 person Household): $60,000
- 3-Bedroom (typically 5 - 6 person Household): $67,500
- 4-Bedroom (typically 7 or more person Household): $75,000

TDHCA will accept comment on the Draft Maximum Benefit Limitations Approved by TDHCA Board on November 13, 2008 and Proposed Staff Recommendation to the TDHCA Board on December 13, 2008 (Items 1 and 2, above).

All input will be considered in making recommendations for the December 18, 2008 TDHCA Board meeting. Comments relating to the proposed revisions may also be provided during the Public Hearing Portion of the December 18, 2008 TDHCA Board meeting, or they may be submitted by Monday, December 8, 2008 in writing directly to the Disaster Recovery Division FAX: 1-800-733-5120 or E-mail: jennifer.joyce@tdhca.state.tx.us).

Staffs' final recommendations for the proposed increases, as well as a summary of public comment received, will also be included in the December 18, 2008 TDHCA Board book (to be posted December 11, 2008). For questions, please contact Disaster Recovery Division directly at 512-475-1449.

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of CDBG Disaster Recovery Multifamily Rental Award Amendments.

Requested Action

Approve or deny the requests for CDBG Disaster Recovery Multifamily Rental Award Extension and Amendment.

Background and Recommendation

On September 13, 2007, the TDHCA Board awarded $81,147,333 ($1,719,651 less than the available $82,866,984) to repair or rebuild seven Golden Triangle-area affordable multifamily rental properties damaged or destroyed by Hurricane Rita. The construction work, once completed, will restore rental unit housing to 813 low-income individuals and families. One of those awards included $14,189,439 for Orange Navy Homes in Orange, Texas. The development proposed 115 low-income units, built on 61 lots.

At the time of award, TDHCA was aware that 52 out of the 61 lots were located in an area designated by the Texas Historical Commission (THC), which required additional mitigation and the execution of a Memorandum of Agreement (MOA) prior to starting construction. Due to the imperative to utilize the funds and provide needed rental housing units in the Rita damaged areas of southeast Texas in a timely manner, the applicant started working closely with TDHCA and THC to reach agreement on a plan for the release of those 52 Historical Lots.

While seeking alternatives for meeting the monument requirements of the MOA, the development team has acquired eleven (11) additional lots. This provides an opportunity to provide twenty-five (25) additional low-income units. The developer and city believe that these additional units could help the families of Orange that have been displaced by disaster. As such, the developer is requesting an amendment to the original awarded application to increase the number of low-income units from 115 to 140, with all of the same restrictions placed on the previous units.

Applicant Amendment Request

The Applicant has proposed an amendment/award increase request so that, at minimum, additional CDBG funds in the amount of $270,000 be awarded to offset the costs required to meet the THC required mitigation. Further, the applicant requests that the Board approve an additional 25 low-income units, for a total increase in award by $1,632,000. The applicant request is attached for reference.

Requested Action

Staff recommends Board approval of the full applicant request for a total increase in award by $1,632,000 and 25 units, conditioned on the following requirements to ensure timely loan closing and commencement of construction.

- An amendment to the loan and LURA must occur no later than 90 days from the date of approval of this Amendment.
- An REA underwriting addendum report must be completed not later than 60 days from approval of this Amendment.
- Construction of all 140 units, including the 25 additional units approved in this Amendment, must be complete by the date established under the original construction loan term.

Developer Amendment Request

Management | Construction | Development

November 14, 2008

Mr. Michael Gerber
Executive Director
Texas Department of Housing
and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Orange Texas Additional Housing Needs

Dear Mr. Gerber

As you know, we have already begun demolition of units on the scattered lots of the Navy Park Subdivision of Orange. We are working to release the remaining fifty-two (52) Historical Lots that are subject to the stipulations of the Memorandum of Agreement (MOA) that was executed by all parties. We have presented a plan to both Texas Department of Housing and Community Affairs (TDHCA) and Texas Historical Commission (THC) for the release of those Historical Lots.

The plan consists of purchasing the ten (10) lots or fourteen (14) units called Park Place that were originally known as the officers quarters. The preservation of the Park Place units will be used to meet the monument requirements of the MOA. The purpose of using the Park Place units is to have a contiguous set of lots that will be acceptable to THC. The current owner Doug Dowler, an affordable housing developer with Pineywoods HOME Team, has agreed to sell those units to us very quickly and help meet the requirements of both TDHCA and THC.

During the quest for seeking alternatives for meeting the monument requirements of the MOA, our development team has acquired six (6) additional lots. These additional lots currently contain eleven (11) units. In addition to the current number of units that we are currently constructing under this project, we have the opportunity to provide twenty five (25) additional units. These additional units could help the families of Orange that have been displaced by Hurricane Ike.

The cost of providing the additional Park Place units will be as follows. The purchase of Park Place units: $200,000. The renovation of the Park Place units to meet Housing Quality Standards ($5,000/unit) will be $70,000. This brings the total cost of Park Place $270,000.

The cost of providing an additional eleven (11) units to these additional lots based on our already approved underwritten cost of $142,000 per unit will be $1,562,000. The cost of all twenty-five (25) units will be $1,632,000.00.

We strongly believe that these additional units will help to meet the shortage of quality housing stock in the city of Orange and Orange County. We hope that the department will take

3735 Honeywood Court | Port Arthur, Texas 77642
(409) 724-0020 voice | (409) 721-6603 facsimile

into consideration each of the two viable options that we have provided and increase the number of affordable housing units within this project. Please contact either Ike or myself if you have any further questions regarding these two options.

Sincerely,

Christopher A. Akbari

cc: Kelly Crawford
Jennifer Joyce
K.T. (Ike) Akbari

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of the Program Year 2009 Community Services Block Grant Annual Funding Allocation.

Requested Action

Staff recommends approval of the distribution of the PY 2009 funding allocation for the CSBG grant award estimated at $31,311,979 and PY 2008 unexpended funds $200,000 as detailed in 10 TAC §5.1.

Background

The Community Services Block Grant (CSBG) Act (42 USC Sec. 9901 et seq.) was amended by the Community Services Block Grant Amendments of 1994 and the Coats Human Services Reauthorization Act of 1998 under (42 USC 9901 et seq.). The Secretary of the U.S. Department of Health and Human Services is authorized to make Community Services Block Grant funds available to States to ameliorate the causes of poverty in communities within the States under (42 USC 9904). The CSBG Act (42 USC 9907) requires that not less that 90%, $28,180,780 of the CSBG funds shall be used by the State to make grants to eligible entities. The states are authorized to utilize up to 5% of the CSBG funds for administration.

The Texas Legislature designated the Texas Department of Housing and Community Affairs as the lead agency for administration of the Community Services Block Grant program pursuant to Texas Government Code, 2306.092. CSBG funds are available to eligible entities to carryout the purposes of the CSBG. A CSBG eligible entity is defined as an entity that was in effect on the day before the date of enactment of the CSBG Act, including a new or existing eligible entity official reassigned to serve an unserved area of the State. The CSBG subrecipient network is currently comprised of 48 CSBG eligible entities that provide services to all 254 counties in the State.

Fund Allocation

The estimated 2009 CSBG funds are $31,311,979. The Department uses a multi-factor fund distribution formula to equitably provide CSBG funds throughout the State's 254 counties to the CSBG eligible entities. The formula incorporates the 2000 U.S. Census figures at 125% of poverty; a $50,000 base; a $150,000 floor (the minimum funding level); a 98% weighted factor for poverty population; and, a 2% weighted factor for the inverse ratio of population density. Appendix I reflects the proposed funding amounts for each of the 48 eligible entities.

Staff recommends that five percent (5%) of the Department's annual CSBG allocation, $1,565,599 be used to cover state administrative costs, including salary and benefits for State

CSBG staff, indirect costs, a portion of operating costs (space, telephone, staff travel, etc.), and capital expenditures (furnishings, equipment, etc.).

The Department sets aside five percent (5%) of CSBG funds for "discretionary" purposes. The majority of the 2009 CSBG State discretionary funds will be made available on a competitive basis based on the Board's approval of the 2009 CSBG State Discretionary Notice of Funding Availability.

Recommendation

Staff recommends approval of the allocation of $28,380,780 to the 48 CSBG subrecipients by the formula approved in 10 TAC §5.1.

APPENDIX I

CSBG PY 2009 Funding Distribution

Subrecipient Name	PY 2009 Allocation
Aspermont Small Business Development Center, Inc.	$150,545.73
Austin, City of, Health and Human Services Department	$836,228.77
Bee Community Action Agency	$272,099.21
Big Bend Community Action Committee, Inc.	$150,771.16
Brazos Valley Community Action Agency	$897,163.37
Cameron and Willacy Counties Community Projects, Inc.	$932,908.20
Caprock Community Action Association, Inc.	$172,758.11
Central Texas Opportunities, Inc.	$211,076.93
Combined Community Action, Inc.	$192,721.26
Community Action Corporation of South Texas	$239,577.44
Community Action Council of Victoria	$280,576.10
Community Action Inc. of Hays, Caldwell and Blanco Counties	$192,660.79
Community Action Program, Inc.	$229,532.37
Community Action Social Services & Education	$185,649.30
Community Council of Reeves County	$204,853.56
Community Council of South Central Texas, Inc.	$491,317.03
Community Council of Southwest Texas, Inc.	$256,899.07
Community Services Agency of South Texas	$150,331.85
Community Services of Northeast Texas	$264,279.44
Community Services, Inc.	$981,544.20
Concho Valley Community Action Agency	$263,389.52
Dallas Urban League	$2,461,901.93
Economic Action Committee of The Gulf Coast	$150,424.04
Economic Opportunities Advancement Corporation of Planning Region XI	$479,116.20
El Paso Community Action Program, Project BRAVO, Inc.	$1,325,754.49
Fort Worth, City of, Parks & Community Services Department	$1,282,843.99
Galveston County Community Action Council, Inc.	$772,430.92
Greater East Texas Community Action Program (GETCAP)	$880,600.65
Gulf Coast Community Services Association	$4,126,659.86
Hidalgo County Community Services Agency	$1,591,821.44
Hill Country Community Action Association, Inc.	$444,427.60
Institute for Rural Development	$150,227.51
Lubbock, City of, Community Services Department	$378,264.35
Northeast Texas Opportunities, Inc.	$246,650.42
Nueces County Community Action Agency	$496,206.03
Panhandle Community Services	$575,245.34
Pecos County Community Action Agency	$150,455.11
Rolling Plains Management Corporation	$306,170.02
San Antonio, City of, Community Action Division	$1,800,573.92

South Plains Community Action Association, Inc.	$188,901.58
South Texas Development Council	$286,719.85
Southeast Texas Regional Planning Commission	$508,081.33
Texas Neighborhood Services	$357,201.65
Texoma Council of Governments	$223,288.84
Tri-County Community Action, Inc.	$369,065.86
Webb County Community Action Agency	$516,859.55
West Texas Opportunities, Inc.	$571,984.00
Williamson-Burnet County Opportunities, Inc.	$182,020.10
Total	**$28,380,780.00**

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of the 2009 Community Services Block Grant State Discretionary Funds Notice of Funding Availability (NOFA).

Requested Action

Approve, deny or approve with modifications the 2009 Community Services Block Grant State Discretionary Funds Notice of Funding Availability (NOFA).

Background

The U.S. Department of Health and Human Services provides annual Community Services Block Grant (CSBG) funds to ameliorate the causes of poverty in communities. States are allowed to utilize the CSBG funds in accordance with Section 675C. USES OF FUNDS of Public Law 105-285. The Texas Department of Housing and Community Affairs, as the administering state agency for the CSBG Program in Texas, establishes grant reserves for the following three categories: ninety percent (90%) for formula distribution to the state's network of CSBG eligible entities to serve the 254 counties; five percent (5%) for state administration; and, five percent (5%) for state discretionary projects, including those for disaster assistance relief, for serving special low-income population groups, and for local or statewide innovative and demonstration initiatives.

The Department has historically utilized the state discretionary funds to provide services to the following: organizations serving Migrant and Seasonal Farmworkers and Native Americans; innovative and demonstration projects, statewide projects addressing hunger and homelessness and for training and technical assistance to CSBG eligible entities, disaster relief projects; Performance Awards for Transitioning Persons Out of Poverty; and the provision of training and technical assistance. The process to award state discretionary funds was not competitive or approved by the Board.

On December 20, 2007, the Board approved a directive that the Department would issue a Notice of Fund Availability (NOFA) for the 2009 CSBG discretionary funding cycle.

Department staff recommend that the five percent (5%) $1,565,599 of the state's total federal fiscal year 2009 CSBG allotment of $31,311,979 be utilized as follows: $900,000 to fund projects which will be awarded funding based on the results of applications received in response the Fiscal Year 2009 CSBG State Discretionary Funds NOFA and $665,599 to provide disaster assistance and for the Department to provide training and technical assistance to eligible entities.

The NOFA will be released to the public and will appear in the Department's web-site on or about December 19, 2008. Eligible organizations will include CSBG eligible entities, private non-profit organizations, units of local government, and regional councils headquartered within the State of Texas. Applicants may submit one application for a maximum of $125,000 for a one-year project which is anticipated to be from April 1, 2009 through March 31, 2010. Funds will be awarded on a competitive basis.

The Department will assign a team of reviewers and a standardized scoring instrument to evaluate and score each eligible application. The scoring instrument follows the content and order of the CSBG NOFA. The score of the reviewers will be averaged to establish a raw score. Points will be deducted for previous contract compliance/performance deficiencies. The Department's Portfolio Management and Compliance Division will be consulted to determine if applicants have any audit issues.

2009 CSBG NOFA Budget

Projects Providing Assistance and Services for the Migrant and Seasonal Farmworker Population.

Projects Providing Assistance and Services for the Native-American Population.

Innovative or Demonstration Projects for promoting either after-school child care; youth development; leadership training, individual development accounts; services for seniors; employment related projects; Earned Income Tax Credit projects, transportation related initiatives; healthy family initiatives; communal food sustenance cooperatives; or, projects related to residential energy conservation.

Statewide Initiative Projects promoting one of the following: training and technical assistance to CSBG eligible entities in best practices and program and management development, supporting the Department by conducting surveys of CSBG eligible entities in areas of particular interest, maintaining data on services and capabilities of CSBG eligible entities, assisting eligible entities in conducting agency self-assessments and implementing improvements, and coordinating efforts among CSBG eligible entities and state and national associations targeting services to CSBG eligible entities and other assistance initiatives targeting low-income individuals; or projects targeting support and training and technical assistance to providers of assistance and services to the homeless and potentially homeless.

Recommendation

Staff recommends the proposed use of CSBG discretionary funds and approval of the 2009 Community Services Block Grant State Discretionary Funds Notice of Funding Availability (NOFA).

Attachment: 2009 CSBG State Discretionary Funds NOFA.

TEXAS DEPARTMENT OF
HOUSING AND COMMUNITY AFFAIRS

NOTICE OF FUNDING AVAILABILITY (NOFA)

FFY 2009
COMMUNITY SERVICES BLOCK GRANT (CSBG)
STATE DISCRETIONARY FUNDS

APPLICATION PACKET
DECEMBER 2008

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

TO: Interested Parties
Community Services Block Grant Program

FROM: Amy M. Oehler
Director
Community Affairs Division

DATE: December 19, 2008

SUBJECT: Notice of Funding Availability--FFY 2009 Texas Community Services Block Grant State Discretionary Funds

The Texas Department of Housing and Community Affairs (the Department) is pleased to provide you with the Notice of Funding Availability (NOFA) for the FFY 2009 Community Services Block Grant (CSBG) State Discretionary Funds. The source of the funds is the U. S. Department of Health and Human Services (USDHHS).

The funds available for competitive applications are limited to support local innovative or demonstration projects and to support statewide initiatives for specific population groups or purposes as outlined within the eligible activities listed in the NOFA.

The Department looks forward to receiving your submission in response this NOFA. Questions pertaining to the content of this application packet or eligible activities may be directed to Rita Gonzales-Garza, Project Manager for Planning and Contract Implementation, at (512) 475-3905 Rita.Garza@tdhca.state.tx.us or to J. Al Almaguer, Senior Planner, at (512) 475-3908 al.almaguer@tdhca.state.tx.us. This application is to be posted on the Department's web-site at http://www.tdhca.state.tx.us/cs.htm#CSBG.

CSBG NOFA SUBMISSION INFORMATION

DEADLINE FOR RECEIPT: Friday, January 20, 2009 by 5:00 p.m. CST

TWO COPIES DUE: One Original and Two Complete Copies

Applicants must submit one original and two complete copies of the application on or before the deadline. Applications that arrive after the deadline will not be considered. Diskettes or other electronic documents will not be accepted. If you would like to confirm the Department's receipt of application, e-mail Cheryl Freeman at cfreeman@tdhca.state.tx.us two weeks after your submission.

Mailing Address: (All U.S. Postal Service including Express)	Community Services Section Attn: Rita D. Gonzales-Garza Texas Department of Housing and Community Affairs Post Office Box 13941 Austin, Texas 78711-3941
Courier Delivery: (Fed Ex, UPS, Overnite, etc.),	1st Floor 221 East 11th Street Austin, Texas 78701
Hand Delivery:	If you are hand delivering the application, contact Rita D. Gonzales-Garza at (512) 475-3905 or J. Al Almaguer (512) 475-3908 when you arrive at the lobby of our building so they may accept your application.

Please use the following format for the narrative portion of the application:

- Minimum 11 font
- Double spaced
- Standard 8½ " x 11" paper with 1" margins
- The narrative must not exceed 10 consecutively numbered pages, double spaced.

Complete applications must be bound using binder clips. **DO NOT USE FOLDERS OR NOTEBOOKS OF ANY TYPE.** The original application must contain original signatures and original pictures. Adherence to submission guidance will be considered in scoring.

Questions pertaining to the content of this application packet may be directed to Rita Gonzales-Garza, Project Manager for Planning & Contract Implementation at (512) 475-3905 or to J. Al Almaguer at (512) 475-3908. This application is posted on the Department's website: http://www.tdhca.state.tx.us/cs.htm#CSBG

TIMELINE FOR
FFY 2009 CSBG STATE DISCRETIONARY FUNDS NOFA

December 19, 2008	**The application will be available through the TDHCA Website:** http://www.tdhca.state.tx.us/cs.htm#CSBG
January 20, 2009	**Deadline for applicants to submit applications in response to NOFA for FFY 2009 CSBG State Discretionary Funds**
February 23, 2009	**Department will complete reviewing and scoring of applications submitted in response to the NOFA.**
March 12, 2009	**The Department will provide funding recommendations the TDHCA Board of Directors for approval.**
April 1, 2009	**The Department will begin negotiation of contracts with organizations selected for funding as approved by the TDHCA Board of Directors.**

TABLE OF CONTENTS

NOFA INFORMATION/INSTRUCTIONS

Background

The Texas Department of Housing and Community Affairs (the Department) has been designated as the state agency to administer the Community Services Block Grant. On an annual basis, the Department receives block grant funds from the U.S. Department of Health and Human Services to ameliorate the causes of poverty within communities.

When the Department receives the State's annual award of CSBG funds, it reserves ninety percent (90%) of the allotment for CSBG eligible entities to provide services/assistance to the low-income population in all 254 counties. Five percent (5%) is reserved for state administration expenses and the remaining five percent (5%) is reserved for state discretionary use. This Notice of Funding Availability (NOFA) relates to the Department's proposed release and use of FFY 2009 CSBG State Discretionary Funds.

Eligible Activities

There will be four categories of projects to be funded with 2009 CSBG State Discretionary Funds. Funds will be awarded on a competitive basis for serving low-income population groups and special populations and for supporting single innovative/demonstration projects or statewide initiatives as described below. Persons assisted must have annual income at or below the federal poverty income guidelines issued annually by the U.S. Department of Health and Human Services.

- Projects Providing Assistance and Services for the Migrant and Seasonal Farmworker Population.

- Projects Providing Assistance and Services for the Native-American Population.

- Innovative or Demonstration Projects for promoting either after-school child care; youth development; leadership training, individual development accounts; services for seniors; employment related projects; Earned Income Tax Credit projects, transportation related initiatives; healthy family initiatives; communal food sustenance cooperatives; or, projects related to residential energy conservation.

  In order to be considered a **demonstration project**, the project must be a new project that has not been operated by your organization for more than 12 months prior to the date of the application and must also be replicable by your organization or by another entity.

  Innovative projects must propose a project which is a new or unique idea, a new method of delivering a service or conducting an activity, and must be a project which assists an individual and/or family to further their education or employment skills or results in the improvement of their financial situation.

- Statewide Initiative Projects promoting one of the following: training and technical assistance to CSBG eligible entities in best practices and program and management development, supporting the Department by conducting surveys of CSBG eligible entities in areas of particular interest, maintaining data on services and capabilities of CSBG eligible entities, assisting eligible entities in conducting agency self-assessments and implementing improvements, and coordinating efforts among CSBG eligible entities and state and national associations targeting services to CSBG eligible entities and other assistance initiatives targeting low-income individuals; or projects targeting support and training and technical assistance to providers of assistance and services to the homeless and potentially homeless.

Projects supported with competitive funds are to have a one-year duration from April 1, 2009 through March 31, 2010. The availability of FFY 2009 CSBG funds to subrecipient organizations will be dependent on the funds made available to the State from the U. S. Department of Health and Human Services. The initial access to funds will be approximately 25% of proposed one-year contract budgets. Availability of additional funds for the year will be dependent on additional federal continuing resolutions or final appropriations for the 2009 Community Services Block Grant.

Eligible Applicant Organizations

Organizations eligible to apply for the competitive FFY 2009 CSBG State Discretionary Funds include the following: CSBG eligible entities, private nonprofit organizations, units of local government, and regional councils. Applicant organizations must be headquartered within the State of Texas.

Award Amounts and Limitations on Applicants

Maximum award amounts will be $125,000. Applicants can only apply for one type of activity. The reasonableness of the amount of funds requested will be considered in the scoring of the application.

Selection Process

Applications from eligible applicant organizations and considered complete will be reviewed and scored by the Department. The Department will utilize a standard scoring instrument to evaluate, score, and rank each application. The scoring instrument will award points based on the applicant's response to the requested information in the NOFA packet.

Two bonus points will be awarded to applicant organizations with demonstrated experience in administering federally funded programs serving the low-income population.

The Department will also consider and award or deduct points on factors including, but not limited to, innovativeness of the proposed project, whether the project is a demonstration project, the results of past monitoring, timeliness of submission of required reports and documents, results of recent audits, and track record on meeting reporting requirements for contracted program operations with the Department.

Projects proposing to provide services and direct client assistance to Migrant and Seasonal Farmworker populations and Native-American Populations are expected to utilize a significant portion of the CSBG funds to provide direct client assistance to these populations. Consideration will be given to projects utilizing a higher percentage of the CSBG for direct client assistance.

Types of Activities to be Funded

- **Projects Providing Assistance and Services for the Migrant and Seasonal Farmworker Population.**

- **Projects Providing Assistance and Services for the Native-American Population**

- **Innovative or Demonstration Projects** for promoting either after-school child care; youth development; leadership training, individual development accounts; services for seniors; employment related projects; Earned Income Tax Credit projects, transportation related initiatives; healthy family initiatives; communal food sustenance cooperatives; or, projects related to residential energy conservation.

- **Statewide Initiative Projects** promoting one of the following: training and technical assistance to CSBG eligible entities in best practices and program and management development, supporting the Department by conducting surveys of CSBG eligible entities in areas of particular interest, maintaining data on services and capabilities of CSBG eligible entities, assisting eligible entities in conducting agency self-assessments and implementing improvements, and coordinating efforts among CSBG eligible entities and state and national associations targeting services to CSBG eligible entities and other assistance initiatives targeting low-income individuals; or projects targeting support and training and technical assistance to providers of assistance and services to the homeless and potentially homeless.

APPLICATION CONTENT

I. Letter of Transmittal

II. Table of Contents

The table of contents must include page number(s) to indicate the location of all required items and components listed within this NOFA.

III. Project Narrative

The narrative portion of the application must provide all the information requested. The narrative must be formatted with one-inch margins and double-spaced on 8 1/2"X 11" paper. Minimum font size is 11 pitch. The narrative must not exceed 10 pages.

Organize the project narrative with clear headings and subheadings and in the same order as the following outline. If any heading or subheading does not apply to your project, please indicate N/A next to it.

A. Organization Background

1. Describe your organization's history and mission. Include information on the current staff size and the educational background and work experience of key management staff.

2. Provide information about the board of directors, at a minimum, include information on any vacancies, a list of subcommittees, and information on how often the board and subcommittees meet.

3. a. Provide a description of the accounting operations in your organization. Provide the titles, experience and education of accounting staff and provide the duties assigned to those personnel.
   b. Provide the name the type of accounting software utilized.
   c. Describe how accounting duties will be maintained to assure adequate separation of duties.
   d. Provide information on the mechanisms in place to gather performance data and report such data electronically to the Department. Include information on whether a manual system is utilized or a computerized database is utilized and the type of software utilized, etc.

4. Describe:
   a. The type(s) of services currently provided.
   b. The staff titles for staff who provide direct services to clients and a brief description of their duties and of their experience and education.
   c. The total number of persons served annually by your organization.
   d. The target group(s) currently served.
   e. Information on office(s) or centers currently utilized to provide services. Include the city and county and physical address and the staffing at the centers.

B. Proposed Project

1. Provide a description of the proposed project. The description should include, at a minimum, the following:
   a. the objective (purpose and goal(s)) of the proposed project,
   b. the target group(s) to be served,
   c. the proposed services and assistance to be provided to participants,
   d. the amount of CSBG funds to be utilized to provide direct client assistance;
   e. information on how participants will be selected to receive services,
   f. a projection of the number of individuals to be served during the 12-month if the project is funded, and
   g. information on office(s) or centers which will be utilized to provide services with the CSBG discretionary grant. Include the city and county and physical address and the staffing at the centers; and,
   h. the staff titles for staff who provide direct services to clients proposed to be served and a brief description of their duties and of their experience and education;
2. Explain if the proposed project is a demonstration project and provide information on what factors on make the proposed project a demonstration project. Refer to page 1 for guidance. This only applies to applicants requesting funds under the Innovative or Demonstration Projects.
3. Explain if the proposed project is an innovative project and provide information on what factors on make the proposed project an innovative project. Refer to page 1 for guidance. This only applies to applicants requesting funds under the Innovative or Demonstration Projects.

C. Coordination Efforts

1. Describe how your organization coordinates services within your service area to meet the various needs of the population to be served.

D. Previous CSBG Funding (if applicable)

1. Describe how previous CSBG funds were utilized to provide services and activities. If non-applicable, indicate such.

E. Unmet Need

1. Provide a description of the specific unmet need(s) and gaps in services that your organization will meet and address if the proposed CSBG project is funded. Specify the specific services which will be provided and state whether the service is currently not provided in the community or is not being adequately provided by the existing service delivery system.

F. Proposed Use of CSBG Funds

1. Based on the proposed CSBG budget, provide a description of the activities and or operation and administration costs to be paid for with the CSBG funds. Provide such by category and sub-category. Refer to the budget forms provided for budget categories.

2. What amount of the CSBG funds will be used for direct assistance to clients? What types of assistance will be provided with CSBG funds (i.e. rent, food, medication, etc.)?

G. Evaluation of Project

1. Describe how your organization plans to measure the effectiveness of the services provided to your clients with CSBG funds.

H. Conclusion

1. What significant and beneficial impact(s) will the proposed project have on the low-income or special population to be served in your service area?

2. Provide information on why the Department should consider funding your organization and the proposed project.

IV. NOFA Packet Documents

A. A copy of existing Internal Revenue Service (IRS) ruling. All private non-profit organizations must document their status as a 501(c) tax-exempt entity. The Department prefers that the ruling be on IRS letterhead which is legible and signed by the IRS District Director. Expired advanced rulings are not acceptable. Other documentation which may be utilized to document 501(c) status may be a letter from the State of Texas Comptroller of Public Accounts. Local nonprofit affiliate of a State or national nonprofit can be submitted if your organization is a subsidiary of a parent organization. In case of the latter, provide a copy of the page listing your organization in the documents filed with the IRS. Failure to provide documentation of status as a 501(c) tax-exempt entity will deem the application ineligible.

B. A completed 12-month 2009 CSBG Budget with Budget Support Sheets.

C. Articles of Incorporation. Failure to provide documentation of status as a 501(c) tax-exempt entity will deem the application ineligible.

D. Bylaws.

E. Roster for Board of Directors utilizing Attachment A.

F. Attendance Roster for Board of Directors utilizing Attachment B.

G. Copy of accounting/fiscal policies and procedures.

H. One copy of the most recent audit, as required by Single Audit Act. Or if your organization is not required to complete a single audit, provide a copy of the end-of-the-year financial statements including a balance sheet, income statement, and a statement of cash flows. Failure to provide documentation of status as a 501(c) tax-exempt entity will deem the application ineligible.

I. Fidelity bond coverage documentation.

FACTORS TO BE CONSIDERED IN SCORING OF APPLICATION

Factors to be considered, in addition to items to be considered in selection process as identified on page 2 under Selection Process, in the review of each eligible application include, but are not limited to:

ELIGIBILITY DOCUMENTS:

1. For private non-profit organizations, documentation of status as a 501(c) tax-exempt entity. Refer to NOFA.
2. Articles of Incorporation.
3. One copy of the most recent audit, as required by Single Audit Act. Or if your organization is not required to complete a single audit, provide a copy of the end-of-the-year financial statements including a balance sheet, income statement, and a statement of cash flows.

NOTE: Failure to provide Eligibility Documents will deem the application ineligible and the application will not be scored.

FACTORS AND SCORING

Requested Documents:

1. The 2009 CSBG Budget with Budget Support Sheets. (1 POINT TOTAL).

2. Bylaws. (1 POINT TOTAL).

3. Roster for Board of Directors utilizing Attachment A. (1 POINT TOTAL).

4. Attendance Roster for Board of Directors utilizing Attachment B. (1 POINT TOTAL).

5. Accounting/fiscal policies and procedures. (1 POINT TOTAL).

6. One copy of the most recent audit, as required by Single Audit Act. Or if your organization is not required to complete a single audit, provide a copy of the end-of-the-year financial statements including a balance sheet, income statement, and a statement of cash flows. (5 POINTS TOTAL). Consideration will be given to any identified deficiencies and disallowed or questioned costs and to the ratio of assets to liabilities.

7. Fidelity bond coverage documentation. (1 POINT TOTAL).

8. Letter of Transmittal. (1 POINT TOTAL).

9. Formatting and Submission Requirements and Table of Contents requirements. (1 POINT TOTAL).

10. Adherence with formatting and submission requirements. (1 POINT TOTAL).

Project Narrative:

A. Organization Background

1. Describe your organization's history and mission. Include information on the current staff size and the educational background and work experience of key management staff. (1 POINT TOTAL).

2. Provide information about the board of directors, at a minimum, include information on any vacancies, a list of subcommittees, and information on how often the board and subcommittees meet. Consideration will be given to board members attendance at board meetings. (5 POINTS TOTAL).

3. a. Provide a description of the accounting operations in your organization. Provide the titles, experience and education of accounting staff and provide the duties assigned to those personnel. (1 POINT TOTAL). Consideration will be given to the adequacy of staffing and the experience and education of accounting staff.
   b. Provide the name the type of accounting software utilized. (1 POINT TOTAL).
   c. Describe how accounting duties will be maintained to assure adequate separation of duties. (1 POINT TOTAL).
   d. Provide information on the mechanisms in place to gather performance data and report such data electronically to the Department. Include information on whether a manual system is utilized or a computerized database is utilized and the type of software utilized, etc. (1 POINT TOTAL). Consideration will be given to the adequacy of the reporting mechanisms in regards to providing accurate performance data.

4. a. Description of the type(s) of services currently provided. (1 POINT TOTAL). Consideration will be given to the number and types of services provided and a comparison to other applicants proposing a similar type of project..
   b. The staff titles for staff who provide direct services to clients and a brief description of their duties and of their experience and education. (1 POINT TOTAL). Consideration will be given to the number of staff providing direct client services, their education, and experience and a comparison to other applicants proposing a similar type of project..
   c. The total number of persons served annually by your organization. (1 POINT TOTAL). Consideration will be given to the number of persons served and a comparison to other applicants proposing a similar type of project..)
   d. The target group(s) currently served. (5 POINTS TOTAL). Consideration will be given to the number of persons served and a comparison to other applicants proposing a similar type of project.
   e. Information on office(s) or centers currently utilized to provide services. Include the city and county and physical address and the staffing at the centers. (5 POINTS TOTAL). Consideration will be given to the capacity to deliver services to the target population and a comparison to other applicants proposing a similar type of project.

B. Proposed Project

1. Provide a description of the proposed project. The description should include, at a minimum, the following:
   a. the objective (purpose and goal(s)) of the proposed project, (10 POINTS TOTAL). Consideration will be given to the objective of the proposed project and a comparison to other applicants proposing a similar type of project.
   b. the target group(s) to be served. (5 POINTS TOTAL). Consideration will be given to the number of persons served and a comparison to other applicants proposing a similar type of project..
   c. the proposed services and assistance to be provided to participants, (15 POINTS TOTAL). Consideration will be given to the number and types of services provided and a comparison to other applicants proposing a similar type of project.
   d. the amount of CSBG funds to be utilized to provide direct client assistance; (15 POINTS TOTAL). Consideration will be given to the number and types of services provided and a comparison to other applicants proposing a similar type of project..
   e. information on how participants will be selected to receive services, (5 POINTS TOTAL).
   f. a projection of the number of individuals to be served during the 12-month if the project is funded, and (10 POINTS TOTAL). Consideration will be given to the number of persons proposed to be served and a comparison to other applicants proposing a similar type of project.
   g. information on office(s) or centers which will be utilized to provide services with the CSBG discretionary grant. Include the city and county and physical address and the staffing at the centers. (15 POINTS TOTAL). Consideration will be given to the capacity to deliver services to the target population and a comparison to other applicants proposing a similar type of project.
   h. The staff titles for staff who provide direct services to clients proposed to be served and a brief description of their duties and of their experience and education. (15 POINTS TOTAL). Consideration will be given to the number of staff providing direct client services, their education, and experience and a comparison to other applicants proposing a similar type of project.
2. Explain if the proposed project is a demonstration project and provide information on what factors on make the proposed project a demonstration project. (15 POINTS TOTAL). This only applies to applicants requesting funds under the Innovative or Demonstration Projects.

3. Explain if the proposed project is an innovative project and provide information on what factors on make the proposed project an innovative project. (15 POINTS TOTAL). This only applies to applicants requesting funds under the Innovative or Demonstration Projects.

C. Coordination Efforts

1. Describe how your organization coordinates services within your service area to meet the various needs of the population to be served. (5 POINTS TOTAL). Consideration will be given to the level of coordination, the number of entities with whom applicant coordinates, and the types of client services coordinated. Also to be considered is a comparison to other applicants proposing a similar type of project.

D. Previous CSBG Funding (if applicable)

1. Describe how previous CSBG funds were utilized to provide services and activities. If non-applicable, indicate such. (5 POINTS TOTAL). Consideration will be given to results of prior monitoring reviews and performance and financial data submitted to the Department.

E. Unmet Need

1. Provide a description of the specific unmet need(s) and gaps in services that your organization will meet and address if the proposed CSBG project is funded. Specify the specific services which will be provided and state whether the service is currently not provided in the community or is not being adequately provided by the existing service delivery system. (15 POINTS TOTAL). Consideration will be given to the evaluation of the need for the proposed services and activities based on the information provided by the applicant and Department staff knowledge of information related to the service area. Also to be considered is a comparison to other applicants proposing a similar type of project.

F. Proposed Use of CSBG Funds

1. Based on the proposed CSBG budget, provide a description of the activities and or operation and administration costs to be paid for with the CSBG funds. Provide such by category and sub-category. Refer to the budget forms provided for budget categories. (10 POINTS TOTAL). Consideration will be given to the reasonableness of the total request, the amounts requested by category, the proposed use of CSBG funds, the amount to be utilized to provide direct client assistance, and the amount to be utilized for operations and administration. Applicants utilizing a larger percentage of funds requested for direct client assistance will be given favorable consideration. Also to be considered is a comparison to other applicants proposing a similar type of project.

2. What amount of the CSBG funds will be used for direct assistance to clients? What types of assistance will be provided with CSBG funds (i.e. rent, food, medication, etc.)? (10 POINTS TOTAL). Consideration will be given to the proposed use of CSBG

funds, the amount to be utilized to provide direct client assistance. Applicants utilizing a larger percentage of funds requested for direct client assistance will be given favorable consideration. Also to be considered is a comparison to other applicants proposing a similar type of project.

G. Evaluation of Project

1. Describe how your organization plans to measure the effectiveness of the services provided to your clients with CSBG funds. (1 POINT TOTAL). Consideration will be given to the mechanisms set up to evaluate the effectiveness of the project at meeting the unmet needs in the service area.

H. Conclusion

1. What significant and beneficial impact(s) will the proposed project have on the low-income or special population to be served in your service area? (5 POINTS TOTAL). Consideration will be given to the description of the impact that the proposed project will have on the target population. Also to be considered is a comparison to other applicants proposing a similar type of project.

2. Provide information on why the Department should consider funding your organization and the proposed project. (1 POINT TOTAL). Consideration will be given to the description of why the Department should fund the organization and proposed project. Also to be considered is a comparison to other applicants proposing a similar type of project.

209 TOTAL MAXIMUM POINTS

Note: The Points Total indicated for each question, indicates the maximum number of points which may be awarded for the particular item(s) or information requested. The Department may award anywhere from 0 points up to the total points indicated, in evaluating the information provided.

Name of Organization: ______________________________

Roster for ☐ Board of Directors

For January 2008 - Deceember 2008

Name	Appointment Date	Date Term Expires	Address	Phone	For CSBG Eligible Entity, Sector Representing

I certify that this document identifies the Board of Directors.

Authorized Representative: ______________________________ Date: ______

Attendance Roster for ___ Board of Directors
Period: January 2008 – December 2008

Complete this form to document the attendance record for the Board of Directors.

Mark each box with an **A=Absent or P=Present or NM for no meeting** for the months indicated. If a member was not yet serving on board or policymaking entity, indicate NA in months not applicable.

Name of Organization: ______________________________

Name of Board Member	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov

FFY 2009
Attachment B

I certify that this document ithe attendance for the Board of Directors.

Authorized Representative:______________________________ Date: ______

Attachment C

Fiscal Year 2009

CSBG Budget and Budget Support Sheet Forms

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Subrecipient: [redacted]

COMMUNITY SERVICES BLOCK GRANT BUDGET
FFY 2009

BUDGET CATEGORIES	**AMOUNT**
1. Personnel (Detailed on Budget Support Sheet B.1)	$ [redacted]
2. Fringe Benefits (Detailed on Budget Support Sheet B.2)	$ [redacted]
3. Travel (Detailed on Budget Support Sheet B.2)	$ [redacted]
4. General Purpose Equipment (Detailed on Budget Support Sheet B.3)	$ [redacted]
5. Supplies (Detailed on Budget Support Sheet B.2)	$ [redacted]
6. Contractual (Detailed on Budget Support Sheet B.4)	$ [redacted]
7. Other (Detailed on Budget Support Sheet B.5)	$ [redacted]
8. Indirect Costs (Based on currently approved Plan) [redacted]% Base of [redacted]	$ [redacted]
TOTAL	$ [redacted]

Approval of this budget constitutes approval of equipment purchases in amounts less than $5,000 per unit. Department's prior written approval is required to purchase or lease of equipment with per-unit costs of $5,000 or greater.

COMMUNITY SERVICES BLOCK GRANT BUDGET
FFY 2009

BUDGET SUPPORT SHEET B.1

NAME OF SUBRECIPIENT: [redacted]

PERSONNEL

BUDGET CATEGORIES	NO. MOS.	% OF CSBG PARTICIPATION	AMOUNT OF CSBG FUNDS
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
[redacted]	[redacted]	[redacted]%	[redacted]
PAGE TOTAL	[redacted]	[redacted]%	[redacted]

COMMUNITY SERVICES BLOCK GRANT BUDGET
FFY 2009

BUDGET SUPPORT SHEET B.2

NAME OF SUBRECIPIENT: [redacted]

FRINGE BENEFITS

F.I.C.A.	[redacted]
UNEMPLOYMENT	[redacted]
WORKMANS COMP. INSURANCE	[redacted]
HEALTH INSURANCE	[redacted]
OTHER [redacted]	[redacted]
OTHER [redacted]	[redacted]
CSBG BUDGETED AMOUNT	[redacted]

TRAVEL

LOCAL TRAVEL	[redacted]	@	[redacted]	[redacted]
	MILES		RATE	
PER DIEM				[redacted]
OUT OF STATE TRAVEL				[redacted]
OTHER [redacted]				[redacted]
OTHER [redacted]				[redacted]
CSBG BUDGETED AMOUNT				[redacted]

SUPPLIES

OFFICE SUPPLIES	[redacted]
MAINTENANCE SUPPLIES	[redacted]
PROGRAM SUPPLIES	[redacted]
OTHER [redacted]	[redacted]
OTHER [redacted]	[redacted]
CSBG BUDGETED AMOUNT	[redacted]

COMMUNITY SERVICES BLOCK GRANT BUDGET
FFY 2009

BUDGET SUPPORT SHEET B.3

NAME OF SUBRECIPIENT: [redacted]

EQUIPMENT

Items with a per-unit acquisition cost of $5,000 or greater will require the Department's **prior** written approval.

DESCRIPTION	BRAND AND MODEL	UNIT COST	AMOUNT	% OF USAGE FOR CSBG
PURCHASES				
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]%
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]%
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COMMUNITY SERVICES BLOCK GRANT BUDGET
FFY 2009

BUDGET SUPPORT SHEET B.4

NAME OF SUBRECIPIENT: [redacted]

CONTRACTUAL BUDGET CATEGORIES	AMOUNT
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COMMUNITY SERVICES BLOCK GRANT BUDGET
FFY 2009

BUDGET SUPPORT SHEET B.5

NAME OF SUBRECIPIENT: [redacted]

OTHER

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Subrecipient: ____

CERTIFICATION OF BOARD APPROVAL OF CSBG BUDGET

On ______________________ the ____________________________ Board (Date) (Name of Agency)
of Directors reviewed and approved the proposed estimated FFY 2009 CSBG Budget with a quorum of the governing board present.

The Executive Director is authorized to proceed with necessary negotiations with the Texas Department of Housing and Community Affairs.

________________________________ (Signature of Board Chair)

____________________ (Date)

________________________________ Name of Board Chair

Subrecipient: ____

CERTIFICATION OF CSBG PUBLIC HEARING

On ______________________ the ______________________________ held (Date) (Name of Agency)
a public hearing where the proposed estimated FFY 2009 CSBG Performance Statement and Budget were distributed and public comment was solicited. The proposed activities as described in the Performance Statement and Budget are in accordance with the Community Services Block Grant Act.

_________________________________ ____________________
(Signature of the Executive Director) (Date)

Please provide a summary of the comments received at the public hearing in the space listed below. Attach additional pages if necessary.

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Subrecipient Organization:

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2009 CSBG PUBLIC HEARING SIGN-IN SHEET

Date of Hearing: ____________

Location of Hearing: ____________________

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Appendix 1

Public Law 105-285

Title II. Community Services Block Grant Program (CSBG)

42 USC 9801 note.

SEC. 119. REPEAL OF HEAD START TRANSITION PROJECT ACT.

The Head Start Transition Project Act (42 U.S.C. 9855–9855g) is repealed.

TITLE II—COMMUNITY SERVICES BLOCK GRANT PROGRAM

SEC. 201. REAUTHORIZATION.

The Community Services Block Grant Act (42 U.S.C. 9901 et seq.) is amended to read as follows:

Community Services Block Grant Act.

"Subtitle B—Community Services Block Grant Program

42 USC 9901 note.

"SEC. 671. SHORT TITLE.

"This subtitle may be cited as the 'Community Services Block Grant Act'.

42 USC 9901.

"SEC. 672. PURPOSES AND GOALS.

"The purposes of this subtitle are—

"(1) to provide assistance to States and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

"(2) to accomplish the goals described in paragraph (1) through—

"(A) the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, local, and other assistance (including private resources) related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions;

"(B) the organization of a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community and may help the families and individuals to achieve self-sufficiency;

"(C) the greater use of innovative and effective community-based approaches to attacking the causes and effects of poverty and of community breakdown;

"(D) the maximum participation of residents of the low-income communities and members of the groups served by programs assisted through the block grants made under this subtitle to empower such residents and members to respond to the unique problems and needs within their communities; and

"(E) the broadening of the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for—

"(i) private, religious, charitable, and neighborhood-based organizations; and

"(ii) individual citizens, and business, labor, and professional groups, who are able to influence the quantity and quality of opportunities and services for the poor.

"SEC. 673. DEFINITIONS. 42 USC 9902.

"In this subtitle:

"(1) ELIGIBLE ENTITY; FAMILY LITERACY SERVICES.—

"(A) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity—

"(i) that is an eligible entity described in section 673(1) (as in effect on the day before the date of enactment of the Coats Human Services Reauthorization Act of 1998) as of the day before such date of enactment or is designated by the process described in section 676A (including an organization serving migrant or seasonal farmworkers that is so described or designated); and

"(ii) that has a tripartite board or other mechanism described in subsection (a) or (b), as appropriate, of section 676B.

"(B) FAMILY LITERACY SERVICES.—The term 'family literacy services' has the meaning given the term in section 637 of the Head Start Act (42 U.S.C. 9832).

"(2) POVERTY LINE.—The term 'poverty line' means the official poverty line defined by the Office of Management and Budget based on the most recent data available from the Bureau of the Census. The Secretary shall revise annually (or at any shorter interval the Secretary determines to be feasible and desirable) the poverty line, which shall be used as a criterion of eligibility in the community services block grant program established under this subtitle. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index for All Urban Consumers during the annual or other interval immediately preceding the time at which the revision is made. Whenever a State determines that it serves the objectives of the block grant program established under this subtitle, the State may revise the poverty line to not to exceed 125 percent of the official poverty line otherwise applicable under this paragraph.

"(3) PRIVATE, NONPROFIT ORGANIZATION.—The term 'private, nonprofit organization' includes a religious organization, to which the provisions of section 679 shall apply.

"(4) SECRETARY.—The term 'Secretary' means the Secretary of Health and Human Services.

"(5) STATE.—The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

42 USC 9903.

"SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There are authorized to be appropriated such sums as may be necessary for each of fiscal years 1999 through 2003 to carry out the provisions of this subtitle (other than sections 681 and 682).

"(b) RESERVATIONS.—Of the amounts appropriated under subsection (a) for each fiscal year, the Secretary shall reserve—

"(1) ½ of 1 percent for carrying out section 675A (relating to payments for territories);

"(2) 1½ percent for activities authorized in sections 678A through 678F, of which—

"(A) not less than ½ of the amount reserved by the Secretary under this paragraph shall be distributed directly to eligible entities, organizations, or associations described in section 678A(c)(2) for the purpose of carrying out activities described in section 678A(c); and

"(B) ½ of the remainder of the amount reserved by the Secretary under this paragraph shall be used by the Secretary to carry out evaluation and to assist States in carrying out corrective action activities and monitoring (to correct programmatic deficiencies of eligible entities), as described in sections 678B(c) and 678A; and

"(3) 9 percent for carrying out section 680 (relating to discretionary activities) and section 678E(b)(2).

42 USC 9904.

"SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

"The Secretary is authorized to establish a community services block grant program and make grants through the program to States to ameliorate the causes of poverty in communities within the States.

42 USC 9905.

"SEC. 675A. DISTRIBUTION TO TERRITORIES.

"(a) APPORTIONMENT.—The Secretary shall apportion the amount reserved under section 674(b)(1) for each fiscal year on the basis of need among Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

"(b) APPLICATION.—Each jurisdiction to which subsection (a) applies may receive a grant under this section for the amount apportioned under subsection (a) on submitting to the Secretary, and obtaining approval of, an application, containing provisions that describe the programs for which assistance is sought under this section, that is prepared in accordance with, and contains the information described in, section 676.

42 USC 9906.

"SEC. 675B. ALLOTMENTS AND PAYMENTS TO STATES.

"(a) ALLOTMENTS IN GENERAL.—The Secretary shall, from the amount appropriated under section 674(a) for each fiscal year that remains after the Secretary makes the reservations required in section 674(b), allot to each State (subject to section 677) an amount that bears the same ratio to such remaining amount as the amount received by the State for fiscal year 1981 under section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all States for fiscal year 1981 under such section, except—

"(1) that no State shall receive less than ¼ of 1 percent of the amount appropriated under section 674(a) for such fiscal year; and

"(2) as provided in subsection (b).

"(b) ALLOTMENTS IN YEARS WITH GREATER AVAILABLE FUNDS.—

"(1) MINIMUM ALLOTMENTS.—Subject to paragraphs (2) and (3), if the amount appropriated under section 674(a) for a fiscal year that remains after the Secretary makes the reservations required in section 674(b) exceeds $345,000,000, the Secretary shall allot to each State not less than ½ of 1 percent of the amount appropriated under section 674(a) for such fiscal year.

"(2) MAINTENANCE OF FISCAL YEAR 1990 LEVELS.—Paragraph (1) shall not apply with respect to a fiscal year if the amount allotted under subsection (a) to any State for that year is less than the amount allotted under section 674(a)(1) (as in effect on September 30, 1989) to such State for fiscal year 1990.

"(3) MAXIMUM ALLOTMENTS.—The amount allotted under paragraph (1) to a State for a fiscal year shall be reduced, if necessary, so that the aggregate amount allotted to such State under such paragraph and subsection (a) does not exceed 140 percent of the aggregate amount allotted to such State under the corresponding provisions of this subtitle for the preceding fiscal year.

"(c) PAYMENTS.—The Secretary shall make grants to eligible States for the allotments described in subsections (a) and (b). The Secretary shall make payments for the grants in accordance with section 6503(a) of title 31, United States Code.

"(d) DEFINITION.—In this section, the term 'State' does not include Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

"SEC. 675C. USES OF FUNDS. 42 USC 9907.

"(a) GRANTS TO ELIGIBLE ENTITIES AND OTHER ORGANIZATIONS.—

"(1) IN GENERAL.—Not less than 90 percent of the funds made available to a State under section 675A or 675B shall be used by the State to make grants for the purposes described in section 672 to eligible entities.

"(2) OBLIGATIONAL AUTHORITY.—Funds distributed to eligible entities through grants made in accordance with paragraph (1) for a fiscal year shall be available for obligation during that fiscal year and the succeeding fiscal year, subject to paragraph (3).

"(3) RECAPTURE AND REDISTRIBUTION OF UNOBLIGATED FUNDS.—

"(A) AMOUNT.—Beginning on October 1, 2000, a State may recapture and redistribute funds distributed to an eligible entity through a grant made under paragraph (1) that are unobligated at the end of a fiscal year if such unobligated funds exceed 20 percent of the amount so distributed to such eligible entity for such fiscal year.

"(B) REDISTRIBUTION.—In redistributing funds recaptured in accordance with this paragraph, States shall redistribute such funds to an eligible entity, or require the original recipient of the funds to redistribute the funds to a private, nonprofit organization, located within the community served by the original recipient of the funds, for activities consistent with the purposes of this subtitle.

"(b) STATEWIDE ACTIVITIES.—

"(1) USE OF REMAINDER.—If a State uses less than 100 percent of the grant or allotment received under section 675A or 675B to make grants under subsection (a), the State shall use the remainder of the grant or allotment under section 675A or 675B (subject to paragraph (2)) for activities that may include—

"(A) providing training and technical assistance to those entities in need of such training and assistance;

"(B) coordinating State-operated programs and services, and at the option of the State, locally-operated programs and services, targeted to low-income children and families with services provided by eligible entities and other organizations funded under this subtitle, including detailing appropriate employees of State or local agencies to entities funded under this subtitle, to ensure increased access to services provided by such State or local agencies;

"(C) supporting statewide coordination and communication among eligible entities;

"(D) analyzing the distribution of funds made available under this subtitle within the State to determine if such funds have been targeted to the areas of greatest need;

"(E) supporting asset-building programs for low-income individuals, such as programs supporting individual development accounts;

"(F) supporting innovative programs and activities conducted by community action agencies or other neighborhood-based organizations to eliminate poverty, promote self-sufficiency, and promote community revitalization;

"(G) supporting State charity tax credits as described in subsection (c); and

"(H) supporting other activities, consistent with the purposes of this subtitle.

"(2) ADMINISTRATIVE CAP.—No State may spend more than the greater of $55,000, or 5 percent, of the grant received under section 675A or State allotment received under section 675B for administrative expenses, including monitoring activities. Funds to be spent for such expenses shall be taken from the portion of the grant under section 675A or State allotment that remains after the State makes grants to eligible entities under subsection (a). The cost of activities conducted under paragraph (1)(A) shall not be considered to be administrative expenses. The startup cost and cost of administrative activities conducted under subsection (c) shall be considered to be administrative expenses.

"(c) CHARITY TAX CREDIT.—

"(1) IN GENERAL.—Subject to paragraph (2), if there is in effect under State law a charity tax credit, the State may use for any purpose the amount of the allotment that is available for expenditure under subsection (b).

"(2) LIMIT.—The aggregate amount a State may use under paragraph (1) during a fiscal year shall not exceed 100 percent of the revenue loss of the State during the fiscal year that is attributable to the charity tax credit, as determined by the Secretary of the Treasury without regard to any such revenue loss occurring before January 1, 1999.

"(3) DEFINITIONS AND RULES.—In this subsection:

"(A) CHARITY TAX CREDIT.—The term 'charity tax credit' means a nonrefundable credit against State income tax (or, in the case of a State that does not impose an income tax, a comparable benefit) that is allowable for contributions, in cash or in kind, to qualified charities.

"(B) QUALIFIED CHARITY.—

"(i) IN GENERAL.—The term 'qualified charity' means any organization—

"(I) that is—

"(aa) described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code;

"(bb) an eligible entity; or

"(cc) a public housing agency as defined in section 3(b)(6) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6));

"(II) that is certified by the appropriate State authority as meeting the requirements of clauses (iii) and (iv); and

"(III) if such organization is otherwise required to file a return under section 6033 of such Code, that elects to treat the information required to be furnished by clause (v) as being specified in section 6033(b) of such Code.

"(ii) CERTAIN CONTRIBUTIONS TO COLLECTION ORGANIZATIONS TREATED AS CONTRIBUTIONS TO QUALIFIED CHARITY.—

"(I) IN GENERAL.—A contribution to a collection organization shall be treated as a contribution to a qualified charity if the donor designates in writing that the contribution is for the qualified charity.

"(II) COLLECTION ORGANIZATION.—The term 'collection organization' means an organization described in section 501(c)(3) of such Code and exempt from tax under section 501(a) of such Code—

"(aa) that solicits and collects gifts and grants that, by agreement, are distributed to qualified charities;

"(bb) that distributes to qualified charities at least 90 percent of the gifts and grants the organization receives that are designated for such qualified charities; and

"(cc) that meets the requirements of clause (vi).

"(iii) CHARITY MUST PRIMARILY ASSIST POOR INDIVIDUALS.—

"(I) IN GENERAL.—An organization meets the requirements of this clause only if the appropriate State authority reasonably expects that the predominant activity of such organization will be the provision of direct services within the United States to individuals and families whose annual incomes generally do not exceed 185 percent of the poverty line in order to prevent or alleviate poverty among such individuals and families.

"(II) NO RECORDKEEPING IN CERTAIN CASES.—An organization shall not be required to establish or maintain records with respect to the incomes of individuals and families for purposes of subclause (I) if such individuals or families are members of groups that are generally recognized as including substantially only individuals and families described in subclause (I).

"(III) FOOD AID AND HOMELESS SHELTERS.—Except as otherwise provided by the appropriate State authority, for purposes of subclause (I), services to individuals in the form of—

"(aa) donations of food or meals; or

"(bb) temporary shelter to homeless individuals;

shall be treated as provided to individuals described in subclause (I) if the location and provision of such services are such that the service provider may reasonably conclude that the beneficiaries of such services are predominantly individuals described in subclause (I).

"(iv) MINIMUM EXPENSE REQUIREMENT.—

"(I) IN GENERAL.—An organization meets the requirements of this clause only if the appropriate State authority reasonably expects that the annual poverty program expenses of such organization will not be less than 75 percent of the annual aggregate expenses of such organization.

"(II) POVERTY PROGRAM EXPENSE.—For purposes of subclause (I)—

"(aa) IN GENERAL.—The term 'poverty program expense' means any expense in providing direct services referred to in clause (iii).

"(bb) EXCEPTIONS.—Such term shall not include any management or general expense, any expense for the purpose of influencing legislation (as defined in section 4911(d) of the Internal Revenue Code of 1986), any expense for the purpose of fundraising, any expense for a legal service provided on behalf of any individual referred to in clause (iii), any expense for providing tuition assistance relating to compulsory school attendance, and any expense that consists of a payment to an affiliate of the organization.

"(v) REPORTING REQUIREMENT.—The information required to be furnished under this clause about an organization is—

"(I) the percentages determined by dividing the following categories of the organization's expenses for the year by the total expenses of the organization for the year: expenses for direct services, management expenses, general expenses, fundraising expenses, and payments to affiliates; and

"(II) the category or categories (including food, shelter, education, substance abuse prevention or treatment, job training, or other) of services that constitute predominant activities of the organization.

"(vi) ADDITIONAL REQUIREMENTS FOR COLLECTION ORGANIZATIONS.—The requirements of this clause are met if the organization—

"(I) maintains separate accounting for revenues and expenses; and

"(II) makes available to the public information on the administrative and fundraising costs of the organization, and information as to the organizations receiving funds from the organization and the amount of such funds.

"(vii) SPECIAL RULE FOR STATES REQUIRING TAX UNIFORMITY.—In the case of a State—

"(I) that has a constitutional requirement of tax uniformity; and

"(II) that, as of December 31, 1997, imposed a tax on personal income with—

"(aa) a single flat rate applicable to all earned and unearned income (except insofar as any amount is not taxed pursuant to tax forgiveness provisions); and

"(bb) no generally available exemptions or deductions to individuals;

the requirement of paragraph (2) shall be treated as met if the amount of the credit described in paragraph (2) is limited to a uniform percentage (but not greater than 25 percent) of State personal income tax liability (determined without regard to credits).

"(4) LIMITATION ON USE OF FUNDS FOR STARTUP AND ADMINISTRATIVE ACTIVITIES.—Except to the extent provided in subsection (b)(2), no part of the aggregate amount a State uses under paragraph (1) may be used to pay for the cost of the startup and administrative activities conducted under this subsection.

"(5) PROHIBITION ON USE OF FUNDS FOR LEGAL SERVICES OR TUITION ASSISTANCE.—No part of the aggregate amount a State uses under paragraph (1) may be used to provide legal services or to provide tuition assistance related to compulsory education requirements (not including tuition assistance for tutoring, camps, skills development, or other supplemental services or training).

"(6) PROHIBITION ON SUPPLANTING FUNDS.—No part of the aggregate amount a State uses under paragraph (1) may be used to supplant non-Federal funds that would be available, in the absence of Federal funds, to offset a revenue loss of the State attributable to a charity tax credit.

"SEC. 676. APPLICATION AND PLAN. 42 USC 9908.

"(a) DESIGNATION OF LEAD AGENCY.—

"(1) DESIGNATION.—The chief executive officer of a State desiring to receive a grant or allotment under section 675A or 675B shall designate, in an application submitted to the Secretary under subsection (b), an appropriate State agency that complies with the requirements of paragraph (2) to act as a lead agency for purposes of carrying out State activities under this subtitle.

"(2) DUTIES.—The lead agency shall—

"(A) develop the State plan to be submitted to the Secretary under subsection (b);

"(B) in conjunction with the development of the State plan as required under subsection (b), hold at least one hearing in the State with sufficient time and statewide distribution of notice of such hearing, to provide to the public an opportunity to comment on the proposed use and distribution of funds to be provided through the grant or allotment under section 675A or 675B for the period covered by the State plan; and

"(C) conduct reviews of eligible entities under section 678B.

"(3) LEGISLATIVE HEARING.—In order to be eligible to receive a grant or allotment under section 675A or 675B, the State shall hold at least one legislative hearing every 3 years in conjunction with the development of the State plan.

"(b) STATE APPLICATION AND PLAN.—Beginning with fiscal year 2000, to be eligible to receive a grant or allotment under section 675A or 675B, a State shall prepare and submit to the Secretary an application and State plan covering a period of not less than 1 fiscal year and not more than 2 fiscal years. The plan shall be submitted not later than 30 days prior to the beginning of the first fiscal year covered by the plan, and shall contain such information as the Secretary shall require, including—

"(1) an assurance that funds made available through the grant or allotment will be used—

"(A) to support activities that are designed to assist low-income families and individuals, including families and individuals receiving assistance under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals—

"(i) to remove obstacles and solve problems that block the achievement of self-sufficiency (including self-sufficiency for families and individuals who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act);

"(ii) to secure and retain meaningful employment;

"(iii) to attain an adequate education, with particular attention toward improving literacy skills of the low-income families in the communities involved, which may include carrying out family literacy initiatives;

"(iv) to make better use of available income;

"(v) to obtain and maintain adequate housing and a suitable living environment;

"(vi) to obtain emergency assistance through loans, grants, or other means to meet immediate and urgent family and individual needs; and

"(vii) to achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners to—

"(I) document best practices based on successful grassroots intervention in urban areas, to develop methodologies for widespread replication; and

"(II) strengthen and improve relationships with local law enforcement agencies, which may include participation in activities such as neighborhood or community policing efforts;

"(B) to address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to the prevention of youth problems and crime, and promote increased community coordination and collaboration in meeting the needs of youth, and support development and expansion of innovative community-based youth development programs that have demonstrated success in preventing or reducing youth crime, such as—

"(i) programs for the establishment of violence-free zones that would involve youth development and intervention models (such as models involving youth mediation, youth mentoring, life skills training, job creation, and entrepreneurship programs); and

"(ii) after-school child care programs; and

"(C) to make more effective use of, and to coordinate with, other programs related to the purposes of this subtitle (including State welfare reform efforts);

"(2) a description of how the State intends to use discretionary funds made available from the remainder of the grant or allotment described in section 675C(b) in accordance with this subtitle, including a description of how the State will support innovative community and neighborhood-based initiatives related to the purposes of this subtitle;

"(3) information provided by eligible entities in the State, containing—

"(A) a description of the service delivery system, for services provided or coordinated with funds made available through grants made under section 675C(a), targeted to low-income individuals and families in communities within the State;

"(B) a description of how linkages will be developed to fill identified gaps in the services, through the provision of information, referrals, case management, and followup consultations;

"(C) a description of how funds made available through grants made under section 675C(a) will be coordinated with other public and private resources; and

"(D) a description of how the local entity will use the funds to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle, which may include fatherhood initiatives and other initiatives with the goal of strengthening families and encouraging effective parenting;

"(4) an assurance that eligible entities in the State will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals;

"(5) an assurance that the State and the eligible entities in the State will coordinate, and establish linkages between, governmental and other social services programs to assure the effective delivery of such services to low-income individuals and to avoid duplication of such services, and a description of how the State and the eligible entities will coordinate the provision of employment and training activities, as defined in section 101 of such Act, in the State and in communities with entities providing activities through statewide and local workforce investment systems under the Workforce Investment Act of 1998;

"(6) an assurance that the State will ensure coordination between antipoverty programs in each community in the State, and ensure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to low-income home energy assistance) are conducted in such community;

"(7) an assurance that the State will permit and cooperate with Federal investigations undertaken in accordance with section 678D;

"(8) an assurance that any eligible entity in the State that received funding in the previous fiscal year through a community services block grant made under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in section 678C(b);

"(9) an assurance that the State and eligible entities in the State will, to the maximum extent possible, coordinate programs with and form partnerships with other organizations serving low-income residents of the communities and members of the groups served by the State, including religious organizations, charitable groups, and community organizations;

"(10) an assurance that the State will require each eligible entity in the State to establish procedures under which a low-income individual, community organization, or religious organization, or representative of low-income individuals that considers its organization, or low-income individuals, to be inadequately represented on the board (or other mechanism) of the eligible entity to petition for adequate representation;

"(11) an assurance that the State will secure from each eligible entity in the State, as a condition to receipt of funding by the entity through a community services block grant made under this subtitle for a program, a community action plan (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs;

"(12) an assurance that the State and all eligible entities in the State will, not later than fiscal year 2001, participate in the Results Oriented Management and Accountability System, another performance measure system for which the Secretary facilitated development pursuant to section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and a description of outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization; and

"(13) information describing how the State will carry out the assurances described in this subsection.

"(c) FUNDING TERMINATION OR REDUCTIONS.—For purposes of making a determination in accordance with subsection (b)(8) with respect to—

"(1) a funding reduction, the term 'cause' includes—

"(A) a statewide redistribution of funds provided through a community services block grant under this subtitle to respond to—

"(i) the results of the most recently available census or other appropriate data;

"(ii) the designation of a new eligible entity; or

"(iii) severe economic dislocation; or

"(B) the failure of an eligible entity to comply with the terms of an agreement or a State plan, or to meet a State requirement, as described in section 678C(a); and

"(2) a termination, the term 'cause' includes the failure of an eligible entity to comply with the terms of an agreement or a State plan, or to meet a State requirement, as described in section 678C(a).

"(d) PROCEDURES AND INFORMATION.—The Secretary may prescribe procedures for the purpose of assessing the effectiveness of eligible entities in carrying out the purposes of this subtitle.

"(e) REVISIONS AND INSPECTION.—

"(1) REVISIONS.—The chief executive officer of each State may revise any plan prepared under this section and shall submit the revised plan to the Secretary.

"(2) PUBLIC INSPECTION.—Each plan or revised plan prepared under this section shall be made available for public inspection within the State in such a manner as will facilitate review of, and comment on, the plan.

"(f) TRANSITION.—For fiscal year 2000, to be eligible to receive a grant or allotment under section 675A or 675B, a State shall prepare and submit to the Secretary an application and State plan in accordance with the provisions of this subtitle (as in effect on the day before the date of enactment of the Coats Human Services Reauthorization Act of 1998), rather than the provisions of subsections (a) through (c) relating to applications and plans.

"SEC. 676A. DESIGNATION AND REDESIGNATION OF ELIGIBLE ENTITIES IN UNSERVED AREAS. 42 USC 9909.

"(a) QUALIFIED ORGANIZATION IN OR NEAR AREA.—

"(1) IN GENERAL.—If any geographic area of a State is not, or ceases to be, served by an eligible entity under this subtitle, and if the chief executive officer of the State decides to serve such area, the chief executive officer may solicit applications from, and designate as an eligible entity—

"(A) a private nonprofit organization (which may include an eligible entity) that is geographically located in the unserved area, that is capable of providing a broad range of services designed to eliminate poverty and foster self-sufficiency, and that meets the requirements of this subtitle; and

"(B) a private nonprofit eligible entity that is geographically located in an area contiguous to or within reasonable proximity of the unserved area and that is already providing related services in the unserved area.

"(2) REQUIREMENT.—In order to serve as the eligible entity for the area, an entity described in paragraph (1)(B) shall agree to add additional members to the board of the entity to ensure adequate representation—

"(A) in each of the three required categories described in subparagraphs (A), (B), and (C) of section 676B(a)(2), by members that reside in the community comprised by the unserved area; and

"(B) in the category described in section 676B(a)(2)(B), by members that reside in the neighborhood to be served.

"(b) SPECIAL CONSIDERATION.—In designating an eligible entity under subsection (a), the chief executive officer shall grant the designation to an organization of demonstrated effectiveness in meeting the goals and purposes of this subtitle and may give priority, in granting the designation, to eligible entities that are providing related services in the unserved area, consistent with the needs identified by a community-needs assessment.

"(c) NO QUALIFIED ORGANIZATION IN OR NEAR AREA.—If no private, nonprofit organization is identified or determined to be qualified under subsection (a) to serve the unserved area as an eligible entity the chief executive officer may designate an appropriate political subdivision of the State to serve as an eligible entity for the area. In order to serve as the eligible entity for that area, the political subdivision shall have a board or other mechanism as required in section 676B(b).

42 USC 9910.

"SEC. 676B. TRIPARTITE BOARDS.

"(a) PRIVATE NONPROFIT ENTITIES.—

"(1) BOARD.—In order for a private, nonprofit entity to be considered to be an eligible entity for purposes of section 673(1), the entity shall administer the community services block grant program through a tripartite board described in paragraph (2) that fully participates in the development, planning, implementation, and evaluation of the program to serve low-income communities.

"(2) SELECTION AND COMPOSITION OF BOARD.—The members of the board referred to in paragraph (1) shall be selected by the entity and the board shall be composed so as to assure that—

"(A) 1/3 of the members of the board are elected public officials, holding office on the date of selection, or their representatives, except that if the number of such elected officials reasonably available and willing to serve on the board is less than 1/3 of the membership of the board, membership on the board of appointive public officials or their representatives may be counted in meeting such 1/3 requirement;

"(B)(i) not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served; and

"(ii) each representative of low-income individuals and families selected to represent a specific neighborhood within a community under clause (i) resides in the neighborhood represented by the member; and

"(C) the remainder of the members are officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

"(b) PUBLIC ORGANIZATIONS.—In order for a public organization to be considered to be an eligible entity for purposes of section 673(1), the entity shall administer the community services block grant program through—

"(1) a tripartite board, which shall have members selected by the organization and shall be composed so as to assure that not fewer than ⅓ of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members—

"(A) are representative of low-income individuals and families in the neighborhood served;

"(B) reside in the neighborhood served; and

"(C) are able to participate actively in the development, planning, implementation, and evaluation of programs funded under this subtitle; or

"(2) another mechanism specified by the State to assure decisionmaking and participation by low-income individuals in the development, planning, implementation, and evaluation of programs funded under this subtitle.

"SEC. 677. PAYMENTS TO INDIAN TRIBES. 42 USC 9911.

"(a) RESERVATION.—If, with respect to any State, the Secretary—

"(1) receives a request from the governing body of an Indian tribe or tribal organization within the State that assistance under this subtitle be made directly to such tribe or organization; and

"(2) determines that the members of such tribe or tribal organization would be better served by means of grants made directly to provide benefits under this subtitle,

the Secretary shall reserve from amounts that would otherwise be allotted to such State under section 675B for the fiscal year the amount determined under subsection (b).

"(b) DETERMINATION OF RESERVED AMOUNT.—The Secretary shall reserve for the purpose of subsection (a) from amounts that would otherwise be allotted to such State, not less than 100 percent of an amount that bears the same ratio to the State allotment for the fiscal year involved as the population of all eligible Indians for whom a determination has been made under subsection (a) bears to the population of all individuals eligible for assistance through a community services block grant made under this subtitle in such State.

"(c) AWARDS.—The sums reserved by the Secretary on the basis of a determination made under subsection (a) shall be made available by grant to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

"(d) PLAN.—In order for an Indian tribe or tribal organization to be eligible for a grant award for a fiscal year under this section, the tribe or organization shall submit to the Secretary a plan for such fiscal year that meets such criteria as the Secretary may prescribe by regulation.

"(e) DEFINITIONS.—In this section:

"(1) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms 'Indian tribe' and 'tribal organization' mean a tribe, band, or other organized group recognized in the State in which the tribe, band, or group resides, or considered by the Secretary of the Interior, to be an Indian tribe or an Indian organization for any purpose.

"(2) INDIAN.—The term 'Indian' means a member of an Indian tribe or of a tribal organization.

42 USC 9912.

"SEC. 678. OFFICE OF COMMUNITY SERVICES.

Establishment.

"(a) OFFICE.—The Secretary shall carry out the functions of this subtitle through an Office of Community Services, which shall be established in the Department of Health and Human Services. The Office shall be headed by a Director.

"(b) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—The Secretary shall carry out functions of this subtitle through grants, contracts, or cooperative agreements.

42 USC 9913.

"SEC. 678A. TRAINING, TECHNICAL ASSISTANCE, AND OTHER ACTIVITIES.

"(a) ACTIVITIES.—

"(1) IN GENERAL.—The Secretary shall use amounts reserved in section 674(b)(2)—

"(A) for training, technical assistance, planning, evaluation, and performance measurement, to assist States in carrying out corrective action activities and monitoring (to correct programmatic deficiencies of eligible entities), and for reporting and data collection activities, related to programs carried out under this subtitle; and

"(B) to distribute amounts in accordance with subsection (c).

"(2) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—The activities described in paragraph (1)(A) may be carried out by the Secretary through grants, contracts, or cooperative agreements with appropriate entities.

"(b) TERMS AND TECHNICAL ASSISTANCE PROCESS.—The process for determining the training and technical assistance to be carried out under this section shall—

"(1) ensure that the needs of eligible entities and programs relating to improving program quality (including quality of financial management practices) are addressed to the maximum extent feasible; and

"(2) incorporate mechanisms to ensure responsiveness to local needs, including an ongoing procedure for obtaining input from the national and State networks of eligible entities.

"(c) DISTRIBUTION REQUIREMENT.—

"(1) IN GENERAL.—The amounts reserved under section 674(b)(2)(A) for activities to be carried out under this subsection shall be distributed directly to eligible entities, organizations, or associations described in paragraph (2) for the purpose of improving program quality (including quality of financial management practices), management information and reporting systems, and measurement of program results, and for the purpose of ensuring responsiveness to identified local needs.

"(2) ELIGIBLE ENTITIES, ORGANIZATIONS, OR ASSOCIATIONS.—Eligible entities, organizations, or associations described in this paragraph shall be eligible entities, or statewide or local organizations or associations, with demonstrated expertise in providing training to individuals and organizations on methods of effectively addressing the needs of low-income families and communities.

"SEC. 678B. MONITORING OF ELIGIBLE ENTITIES. 42 USC 9914.

"(a) IN GENERAL.—In order to determine whether eligible entities meet the performance goals, administrative standards, financial management requirements, and other requirements of a State, the State shall conduct the following reviews of eligible entities:

"(1) A full onsite review of each such entity at least once during each 3-year period.

"(2) An onsite review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the community services block grant program.

"(3) Followup reviews including prompt return visits to eligible entities, and their programs, that fail to meet the goals, standards, and requirements established by the State.

"(4) Other reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants (other than assistance provided under this subtitle) terminated for cause.

"(b) REQUESTS.—The State may request training and technical assistance from the Secretary as needed to comply with the requirements of this section.

"(c) EVALUATIONS BY THE SECRETARY.—The Secretary shall conduct in several States in each fiscal year evaluations (including investigations) of the use of funds received by the States under this subtitle in order to evaluate compliance with the provisions of this subtitle, and especially with respect to compliance with section 676(b). The Secretary shall submit, to each State evaluated, a report containing the results of such evaluations, and recommendations of improvements designed to enhance the benefit and impact of the activities carried out with such funds for people in need. On receiving the report, the State shall submit to the Secretary a plan of action in response to the recommendations contained in the report. The results of the evaluations shall be submitted annually to the Chairperson of the Committee on Education and the Workforce of the House of Representatives and the Chairperson of the Committee on Labor and Human Resources of the Senate as part of the report submitted by the Secretary in accordance with section 678E(b)(2). Reports.

"SEC. 678C. CORRECTIVE ACTION; TERMINATION AND REDUCTION OF FUNDING. 42 USC 9915.

"(a) DETERMINATION.—If the State determines, on the basis of a final decision in a review pursuant to section 678B, that an eligible entity fails to comply with the terms of an agreement, or the State plan, to provide services under this subtitle or to meet appropriate standards, goals, and other requirements established by the State (including performance objectives), the State shall—

"(1) inform the entity of the deficiency to be corrected;

"(2) require the entity to correct the deficiency;

"(3)(A) offer training and technical assistance, if appropriate, to help correct the deficiency, and prepare and submit to the Secretary a report describing the training and technical assistance offered; or

"(B) if the State determines that such training and technical assistance are not appropriate, prepare and submit to the Secretary a report stating the reasons for the determination;

"(4)(A) at the discretion of the State (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), allow the entity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan to correct such deficiency within a reasonable period of time, as determined by the State; and

"(B) not later than 30 days after receiving from an eligible entity a proposed quality improvement plan pursuant to subparagraph (A), either approve such proposed plan or specify the reasons why the proposed plan cannot be approved; and

"(5) after providing adequate notice and an opportunity for a hearing, initiate proceedings to terminate the designation of or reduce the funding under this subtitle of the eligible entity unless the entity corrects the deficiency.

"(b) REVIEW.—A determination to terminate the designation or reduce the funding of an eligible entity is reviewable by the Secretary. The Secretary shall, upon request, review such a determination. The review shall be completed not later than 90 days after the Secretary receives from the State all necessary documentation relating to the determination to terminate the designation or reduce the funding. If the review is not completed within 90 days, the determination of the State shall become final at the end of the 90th day.

Deadline.

"(c) DIRECT ASSISTANCE.—Whenever a State violates the assurances contained in section 676(b)(8) and terminates or reduces the funding of an eligible entity prior to the completion of the State hearing described in that section and the Secretary's review as required in subsection (b), the Secretary is authorized to provide financial assistance under this subtitle to the eligible entity affected until the violation is corrected. In such a case, the grant or allotment for the State under section 675A or 675B for the earliest appropriate fiscal year shall be reduced by an amount equal to the funds provided under this subsection to such eligible entity.

42 USC 9916.

"SEC. 678D. FISCAL CONTROLS, AUDITS, AND WITHHOLDING.

"(a) FISCAL CONTROLS, PROCEDURES, AUDITS, AND INSPECTIONS.—

"(1) IN GENERAL.—A State that receives funds under this subtitle shall—

"(A) establish fiscal control and fund accounting procedures necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this subtitle, including procedures for monitoring the funds provided under this subtitle;

"(B) ensure that cost and accounting standards of the Office of Management and Budget apply to a recipient of the funds under this subtitle;

"(C) subject to paragraph (2), prepare, at least every year, an audit of the expenditures of the State of amounts received under this subtitle and amounts transferred to carry out the purposes of this subtitle; and

"(D) make appropriate books, documents, papers, and records available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request for the items.

"(2) AUDITS.—

"(A) IN GENERAL.—Subject to subparagraph (B), each audit required by subsection (a)(1)(C) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles.

"(B) SINGLE AUDIT REQUIREMENTS.—Audits shall be conducted under this paragraph in the manner and to the extent provided in chapter 75 of title 31, United States Code (commonly known as the 'Single Audit Act Amendments of 1996').

"(C) SUBMISSION OF COPIES.—Within 30 days after the completion of each such audit in a State, the chief executive officer of the State shall submit a copy of such audit to any eligible entity that was the subject of the audit at no charge, to the legislature of the State, and to the Secretary.

"(3) REPAYMENTS.—The State shall repay to the United States amounts found not to have been expended in accordance with this subtitle or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this subtitle.

"(b) WITHHOLDING.—

"(1) IN GENERAL.—The Secretary shall, after providing adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State that does not utilize the grant or allotment under section 675A or 675B in accordance with the provisions of this subtitle, including the assurances such State provided under section 676.

"(2) RESPONSE TO COMPLAINTS.—The Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this subtitle, including the assurances provided by the State under section 676. For purposes of this paragraph, a complaint of a failure to meet any one of the assurances provided under section 676 that constitutes disregarding that assurance shall be considered to be a complaint of a serious nature.

"(3) INVESTIGATIONS.—Whenever the Secretary determines that there is a pattern of complaints of failures described in paragraph (2) from any State in any fiscal year, the Secretary shall conduct an investigation of the use of funds received under this subtitle by such State in order to ensure compliance with the provisions of this subtitle.

42 USC 9917.

"SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIREMENTS.

"(a) STATE ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

"(1) PERFORMANCE MEASUREMENT.—

"(A) IN GENERAL.—By October 1, 2001, each State that receives funds under this subtitle shall participate, and shall ensure that all eligible entities in the State participate, in a performance measurement system, which may be a performance measurement system for which the Secretary facilitated development pursuant to subsection (b), or an alternative system that the Secretary is satisfied meets the requirements of subsection (b).

"(B) LOCAL AGENCIES.—The State may elect to have local agencies that are subcontractors of the eligible entities under this subtitle participate in the performance measurement system. If the State makes that election, references in this section to eligible entities shall be considered to include the local agencies.

"(2) ANNUAL REPORT.—Each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State. Prior to the participation of the State in the performance measurement system, the State shall include in the report any information collected by the State relating to such performance. Each State shall also include in the report an accounting of the expenditure of funds received by the State through the community services block grant program, including an accounting of funds spent on administrative costs by the State and the eligible entities, and funds spent by eligible entities on the direct delivery of local services, and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on data collected from the eligible entities. The State shall also include in the report a summary describing the training and technical assistance offered by the State under section 678C(a)(3) during the year covered by the report.

"(b) SECRETARY'S ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

"(1) PERFORMANCE MEASUREMENT.—The Secretary, in collaboration with the States and with eligible entities throughout the Nation, shall facilitate the development of one or more model performance measurement systems, which may be used by the States and by eligible entities to measure their performance in carrying out the requirements of this subtitle and in achieving the goals of their community action plans. The Secretary shall provide technical assistance, including support for the enhancement of electronic data systems, to States and to eligible entities to enhance their capability to collect and report data for such a system and to aid in their participation in such a system.

"(2) REPORTING REQUIREMENTS.—At the end of each fiscal year beginning after September 30, 1999, the Secretary shall, directly or by grant or contract, prepare a report containing—

"(A) a summary of the planned use of funds by each State, and the eligible entities in the State, under the community services block grant program, as contained in each State plan submitted pursuant to section 676;

"(B) a description of how funds were actually spent by the State and eligible entities in the State, including a breakdown of funds spent on administrative costs and on the direct delivery of local services by eligible entities;

"(C) information on the number of entities eligible for funds under this subtitle, the number of low-income persons served under this subtitle, and such demographic data on the low-income populations served by eligible entities as is determined by the Secretary to be feasible;

"(D) a comparison of the planned uses of funds for each State and the actual uses of the funds;

"(E) a summary of each State's performance results, and the results for the eligible entities, as collected and submitted by the States in accordance with subsection (a)(2); and

"(F) any additional information that the Secretary considers to be appropriate to carry out this subtitle, if the Secretary informs the States of the need for such additional information and allows a reasonable period of time for the States to collect and provide the information.

"(3) SUBMISSION.—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate the report described in paragraph (2), and any comments the Secretary may have with respect to such report. The report shall include definitions of direct and administrative costs used by the Department of Health and Human Services for programs funded under this subtitle.

"(4) COSTS.—Of the funds reserved under section 674(b)(3), not more than $350,000 shall be available to carry out the reporting requirements contained in paragraph (2).

"SEC. 678F. LIMITATIONS ON USE OF FUNDS. 42 USC 9918.

"(a) CONSTRUCTION OF FACILITIES.—

"(1) LIMITATIONS.—Except as provided in paragraph (2), grants made under this subtitle (other than amounts reserved under section 674(b)(3)) may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this subtitle, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

"(2) WAIVER.—The Secretary may waive the limitation contained in paragraph (1) upon a State request for such a waiver, if the Secretary finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the ability of the State to carry out the purposes of this subtitle.

"(b) POLITICAL ACTIVITIES.—

"(1) TREATMENT AS A STATE OR LOCAL AGENCY.—For purposes of chapter 15 of title 5, United States Code, any entity that assumes responsibility for planning, developing, and coordinating activities under this subtitle and receives assistance under this subtitle shall be deemed to be a State or local agency. For purposes of paragraphs (1) and (2) of section

1502(a) of such title, any entity receiving assistance under this subtitle shall be deemed to be a State or local agency.

"(2) PROHIBITIONS.—Programs assisted under this subtitle shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel, in a manner supporting or resulting in the identification of such programs with—

"(A) any partisan or nonpartisan political activity or any political activity associated with a candidate, or contending faction or group, in an election for public or party office;

"(B) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or

"(C) any voter registration activity.

"(3) RULES AND REGULATIONS.—The Secretary, after consultation with the Office of Personnel Management, shall issue rules and regulations to provide for the enforcement of this subsection, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

"(c) NONDISCRIMINATION.—

"(1) IN GENERAL.—No person shall, on the basis of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified individual with a disability as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), or title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.) shall also apply to any such program or activity.

Notification.

"(2) ACTION OF SECRETARY.—Whenever the Secretary determines that a State that has received a payment under this subtitle has failed to comply with paragraph (1) or an applicable regulation, the Secretary shall notify the chief executive officer of the State and shall request that the officer secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to—

"(A) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

"(B) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), or title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.), as may be applicable; or

"(C) take such other action as may be provided by law.

"(3) ACTION OF ATTORNEY GENERAL.—When a matter is referred to the Attorney General pursuant to paragraph (2), or whenever the Attorney General has reason to believe that the State is engaged in a pattern or practice of discrimination in violation of the provisions of this subsection, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

"SEC. 678G. DRUG AND CHILD SUPPORT SERVICES AND REFERRALS. 42 USC 9919.

"(a) DRUG TESTING AND REHABILITATION.—

"(1) IN GENERAL.—Nothing in this subtitle shall be construed to prohibit a State from testing participants in programs, activities, or services carried out or provided under this subtitle for controlled substances. A State that conducts such testing shall inform the participants who test positive for any of such substances about the availability of treatment or rehabilitation services and refer such participants for appropriate treatment or rehabilitation services.

"(2) ADMINISTRATIVE EXPENSES.—Any funds provided under this subtitle expended for such testing shall be considered to be expended for administrative expenses and shall be subject to the limitation specified in section 675C(b)(2).

"(3) DEFINITION.—In this subsection, the term 'controlled substance' has the meaning given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

"(b) CHILD SUPPORT SERVICES AND REFERRALS.—During each fiscal year for which an eligible entity receives a grant under section 675C, such entity shall—

"(1) inform custodial parents in single-parent families that participate in programs, activities, or services carried out or provided under this subtitle about the availability of child support services; and

"(2) refer eligible parents to the child support offices of State and local governments.

"SEC. 679. OPERATIONAL RULE. 42 USC 9920.

"(a) RELIGIOUS ORGANIZATIONS INCLUDED AS NONGOVERNMENTAL PROVIDERS.—For any program carried out by the Federal Government, or by a State or local government under this subtitle, the government shall consider, on the same basis as other nongovernmental organizations, religious organizations to provide the assistance under the program, so long as the program is implemented in a manner consistent with the Establishment Clause of the first amendment to the Constitution. Neither the Federal Government nor a State or local government receiving funds under this subtitle shall discriminate against an organization that provides assistance under, or applies to provide assistance under, this subtitle, on the basis that the organization has a religious character.

"(b) RELIGIOUS CHARACTER AND INDEPENDENCE.—

"(1) IN GENERAL.—A religious organization that provides assistance under a program described in subsection (a) shall retain its religious character and control over the definition, development, practice, and expression of its religious beliefs.

"(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State or local government shall require a religious organization—

"(A) to alter its form of internal governance, except (for purposes of administration of the community services block grant program) as provided in section 676B; or

"(B) to remove religious art, icons, scripture, or other symbols;

in order to be eligible to provide assistance under a program described in subsection (a).

"(3) EMPLOYMENT PRACTICES.—A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–1) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (a).

"(c) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided directly to a religious organization to provide assistance under any program described in subsection (a) shall be expended for sectarian worship, instruction, or proselytization.

"(d) FISCAL ACCOUNTABILITY.—

"(1) IN GENERAL.—Except as provided in paragraph (2), any religious organization providing assistance under any program described in subsection (a) shall be subject to the same regulations as other nongovernmental organizations to account in accord with generally accepted accounting principles for the use of such funds provided under such program.

"(2) LIMITED AUDIT.—Such organization shall segregate government funds provided under such program into a separate account. Only the government funds shall be subject to audit by the government.

"(e) TREATMENT OF ELIGIBLE ENTITIES AND OTHER INTERMEDIATE ORGANIZATIONS.—If an eligible entity or other organization (referred to in this subsection as an 'intermediate organization'), acting under a contract, or grant or other agreement, with the Federal Government or a State or local government, is given the authority under the contract or agreement to select nongovernmental organizations to provide assistance under the programs described in subsection (a), the intermediate organization shall have the same duties under this section as the government.

42 USC 9921.

"SEC. 680. DISCRETIONARY AUTHORITY OF THE SECRETARY.

"(a) GRANTS, CONTRACTS, ARRANGEMENTS, LOANS, AND GUARANTEES.—

"(1) IN GENERAL.—The Secretary shall, from funds reserved under section 674(b)(3), make grants, loans, or guarantees to States and public agencies and private, nonprofit organizations, or enter into contracts or jointly financed cooperative arrangements with States and public agencies and private, nonprofit organizations (and for-profit organizations, to the extent specified in paragraph (2)(E)) for each of the objectives described in paragraphs (2) through (4).

"(2) COMMUNITY ECONOMIC DEVELOPMENT.—

"(A) ECONOMIC DEVELOPMENT ACTIVITIES.—The Secretary shall make grants described in paragraph (1) on a competitive basis to private, nonprofit organizations that are community development corporations to provide technical and financial assistance for economic development activities designed to address the economic needs of low-income individuals and families by creating employment and business development opportunities.

"(B) CONSULTATION.—The Secretary shall exercise the authority provided under subparagraph (A) after consultation with other relevant Federal officials.

"(C) GOVERNING BOARDS.—For a community development corporation to receive funds to carry out this paragraph, the corporation shall be governed by a board that shall consist of residents of the community and business and civic leaders and shall have as a principal purpose planning, developing, or managing low-income housing or community development projects.

"(D) GEOGRAPHIC DISTRIBUTION.—In making grants to carry out this paragraph, the Secretary shall take into consideration the geographic distribution of funding among States and the relative proportion of funding among rural and urban areas.

"(E) RESERVATION.—Of the amounts made available to carry out this paragraph, the Secretary may reserve not more than 1 percent for each fiscal year to make grants to private, nonprofit organizations or to enter into contracts with private, nonprofit or for-profit organizations to provide technical assistance to aid community development corporations in developing or implementing activities funded to carry out this paragraph and to evaluate activities funded to carry out this paragraph.

"(3) RURAL COMMUNITY DEVELOPMENT ACTIVITIES.—The Secretary shall provide the assistance described in paragraph (1) for rural community development activities, which shall include providing—

"(A) grants to private, nonprofit corporations to enable the corporations to provide assistance concerning home repair to rural low-income families and concerning planning and developing low-income rural rental housing units; and

"(B) grants to multistate, regional, private, nonprofit organizations to enable the organizations to provide training and technical assistance to small, rural communities concerning meeting their community facility needs.

"(4) NEIGHBORHOOD INNOVATION PROJECTS.—The Secretary shall provide the assistance described in paragraph (1) for neighborhood innovation projects, which shall include providing grants to neighborhood-based private, nonprofit organizations to test or assist in the development of new approaches or methods that will aid in overcoming special problems identified by communities or neighborhoods or otherwise assist in furthering the purposes of this subtitle, and which may include providing assistance for projects that are designed to serve low-income individuals and families who are not being effectively served by other programs.

"(b) EVALUATION.—The Secretary shall require all activities receiving assistance under this section to be evaluated for their effectiveness. Funding for such evaluations shall be provided as a stated percentage of the assistance or through a separate grant awarded by the Secretary specifically for the purpose of evaluation of a particular activity or group of activities.

"(c) ANNUAL REPORT.—The Secretary shall compile an annual report containing a summary of the evaluations required in subsection (b) and a listing of all activities assisted under this section. The Secretary shall annually submit the report to the Chairperson of the Committee on Education and the Workforce of the House of Representatives and the Chairperson of the Committee on Labor and Human Resources of the Senate. Records.

42 USC 9922. "SEC. 681. COMMUNITY FOOD AND NUTRITION PROGRAMS.

"(a) GRANTS.—The Secretary may, through grants to public and private, nonprofit agencies, provide for community-based, local, statewide, and national programs—

"(1) to coordinate private and public food assistance resources, wherever the grant recipient involved determines such coordination to be inadequate, to better serve low-income populations;

"(2) to assist low-income communities to identify potential sponsors of child nutrition programs and to initiate such programs in underserved or unserved areas; and

"(3) to develop innovative approaches at the State and local level to meet the nutrition needs of low-income individuals.

"(b) ALLOTMENTS AND DISTRIBUTION OF FUNDS.—

"(1) NOT TO EXCEED $6,000,000 IN APPROPRIATIONS.—Of the amount appropriated for a fiscal year to carry out this section (but not to exceed $6,000,000), the Secretary shall distribute funds for grants under subsection (a) as follows:

"(A) ALLOTMENTS.—From a portion equal to 60 percent of such amount (but not to exceed $3,600,000), the Secretary shall allot for grants to eligible agencies for statewide programs in each State the amount that bears the same ratio to such portion as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

"(B) COMPETITIVE GRANTS.—From a portion equal to 40 percent of such amount (but not to exceed $2,400,000), the Secretary shall make grants on a competitive basis to eligible agencies for local and statewide programs.

"(2) GREATER AVAILABLE APPROPRIATIONS.—Any amounts appropriated for a fiscal year to carry out this section in excess of $6,000,000 shall be allotted as follows:

"(A) ALLOTMENTS.—The Secretary shall use 40 percent of such excess to allot for grants under subsection (a) to eligible agencies for statewide programs in each State an amount that bears the same ratio to 40 percent of such excess as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

"(B) COMPETITIVE GRANTS FOR LOCAL AND STATEWIDE PROGRAMS.—The Secretary shall use 40 percent of such excess to make grants under subsection (a) on a competitive basis to eligible agencies for local and statewide programs.

"(C) COMPETITIVE GRANTS FOR NATIONWIDE PROGRAMS.—The Secretary shall use the remaining 20 percent of such excess to make grants under subsection (a) on a competitive basis to eligible agencies for nationwide programs, including programs benefiting Indians, as defined in section 677, and migrant or seasonal farmworkers.

"(3) ELIGIBILITY FOR ALLOTMENTS FOR STATEWIDE PROGRAMS.—To be eligible to receive an allotment under paragraph (1)(A) or (2)(A), an eligible agency shall demonstrate that the proposed program is statewide in scope and represents a comprehensive and coordinated effort to alleviate hunger within the State.

"(4) MINIMUM ALLOTMENTS FOR STATEWIDE PROGRAMS.—

"(A) IN GENERAL.—From the amounts allotted under paragraphs (1)(A) and (2)(A), the minimum total allotment for each State for each fiscal year shall be—

"(i) $15,000 if the total amount appropriated to carry out this section is not less than $7,000,000 but less than $10,000,000;

"(ii) $20,000 if the total amount appropriated to carry out this section is not less than $10,000,000 but less than $15,000,000; or

"(iii) $30,000 if the total amount appropriated to carry out this section is not less than $15,000,000.

"(B) DEFINITION.—In this paragraph, the term 'State' does not include Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

"(5) MAXIMUM GRANTS.—From funds made available under paragraphs (1)(B) and (2)(B) for any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding $50,000. From funds made available under paragraph (2)(C) for any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding $300,000.

"(c) REPORT.—For each fiscal year, the Secretary shall prepare and submit, to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, a report concerning the grants made under this section. Such report shall include—

"(1) a list of grant recipients; Records.

"(2) information on the amount of funding awarded to each grant recipient; and

"(3) a summary of the activities performed by the grant recipients with funding awarded under this section and a description of the manner in which such activities meet the objectives described in subsection (a).

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years 1999 through 2003.

"SEC. 682. NATIONAL OR REGIONAL PROGRAMS DESIGNED TO PROVIDEINSTRUCTIONAL ACTIVITIES FOR LOW-INCOME YOUTH. 42 USC 9923.

"(a) GENERAL AUTHORITY.—The Secretary is authorized to make a grant to an eligible service provider to administer national or regional programs to provide instructional activities for low-income youth. In making such a grant, the Secretary shall give priority to eligible service providers that have a demonstrated ability to operate such a program.

"(b) PROGRAM REQUIREMENTS.—Any instructional activity carried out by an eligible service provider receiving a grant under this section shall be carried out on the campus of an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))) and shall include—

"(1) access to the facilities and resources of such an institution;

"(2) an initial medical examination and follow-up referral or treatment, without charge, for youth during their participation in such activity;

"(3) at least one nutritious meal daily, without charge, for participating youth during each day of participation;

"(4) high quality instruction in a variety of sports (that shall include swimming and that may include dance and any other high quality recreational activity) provided by coaches and teachers from institutions of higher education and from elementary and secondary schools (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)); and

"(5) enrichment instruction and information on matters relating to the well-being of youth, to include educational opportunities and information on study practices, education for the prevention of drug and alcohol abuse, and information on health and nutrition, career opportunities, and family and job responsibilities.

"(c) ADVISORY COMMITTEE; PARTNERSHIPS.—The eligible service provider shall, in each community in which a program is funded under this section—

"(1) ensure that—

"(A) a community-based advisory committee is established, with representatives from local youth, family, and social service organizations, schools, entities providing park and recreation services, and other community-based organizations serving high-risk youth; or

"(B) an existing community-based advisory board, commission, or committee with similar membership is utilized to serve as the committee described in subparagraph (A); and

"(2) enter into formal partnerships with youth-serving organizations or other appropriate social service entities in order to link program participants with year-round services in their home communities that support and continue the objectives of this subtitle.

"(d) ELIGIBLE PROVIDERS.—A service provider that is a national private, nonprofit organization, a coalition of such organizations, or a private, nonprofit organization applying jointly with a business concern shall be eligible to apply for a grant under this section if—

"(1) the applicant has demonstrated experience in operating a program providing instruction to low-income youth;

"(2) the applicant agrees to contribute an amount (in cash or in kind, fairly evaluated) of not less than 25 percent of the amount requested, for the program funded through the grant;

"(3) the applicant agrees to use no funds from a grant authorized under this section for administrative expenses; and

"(4) the applicant agrees to comply with the regulations or program guidelines promulgated by the Secretary for use of funds made available through the grant.

"(e) APPLICATION PROCESS.—To be eligible to receive a grant under this section, a service provider shall submit to the Secretary, for approval, an application at such time, in such manner, and containing such information as the Secretary may require.

"(f) PROMULGATION OF REGULATIONS OR PROGRAM GUIDELINES.—The Secretary shall promulgate regulations or program guidelines to ensure funds made available through a grant made under this section are used in accordance with the objectives of this subtitle.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $15,000,000 for each of fiscal years 1999 through 2003 for grants to carry out this section.

"SEC. 683. REFERENCES. 42 USC 9924.

"Any reference in any provision of law to the poverty line set forth in section 624 or 625 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673. Except as otherwise provided, any reference in any provision of law to any community action agency designated under title II of the Economic Opportunity Act of 1964 shall be construed to be a reference to an entity eligible to receive funds under the community services block grant program.".

SEC. 202. CONFORMING AMENDMENTS.

(a) OLDER AMERICANS ACT OF 1965.—Section 306(a)(6)(E)(ii) of the Older Americans Act of 1965 (42 U.S.C. 3026(a)(6)(E)(ii)) is amended by striking "section 675(c)(3) of the Community Services Block Grant Act (42 U.S.C. 9904(c)(3))" and inserting "section 676B of the Community Services Block Grant Act".

(b) COMMUNITY ECONOMIC DEVELOPMENT ACT OF 1981.—

(1) SOURCE OF FUNDS.—Section 614 of the Community Economic Development Act of 1981 (42 U.S.C. 9803) is repealed.

(2) ADVISORY COMMUNITY INVESTMENT BOARD.—Section 615(a)(2) of the Community Economic Development Act of 1981 (42 U.S.C. 9804(a)(2)) is amended by striking "through the Office" and all that follows and inserting "through an appropriate office.".

(c) HUMAN SERVICES REAUTHORIZATION ACT OF 1986.—Section 407 of the Human Services Reauthorization Act of 1986 (42 U.S.C. 9812a) is amended—

(1) in subsection (a)—

(A) by inserting after "funds available" the following: "(before the date of enactment of the Coats Human Services Reauthorization Act of 1998)"; and

(B) by inserting after "9910(a))" the following: "(as in effect before such date)"; and

(2) in subsection (b)(2)—

(A) by inserting after "funds available" the following: "(before the date of enactment of the Coats Human Services Reauthorization Act of 1998)"; and

(B) by inserting after "9910(a))" the following: "(as in effect before such date)".

(d) ANTI-DRUG ABUSE ACT OF 1988.—Section 3521(c)(2) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11841(c)(2)) is amended by striking ", such as activities authorized by section 681(a)(2)(F) of the Community Services Block Grant Act (42 U.S.C. section 9910(a)(2)(F)),".

BOND FINANCE DIVISION

BOARD ACTION REQUEST
December 18, 2008

Action Items

Presentation, Discussion and Approval of Resolution No. 09-014 authorizing entering into a new float fund investment agreement for the Residential Mortgage Revenue Bond, 2000 Series B-E, 2001 Series A-E and 2003 Series A.

Required Action

Approval of Resolution No. 09-014 authorizing entering into a new float fund investment agreement for the Residential Mortgage Revenue Bond, 2000 Series B-E, 2001 Series A-E and 2003 Series A.

Background

Each month the Residential Mortgage Revenue Bond (RMRB) program receives repayments and prepayments from mortgage loans. These funds are held and invested in a guaranteed investment contract (GIC) until semi-annual principal and interest bond payments are due. The RMRB 2000 Series B-E, 2001 Series A-E and 2003 Series A funds were invested in a GIC with American International Group (AIG). On September 15, 2008, AIG was downgraded by S&P from AA- to A-.

The AIG downgrade had the potential of having our three AAA rated RMRB bonds downgraded. Bond Finance worked with our Financial Advisor, RBC Capital Markets, for several weeks along with the rating agencies to resolve this potential issue. After several working group meetings with staff, our financial advisor, bond counsel and disclosure counsel, a decision was made to withdraw our funds from AIG. On October 10, 2008 all of our funds from AIG were returned without incurring any cancellation or termination fees.

Staff is requesting approval to enter into a new float fund guaranteed investment contract with a new provider to replace AIG for the short term investment of indenture funds. Staff will be working closely with our GIC Broker, Grant Street Group Inc., to solicit investors through a competitive bid process.

Recommendation

Approval of Resolution No. 09-014 authorizing entering into a new float fund investment agreement for the Residential Mortgage Revenue Bond, 2000 Series B-E, 2001 Series A-E and 2003 Series A.

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Resolution No. 09-014

RESOLUTION AUTHORIZING ARRANGEMENTS RELATING TO REPLACEMENT INVESTMENT AGREEMENTS FOR RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2000B/C/D/E, SERIES 2001A/B/C/D/E AND SERIES 2003A; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose refunding any bonds theretofore issued by the Department or the Texas Housing Agency, its predecessor (the "Agency"), under such terms, conditions and details as shall be determined by the Board; and

WHEREAS, the Department has issued its Residential Mortgage Revenue Bonds, Series 2000B, Residential Mortgage Revenue Refunding Bonds, Series 2000C, Residential Mortgage Revenue Refunding Bonds, Series 2000D and Residential Mortgage Revenue Bonds, Taxable Series 2000E (collectively, the "Series 2000B/C/D/E Bonds"), its Residential Mortgage Revenue Bonds, Series 2001A, Residential Mortgage Revenue Refunding Bonds, Series 2001B, Residential Mortgage Revenue Refunding Bonds, Series 2001C, Residential Mortgage Revenue Bonds, Series 2001D and Residential Mortgage Revenue Bonds, Series 2001E (collectively, the "Series 2001A/B/C/D/E Bonds"), and its Residential Mortgage Revenue Refunding Bonds, Series 2003A (the "Series 2003A Bonds"), pursuant to a Residential Mortgage Revenue Bond Trust Indenture dated November 1, 1987 (the "Trust Indenture") between the Department, as successor to the Agency, and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), as supplemented and amended from time to time (the supplemental indentures relating to the foregoing bonds are hereinafter referred to as "Supplemental Indentures" and the Supplemental Indentures and the Trust Indenture are collectively referred to as the "Indenture"); and

WHEREAS, certain funds held under the Indenture relating to the Series 2000B/C/D/E Bonds, the Series 2001A/B/C/D/E Bonds and the Series 2003A Bonds were invested in investment agreements (the "AIG Investment Agreements") with AIG Matched Funding Corp. ("AIG"), which investment agreements were terminated by the Department as of October 10, 2008 in accordance with the terms thereof following rating agency downgrades of AIG; and

WHEREAS, the Department desires to approve and authorize (i) arrangements to obtain one or more replacement investment agreements to provide for the investment of funds previously authorized to be invested under the AIG Investment Agreements relating to the Series 2000B/C/D/E Bonds, the Series 2001A/B/C/D/E Bonds and the Series 2003A Bonds, (ii) all actions to be taken with respect thereto, and (iii) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

ARRANGEMENTS FOR INVESTMENT AGREEMENTS; APPROVAL OF DOCUMENTS

Section 1.1--Investment Agreements and Investment Agreement Broker. The investment of certain funds held under the Indenture relating to the Series 2000B/C/D/E Bonds, the Series 2001A/B/C/D/E Bonds and the Series 2003A Bonds is hereby approved and the Executive Director or any Acting Executive Director of the Department and the Director of Bond Finance of the Department each are authorized hereby to complete arrangements for investment in one or more investment agreements, including, without limitation, selection of the investment agreement broker, if any.

Section 1.2--Authorization of Investment Agreements. The execution and delivery of one or more investment agreements pursuant to which funds held under the Indenture relating to the Series 2000B/C/D/E Bonds, the Series 2001A/B/C/D/E Bonds and the Series 2003A Bonds will be invested is hereby authorized and approved and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver such investment agreement and all documents and instruments in connection therewith.

Section 1.3--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.4--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 18th day of December, 2008.

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Chairman, Governing Board

ATTEST:

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Secretary to the Governing Board

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Approval of Resolution No. 09-015 authorizing the Department to convert the interest rate mode on Single Family Variable Rate Mortgage Revenue Bonds, 2005 Series A and approve an amendment to the J.P. Morgan remarketing agreement that will allow for variable rate reset mode changes depending on market conditions and approval of the Reoffering Circular.

Required Action

Approval of Resolution No. 09-015 authorizing the Department to convert the interest rate mode on Single Family Variable Rate Mortgage Revenue Bonds, 2005 Series A and approve an amendment to the J.P. Morgan remarketing agreement that will allow for variable rate reset mode changes depending on market conditions and approval of the Reoffering Circular.

Background

As you recall from the November 18, 2008 Board meeting, staff's plan is to replace our existing liquidity providers, DEPFA and DEXIA, which in turn will help move our bank bonds out to the market. By replacing DEXIA with a highly rated liquidity provider, those bonds will be able to be placed back to the market. Until that happens, our professionals along with staff are also recommending that the Board delegate authority to the Chairman of the Board or Executive Director (the "Authorized Representative") to direct our remarketing agents the ability to change the interest rate mode of our variable rate demand bonds based on market conditions. The Authorized Representative shall select an interest rate mode that will produce an economic benefit to allow the bonds to be successfully remarketed. Based on market conditions at the time of submission of this Action Item, Staff expects to direct a change from the weekly mode to the daily mode. Currently, there is a market for DEXIA daily bank bonds as investors are more likely to invest in variable rate demand bonds that are reset daily.

J.P. Morgan is the remarketing agent for TDHCA's 2005 Series A Variable Rate Demand Bonds (VRDBs). J.P. Morgan has informed TDHCA that they are in a position at this time to take on additional Dexia daily variable rate exposure. They are currently remarketing $149.9 million in weekly variable rate demand bonds for TDHCA.

Bond Finance along with RBC Capital Markets, our Financial Advisor, believes that J.P. Morgan is capable of giving the Department excellent daily remarketing on the above mentioned variable rate demand bonds. Staff recommends ratifying J.P. Morgan as the remarketing agent for TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2005 Series A along with approving amendments to the remarketing agreements for daily remarketing.

If a new liquidity provider is found to replace DEXIA before the reset conversion to daily mode is completed or if there is an economic benefit to change the interest rate reset mode in the future, Staff is requesting Board approval to allow for variable rate reset mode changes depending on market conditions. Staff will inform the Board if interest rate mode changes are made.

To ensure proper disclosure to the market, TDHCA has prepared a new public offering document, known as a Reoffering Circular for Board approval. This reoffering circular will give investors detailed information about the structure and the liquidity provider that may be replacing DEXIA along with updated TDHCA financial information.

Recommendation

Approval of Resolution No. 09-015 authorizing the Department to convert the interest rate mode on Single Family Variable Rate Mortgage Revenue Bonds, 2005 Series A and approve an amendment to the J.P. Morgan remarketing agreement that will allow for variable rate reset mode changes depending on market conditions and approval of the Reoffering Circular.

Resolution No. 09-015

RESOLUTION AUTHORIZING THE ADJUSTMENT OF THE INTEREST RATE MODE ON THE DEPARTMENT'S SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE REFUNDING BONDS, 2005 SERIES A; APPROVING AN AMENDMENT TO THE REMARKETING AGREEMENT AND A REOFFERING CIRCULAR FOR THE FOREGOING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose refunding any bonds theretofore issued by the Department or the Texas Housing Agency, its predecessor (the "Agency"), under such terms, conditions and details as shall be determined by the Board; and

WHEREAS, the Department has previously issued its Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series A (the "2005 Series A Bonds") pursuant to that certain Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Agency, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Forty-Second Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of April 1, 2005 between the Department and the Trustee (the "Forty-Second Supplemental Indenture"); and

WHEREAS, in accordance with the Forty-Second Supplemental Indenture, the Department appointed J.P. Morgan Securities Inc. ("JPM") as successor "Remarketing Agent" to perform various duties with respect to the 2005 Series A Bonds to be remarketed from time to time; and

WHEREAS, the Department is attempting to obtain an alternate liquidity facility for the 2005 Series A Bonds; and

WHEREAS, the Department desires to delegate to the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department the authority to direct a change in the interest rate mode on the 2005 Series A Bonds as provided in the Forty-Second Supplemental Indenture based on market conditions; and

WHEREAS, the Board has been presented with a draft of a reoffering circular to be used in the remarketing of 2005 Series A Bonds upon the adjustment of the interest rate mode or replacement of the liquidity facility (the "Reoffering Circular"); and

WHEREAS, the Board now desires to (i) authorize the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department to direct the adjustment of the interest rate mode on the 2005 Series A Bonds based on market conditions, (ii) approve an amendment to that certain Remarketing Agreement dated as of July 15, 2008 between the Department and JPM (the "Remarketing Agreement Amendment") and (iii) approve the Reoffering Circular;

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

ARTICLE I

ADJUSTMENT OF INTEREST RATE MODE; AMENDMENT OF REMARKETING AGREEMENT; APPROVAL OF REOFFERING CIRCULAR

Section 1.1--Delegation of Authority to Direct Interest Rate Mode Change. The Board hereby authorizes the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department to direct the adjustment of the interest rate mode on the 2005 Series A Bonds based on market conditions.

Section 1.2--Approval of Remarketing Agreement Amendment. The Remarketing Agreement Amendment, in substantially the form presented at this meeting and approved by counsel to the Department, is hereby approved and adopted by the Department, and the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department are hereby authorized and empowered to execute and deliver the Remarketing Agreement Amendment on behalf of the Department, with such changes as may be approved by the Department's counsel and the officer executing the same, such approval to be evidenced by such officer's execution thereof.

Section 1.3--Approval of Reoffering Circular. The Reoffering Circular for use in connection with the remarketing of 2005 Series A Bonds for which the interest rate mode is adjusted or a substitute liquidity facility is provided, in substantially the form presented to the Board, is hereby approved; the authorized representatives of the Department named in this Resolution, acting for and on behalf of the Board, are hereby authorized and directed to finalize the Reoffering Circular for distribution by the Remarketing Agent to prospective purchasers of the 2005 Series A Bonds, with such changes therein as the authorized representatives of the Department named in this Resolution may approve, such approval to be conclusively evidenced by the distribution of such Reoffering Circular.

Section 1.4--Execution and Delivery of Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.5--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; the Deputy Executive Director for Administration of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 18th day of December, 2008.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Approval of Resolution No. 09-016 authorizing ratification of TDHCA's notice to remove J.P. Morgan as Remarketing Agent and approve a new Remarketing Agreement to convert the interest rate mode on TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Jr. Lien Series A and 2004 Series B with Piper Jaffray that will allow for variable rate reset mode changes depending on market conditions and approval of the Reoffering Circular.

Required Action

Approve Resolution No. 09-016 authorizing ratification of TDHCA's notice to remove J.P. Morgan as Remarketing Agent and approve a new Remarketing Agreement to convert the interest rate mode on TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Jr. Lien Series A and 2004 Series B with Piper Jaffray that will allow for variable rate reset mode changes depending on market conditions and approval of the Reoffering Circular.

Background

As you recall from the November 18, 2008 Board meeting, staff's plan is to replace our existing liquidity providers, DEPFA and DEXIA, which in turn will help move our bank bonds out to the market. By replacing DEXIA with a highly rated liquidity provider, those bonds will be able to be placed back to the market. Until that happens, our professionals along with staff are also recommending that the Board delegate authority to the Chairman of the Board or Executive Director (the "Authorized Representative") to direct our remarketing agents the ability to change the interest rate mode of our variable rate demand bonds based on market conditions. The Authorized Representative shall select an interest rate mode that will produce an economic benefit to allow the bonds to be successfully remarketed. Based on market conditions at the time of submission of this Action Item, Staff expects to direct a change from the weekly mode to the daily mode. Currently, there is a market for DEXIA daily bank bonds as investors are more likely to invest in variable rate demand bonds that are reset daily.

Staff has several resolutions coming to the Board today to diversify the remarketing agents for TDHCA. Of the total $191.8 million in total DEXIA Variable Rate Demand Bonds (VRDBs), J.P. Morgan is currently remarketing $149.9 million in VRDBs, Citi Group is currently remarketing $6.9 million and Piper Jaffray is currently remarketing $35.0 million. By approving this resolution, Piper Jaffray will be remarketing $91.9 million leaving J.P. Morgan with $93.0 million.

Bond Finance along with RBC Capital Markets, our Financial Advisor, believes that Piper Jaffray, who is an approved Remarketing Agent for TDHCA, is capable of giving the Department excellent daily remarketing on the above mentioned VRDBs. Staff recommends entering into a new Remarketing Agreement with Piper Jaffray for TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Jr. Lien Series A and 2004 Series B that will allow for variable rate reset mode changes depending on market conditions. Staff will inform the Board if interest rate mode changes are made.

To ensure proper disclosure to the market, TDHCA has prepared a new public offering document, known as a Reoffering Circular for Board approval. This reoffering circular will give investors detailed information about the structure and the liquidity provider that may be replacing DEXIA along with updated TDHCA financial information.

Recommendation

Approve Resolution No. 09-016 authorizing ratification of TDHCA's notice to remove J.P. Morgan as Remarketing Agent and approve a new Remarketing Agreement to convert the interest rate mode on TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Jr. Lien Series A and 2004 Series B with Piper Jaffray that will allow for variable rate reset mode changes depending on market conditions and approval of the Reoffering Circular.

Resolution No. 09-016

RESOLUTION AUTHORIZING THE ADJUSTMENT OF THE INTEREST RATE MODE ON THE DEPARTMENT'S SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE REFUNDING BONDS, 2004 SERIES B AND TAXABLE JUNIOR LIEN SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, SERIES 2004A; AUTHORIZING THE REMOVAL OF J.P. MORGAN SECURITIES INC. AS REMARKETING AGENT FOR THE FOREGOING BONDS AND APPOINTING PIPER JAFFRAY & CO. AS SUCCESSOR REMARKETING AGENT; APPROVING REMARKETING AGREEMENTS AND REOFFERING CIRCULARS FOR THE FOREGOING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose refunding any bonds theretofore issued by the Department or the Texas Housing Agency, its predecessor (the "Agency"), under such terms, conditions and details as shall be determined by the Board; and

WHEREAS, the Department has previously issued its (i) Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2004 Series B (the "2004 Series B Bonds") pursuant to that certain Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Agency, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Thirty-Seventh Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of April 1, 2004 between the Department and the Trustee; and (ii) Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A (the "2004A Junior Lien Bonds") pursuant to that certain Junior Lien Trust Indenture dated as of May 1, 1994 between the Department and the Trustee, as amended and supplemented, and the Fourth Supplemental Junior Lien Trust Indenture (Series Supplement 2004A) dated as of April 1, 2004 between the Department and the Trustee; and

WHEREAS, the foregoing series of bonds are hereinafter collectively referred to as the "Variable Rate Bonds" and the supplemental indentures pursuant to which the Variable Rate Bonds were issued are hereinafter collectively referred to as the "Variable Rate Supplemental Indentures"; and

WHEREAS, in accordance with the Variable Rate Supplemental Indentures, the Department appointed J.P. Morgan Securities Inc. ("JPM") as successor "Remarketing Agent" to perform various duties with respect to the Variable Rate Bonds to be remarketed from time to time; and

WHEREAS, the Department is attempting to obtain alternate liquidity facilities for the Variable Rate Bonds; and

WHEREAS, the Department desires to delegate to the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department the authority to direct a change in the interest rate mode on the Variable Rate Bonds as provided in the Variable Rate Supplemental Indentures based on market conditions; and

WHEREAS, the Board has been presented with drafts of separate reoffering circulars to be used in the remarketing of Variable Rate Bonds upon the adjustment of the interest rate mode or replacement of the liquidity facilities (collectively, the "Reoffering Circulars"); and

WHEREAS, in order to diversify the remarketing of the Department's portfolio of variable rate demand bonds, the Department proposes to remove JPM as Remarketing Agent for the Variable Rate Bonds and to appoint Piper Jaffray & Co. as successor Remarketing Agent for each series of the Variable Rate Bonds; and

WHEREAS, the Board now desires to (i) authorize the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department to direct the adjustment of the interest rate mode on the Variable Rate Bonds based on market conditions, (ii) authorize the removal of JPM as Remarketing Agent, (iii) appoint Piper Jaffray & Co. as successor Remarketing Agent and approve a remarketing agreement with Piper Jaffray & Co. for each series of the Variable Rate Bonds (collectively, the "Remarketing Agreements") and (iv) approve the Reoffering Circulars;

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

ARTICLE I

ADJUSTMENT OF INTEREST RATE MODE; REMOVAL OF REMARKETING AGENT AND APPOINTMENT OF SUCCESSOR; APPROVAL OF REMARKETING AGREEMENTS AND REOFFERING CIRCULARS

Section 1.1--Delegation of Authority to Direct Interest Rate Mode Change. The Board hereby authorizes the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department to direct the adjustment of the interest rate mode on the Variable Rate Bonds based on market conditions.

Section 1.2--Removal of Remarketing Agent. The Board hereby authorizes the removal of JPM as Remarketing Agent for each series of the Variable Rate Bonds.

Section 1.3--Appointment of Successor Remarketing Agent. Piper Jaffray & Co. is hereby appointed as the successor Remarketing Agent for each series of the Variable Rate Bonds.

Section 1.4--Approval of Remarketing Agreements. The Remarketing Agreements, in substantially the forms presented at this meeting and approved by counsel to the Department, are hereby approved and adopted by the Department, and the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department are hereby authorized and empowered to execute and deliver the Remarketing Agreements on behalf of the Department, with such changes as may be approved by the Department's counsel and the officer executing the same, such approval to be evidenced by such officer's execution thereof.

Section 1.5--Approval of Reoffering Circulars. The Reoffering Circulars for use in connection with the remarketing of Variable Rate Bonds for which the interest rate mode is adjusted or substitute liquidity facilities are provided, in substantially the forms presented to the Board, are hereby approved; the authorized representatives of the Department named in this Resolution, acting for and on behalf of the Board, are hereby authorized and directed to finalize the Reoffering Circulars for distribution by the Remarketing Agent to prospective purchasers of the Variable Rate Bonds, with such changes therein as the authorized representatives of the Department named in this

Resolution may approve, such approval to be conclusively evidenced by the distribution of such Reoffering Circulars.

Section 1.6--Execution and Delivery of Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.7--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; the Deputy Executive Director for Administration of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 18th day of December, 2008.

____
Chairman, Governing Board

ATTEST:

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Secretary to the Governing Board

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Approval of Resolution No. 09-017 authorizing ratification of TDHCA's notice to remove Citigroup as Remarketing Agent and approve a new Remarketing Agreement to convert the interest rate mode on TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2005 Series C with Piper Jaffray depending on market conditions and approval of the Reoffering Circular.

Required Action

Approve Resolution No. 09-017 authorizing ratification of TDHCA's notice to remove Citigroup as Remarketing Agent and approve a new Remarketing Agreement to convert the interest rate mode on TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2005 Series C with Piper Jaffray depending on market conditions and approval of the Reoffering Circular.

Background

As you recall from the November 18, 2008 Board meeting, staff's plan is to replace our existing liquidity providers, DEPFA and DEXIA, which in turn will help move our bank bonds out to the market. By replacing DEXIA with a highly rated liquidity provider, those bonds will be able to be placed back to the market. Until that happens, our professionals along with staff are also recommending that the Board delegate authority to the Chairman of the Board or Executive Director (the "Authorized Representative") to direct our remarketing agents the ability to change the interest rate mode of our variable rate demand bonds based on market conditions. The Authorized Representative shall select an interest rate mode that will produce an economic benefit to allow the bonds to be successfully remarketed. Based on market conditions at the time of submission of this Action Item, Staff expects to direct a change from the weekly mode to the daily mode. Currently, there is a market for DEXIA daily bank bonds and investors are more likely to invest in variable rate demand bonds that are reset daily.

Citigroup is the remarketing agent for $6.9 million of TDHCA's 2005 Series C Variable Rate Demand Bonds (VRDBs). Citigroup has informed TDHCA that they are not in a position at this time to take on daily variable rate exposure. Staff would like to continue diversification of our remarketing agents. With the approval of Board item 9c and by approving this resolution, Piper Jaffray one of TDHCA's approved Remarketing Agents will be remarketing $98.8 million with DEXIA as liquidity provider leaving J.P. Morgan remarketing $93.0 million with DEXIA as liquidity provider.

Bond Finance along with RBC Capital Markets, our Financial Advisor, has reviewed and analyzed our remarketing agents and has determined that with Piper Jaffray's sizable remarketing book they are very capable of giving the Department excellent daily remarketing on the above mentioned VRDBs. Staff recommends ratifying Piper Jaffray as the remarketing agent for TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2005 Series C depending on market conditions. Staff will inform the Board if interest rate mode changes are made.

Resolution No. 09-017

RESOLUTION AUTHORIZING THE ADJUSTMENT OF THE INTEREST RATE MODE ON THE DEPARTMENT'S TAXABLE SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE REFUNDING BONDS, 2005 SERIES C; AUTHORIZING THE REMOVAL OF CITIGROUP GLOBAL MARKETS INC. AS REMARKETING AGENT FOR THE FOREGOING BONDS AND APPOINTING PIPER JAFFRAY & CO. AS SUCCESSOR REMARKETING AGENT; APPROVING A REMARKETING AGREEMENT AND A REOFFERING CIRCULAR FOR THE FOREGOING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose refunding any bonds theretofore issued by the Department or the Texas Housing Agency, its predecessor (the "Agency"), under such terms, conditions and details as shall be determined by the Board; and

WHEREAS, the Department has previously issued its Taxable Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series C (the "2005 Series C Bonds") pursuant to that certain Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Agency, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Forty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of December 1, 2005 between the Department and the Trustee (the "Forty-Fourth Supplemental Indenture"); and

WHEREAS, in accordance with the Forty-Fourth Supplemental Indenture, the Department appointed Citigroup Global Markets Inc. ("Citi") as "Remarketing Agent" to perform various duties with respect to the 2005 Series C Bonds to be remarketed from time to time; and

WHEREAS, the Department is attempting to obtain an alternate liquidity facility for the 2005 Series C Bonds; and

WHEREAS, the Department desires to delegate to the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department the authority to direct a change in the interest rate mode on the 2005 Series C Bonds as provided in the Forty-Fourth Supplemental Indenture based on market conditions; and

WHEREAS, the Board has been presented with a draft of a reoffering circular to be used in the remarketing of 2005 Series C Bonds upon the adjustment of the interest rate mode or replacement of the liquidity facility (the "Reoffering Circular"); and

WHEREAS, Citi has advised the Department that it would not able at this time to act as Remarketing Agent for the 2005 Series C Bonds bearing interest at a Daily Interest Rate; and

WHEREAS, the Board now desires to (i) authorize the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department to direct the adjustment of the interest rate mode on the 2005 Series C Bonds based on market conditions, (ii) authorize the removal of Citi as Remarketing Agent, (iii) appoint Piper Jaffray & Co. as successor Remarketing Agent and approve a remarketing agreement with Piper Jaffray & Co. for the 2005 Series C Bonds (the "Remarketing Agreement") and (iv) approve the Reoffering Circular;

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

ARTICLE I

ADJUSTMENT OF INTEREST RATE MODE; REMOVAL OF REMARKETING AGENT AND APPOINTMENT OF SUCCESSOR; APPROVAL OF REMARKETING AGREEMENT AND REOFFERING CIRCULAR

Section 1.1--Delegation of Authority to Direct Interest Rate Mode Change. The Board hereby authorizes the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department to direct the adjustment of the interest rate mode on the 2005 Series C Bonds based on market conditions.

Section 1.2--Removal of Remarketing Agent. The Board authorizes the removal of Citi as Remarketing Agent for the 2005 Series C Bonds.

Section 1.3--Appointment of Successor Remarketing Agent. Piper Jaffray & Co. is hereby appointed as the successor Remarketing Agent for the 2005 Series C Bonds.

Section 1.4--Approval of Remarketing Agreement . The Remarketing Agreement, in substantially the form presented at this meeting and approved by counsel to the Department, is hereby approved and adopted by the Department, and the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department are hereby authorized and empowered to execute and deliver the Remarketing Agreement on behalf of the Department, with such changes as may be approved by the Department's counsel and the officer executing the same, such approval to be evidenced by such officer's execution thereof.

Section 1.5--Approval of Reoffering Circular. The Reoffering Circular for use in connection with the remarketing of 2005 Series C Bonds for which the interest rate mode is adjusted or a substitute liquidity facility is provided, in substantially the form presented to the Board, is hereby approved; the authorized representatives of the Department named in this Resolution, acting for and on behalf of the Board, are hereby authorized and directed to finalize the Reoffering Circular for distribution by the Remarketing Agent to prospective purchasers of the 2005 Series C Bonds, with such changes therein as the authorized representatives of the Department named in this Resolution may approve, such approval to be conclusively evidenced by the distribution of such Reoffering Circular.

Section 1.6--Execution and Delivery of Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.7--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; the Deputy Executive Director for Administration of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 18th day of December, 2008.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

To ensure proper disclosure to the market, TDHCA has prepared a new public offering document, known as a Reoffering Circular for Board approval. This reoffering circular will give investors detailed information about the structure and the liquidity provider that may be replacing DEXIA along with updated TDHCA financial information.

Recommendation

Approve Resolution No. 09-017 authorizing ratification of TDHCA's notice to remove Citigroup as Remarketing Agent and approve a new Remarketing Agreement to convert the interest rate mode on TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2005 Series C with Piper Jaffray depending on market conditions and approval of the Reoffering Circular.

BOND FINANCE DIVISION

BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Approval of Resolution No. 09-018 authorizing TDHCA to enter into a new Remarketing Agreement with TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Series D with Piper Jaffray to convert the interest rate mode depending on market conditions and approval of the Reoffering Circular.

Required Action

Approve Resolution No. 09-018 authorizing TDHCA to enter into a new Remarketing Agreement with TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Series D with Piper Jaffray to convert the interest rate mode depending on market conditions and approval of the Reoffering Circular.

Background

As you recall from the November 18, 2008 Board meeting, staff's plan is to replace our existing liquidity providers, DEPFA and DEXIA, which in turn will help move our bank bonds out to the market. By replacing DEXIA with a highly rated liquidity provider, those bonds will be able to be placed back to the market. Until that happens, our professionals along with staff are also recommending that the Board delegate authority to the Chairman of the Board or Executive Director (the "Authorized Representative") to direct our remarketing agents the ability to change the mode of our variable rate demand bonds based on market conditions. The Authorized Representative shall select an interest rate mode that will produce an economic benefit to allow the bonds to be successfully remarketed. Based on market conditions at the time of submission of this Action Item, Staff does not expect to direct a change from the weekly mode to a daily mode.

Piper Jaffray is the remarketing agent for TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Series D. Prior to approval of Board item 9c and 9d, Piper Jaffray was remarketing $35 million of variable rate demand bonds for TDHCA in a weekly mode of which all $35 million were held by DEXIA as bank bonds on October 7, 2008. As of November 19, 2008, Piper Jaffray was able to remarket on a weekly basis all $35 million of bank bonds back out into the market.

Bond Finance along with RBC Capital Markets, our Financial Advisor, believes that Piper Jaffray is capable of continuing to give the Department excellent weekly remarketing on the above mentioned variable rate demand bonds. Staff would also like to diversify the amount of weekly and daily reset exposure by keeping the 2004 Series D bonds at a weekly reset mode. Staff recommends entering into a new Remarketing Agreement with Piper Jaffray for TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Series D to convert the interest rate mode depending on market conditions. Staff will inform the Board if interest rate mode changes are made.

To ensure proper disclosure to the market, TDHCA has prepared a new public offering document, known as a Reoffering Circular for Board approval. This reoffering circular will give investors detailed information about the structure and the liquidity provider that may be replacing DEXIA along with updated TDHCA financial information.

Resolution No. 09-018

RESOLUTION AUTHORIZING THE ADJUSTMENT OF THE INTEREST RATE MODE ON THE DEPARTMENT'S SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, 2004 SERIES D; APPROVING A REPLACEMENT REMARKETING AGREEMENT AND A REOFFERING CIRCULAR FOR THE FOREGOING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose refunding any bonds theretofore issued by the Department or the Texas Housing Agency, its predecessor (the "Agency"), under such terms, conditions and details as shall be determined by the Board; and

WHEREAS, the Department has previously issued its Single Family Variable Rate Mortgage Revenue Bonds, 2004 Series D (the "2004 Series D Bonds") pursuant to that certain Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Agency, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Thirty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 2004 between the Department and the Trustee (the "Thirty-Ninth Supplemental Indenture"); and

WHEREAS, in accordance with the Thirty-Ninth Supplemental Indenture, the Department appointed Piper Jaffray & Co. ("Piper Jaffray") as "Remarketing Agent" to perform various duties with respect to the 2004 Series D Bonds to be remarketed from time to time; and

WHEREAS, the Department is attempting to obtain an alternate liquidity facility for the 2004 Series D Bonds; and

WHEREAS, the Department desires to delegate to the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department the authority to direct a change in the interest rate mode on the 2004 Series D Bonds as provided in the Thirty-Ninth Supplemental Indenture based on market conditions; and

WHEREAS, the Board has been presented with a draft of a reoffering circular to be used in the remarketing of 2004 Series D Bonds upon the adjustment of the interest rate mode or replacement of the liquidity facility (the "Reoffering Circular"); and

WHEREAS, the Board now desires to (i) authorize the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department to direct the adjustment of the interest rate mode on the 2004 Series D Bonds based on market conditions, (ii) approve a replacement Remarketing Agreement with Piper Jaffray (the "Replacement Remarketing Agreement") and (iii) approve the Reoffering Circular;

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

ARTICLE I

ADJUSTMENT OF INTEREST RATE MODE;
REPLACEMENT OF REMARKETING AGREEMENT;
APPROVAL OF REOFFERING CIRCULAR

Section 1.1--Delegation of Authority to Direct Interest Rate Mode Change. The Board hereby authorizes the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department to direct the adjustment of the interest rate mode on the 2004 Series D Bonds based on market conditions..

Section 1.2--Approval of Replacement Remarketing Agreement. The Replacement Remarketing Agreement, in substantially the form presented at this meeting and approved by counsel to the Department, is hereby approved and adopted by the Department, and the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department are hereby authorized and empowered to execute and deliver the Replacement Remarketing Agreement on behalf of the Department, with such changes as may be approved by the Department's counsel and the officer executing the same, such approval to be evidenced by such officer's execution thereof.

Section 1.3--Approval of Reoffering Circular. The Reoffering Circular for use in connection with the remarketing of 2004 Series D Bonds for which the interest rate mode is adjusted or a substitute liquidity facility is provided, in substantially the form presented to the Board, is hereby approved; the authorized representatives of the Department named in this Resolution, acting for and on behalf of the Board, are hereby authorized and directed to finalize the Reoffering Circular for distribution by the Remarketing Agent to prospective purchasers of the 2004 Series D Bonds, with such changes therein as the authorized representatives of the Department named in this Resolution may approve, such approval to be conclusively evidenced by the distribution of such Reoffering Circular.

Section 1.4--Execution and Delivery of Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.5--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; the Deputy Executive Director for Administration of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 18th day of December, 2008.

____
Chairman, Governing Board

ATTEST:

____
Secretary to the Governing Board

(SEAL)

Recommendation

Approve Resolution No. 09-018 authorizing TDHCA to enter into a new Remarketing Agreement for TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Series D with Piper Jaffray to convert the interest rate mode depending on market conditions and approval of the Reoffering Circular.

BOND FINANCE DIVISION

BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Approval of Resolution No. 09-019 authorizing TDHCA to enter into a new Remarketing Agreement with TDHCA's Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H and 2007 Series A with J.P. Morgan to convert the interest rate mode depending on market conditions and approval of the Reoffering Circular.

Required Action

Approval of Resolution No. 09-019 authorizing TDHCA to enter into a new Remarketing Agreement with TDHCA's Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H and 2007 Series A with J.P. Morgan to convert the interest rate mode depending on market conditions and approval of the Reoffering Circular.

Background

As you recall from the November 18, 2008 Board meeting, staff's plan is to replace our existing liquidity providers, DEPFA and DEXIA, which in turn will help move our bank bonds out to the market. By replacing DEPFA with a highly rated liquidity provider, those bonds will be able to be placed back to the market. Until that happens, our professionals along with staff are also recommending that the Board delegate authority to the Chairman of the Board or Executive Director (the "Authorized Representative") to direct our remarketing agent ability to change the interest rate mode of our variable rate demand bonds based on market conditions. The Authorized Representative shall select an interest rate mode that will produce an economic benefit to allow the bonds to be successfully remarketed. Based on market conditions at the time of submission of this Action Item, Staff does not expect to direct a change from the weekly mode to a daily mode.

J.P. Morgan is the remarketing agent for TDHCA's 2006 Series H and 2007 Series A Variable Rate Demand Bonds (VRDBs). These bonds are currently being remarketed in a weekly mode and could remain in a weekly mode with a new liquidity provider if market conditions do not change. Staff will inform the Board if interest rate mode changes are made.

To ensure proper disclosure to the market, TDHCA has prepared a new public offering document, known as a Reoffering Circular for Board approval. This reoffering circular will give investors detailed information about the structure and the liquidity provider that may be replacing DEPFA along with updated TDHCA financial information.

Recommendation

Approval of Resolution No. 09-019 authorizing TDHCA to enter into a new Remarketing Agreement with TDHCA's Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H and 2007 Series A with J.P. Morgan to convert the interest rate mode depending on market conditions and approval of the Reoffering Circular.

Resolution No. 09-019

RESOLUTION AUTHORIZING THE ADJUSTMENT OF THE INTEREST RATE MODE ON THE DEPARTMENT'S SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, 2006 SERIES H AND SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, 2007 SERIES A; APPROVING AMENDMENTS TO THE REMARKETING AGREEMENTS AND APPROVING REOFFERING CIRCULARS FOR THE FOREGOING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to issue its revenue bonds for the purpose refunding any bonds theretofore issued by the Department or the Texas Housing Agency, its predecessor (the "Agency"), under such terms, conditions and details as shall be determined by the Board; and

WHEREAS, the Department has previously issued its (i) Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H (the "2006 Series H Bonds") pursuant to that certain Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Agency, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Fifty-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of November 1, 2006 between the Department and the Trustee; and (ii) Single Family Variable Rate Mortgage Revenue Bonds, 2007 Series A (the "2007 Series A Bonds") pursuant to the Single Family Indenture and the Fifty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2007 between the Department and the Trustee; and

WHEREAS, the foregoing series of bonds are hereinafter collectively referred to as the "Variable Rate Bonds" and the supplemental indentures pursuant to which the Variable Rate Bonds were issued are hereinafter collectively referred to as the "Variable Rate Supplemental Indentures"; and

WHEREAS, in accordance with the Variable Rate Supplemental Indentures, the Department appointed J.P. Morgan Securities Inc. ("JPM") as successor "Remarketing Agent" to perform various duties with respect to the Variable Rate Bonds to be remarketed from time to time; and

WHEREAS, the Department is attempting to obtain alternate liquidity facilities for the Variable Rate Bonds; and

WHEREAS, the Department desires to delegate to the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department the authority to direct a change in the interest rate mode on the Variable Rate Bonds as provided in the Variable Rate Supplemental Indentures based on market conditions; and

WHEREAS, the Board has been presented with drafts of separate reoffering circulars to be used in the remarketing of Variable Rate Bonds upon the adjustment of the interest rate mode or replacement of the liquidity facilities (collectively, the "Reoffering Circulars"); and

WHEREAS, the Board now desires to (i) authorize the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department to direct the adjustment of the interest rate mode on the Variable Rate Bonds based on market conditions, (ii) to approve amendments to those certain Remarketing Agreements dated as of July 15, 2008 between the Department and JPM (collectively, the "Remarketing Agreement Amendments") and (iii) approve the Reoffering Circulars;

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

ARTICLE I

ADJUSTMENT OF INTEREST RATE MODE; AMENDMENT OF REMARKETING AGREEMENTS; APPROVAL OF REOFFERING CIRCULARS

Section 1.1--Delegation of Authority to Direct Interest Rate Mode Change. The Board hereby authorizes the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department to direct the adjustment of the interest rate mode on the Variable Rate Bonds based on market conditions.

Section 1.2--Approval of Remarketing Agreement Amendments. The Remarketing Agreement Amendments, in substantially the forms presented at this meeting and approved by counsel to the Department, are hereby approved and adopted by the Department, and the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department are hereby authorized and empowered to execute and deliver the Remarketing Agreement Amendments on behalf of the Department, with such changes as may be approved by the Department's counsel and the officer executing the same, such approval to be evidenced by such officer's execution thereof.

Section 1.3--Approval of Reoffering Circulars. The Reoffering Circulars for use in connection with the remarketing of Variable Rate Bonds for which the interest rate mode is adjusted or substitute liquidity facilities are provided, in substantially the forms presented to the Board, are hereby approved; the authorized representatives of the Department named in this Resolution, acting for and on behalf of the Board, are hereby authorized and directed to finalize the Reoffering Circulars for distribution by the Remarketing Agent to prospective purchasers of the Variable Rate Bonds, with such changes therein as the authorized representatives of the Department named in this Resolution may approve, such approval to be conclusively evidenced by the distribution of such Reoffering Circulars.

Section 1.4--Execution and Delivery of Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.5--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; the Deputy Executive Director for Administration of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 18th day of December, 2008.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

HOME AND HOUSING TRUST FUND PROGRAMS DIVISION
BOARD ACTION REQUEST
December 18, 2008

Action Item

Presentation, Discussion and Possible Action for Appeals:

1000819	City of Iowa Park	HBA

Requested Action

Approve, Deny or Approve with Conditions a determination on the appeals:

1000819	City of Iowa Park	HBA

Background

In May 2005, the City of Iowa Park was awarded an Owner-Occupied Housing Assistance (OCC) contract (number 1000410) to assist 9 households with the reconstruction or rehabilitation of their homes. The initial contract period began on August 1, 2005 and ended on July 31, 2007. On June 19, 2007, the City requested a six-month extension to amend the contract end date to January 31, 2008 and also requested a reduction in the households to be served from 9 to 6. At this time the City also informed the Department that one of the six homes was located in a floodway and inquired about the relocation of this household to another lot. The City was informed that the relocation of a household to an alternate site would trigger a federal affordability period of 15 years and the generation of a separate Homebuyer Assistance (HBA) contract (number 1000819) that identified the household with the appropriate activity and regulatory requirements.

The Department prepared the HBA contract and on October 9, 2007, the Department received the fully executed contract from the City. The initial contract period began on August 1, 2005 and ended on January 31, 2008 to mirror the amended OCC contract. In November 2007, the City provided the initial documentation to setup the household in the Department's Contract System and requested an amendment to extend the Homebuyer contract by six months to July 31, 2008. The contract amendment was approved by the Department on February 21, 2008 and the fully executed amendment was sent to the City on February 25, 2008. However, the documentation that had been submitted for the proposed homeowner had expired and Department staff communicated with the City's consultant and made efforts to gather the needed documentation. Department staff contacted the title company and confirmed that the title commitment for this household was ordered on February 4, 2008. On February 12, 2008 Department staff contacted the City's consultant to inquire about the submission of the loan package for this household. On this same day and in a separate e-mail, the City's consultant also informed the Department that two of the outstanding documents – an appraisal and affidavit of heirship – would be forwarded to the Department as soon as available. On May 6, 2008, Department staff again notified the City's consultant to request updated household income documentation, since the last information submitted in April 2007 would not meet federal requirements, and also provided the list of documents required for loan closing such as the title commitment, restrictive covenants, specific documentation requirements regarding the schedules to the title commitment, a survey, tax certificate, warranty deed and life event documentation, if applicable or required.

On July 3, 2008, Department staff notified the City's consultant that the title commitment had expired because the original loan package submission included a title commitment dated February 1, 2008. Although the City indicates that the updated title commitment was ordered in March 2008, it was not obtained and forwarded to the Department until July 9, 2008. On July 10, 2008, the City's consultant notified staff that an extension would be requested and that updated documents had been sent to the Department. All required documentation was received on July 29, 2008 – two days before the contract expired and five days after the City's extension request was sent to the Department.

The Department received a request from the City to provide another six-month extension. Department staff denied the request and notified the City of the denial. The City submitted an appeal to the Executive Director of staff's decision and the request was denied by the Executive Director. The Department received notification of the City appeal's to the Board of the Executive Director's denial of the appeal.

Pursuant to Section 53.73 of the HOME Program Rule, the second extension was denied as there was no evidence of an unusual or non foreseeable circumstance.

Relevant documentation related to this appeal is provided behind the Board Action Request.

Current Contract Status

Amendment Number:	2
Administrator:	City of Iowa Park
Consultant:	Grantworks
Activity Type:	OCC
Contract Executor:	Joe Ward, Mayor
Contract Start Date:	August 1, 2005
Original Contract End Date:	January 31, 2008
Amended End Date:	July 31, 2008
Service Area:	City of Iowa Park
Total Original Budget Amount:	$62,400
Amended Budget Amount:	N/A
Households Required:	1
Households Committed:	0
Households Completed:	0
Amount Committed To-Date:	$0

Project Amount Drawn To-Date:	$0
Admin. Amount Drawn To-Date:	$0

Recommendation

The Executive Director denied the original appeal. Staff recommends that the Board also deny the appeal.

If the Board chooses to grant the appeal and provide an additional extension, staff recommends:

- An extension to July 31, 2009 to allow sufficient time for full execution of the contract amendment, loan closing and construction completion;
- The loan closing must occur no later than January 31, 2009;
- All complete and updated documentation required to prepare loan documents be submitted to the Department no later than December 31, 2008;
- No additional time extensions be granted and the contract be closed-out at the end of the amended end date of July 31, 2009;
- Regardless of the status of construction completion, the Department will not be liable for any costs incurred after the amended contract end date;
- Administrative funds be deobligated;
- The Administrator be required to provide monthly status reports to the Department; and,
- The amendment to the contract is to be contingent upon any unresolved audit finding, questioned or disallowed costs, and non-compliance issue being resolved to the Department's satisfaction.

CITY OF IOWA PARK

JOE WARD, MAYOR

(940) 592-2131 email: w5aax@cebridge.net

103 N. WALL ~ P.O. BOX 190 IOWA PARK, TX 76367-0190

October 27, 2008

RECEIVED
OCT 29 2008
EXECUTIVE DIRECTOR

C. Kent Conine, Chair
Governing Board
Texas Department of Housing and Community Affairs
P. O. Box 13941
Austin, TX 78711-3941

Re: HOME HBA Contract #1000819

Dear Chair Conine,

Please accept this letter as the City's formal request to appeal the decision of the Texas Department of Housing and Community Affairs' Executive Director Michael Gerber to deny the City's appeal concerning an amendment request for additional time to assist one remaining homeowner, Ms. Madonna Smith. If the Executive Director's denial is allowed to stand Ms. Smith, who has proved she is qualified to receive funding for a new home, will have suffered a grave loss albeit through no cause of her own. Ms. Smith's current substandard structure lies within a F.E.M.A.-designated floodway and the City and its consultant, GrantWorks have worked tirelessly to have Ms. Smith's new home constructed on property she now owns outside of the floodway/floodplain. Had we have known the outcome, we could have backed off our efforts and allowed her new home to be constructed in a locale that stands a 50/50 chance each year of being inundated with floodwaters. It just seems to us that we would be throwing taxpayer dollars into the wind by allowing her new home to sit in such a precarious location. Not only does it benefit one individual, Ms. Smith, to get the new home re-located outside the floodplain/floodway but it benefits all other individuals living downstream of her by removing one more obstacle from a streambed that needs all the capacity it can get.

I beseech you and the other members of the Governing Board to overturn the Executive Director's denial and to grant the City additional time to have Ms. Smith's new home constructed in a much safer area. Ms. Smith, for many years has been a faithful taxpayer/citizen of this community and our State and she deserves to receive this assistance however; everyone would sleep easier each night knowing her new home was not as susceptible to flooding.

Thank you for your time and consideration in this matter and should you need any additional information or have any questions, please feel free to contact me.

Respectfully submitted,

Joe Ward

Joe Ward, Mayor

Texas Department of Housing and Community Affairs

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

October 24, 2008

The Honorable Joe Ward, Mayor
City of Iowa Park
103 N. Wall
P.O. Box 190
Iowa Park, TX 76367-0190

Re: HOME HBA Contract #1000819

Mayor Ward:

The Texas Department of Housing and Community Affairs (the Department) is in receipt of your letter dated September 12, 2008 appealing the decision to deny the City's amendment request for additional time to assist one remaining homeowner. After careful review of the contract file and our records in the Department's Contract System, the Department is denying your appeal.

Department records indicate that on February 21, 2008, the Department approved the City's amendment to extend the contract through July 31, 2008. The fully executed amendment was sent out on February 25, 2008. Department records also show the loan file for the remaining homeowner could not be processed due to an expired title commitment at the time the extension was granted. The City's letter indicates that an updated title commitment was ordered in March of 2008 and was not obtained and forwarded to the Department until July 9, 2008.

Department records further indicate that on July 3, 2008, Department staff notified the City's consultant that documents were out of date, specifically the title commitment. On July 10, 2008, the City's consultant notified Department staff that an extension will be requested and updated documents have been sent to the Department. Finally, the household's income documentation had expired and updated information and documentation was required. The required documentation was received by the Department on July 29, 2008 – two days before the contract expiration date and five days after the City's extension request was sent to the Department.

The City may appeal this decision within seven days of the date of this letter pursuant to the Department's appeal regulations – Title 10 of the Texas Administrative Code, Section 1.7(d) by petitioning the Department's Governing Board. To be placed on the next board agenda, the appeal must be received by the Department at least 14 days prior to the next scheduled Board meeting.

The Department appreciates the City's efforts to provide decent, safe and affordable housing for low and moderate income families in Texas. If you have any questions regarding this matter, please feel free to contact me or Jeannie Arellano, HOME Division Director, at (512) 463-6164 or via e-mail at jeannie.arellano@tdhca.state.tx.us any time.

Sincerely,

Michael Gerber
Executive Director

MG/ll

cc: Jeannie Arellano, Division Director
Master Contract File

CITY OF IOWA PARK

(940) 592-2131
103 N. WALL - P.O. BOX 190 IOWA PARK, TX 76367-0190

RECEIVED
SEP 15 2008
EXECUTIVE DIRECTOR

September 12, 2008

Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, TX 78711-3941

RE: HOME HBA Contract #1000819
Letter dated September 2, 2008 – Denial of request to extend contract

Dear Mr. Gerber:

Please consider this an appeal to the decision made by Jeannie Arellano to deny our amendment request. Specifically, the request for additional time to assist our one remaining homeowner under HOME HBA Contract #1000819.

Originally the City of Iowa Park was awarded a HOME contract for Owner-Occupied rehabilitation assistance. One of our very deserving homeowners is occupying a substandard home that is in the floodway. Due to restrictions on rebuilding in a floodway, the city arranged for another lot to be provided to this homeowner. Since our original contact was for an Owner-Occupied activity, we were instructed by your staff to request funds for this home be transferred to a Homebuyer contract.

The City of Iowa Park sent our original letter requesting the amendment to a Homebuyer contract in early May 2007 (letter dated April 30, 2007). We did not receive an executed contract until mid October 2007. That contract had an end date of January 31, 2008. Due to the title search, survey, and appraisal requirement there was no way to close the loan and complete construction in the approximately three (3) months remaining in the Homebuyer contract.

We requested a six (6) month extension to change the contract end date to July 31, 2008. This extension was granted, however, we did not receive the executed amendment until March of 2008. By the time we received said amendment, the original title commitment had expired and a new one was ordered.

In addition, the TDHCA contract system showed our amendment as "pending" until early summer. We received the new title commitment on July 9, 2008. There was once again not enough time to close this loan and construct the home prior to contract expiration (July 31, 2008).

If our request is granted we can close the loan very quickly and begin construction shortly thereafter (TDHCA has the loan packet in its offices). Our contractor has assured us that he will be able to start quickly and, weather permitting, will be able to complete the home in approximately sixty (60) days from the start of construction.

The homeowner in question is in great need and has been very patient throughout this whole process and had been very responsive to request for documentation and information. The City would hate to see her have to stay in her current, substandard, home.

We respectfully request that you grant a six (6) month extension to HOME Contract #1000819. Additionally, we request that the extension be granted from time of execution so that we do not get into another bind if the amendment is delayed in processing.

I look forward to your positive response to our request.

Sincerely,

Joe Ward

Joe Ward
Mayor, Iowa Park.

CC: Senator Craig Estes
Representative David Farabee
Jeannie Arellano, TDHCA

Texas Department of Housing and Community Affairs

www.tdhca.state.tx.us

Rick Perry
Governor

Michael Gerber
Executive Director

September 2, 2008

The Honorable Randy Catlin, Mayor
City of Iowa Park
103 N. Wall
Iowa Park, TX 76367

Re: HOME HBA Contract #1000819
Denial of Request for to extend the contract end date to January 31, 2009

Dear Mayor Catlin:

The Texas Department of Housing and Community Affairs (Department) has received your letter dated July 24, 2008.

Specifically, the City of Iowa Park (the City) requested to extend the end date for the HOME contract to January 31, 2009. The extension would allow the City to complete the open activity found under this contract.

Our mission, like yours, is to assist people who need help in obtaining safe, decent, and affordable housing. We are committed to doing this throughout the state of Texas. As discussed with staff on July 29, 2008, this request is your second request for additional time to complete this contract.

Because this is your second request for an extension of time the Department is unable to approve your request for additional time administratively; and therefore, the request is denied.

Pursuant to 10 Texas Administrative Code §1.7, the Administrator may appeal this decision to the Department's Executive Director. For the appeal to be considered, it must be received by no later than ten (10) days after the date of this letter.

If the Administrator does not wish to appeal the decision, the Department will proceed with the close out of the above mentioned contract.

The Department appreciates the Administrator's efforts to provide decent, safe, sanitary, and affordable housing for low and moderate income citizens of Texas. If you have any questions, please feel free to contact me at (512) 463-6164 or jeannie.arellano@tdhca.state.tx.us.

Sincerely,

Jeannie Arellano

Jeannie Arellano
Director of the HOME Division

cc: Michael Lyttle, Director of Governmental Relations
Lora Lange, Performance Manager

JA/aa

CITY OF IOWA PARK
(940) 592-2131
103 N. WALL - P.O. BOX 190 IOWA PARK, TX 76367-0190

July 24, 2008

Jeannie Arellano
Texas Department of Housing and Community Affairs
211 East 11th Street
Austin, TX 78711-3941

Re: Extension for HOME Contract #1000819

Dear Ms. Arellano:

The City of Iowa Park respectfully request the TDHCA grant a six (6) month extension on HBA Contract #1000819. We previously requested an amendment to the HOME contract for Iowa Park (#1000410) in order to assist Ms. Madonna Smith, a homeowner whose residence currently resides in a designated floodway. Rather than rebuilding on her property in the floodway, another lot outside of said floodway was purchase and exchanged for the beneficiary's current lot. This course of action will serve two greater purposes that will not only benefit Ms. Smith but also the City and other residences located in and around the existing floodway. First, Ms. Smith's constant fears concerning property damage or loss due to flooding will be alleviated and secondly, once Ms. Smith's current residence is removed from said floodway, the impact of flooding in the floodway is lessened by having the property bare. This process to relocate Ms. Smith constituted a change in the contract from HOME to HBA.

Changing the contract from HOME to the HBA has required additional time to prepare documentation for the loan process. Due to the amount of time required to purchase the new property, finalizing her paperwork with the City and having surveys and appraisals performed for the loan documentation, the new home for Ms. Smith has yet to be built. We have conferred with our contractor, Mr. Steve Koch with S&T Custom Homes, regarding the potential extension and he has indicated that he is stilling willing to construct Ms. Smith's new home in Iowa Park. In light of these circumstances, we are requesting this six month extension on the HBA contract in Iowa Park thereby amending the end date to January 31, 2008.

AA

Please notify us of your decision regarding this request as soon as possible. Feel free to contact us or our consultant, GrantWorks, Incorporated at any time with your questions or concerns.

Respectfully submitted,

Joe Ward

Joe Ward
Mayor

HOME AND HOUSING TRUST PROGRAMS DIVISION

BOARD ACTION REQUEST

December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of HOME Program Award Recommendations.

Requested Action

Approve, Deny or Approve with Amendments the HOME Program Award Recommendations.

Background

Awards for contracts from all active Notices of Funding Availability (NOFAs), reflecting multiple activity types, are combined in this one action item.

OWNER OCCUPIED HOUSING ASSISTANCE, HOMEBUYER ASSISTANCE, AND TENANT- BASED RENTAL ASSISTANCE

On July 31, 2008 the Board approved the 2008 Single Family (Owner Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs) Notice of Funding Availability (NOFA) which made available $23,034,118. These funds are the Department's 2008 annual HOME allocation from the U. S. Department of Housing and Urban Development. The NOFA published in the *Texas Register* on August 29, 2008. As published in the 2008 State of Texas Consolidated Plan One-Year Action Plan, $16,123,882 is available for the Owner-Occupied Housing Assistance (OCC) Program, $3,455,118 is available for the Homebuyer Assistance (HBA) Program, and $3,455,118 is available for the Tenant-Based Rental Assistance (TBRA) Program. Funds were made available under an open cycle and subject to the Regional Allocation Formula (RAF) until October 15, 2008. On October 16, 2008, any funds not requested were made available statewide in any Uniform State Service Region and will remain within each HOME Program Activity specified in the NOFA until January 15, 2009. On January 16, 2009 any funds not awarded or requested will be made available in any Uniform State Service Region for any Eligible HOME Program Activity specified in the NOFA until the earlier of the award of all funds or Thursday, April 30, 2009. The availability and use of these funds is subject to the Department's HOME Program Rule in effect at the time the application is submitted, the Federal HOME Rule at 24 CFR Part 92, and Chapter 2306, Texas Government Code.

The OCC Program provides eligible households with loans for the rehabilitation or reconstruction of their existing owner-occupied home and earning 80% or less of the Area Median family Income (AMFI) as defined by HUD. The assisted unit must be the principal residence of the homeowner and, meet all program eligibility requirements.

The HBA Program provides downpayment and closing costs assistance, to eligible first-time homebuyers for the acquisition of affordable single family housing. The assisted homebuyer must earn 80% or less of the AMFI, occupy the unit as their principal residence, and meet all program eligibility requirements.

The TBRA Program provides eligible households with rental subsidies, including security and utility deposits for a period not to exceed 24 months. Tenants must earning 80% or less of the AMFI, participate in a self-sufficiency program, and meet all program eligibility requirements. Ninety percent (90%) of the households assisted with respect to rental or TBRA units must have incomes at or below 60% of the AMFI, in accordance with 24 CFR 92.216.

On November 13, 2008, the Board approved the repeal and adoption of State HOME Program Rule at 10 TAC Chapter 53. The Board also approved the amendment of the Single Family NOFA to include the revisions for the newly adopted HOME Rule for any applications received after November 13, 2008. The changes to the Rule also provided a provision for applications received prior to November 13, 2008 to opt into the newly adopted HOME Program Rule. Seven applicants who submitted applications under the OCC Program prior to November 13, 2008 have submitted written requests to exercise this option and the award recommendations are updated to reflect changes, as applicable.

To date, 53 applications totaling $17,308,929 in project funds and $377,156 in administrative funds have been received. Applications were ranked according to date and time received. Applications were reviewed and scored in accordance with the requirements in the NOFA and RAF. Eligible Applications were categorized by Activity, Uniform State Service Region and Area Type (rural or urban). Eligible applicants were funded in each HOME Activity based on availability of funds in each Region and Area Type. Eligible Applicants that were not funded utilizing the RAF process due to an over subscription or the funds available were not sufficient to reasonably fund an application, were ranked in order by date and times received, and are being recommended for funding under the funds available after the collapse of the RAF. Webb County, application #2008-0084, requested $240,000 in project funds, $4,800 in administrative funds and proposed to assist 8 households. Staff is recommending the number of units be reduced to 4 due to the amount of funds requested, and the maximum amount of assistance per unit under the OCC Program. Attached are the Application Logs and Award Recommendation Logs for each HOME Activity.

Thirty-nine applications, totaling $12,723,368 in project funds and $267,234 in administrative funds, were received by 5:00 p.m. October 15, 2008, and processed subject to the RAF. Applications subject to the RAF were submitted in all regions except Region 2.

Application Summary subject to RAF:

HOME Activity	# of Apps Received	Total Proj. Funds Requested	Total Admin. Funds Requested	Balance Post RAF Collapse
OCC	35	$12,085,000	$241,700	$4,038,882
HBA	1	$ 100,000	$ 4,000	$3,355,118
TBRA	3	$ 538,368	$ 21,534	$2,916,750
Totals	**39**	**$12,723,368**	**$267,234**	**$10,310,750**

Fourteen applications, totaling $4,585,561 in project funds and $109,922 in administrative funds, were received after the date of the collapse of the RAF, October 15, 2008.

Application Summary post RAF collapse:

HOME Activity	# of Apps Received	Total Proj. Funds Requested	Total Admin. Funds Requested	Balance
OCC	11	$3,675,000	$ 73,500	$ 363,882
HBA	2	$ 800,000	$ 32,000	$2,555,118
TBRA	1	$ 110,561	$ 4,422	$2,806,189
Totals	**14**	**$4,585,561**	**$109,922**	**$5,725,189**

Staff is recommending for award 40 applications, totaling $12,578,929 in project funds and $311,556 in administrative funds, which will result in 254 affordable housing units.

Award Recommendations Summary:

HOME Activity	# of Awards Recommended	Total Project Funds Recommended	Total Admin. Funds Recommended	# of Units Recommended
OCC	35	$11,830,000	$281,600	191
HBA	2	$ 400,000	$ 16,000	40
TBRA	3	$ 348,929	$ 13,956	23
Totals	**40**	**$12,578,929**	**$311,556**	**254**

Thirteen applications are still being reviewed and/or are in the process of clearing deficiencies.

All applications have been reviewed by the Portfolio Management and Compliance Division and no issues of material non-compliance, unresolved audit findings or questioned or disallowed costs have been identified.

If the attached award recommendations are approved, a total of $10,455,189 will remain in the NOFA, $4,293,882 for the OCC Activity, $3,055,118 for the HBA Activity, and $3,106,189 for the TBRA Activity.

Attached:

- 2008 HOME Single Family NOFA (OCC) – Award Recommendations Log;
- 2008 HOME Single Family (OCC) – Application Log (subject to RAF);
- 2008 HOME Single Family (OCC) – Application Log (post RAF collapse);
- 2008 HOME Single Family NOFA (HBA) – Award Recommendations Log;
- 2008 HOME Single Family (HBA) – Application Log (subject to RAF);
- 2008 HOME Single Family (HBA) – Application Log (post RAF collapse);
- 2008 HOME Single Family NOFA (TBRA) – Award Recommendations Log;
- 2008 HOME Single Family (TBRA) – Application Log (subject to RAF); and
- 2008 HOME Single Family (TBRA) – Application Log (post RAF collapse);

CONTRACT FOR DEED PROGRAM

On May 5, 2008 the Board approved the Notice of Funding Availability (NOFA) for the Contract for Deed Program which made approximately $9,280,000 in funding available, which is not subject to the Regional Allocation Formula. The Contract for Deed Program assists eligible households with the acquisition (deed conversion) or the acquisition and rehabilitation, new construction or reconstruction of properties for the purpose of converting an eligible contract for deed to homeownership and bringing the assisted unit up to housing standards. Assisted households must reside in a colonia, have a household income that does not exceed 60% of the area median family income (AMFI) and meet all program eligibility requirements. This open cycle NOFA makes funds available on a first-come, first-served basis until all funds have been awarded or 5:00 p.m., May 1, 2009, whichever is first to occur.

To date, two applications totaling $1 million dollars in project funds and $40,000 in administrative funds have been received and are being recommended for funding.

If the attached award recommendations are approved, a total of $8,280,000 will remain in the NOFA.

Attached:

- HOME Contract for Deed NOFA – Award Recommendations; and,
- HOME Contract for Deed NOFA - Application Log;

Recommendation

Staff recommends that the Board approve all of the awards as detailed in the Award Recommendations logs attached.

2008 HOME SF NOFA (OCC) - Award Recommendations Log

December 11, 2008

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	**$23,034,118**
OCC Set-Aside Amount:	**$16,123,882**
Total Recommended:	**$11,830,000**
Total Apps. Recommended:	**35**

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2008-0065	9/8/2008	9:39 AM	City of Carthage	4	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0064	9/8/2008	9:40 AM	City of Center	5	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0066	9/8/2008	11:09 AM	City of Jacksonville	4	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0063	9/8/2008	11:10 AM	City of Crockett	5	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0062	9/8/2008	3:27 PM	City of Palestine	4	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0067	9/15/2008	9:07 AM	City of Wortham	8	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0071	9/18/2008	1:06 PM	City of Gladewater	4	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0072	9/18/2008	3:58 PM	County of La Salle	11	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0074	9/22/2008	2:58 PM	City of Moody	8	$375,000	$7,500	6	$375,000	$15,000	6	Pending Award
2008-0075	9/22/2008	2:59 PM	City of La Feria	11	$375,000	$7,500	6	$375,000	$15,000	6	Pending Award
2008-0076	9/22/2008	4:30 PM	City of Teague	8	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0079	9/23/2008	2:53 PM	City of Devine	9	$375,000	$7,500	6	$375,000	$15,000	6	Pending Award

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2008-0077	9/24/2008	3:07 PM	City of Smithville	7	$375,000	$7,500	6	$375,000	$15,000	6	Pending Award
2008-0078	9/25/2008	9:39 AM	City of Temple	8	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0080	9/25/2008	3:09 PM	City of Conroe	6	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0081	10/2/2008	3:38 PM	City of Hallettsville	10	$375,000	$7,500	6	$375,000	$15,000	6	Pending Award
2008-0082	10/3/2008	2:33 PM	City of Taylor	7	$375,000	$7,500	6	$375,000	$15,000	6	Pending Award
2008-0083	10/6/2008	11:23 AM	City of Hughes Springs	4	$360,000	$7,200	6	$360,000	$7,200	6	Pending Award
2008-0084	10/7/2008	1:02 PM	Webb County	11	$240,000	$4,800	8	$240,000	$4,800	4	Pending Award
2008-0087	10/9/2008	1:36 PM	City of Cuney	4	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0086	10/9/2008	1:46 PM	City of Redwater	4	$180,000	$3,600	3	$180,000	$3,600	3	Pending Award
2008-0085	10/9/2008	3:53 PM	City of Midland	12	$160,000	$3,200	5	$160,000	$3,200	5	Pending Award
2008-0100	10/14/2008	10:27 AM	City of Clarksville	4	$360,000	$7,200	6	$360,000	$7,200	6	Pending Award
2008-0099	10/14/2008	10:27 AM	City of Bogata	4	$300,000	$6,000	5	$300,000	$6,000	5	Pending Award

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2008-0098	10/14/2008	10:28 AM	San Benito Housing Authority	11	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0097	10/14/2008	12:29 PM	Franklin County	4	$300,000	$6,000	5	$300,000	$6,000	5	Pending Award
2008-0096	10/14/2008	3:11 PM	City of McKinney	3	$300,000	$6,000	5	$300,000	$6,000	5	Pending Award
2008-0092	10/15/2008	1:33 PM	Red River County	4	$360,000	$7,200	6	$360,000	$7,200	6	Pending Award
2008-0093	10/15/2008	1:35 PM	Cass County	4	$360,000	$7,200	6	$360,000	$7,200	6	Pending Award
2008-0089	10/15/2008	4:27 PM	City of Terrell	3	$360,000	$7,200	6	$360,000	$7,200	6	Pending Award
2008-0090	10/15/2008	4:31 PM	City of Nacogdoches	5	$375,000	$7,500	6	$375,000	$7,500	6	Pending Award
2008-0103	10/22/2008	3:05 PM	City of Meadow	1	$375,000	$7,500	5	$375,000	$7,500	5	Pending Award
2008-0106	11/3/2008	3:34 PM	City of Sundown	1	$375,000	$7,500	5	$375,000	$7,500	5	Pending Award
2008-0114	11/14/2008	4:27 PM	City of Godley	3	$150,000	$3,000	2	$150,000	$3,000	2	Pending Award
2008-0116	11/21/2008	4:19 PM	City of Pilot Point	3	$150,000	$3,000	2	$150,000	$3,000	2	Pending Award
				Totals:	**$11,830,000**	**$236,600**	**195**	**$11,830,000**	**$281,600**	**191**	

2008 HOME SF NOFA (OCC) - Application Log

Subject to the Regional Allocation Formula (RAF)

**Total Amount Available: $16,123,882*

December 11, 2008

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	$23,034,118
OCC Set-Aside Amount:	$16,123,882
Funds Requested:	$12,085,000
OCC Funds Remaining:	$4,038,882
Nbr Apps Received:	35

(+ or - $1.00 due to rounding)

****Based on the OCC portion of the 2008 HOME SF NOFA***

Allocation Information for Region 1
Total Applications in Region: 1
Total Funds Available: $910,061
Rural Allocation: $909,892
Urban Allocation: $169

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0095	10/15/2008	1:37 PM	South Plains Community Action Association, Inc.	Counties - Hockley	$375,000	$7,500	5			Under Review
				Totals :		**$375,000**	**$7,500**	**5**			
				Remaining Rural Funds:		**$534,892**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$169**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$375,000**	**$7,500**	**5**		
Remaining Region Funds	**$535,061**				

(+ or - $1.00 due to rounding)

**Based on the OCC portion of the 2008 HOME SF NOFA*

Allocation Information for Region 2
Total Applications in Region: 0
Total Funds Available: $597,429
Rural Allocation: $584,786
Urban Allocation: $12,643

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$584,786					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$12,643					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$597,429				

(+ or - $1.00 due to rounding)

Based on the OCC portion of the 2008 HOME SF NOFA

Allocation Information for Region 3
Total Applications in Region: 3
Total Funds Available: $2,851,824
Rural Allocation: $875,549
Urban Allocation: $1,976,275

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0069	9/16/2008	4:38 PM	City of Corsicana	Counties - Navarro	$375,000	$7,500	6	$0	0	Under Review
Rural	2008-0089	10/15/2008	4:27 PM	City of Terrell	Counties - Kaufman	$360,000	$7,200	6	$360,000	6	Pending Award
				Totals :		**$735,000**	**$14,700**	**12**	**$360,000**	**6**	
				Remaining Rural Funds:		**$140,549**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban	2008-0096	10/14/2008	3:11 PM	City of McKinney	Counties - Collin	$300,000	$6,000	5	$300,000	5	Pending Award
				Totals :		**$300,000**	**$6,000**	**5**	**$300,000**	**5**	
				Remaining Urban Funds:		**$1,676,275**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$1,035,000**	**$20,700**	**17**	**$660,000**	**11**
Remaining Region Funds	**$1,816,824**				

(+ or - $1.00 due to rounding)

***Based on the OCC portion of the 2008 HOME SF NOFA**

Allocation Information for Region 4
Total Applications in Region: 13
Total Funds Available: $2,049,849
Rural Allocation: $1,598,672
Urban Allocation: $451,177

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0065	9/8/2008	9:39 AM	City of Carthage	Counties - Panola	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0066	9/8/2008	11:09 AM	City of Jacksonville	Counties - Cherokee	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0062	9/8/2008	3:27 PM	City of Palestine	Counties - Anderson	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0071	9/18/2008	1:06 PM	City of Gladewater	Counties - Gregg, Upshur	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0083	10/6/2008	11:23 AM	City of Hughes Springs	Counties - Cass	$360,000	$7,200	6	$360,000	6	Pending Award
Rural	2008-0087	10/9/2008	1:36 PM	City of Cuney	Counties - Cherokee	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0086	10/9/2008	1:46 PM	City of Redwater	Counties - Bowie	$180,000	$3,600	3	$180,000	3	Pending Award
Rural	2008-0100	10/14/2008	10:27 AM	City of Clarksville	Counties - Red River	$360,000	$7,200	6	$360,000	6	Pending Award
Rural	2008-0099	10/14/2008	10:27 AM	City of Bogata	Counties - Red River	$300,000	$6,000	5	$300,000	5	Pending Award
Rural	2008-0097	10/14/2008	12:29 PM	Franklin County	Counties - Franklin	$300,000	$6,000	5	$300,000	5	Pending Award
Rural	2008-0092	10/15/2008	1:33 PM	Red River County	Counties - Red River	$360,000	$7,200	6	$360,000	6	Pending Award
Rural	2008-0093	10/15/2008	1:35 PM	Cass County	Counties - Cass	$360,000	$7,200	6	$360,000	6	Pending Award

(+ or - $1.00 due to rounding)

Based on the OCC portion of the 2008 HOME SF NOFA

Rural	2008-0094	10/15/2008	1:36 PM	City of Bloomburg	Counties - Cass	$180,000	$3,600	3			Under Review

Totals :	**$4,275,000**	**$85,500**	**70**	**$4,095,000**	**67**
Remaining Rural Funds:	**($2,676,328)**				

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											

Totals :	**$0**	**$0**	**0**		
Remaining Urban Funds:	**$451,177**				

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$4,275,000**	**$85,500**	**70**	**$4,095,000**	**67**
Remaining Region Funds	**($2,225,151)**				

(+ or - $1.00 due to rounding)

***Based on the OCC portion of the 2008 HOME SF NOFA**

Allocation Information for Region 5
Total Applications in Region: 3
Total Funds Available: $947,455
Rural Allocation: $858,034
Urban Allocation: $89,421

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0064	9/8/2008	9:40 AM	City of Center	Counties - Shelby	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0063	9/8/2008	11:10 AM	City of Crockett	Counties - Houston	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0090	10/15/2008	4:31 PM	City of Nacogdoches	Counties - Nacogdoches	$375,000	$7,500	6	$375,000	6	Pending Award
				Totals :		**$1,125,000**	**$22,500**	**18**	**$1,125,000**	**18**	
				Remaining Rural Funds:		**($266,966)**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$89,421**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$1,125,000**	**$22,500**	**18**	**$1,125,000**	**18**
Remaining Region Funds	**($177,545)**				

(+ or - $1.00 due to rounding)

Based on the OCC portion of the 2008 HOME SF NOFA

Allocation Information for Region 6
Total Applications in Region: 1
Total Funds Available: $1,145,014
Rural Allocation: $469,856
Urban Allocation: $675,158

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$469,856**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban	2008-0080	9/25/2008	3:09 PM	City of Conroe	Counties - Montgomery	$375,000	$7,500	6	$375,000	6	Pending Award
				Totals :		**$375,000**	**$7,500**	**6**	**$375,000**	**6**	
				Remaining Urban Funds:		**$300,158**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$375,000**	**$7,500**	**6**	**$375,000**	**6**
Remaining Region Funds	**$770,014**				

(+ or - $1.00 due to rounding)

***Based on the OCC portion of the 2008 HOME SF NOFA**

Allocation Information for Region 7
Total Applications in Region: 3
Total Funds Available: $685,992
Rural Allocation: $386,245
Urban Allocation: $299,747

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0073	9/22/2008	2:57 PM	City of La Grange	Counties - Fayette	$375,000	$7,500	6	$0	0	Under Review
Rural	2008-0077	9/24/2008	3:07 PM	City of Smithville	Counties - Bastrop	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0082	10/3/2008	2:33 PM	City of Taylor	Counties - Williamson	$375,000	$7,500	6	$375,000	6	Pending Award
				Totals :		**$1,125,000**	**$22,500**	**18**	**$750,000**	**12**	
				Remaining Rural Funds:		**($738,755)**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$299,747**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$1,125,000**	**$22,500**	**18**	**$750,000**	**12**
Remaining Region Funds	**($439,008)**				

(+ or - $1.00 due to rounding)

Based on the OCC portion of the 2008 HOME SF NOFA

Allocation Information for Region 8
Total Applications in Region: 4
Total Funds Available: $756,726
Rural Allocation: $402,488
Urban Allocation: $354,238

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0067	9/15/2008	9:07 AM	City of Wortham	Counties - Freestone	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0074	9/22/2008	2:58 PM	City of Moody	Counties - McLennan	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0076	9/22/2008	4:30 PM	City of Teague	Counties - Freestone	$375,000	$7,500	6	$375,000	6	Pending Award
				Totals :		**$1,125,000**	**$22,500**	**18**	**$1,125,000**	**18**	
				Remaining Rural Funds:		**($722,512)**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban	2008-0078	9/25/2008	9:39 AM	City of Temple	Counties - Bell	$375,000	$7,500	6	$375,000	6	Pending Award
				Totals :		**$375,000**	**$7,500**	**6**	**$375,000**	**6**	
				Remaining Urban Funds:		**($20,762)**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$1,500,000**	**$30,000**	**24**	**$1,500,000**	**24**
Remaining Region Funds	**($743,274)**				

(+ or - $1.00 due to rounding)

Based on the OCC portion of the 2008 HOME SF NOFA

Allocation Information for Region 9
Total Applications in Region: 1
Total Funds Available: $823,099
Rural Allocation: $516,486
Urban Allocation: $306,613

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0079	9/23/2008	2:53 PM	City of Devine	Counties - Medina	$375,000	$7,500	6	$375,000	6	Pending Award
				Totals :		**$375,000**	**$7,500**	**6**	**$375,000**	**6**	
				Remaining Rural Funds:		**$141,486**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$306,613**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$375,000**	**$7,500**	**6**	**$375,000**	**6**
Remaining Region Funds	**$448,099**				

(+ or - $1.00 due to rounding)

Based on the OCC portion of the 2008 HOME SF NOFA

Allocation Information for Region 10
Total Applications in Region: 1
Total Funds Available: $1,166,337
Rural Allocation: $966,385
Urban Allocation: $199,952

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0081	10/2/2008	3:38 PM	City of Hallettsville	Counties - Lavaca	$375,000	$7,500	6	$375,000	6	Pending Award
				Totals :		**$375,000**	**$7,500**	**6**	**$375,000**	**6**	
				Remaining Rural Funds:		**$591,385**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$199,952**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$375,000**	**$7,500**	**6**	**$375,000**	**6**
Remaining Region Funds	**$791,337**				

(+ or - $1.00 due to rounding)

Based on the OCC portion of the 2008 HOME SF NOFA

Allocation Information for Region 11
Total Applications in Region: 4
Total Funds Available: $2,833,963
Rural Allocation: $2,054,998
Urban Allocation: $778,965

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0072	9/18/2008	3:58 PM	County of La Salle	Counties - La Salle	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0075	9/22/2008	2:59 PM	City of La Feria	Counties - Cameron	$375,000	$7,500	6	$375,000	6	Pending Award
Rural	2008-0084	10/7/2008	1:02 PM	Webb County	Counties - Webb	$240,000	$4,800	8	$240,000	4	Pending Award
				Totals :		**$990,000**	**$19,800**	**20**	**$990,000**	**16**	
				Remaining Rural Funds:		**$1,064,998**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban	2008-0098	10/14/2008	10:28 AM	San Benito Housing Authority	Counties - Cameron	$375,000	$7,500	6	$375,000	6	Pending Award
				Totals :		**$375,000**	**$7,500**	**6**	**$375,000**	**6**	
				Remaining Urban Funds:		**$403,965**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$1,365,000**	**$27,300**	**26**	**$1,365,000**	**22**
Remaining Region Funds	**$1,468,963**				

(+ or - $1.00 due to rounding)

Based on the OCC portion of the 2008 HOME SF NOFA

Allocation Information for Region 12
Total Applications in Region: 1
Total Funds Available: $818,629
Rural Allocation: $571,332
Urban Allocation: $247,297

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$571,332**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban	2008-0085	10/9/2008	3:53 PM	City of Midland	Counties - Midland	$160,000	$3,200	5	$160,000	5	Pending Award
				Totals :		**$160,000**	**$3,200**	**5**	**$160,000**	**5**	
				Remaining Urban Funds:		**$87,297**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$160,000**	**$3,200**	**5**	**$160,000**	**5**
Remaining Region Funds	**$658,629**				

(+ or - $1.00 due to rounding)

Based on the OCC portion of the 2008 HOME SF NOFA

Allocation Information for Region 13
Total Applications in Region: 0
Total Funds Available: $537,503
Rural Allocation: $298,381
Urban Allocation: $239,122

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$298,381					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$239,122					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$537,503				

(+ or - $1.00 due to rounding)

***Based on the OCC portion of the 2008 HOME SF NOFA**

2008 HOME SF NOFA (OCC) - Application Log

Post Regional Allocation Formula Collapse

December 11, 2008

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	**$23,034,118**
OCC Set-Aside Amount:	**$16,123,882**
OCC Funds Remaining After Collapse:	**$4,038,882**
Requested After Collapse:	**$3,675,000**
Nbr Apps Received:	**11**

***This amount reflects $16,123,882 in funds made available in the NOFA less awards approved by the Board.**

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2008-0102	10/22/2008	3:04 PM	City Of Paris	4	$375,000	$7,500	5				Under Review
2008-0103	10/22/2008	3:05 PM	City of Meadow	1	$375,000	$7,500	5	$375,000	$7,500	5	Pending Award
2008-0104	10/29/2008	2:26 PM	City of Bonham	3	$375,000	$7,500	5				Under Review
2008-0110	10/30/2008	11:29 AM	City of Mineola	4	$375,000	$7,500	5				Under Review
2008-0107	11/3/2008	9:57 AM	Community Council of Southwest Texas, Inc.	11	$375,000	$7,500	6				Under Review
2008-0109	11/3/2008	10:05 AM	County of Lamar	4	$375,000	$7,500	5				Under Review
2008-0106	11/3/2008	3:34 PM	City of Sundown	1	$375,000	$7,500	5	$375,000	$7,500	5	Pending Award
2008-0112	11/10/2008	8:59 AM	El Paso Collaborative for Community and Economic Development	13	$375,000	$7,500	7				Under Review
2008-0114	11/14/2008	4:27 PM	City of Godley	3	$150,000	$3,000	2	$150,000	$3,000	2	Pending Award
2008-0115	11/20/2008	6:17 AM	City of New Braunfels	9	$375,000	$7,500	15				Under Review
2008-0116	11/21/2008	4:19 PM	City of Pilot Point	3	$150,000	$3,000	2	$150,000	$3,000	2	Pending Award
				Totals:	**$3,675,000**	**$73,500**	**62**	**$1,050,000**	**$21,000**	**14**	

This amount reflects $16,123,882 in funds made available in the NOFA less awards approved by the Board.

2008 HOME SF NOFA (HBA) - Award Recommendations Log

December 11, 2008

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	$23,034,118
HBA Set-Aside Amount:	$3,455,118
Total Recommended:	$400,000
Total Apps. Recommended:	2

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2008-0091	10/15/2008	1:31 PM	Midland Community Development Corp.	12	$100,000	$4,000	10	$100,000	$4,000	10	Pending Award
2008-0113	11/14/2008	4:36 PM	Affordable Homes of South Texas, Inc.	11	$300,000	$12,000	30	$300,000	$12,000	30	Pending Award
				Totals:	**$400,000**	**$16,000**	**40**	**$400,000**	**$16,000**	**40**	

2008 HOME SF NOFA (HBA) - Application Log

Subject to the Regional Allocation Formula (RAF)

**Total Amount Available: $3,455,118*

December 11, 2008

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	$23,034,118
HBA Set-Aside Amount:	$3,455,118
Funds Requested:	$100,000
HBA Funds Remaining:	$3,355,118
Nbr. Apps Received:	1

(+ or - $1.00 due to rounding)

****Based on the HBA portion of the 2008 HOME SF NOFA***

Allocation Information for Region 1
Total Applications in Region: 0
Total Funds Available: $195,013
Rural Allocation: $194,977
Urban Allocation: $36

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$194,977**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$36**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$0**	**$0**	**0**		
Remaining Region Funds	**$195,013**				

(+ or - $1.00 due to rounding)

Based on the HBA portion of the 2008 HOME SF NOFA

Allocation Information for Region 2
Total Applications in Region: 0
Total Funds Available: $128,020
Rural Allocation: $125,311
Urban Allocation: $2,709

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$125,311**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$2,709**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$0**	**$0**	**0**		
Remaining Region Funds	**$128,020**				

(+ or - $1.00 due to rounding)

****Based on the HBA portion of the 2008 HOME SF NOFA***

Allocation Information for Region 3
Total Applications in Region: 0
Total Funds Available: $611,106
Rural Allocation: $187,618
Urban Allocation: $423,488

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$187,618**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$423,488**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$0**	**$0**	**0**		
Remaining Region Funds	**$611,106**				

(+ or - $1.00 due to rounding)

Based on the HBA portion of the 2008 HOME SF NOFA

Allocation Information for Region 4
Total Applications in Region: 0
Total Funds Available: $439,254
Rural Allocation: $342,573
Urban Allocation: $96,681

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$342,573**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$96,681**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$0**	**$0**	**0**		
Remaining Region Funds	**$439,254**				

(+ or - $1.00 due to rounding)

Based on the HBA portion of the 2008 HOME SF NOFA

Allocation Information for Region 5
Total Applications in Region: 0
Total Funds Available: $203,026
Rural Allocation: $183,864
Urban Allocation: $19,162

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
					Totals :	**$0**	**$0**	**0**			
					Remaining Rural Funds:	**$183,864**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
					Totals :	**$0**	**$0**	**0**			
					Remaining Urban Funds:	**$19,162**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$0**	**$0**	**0**		
Remaining Region Funds	**$203,026**				

(+ or - $1.00 due to rounding)

***Based on the HBA portion of the 2008 HOME SF NOFA**

Allocation Information for Region 6
Total Applications in Region: 0
Total Funds Available: $245,360
Rural Allocation: $100,683
Urban Allocation: $144,677

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$100,683					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$144,677					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$245,360				

(+ or - $1.00 due to rounding)

Based on the HBA portion of the 2008 HOME SF NOFA

Allocation Information for Region 7
Total Applications in Region: 0
Total Funds Available: $146,999
Rural Allocation: $82,767
Urban Allocation: $64,232

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$82,767**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$64,232**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$0**	**$0**	**0**		
Remaining Region Funds	**$146,999**				

(+ or - $1.00 due to rounding)

Based on the HBA portion of the 2008 HOME SF NOFA

Allocation Information for Region 8
Total Applications in Region: 0
Total Funds Available: $162,155
Rural Allocation: $86,247
Urban Allocation: $75,908

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$86,247**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$75,908**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$0**	**$0**	**0**		
Remaining Region Funds	**$162,155**				

(+ or - $1.00 due to rounding)

Based on the HBA portion of the 2008 HOME SF NOFA

Allocation Information for Region 9
Total Applications in Region: 0
Total Funds Available: $176,379
Rural Allocation: $110,676
Urban Allocation: $65,703

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$110,676					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$65,703					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$176,379				

(+ or - $1.00 due to rounding)

**Based on the HBA portion of the 2008 HOME SF NOFA*

Allocation Information for Region 10
Total Applications in Region: 0
Total Funds Available: $249,929
Rural Allocation: $207,082
Urban Allocation: $42,847

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$207,082					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$42,847					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$249,929				

(+ or - $1.00 due to rounding)

Based on the HBA portion of the 2008 HOME SF NOFA

Allocation Information for Region 11
Total Applications in Region: 0
Total Funds Available: $607,278
Rural Allocation: $440,357
Urban Allocation: $166,921

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$440,357					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$166,921					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$607,278				

(+ or - $1.00 due to rounding)

**Based on the HBA portion of the 2008 HOME SF NOFA*

Allocation Information for Region 12
Total Applications in Region: 1
Total Funds Available: $175,420
Rural Allocation: $122,428
Urban Allocation: $52,992

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0091	10/15/2008	1:31 PM	Midland Community Development Corp.	Counties - Midland	$100,000	$4,000	10	$100,000	10	Pending Award
				Totals :		**$100,000**	**$4,000**	**10**	**$100,000**	**10**	
				Remaining Rural Funds:		**$22,428**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$52,992**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$100,000**	**$4,000**	**10**	**$100,000**	**10**
Remaining Region Funds	**$75,420**				

(+ or - $1.00 due to rounding)

Based on the HBA portion of the 2008 HOME SF NOFA

Allocation Information for Region 13
Total Applications in Region: 0
Total Funds Available: $115,179
Rural Allocation: $63,939
Urban Allocation: $51,240

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$63,939					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$51,240					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$115,179				

(+ or - $1.00 due to rounding)

Based on the HBA portion of the 2008 HOME SF NOFA

2008 HOME SF NOFA (HBA) - Application Log

Post Regional Allocation Formula Collapse

December 11, 2008

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	**$23,034,118**
HBA Set-Aside Amount:	**$3,455,118**
HBA Funds Remaining After Collapse:	**$3,355,118**
Requested After Collapse:	**$800,000**
Nbr Apps. Received:	**2**

***This amount reflects $3,455,118 in funds made available in the NOFA less awards approved by the Board.**

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2008-0108	11/3/2008	10:03 AM	Community Council of Southwest Texas, Inc.	0	$500,000	$20,000	50				Under Review
2008-0113	11/14/2008	4:36 PM	Affordable Homes of South Texas, Inc.	11	$300,000	$12,000	30	$300,000	$12,000	30	Pending Award
				Totals:	**$800,000**	**$32,000**	**80**	**$300,000**	**$12,000**	**30**	

***This amount reflects $3,455,118 in funds made available in the NOFA less awards approved by the Board.**

2008 HOME SF NOFA (TBRA)- Award Recommendations Log

December 11, 2008

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	$23,034,118
TBRA Set-Aside Amount:	$3,455,118
Total Recommended:	$348,929
Total Apps. Recommended:	3

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2008-0070	9/17/2008	1:11 PM	Buckner Children & Family Services, Inc. dba Buckner Family Place	5	$87,360	$3,494	7	$87,360	$3,494	7	Pending Award
2008-0088	10/13/2008	8:13 AM	Buckner Children & Family Services, Inc. dba Buckner Family Place at Hearthstone	12	$151,008	$6,040	6	$151,008	$6,040	6	Pending Award
2008-0111	11/5/2008	10:05 AM	Affordable Caring Housing, Inc.	4	$110,561	$4,422	10	$110,561	$4,422	10	Pending Award
				Totals:	**$348,929**	**$13,956**	**23**	**$348,929**	**$13,956**	**23**	

2008 HOME SF NOFA (TBRA) - Application Log

Subject to the Regional Allocation Formula (RAF)

*Total Amount Available: $3,455,118

December 11, 2008

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	$23,034,118
TBRA Set-Aside:	$3,455,118
Requested:	$538,368
TBRA Funds Remaining:	$2,916,750
Nbr Apps. Received:	3

(+ or - $1.00 due to rounding)

**Based on the TBRA portion of the 2008 HOME SF NOFA*

Allocation Information for Region 1
Total Applications in Region: 0
Total Funds Available: $195,013
Rural Allocation: $194,977
Urban Allocation: $36

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$194,977					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$36					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$195,013				

(+ or - $1.00 due to rounding)

**Based on the TBRA portion of the 2008 HOME SF NOFA*

Allocation Information for Region 2
Total Applications in Region: 0
Total Funds Available: $128,020
Rural Allocation: $125,311
Urban Allocation: $2,709

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$125,311					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$2,709					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$128,020				

(+ or - $1.00 due to rounding)

***Based on the TBRA portion of the 2008 HOME SF NOFA**

Allocation Information for Region 3
Total Applications in Region: 0
Total Funds Available: $611,106
Rural Allocation: $187,618
Urban Allocation: $423,488

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$187,618					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$423,488					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$611,106				

(+ or - $1.00 due to rounding)

***Based on the TBRA portion of the 2008 HOME SF NOFA**

Allocation Information for Region 4
Total Applications in Region: 0
Total Funds Available: $439,254
Rural Allocation: $342,573
Urban Allocation: $96,681

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$342,573					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$96,681					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$439,254				

(+ or - $1.00 due to rounding)

Based on the TBRA portion of the 2008 HOME SF NOFA

Allocation Information for Region 5
Total Applications in Region: 1
Total Funds Available: $203,026
Rural Allocation: $183,864
Urban Allocation: $19,162

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural	2008-0070	9/17/2008	1:11 PM	Buckner Children & Family Services, Inc. dba Buckner Family Place	Counties - Angelina, Nacogdoches	$87,360	$3,494	7	$87,360	7	Pending Award
				Totals :		**$87,360**	**$3,494**	**7**	**$87,360**	7	
				Remaining Rural Funds:		**$96,504**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$19,162**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$87,360**	**$3,494**	**7**	**$87,360**	7
Remaining Region Funds	**$115,666**				

(+ or - $1.00 due to rounding)

Based on the TBRA portion of the 2008 HOME SF NOFA

Allocation Information for Region 6
Total Applications in Region: 0
Total Funds Available: $245,360
Rural Allocation: $100,683
Urban Allocation: $144,677

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$100,683					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$144,677					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$245,360				

(+ or - $1.00 due to rounding)

**Based on the TBRA portion of the 2008 HOME SF NOFA*

Allocation Information for Region 7
Total Applications in Region: 0
Total Funds Available: $146,999
Rural Allocation: $82,767
Urban Allocation: $64,232

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$82,767					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$64,232					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$146,999				

(+ or - $1.00 due to rounding)

**Based on the TBRA portion of the 2008 HOME SF NOFA*

Allocation Information for Region 8
Total Applications in Region: 0
Total Funds Available: $162,155
Rural Allocation: $86,247
Urban Allocation: $75,908

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$86,247					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$75,908					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$162,155				

(+ or - $1.00 due to rounding)

Based on the TBRA portion of the 2008 HOME SF NOFA

Allocation Information for Region 9
Total Applications in Region: 1
Total Funds Available: $176,379
Rural Allocation: $110,676
Urban Allocation: $65,703

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$110,676**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban	2008-0068	9/16/2008	2:09 PM	Ellis Community Resources Inc.	Counties - Comal	$300,000	$12,000	28	$0	0	Under Review
				Totals :		**$300,000**	**$12,000**	**28**	**$0**	**0**	
				Remaining Urban Funds:		**($234,297)**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$300,000**	**$12,000**	**28**	**$0**	**0**
Remaining Region Funds	**($123,621)**				

(+ or - $1.00 due to rounding)

Based on the TBRA portion of the 2008 HOME SF NOFA

Allocation Information for Region 10
Total Applications in Region: 0
Total Funds Available: $249,929
Rural Allocation: $207,082
Urban Allocation: $42,847

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$207,082					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$42,847					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$249,929				

(+ or - $1.00 due to rounding)

***Based on the TBRA portion of the 2008 HOME SF NOFA**

Allocation Information for Region 11
Total Applications in Region: 0
Total Funds Available: $607,278
Rural Allocation: $440,357
Urban Allocation: $166,921

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$440,357**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		**$0**	**$0**	**0**			
				Remaining Urban Funds:		**$166,921**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$0**	**$0**	**0**		
Remaining Region Funds	**$607,278**				

(+ or - $1.00 due to rounding)

***Based on the TBRA portion of the 2008 HOME SF NOFA**

Allocation Information for Region 12
Total Applications in Region: 1
Total Funds Available: $175,420
Rural Allocation: $122,428
Urban Allocation: $52,992

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		**$0**	**$0**	**0**			
				Remaining Rural Funds:		**$122,428**					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban	2008-0088	10/13/2008	8:13 AM	Buckner Children & Family Services, Inc. dba Buckner Family Place at Hearthstone	Counties - Midland	$151,008	$6,040	6	$151,008	6	Pending Award
				Totals :		**$151,008**	**$6,040**	**6**	**$151,008**	**6**	
				Remaining Urban Funds:		**($98,016)**					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	**$151,008**	**$6,040**	**6**	**$151,008**	**6**
Remaining Region Funds	**$24,412**				

(+ or - $1.00 due to rounding)

***Based on the TBRA portion of the 2008 HOME SF NOFA**

Allocation Information for Region 13
Total Applications in Region: 0
Total Funds Available: $115,179
Rural Allocation: $63,939
Urban Allocation: $51,240

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Rural											
				Totals :		$0	$0	0			
				Remaining Rural Funds:		$63,939					

Area Type	App number	Received Date	Time Received	Applicant	Areas Targeted	Project funds requested	Admin funds requested	Total Units	Project funds Rec.	Total Units Rec.	Comments
Urban											
				Totals :		$0	$0	0			
				Remaining Urban Funds:		$51,240					

	Project funds	Admin funds	Total Units	Project funds Rec.	Total Units Rec.
Total Requested in Region:	$0	$0	0		
Remaining Region Funds	$115,179				

(+ or - $1.00 due to rounding)

***Based on the TBRA portion of the 2008 HOME SF NOFA**

2008 HOME SF NOFA (TBRA) - Application Log

Post Regional Allocation Formula Collapse

December 11, 2008

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	$23,034,118
TBRA Set-Aside Amount:	$3,455,118
TBRA Funds Remaining After Collapse:	$2,806,189
Requested After Collapse:	$110,561
Nbr Apps. Received:	1

***This amount reflects $3,455,118 in funds made available in the NOFA less awards approved by the Board.**

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2008-0111	11/5/2008	10:05 AM	Affordable Caring Housing, Inc.	4	$110,561	$4,422	10	$110,561	$4,422	10	Pending Award
				Totals:	**$110,561**	**$4,422**	**10**	**$110,561**	**$4,422**	**10**	

***This amount reflects $3,455,118 in funds made available in the NOFA less awards approved by the Board.**

HOME Contract for Deed NOFA - Award Recommendations Log

Sorted by date/time received

Total NOFA Amount - $9,280,000

**Total Amount Available: $9,280,000*

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2008-0101	10/20/2008	2:56 PM	El Paso Collaborative for Community and Economic Development	13	$500,000	$20,000	5	$500,000	$20,000	5	Pending Award
2008-0105	11/3/2008	3:46 PM	Adults & Youth Development Association, Inc.	13	$500,000	$20,000	5	$500,000	$20,000	5	Pending Award
				Totals:	**$1,000,000**	**$40,000**	**10**	**$1,000,000**	**$40,000**	**10**	

****This amount reflects $9,280,000 in funds made available in the NOFA less awards approved by the Board.***

HOME Contract for Deed NOFA - Application Log

Sorted by date/time received

Total NOFA Amount - $9,280,000

**Total Amount Available: $9,280,000*

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2008-0101	10/20/2008	2:56 PM	El Paso Collaborative for Community and Economic Development	13	$500,000	$20,000	5	$500,000	$20,000	5	Pending Award
2008-0105	11/3/2008	3:46 PM	Adults & Youth Development Association, Inc.	13	$500,000	$20,000	5	$500,000	$20,000	5	Pending Award
2008-0117	12/1/2008	1:22 PM	Organizacion Progresiva De San Elizario	13	$500,000	$20,000	5				Under Review
				Totals:	**$1,500,000**	**$60,000**	**15**	**$1,000,000**	**$40,000**	**10**	

This amount reflects $9,280,000 in funds made available in the NOFA less awards approved by the Board.

HOME AND HOUSING TRUST FUND PROGRAMS DIVISION

BOARD ACTION REQUEST

December 18, 2008

Action Item

Presentation, Discussion and Possible Approval of Revisions to the HOME Rental Housing Development (RHD) Program, Community Housing Development Organization (CHDO) Rental Housing Development (RHD) Program, and 2008 Single Family (Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs) Notices of Funding Availability (NOFAs).

Requested Action

Approve, Deny or Approve with Amendments the HOME Rental Housing Development (RHD) Program, Community Housing Development Organization (CHDO) Rental Housing Development (RHD) Program, and 2008 Single Family (Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs) Notices of Funding Availability (NOFAs).

Background

RENTAL HOUSING (RHD) AND COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) RENTAL HOUSING DEVELOPMENT (RHD) NOFAs

On July 26, 2008 the TDHCA Board approved the 2008 Rental Housing Development (RHD) Notice of Funding Availability (NOFA) that set aside $5,000,000 for new construction, rehabilitation, and acquisition and rehabilitation of affordable rental housing and the 2008 Community Housing Development Organization (CHDO) RHD NOFA that set aside $5,966,488. Subsequent to approval of these initial funding levels, the Board approved transferring all remaining funds under the 2007 NOFAs to the 2008 NOFAs.

2008 RHD NOFA

To date, staff has transferred $9,486,052 in uncommitted funds from the 2007 RHD NOFA funds to the 2008 RHD NOFA for a total available balance of $14,486,052. However, there is one application that was recently terminated. Should an appeal not be pursued an additional $2,283,745 in funds would be immediately transferred and would also become available under the 2008 RHD NOFA. The Department has a total of $14,999,940 in pending applications under this NOFA, which is an oversubscription of $513,888. However, staff received four applications under the 2007 RHD NOFA that also submitted applications for Housing Tax Credits under 2008 competitive cycle. These four applications were not previously reviewed and awarded HOME funds because they were placed on the waiting list for tax credits. At the November 13, 2008 Board meeting, the Board directed staff to review all applications on the waiting list for forward commitments of 2009 Housing Tax Credits. These tax credit developments needed the HOME funds as an additional source of funds to fill the gap of funds needed for financial feasibility. As a result of this action and because the HOME NOFA under which these applications originally applied has closed, staff recommends transferring these four applications to the 2008 RHD

NOFA and using a received date of July 26, 2008, the first day of the application acceptance period for this NOFA. Based on the current level of applications and the current level of funds, this action would have the effect of limiting the available funds to other applications already submitted. However, if approved in conjunction with the recommended addition of funds described below, the availability of funds to any of the other applications received before the date of this meeting will not be impacted. These four applications total $1,875,000 in HOME funds.

2008 CHDO NOFA

Staff has transferred $370,618 in uncommitted funds from the 2007 CHDO NOFA to the 2008 CHDO NOFA. The 2007 NOFA had a total of $12M. The Board has approved applications totaling $11,629,283 in CHDO funds. As a result, the total available balance of funds in the 2008 CHDO NOFA is $6,337,106. To date, the Department has received one $4,000,000 application for funds under the 2008 CHDO NOFA which, if funded, would leave a balance of $2,337,106.

Based on the current level of requests and the significant amount 2007 HOME funds awarded to developments layered with 9% Housing Tax Credits, staff expects applications received during the next several months to far exceed the current available funds. Staff has also received an increase in interest from applicants that have already received Department funds but that need additional sources of funding due to tightening credit and debt markets. As a result, staff recommends transferring some additional funds from the approximate $9.5 million balance of funds available for programming discussed previously in the HOME Fund Balance Report agenda item for rental housing development and revising the current CHDO and RHD NOFAs as follows:

- Transfer $5,000,000 from the Department's deobligated funds and program income balance to the 2008 RHD NOFA.
- Revise the RHD NOFA to allow CHDO applicants to apply and receive up to $4 million per development as allowed under the CHDO NOFA. If approved, staff would utilize all of the funds available under the CHDO NOFA before accepting CHDO applications under the RHD NOFA.
- Revise both the 2008 CHDO RHD and RHD NOFAs to include an abbreviated application process for developments that have a recent Housing Tax Credit allocation or HOME contract with the Department. If approved this would codify an existing process that executive has made available in the wake of the current economic environment.

2008 RHD & CHDO NOFA Funding Levels and Current Applications Chart

	RHD NOFA	CHDO NOFA
Initial NOFA Funds (7/26/08)	$5,000,000	$5,966,488
Funds transferred from 2007	$9,486,052	$370,618
Current NOFA Funds	$14,486,052	$6,337,106
Current Applications	$14,999,940	$4,000,000
Balance if all applications funded & HTC waiting list transferred	-$2,388,888	$2,337,106
Recommended addition of funds	$5,000,000	$0
Funds available until 4/30/2009	$2,611,112	$2,337,106

2008 SINGLE FAMILY (OWNER OCCUPIED HOUSING ASSISTANCE, HOMEBUYER ASSISTANCE, AND TENANT- BASED RENTAL ASSISTANCE PROGRAMS) NOFA

On July 31, 2008 the Board approved the 2008 Single Family (Owner Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs) Notice of Funding Availability (NOFA) which made available $23,034,118. As published in the 2008 State of Texas Consolidated Plan One-Year Action Plan, $16,123,882 is available for the Owner Occupied Housing Assistance (OCC) Program, $3,455,118 is available for the Homebuyer Assistance (HBA) Program, and $3,455,118 is available for the Tenant-Based Rental Assistance (TBRA) Program. Funds were made available under an open cycle and subject to the Regional Allocation Formula (RAF) until October 15, 2008. On October 16, 2008, any funds not requested were made available statewide in any Uniform State Service Region and will remain within each HOME Program Activity specified in the NOFA until January 15, 2009. On January 16, 2009 any funds not awarded or requested will be made available in any Uniform State Service Region for any eligible HOME Program Activity specified in the NOFA until the earlier of the award of all funds or Thursday, April 30, 2009.

To date, a total of 53 applications have been received totaling $17,308,929 in funding requests. Similar to the RHD NOFAs, staff recommends transferring $4,000,000 in declined funds from the approximate $9.5 million balance of funds available for programming discussed previously in the HOME Fund Balance Report agenda item to this NOFAs. The additional $4 million will be set-aside for the Owner-Occupied Housing Assistance Program Activity. As described above, the Program Activity set-asides will collapse on January 15, 2009.

These measures also advance the Department's objective to actively manage the Department's funds and to ensure that HUD funding levels and deadlines are met. The proposed NOFAs are attached with blackline reflecting staff's recommended changes as outlined above.

2008 Single Family NOFA Funding Levels and Current Applications Chart	
NOFA Funds (8/31/08)	$23,034,118
Current Applications	$17,308,929
Balance if all applications funded	$5,725,189
Recommended addition of funds	$4,000,000
Funds available until 4/30/2009	$9,725,189

Recommendation

Staff recommends transferring the four applications that are being considered for 2009 forward commitments and previously submitted applications for HOME funds under the 2007 NOFAs to the 2008 RHD NOFA and using a received date of July 26, 2008.

Staff recommends approval for an additional $5,000,000 from the deobligated funds and program income balance to be made available under the 2008 Rental Housing Development Notice of Funding Availability.

Staff recommends approval for an additional $4,000,000 from the declined funds to be made available for the Owner-Occupied Housing Assistance Program Activity under the 2008 Single

Family (Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs) Notice of Funding Availability.

Staff recommends approval of the amended 2008 Single Family (Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs), 2008 Community Housing Development Organization Rental Housing Development and 2008 Rental Housing Development Program Notices of Funding Availability and approval to release for publication in the *Texas Register*.

Texas Department of Housing and Community Affairs

HOME Investment Partnerships Program

Rental Housing Development Program
Notice of Funding Availability (NOFA)

1) Summary

The Texas Department of Housing and Community Affairs ("the Department") announces the availability of approximately $19,486,052~~11,459,907~~ in funding from the HOME Investment Partnerships Program for the development of affordable rental housing for low-income Texans. The availability and use of these funds is subject to the State HOME Rules at Title 10 Texas Administrative Code (10 TAC) Chapter 53 ("HOME Rules") in effect at the time application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other Federal regulations may also apply such as, but not limited to, 24 CFR Parts 50 and 58 for environmental requirements, Davis-Bacon Act for labor standards, 24 CFR §§85.36 and 84.42 for conflict of interest and 24 CFR Part 5, Subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

2) Allocation of HOME Funds

a) These funds are made available through the Department's allocation of HOME funds from the U.S. Department of Housing and Urban Development (HUD). These HOME funds have been set-aside for rental housing development activities. At least $2,000,000 of these funds are set-aside for rental development proposals which involve the acquisition and rehabilitation of existing affordable housing that is at-risk of losing the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment, or equity incentive. The remaining funds will be available to all eligible applicants for rental development activities. Applications for the Preservation Set-Aside must include evidence that any stipulation to maintain affordability in the contract granting the subsidy is at-risk of expiring, or that the federally insured mortgage on the Development is eligible for prepayment, within the next 24 months from the date of application submission. An Application for a Development that includes the demolition of the existing units which have received any of the previously listed benefits will not qualify as a Preservation Development unless the redevelopment will include the same site and is supplemented with HOPE VI funding or funding from the Local Housing Authority's capital grant fund. All funds released under this NOFA are to be used for the creation of affordable rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).

b) In accordance with 10 TAC §53.48, this NOFA will be conducted as an open application cycle and funding will be available on a first-come, first-served basis. Applications submitted prior to 5:00 p.m. on **August 25, 2008** were subject to the Regional Allocation Formula. Any funds not requested in an application received by 5:00 p.m. **August 25, 2008**, have collapsed into an open application cycle with funding available statewide and not subject to the RAF. Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet minimum threshold and financial feasibility will not be considered for funding. Based on the availability of funds, applications for the statewide open application cycle will be accepted until 5:00 p.m. **April 30, 2009.**

c) The Department awards HOME funds, typically as a loan, to eligible recipients for the provision of housing for low, very low and extremely low-income individuals and families, pursuant to 10 TAC §53.41. Award amounts are limited to no more than $3 million per development unless the Applicant is certified by the Department as a Community Housing Development Organization (CHDO). Awards amounts are limited to no more than $4 million per development for CHDOs. The minimum HOME award may not be less than $1,000 per HOME assisted unit. The maximum award may not exceed 90% of the Total Development Costs ("TDC") unless a resolution of support and commitment for a financial contribution to the development is made by the local unit of government in which the proposed development resides or the proposed development is located in an area where the HUD Fair Market Rents are less than the Calculated HOME Rents[1] but will be limited follows:

Rent	Resolution from Local Government	Max award as % of TDC	% of TDC from other sources
FMR greater than High Home	No	90%	10%
FMR greater than High Home	Yes	92%	8%
FMR less than or equal to High Home	No	93%	7%
FMR less than or equal to	Yes	95%	5%

[1] The Calculated HOME Rents in this section refers to the calculated rent for a household earning 65% of the area median income for High HOME or 50% of the area median income for Low HOME before considering the HUD determined Fair Market Rent. The final High and Low HOME Rents for underwriting, operations and compliance is always limited to the lesser of this calculated rent and the HUD determined Fair Market Rent.

High Home			
FMR less than or equal to Low Home	No	96%	4%
FMR less than or equal to Low Home	Yes	98%	2%

The remaining percentage of total development cost must be in the form of permanent loans with a maturity of at least 20 years, in-kind contributions or grants from third-party private or public entities. Developments with USDA or other government-sponsored loans that will remain as permanent financing may be used to satisfy this requirement from a public or private entity. Loans or grants from the Department will not satisfy this requirement. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the development is located, and as published by HUD. The Department's underwriting guidelines in 10 TAC §1.32 will be used which set as a feasibility criterion a 1.15 debt coverage ratio minimum. Where the anticipated debt coverage ratio in the year after completion exceeds 1.35 before considering the proposed HOME funds, a repayable loan, in whole or part, will be recommended.

d) Each CHDO that is awarded HOME funds may also be eligible to receive a grant for CHDO Operating Expenses. Applicants will be required to submit organizational operating budgets, audits and other financial and non-financial materials detailed in the HOME application. The award amount for CHDO Operating Expenses shall not exceed $50,000. Awards for operating expenses will be drawn over a two-year period of time. The Department reserves the right to limit an Applicant to receive not more than one award of CHDO Operating Expenses during the same fiscal year and to further limit the award of CHDO Operating Expenses.

~~d)~~e) Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least $15,000 per unit in direct hard costs, unless the property is also being financed by the United States Department of Agriculture's Rural Development program. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a) (1).

~~e)~~f) When Department funds will have a first lien position and funds are used for new construction and/or rehabilitation, assurance of completion of the development in the form of payment and performance bonds in the full amount of the construction contract will be required. Such assurance of completion will run to the Department as obligee and must be documented prior to closing.

3) Eligible and Prohibited Activities

a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR §92.205, the State HOME Rules at 10 TAC §§53.34 and 53.50, which involve only the acquisition, rehabilitation or construction of affordable rental developments.

b) Prohibited activities include those under federal HOME rules at 24 CFR §92.214 and 10 TAC §53.37.

c) Rental development funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2009 State of Texas Consolidated Plan One-Year Action Plan.

d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible.

4) Eligible and Ineligible Applicants

a) The Department provides HOME funding to qualified nonprofit organizations, for-profit entities, sole proprietors, public housing authorities and units of general local government.

b) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.42 of the Department's HOME rule, and ineligibility with any requirements under 10 TAC §49.5(a) excluding subsections (5) - (8). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

5) Matching Funds

a) Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

6) Rental Housing Development Affordability Requirements

a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. Initial occupancy income restrictions require that at least 90% of the units are affordable to persons below 60% AMFI and that 20% of the units are affordable to person below 50% AMFI. Over the remaining affordability period at least 20% of HOME assisted units should be affordable to persons earning 50% or less than the AMFI, all remaining units must be affordable to persons earning 80% or less than the AMFI.

b) Each development will have a two-tier affordability term.

   i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is 20 years. For rehabilitation or acquisition of existing housing, the term is 5 years if the HOME investment is less than $15,000 per unit; 10 years if the HOME investment is $15,000 to $40,000 per unit; and 15 years if the HOME investment is greater than $40,000 per unit. This first tier is subject to all federal laws and regulations regarding HOME requirements, recapture, net proceeds and affordability.

ii) The second tier of affordability is the additional number of years required to bring the total term of affordability up to 30 years or the term of the loan agreement. For example, the second tier of affordability on a 10-year federal affordability term is 20 additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.

c) Properties will be restricted under a Land Use Restriction Agreement ("LURA"), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

7) **Site and Development Restrictions**

a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR §200.925 or §200.926. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

c) Housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C.

3601–3619). Additionally, pursuant to the 2009 Qualified Allocation Plan (QAP), 10 TAC §49.9(h)(4)(H), Developments involving New Construction (excluding New Construction of nonresidential buildings) where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.

d) All of the current Qualified Allocation Plan and Rules 10 TAC §49.6, excluding subsections (d), (f), (g) and (h) apply.

e) 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, pursuant to 10 TAC §53.45(b).

8) Threshold Criteria

a) Housing units subsidized by HOME funds must be affordable to low, very-low or extremely low-income persons. Mixed Income rental developments may only receive funds for units that meet the HOME program affordability standards. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

b) 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 10 TAC §1.37, pursuant to 10 TAC §53.45(c).

c) All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code.

d) Pursuant to 10 TAC §53.8(a), 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 be terminated under competitive application cycles. Applicants must provide notifications to:

i) 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;

ii) all neighborhood organizations whose defined boundaries include the location of the Development;

iii) executive officer and Board President of the school district that covers the location of the Development;

iv) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and

v) the State Representative and State Senator whose district covers the location of the Development.

vi) 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.

e) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:

i) To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants must target a minimum of 5% of the total units for individuals or families earning 30% or less of area medium income for the development site. Additionally, 20% of the total units proposed must be HOME units. Developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 are exempt from this minimum target requirement.

ii) If the Applicant elects to restrict 10% of all units for households at or below 30% of AMFI and at least 50% of all units for households at or below 50% of AMFI, and those units are not designated to serve very or extremely low-income households through another subsidy source with the exception of developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8, the Department may allow a forgivable loan only for those extremely and/or very low-income units. Developments layered with Housing Tax Credits are not eligible for this optional election unless the funds are deducted from eligible basis. Applications must still meet the requirements of the Real Estate Analysis (REA) Rules and Guidelines in 10 TAC §1.32.

iii) Staff will not recommend to the Department's Governing Board any contingent payment loans except for applications with first lien debt that is insured by HUD or the Federal Housing Administration (FHA) or for applications with other lenders with which the Department has a Memorandum of Agreement permitting such contingent payment debt structures. All contingent payment loans must also meet the minimum debt coverage ratio requirements in the Real Estate Analysis Rules and Guidelines described in 10 TAC §1.32.

iv) All units targeting Extremely Low Income households at 30% of area median income and 30% of area median income must also restrict rents at comparable levels using the Housing Tax Credit program rents calculated annually by the Department and available on the Department's website (www.tdhca.state.tx.us). These additional restrictions will limit the tenant paid portion of the rent and any applicable utility allowance.

v) To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum percentage of the total development costs in loans, in-kind contributions, or grants from third-party public or private entities as identified in section (2)(c) of this NOFA.

vi) All of the Qualified Allocation Plan and Rules in effect at the time of application submission at 10 TAC §49.9(h), excluding subsections (4)(J), (11), (12), (14)(G) and (15).

vii) To qualify for up to $4 million per development and/or a grant for CHDO Operating Expenses the application must qualify for HOME CHDO funding. HOME CHDO funding is provided to qualified nonprofit organizations eligible for CHDO certification. CHDO Applicants must be the Sponsor, Owner or Developer of the proposed Development. Applicants who apply through a Limited Partnership will be required to provide evidence, at the time of CHDO certification and commitment, that the CHDO Applicant is the Managing General Partner of the partnership and has effective control (decision making authority) over the development and management of the property, pursuant to 24 CFR §92.300. CHDO Certification will be awarded in accordance with the rules and procedures as set forth in the HOME rules at 10 TAC §53.50, Community Housing Development Organization (CHDO) Certification. A separate application process is required for CHDO Certification. Review and approval of the CHDO Certification occurs during the threshold review process, however Applicants will not receive a formal certification until the award of the HOME funds has been approved by the Department's Board. The CHDO Application package will be available with all other application materials on the Department's website. A new Application for CHDO certification must be submitted to the Department with each new Application for HOME Development funds under the CHDO set aside.

~~vii)~~viii) An applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current at the time of application or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b).

9) Review Process

a) Pursuant to 10 TAC §53.48, 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 Division. 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. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, and Financial Feasibility as described in this NOFA.

Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies for threshold criteria and eligibility within 45 days of the Received Date. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds.

Phase Two will include a comprehensive review for financial feasibility for RHD and Single Family Development Program Activities. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with 10 TAC §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 issue a notice of any Administrative Deficiencies within 45 days of the date the Application enters Phase Two. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Three, if applicable. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Three will be considered for placement on the next available Board meeting agenda.

Phase Three will only entail the review of the CHDO Certification Application, if applicable. The Department will ensure review of these materials and issue notice of any Administrative Deficiencies on the CHDO Certification Application within 30 days of the Application enters Phase Three. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into the final review phase of the Application process. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds or must elect to withdraw the CHDO Certification Application. Only upon satisfaction of all Administrative Deficiencies will the Application be forwarded to the final phase of the Application process. Upon completion of the applicable final review phase, the Application will be considered for placement on the next available Board meeting agenda.

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 ninety (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 ninety (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.

b) Pursuant to the QAP and 10 TAC §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated with notice and rights to appeal but without being processed as an Administrative Deficiency. To the extent that a review was unable to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant.

c) A site visit may 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.

d) The Department may decline to consider 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 strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

e) In accordance with §2306.082 Texas Government Code and 10 TAC §53.6, 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, 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 TAC §1.17.

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

10) Application Submission

a) All applications submitted under this NOFA must be received on or before **5:00 p.m. on April 30, 2009.** The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. For questions regarding this NOFA please contact Cameron Dorsey at 512-475-2669 or via e-mail at cameron.dorsey@tdhca.state.tx.us.

b) If an Application is submitted to the Department that requests funds from two separate housing finance programs, the Application will be handled in accordance with the guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs.

c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

d) Applicants must submit the Application materials as detailed in the Final ASPM in effect at the time the application is submitted. All scanned copies must be scanned in accordance with the guidance provided in the Final ASPM in effect at the time the application is submitted.

e) The application consists of several parts as described in the Final ASPM. A complete application for each proposed development must be submitted in an electronic PDF format on a recordable compact disc (CD-R). Incomplete applications or improperly compiled applications will not be accepted. Applicants must submit the application materials as detailed in the Final ASPM in effect at the time the application is submitted.

f) Third party reports – If all applicable third party reports are not received at the time of application submission, the Application will be terminated.

g) If a development has an existing Housing Tax Credit allocation or HOME contract with the Department and construction on the development has not begun, an abbreviated application for a HOME award or for an increase in the existing HOME award can be submitted under this NOFA. If additional funds are sought, such an application may also request that the terms for the additional HOME funds also apply for the funds in existing HOME Contract. The entire amount of HOME funds received from the Department may not exceed the maximum award per development as reflected in this NOFA. An application qualifying for the abbreviated application process may be considered by staff to have already met the threshold requirements in Section (8)(e)(vi) of this NOFA without additional review unless staff determines additional documentation is required in accordance with Paragraph (h) below.

h) The requirements of the abbreviated application will be reflected in the Application Submission Procedures Manuel (ASPM). In addition to the application requirements in the ASPM, staff may use discretion to determine if additional information that is typically required in the full application (including third party reports) is necessary or prudent in order to review for compliance with state or federal rules or due to changes in the market since last reviewed by the Department. Full application and an amendment may be required for any application that includes changes to the previous Board approved application beyond those that are directly related to the development costs, financing structure or additional HOME program related requirements or that affect an existing allocation of Housing Tax Credits.

~~g)~~i) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

~~h)~~j) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $500.00 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. Section 2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. An Application fee is not required for applications submitted pursuant to Paragraph (g) above and that have an existing HOME Contract with the Department. The Application fee is not a reimbursable cost under the HOME Program.

~~i)~~k) Applications must be sent via overnight delivery to:

HOME Division
Texas Department of Housing and Community Affairs
Attn: Barbara Skinner
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

HOME Division
Texas Department of Housing and Community Affairs

Attn: Barbara Skinner
Post Office Box 13941
Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME Rental Housing Development Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

Texas Department of Housing and Community Affairs

HOME Investment Partnerships Program

Community Housing Development Organization (CHDO)
Rental Housing Development Program
Notice of Funding Availability (NOFA)

1) Summary

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b) In accordance with 10 TAC §53.48, this NOFA will be conducted as an open application cycle and funding will be available on a first-come, first-served basis. Applications submitted prior to 5:00 p.m. on **August 25, 2008** were subject to the Regional Allocation Formula. Any funds not requested in an application received by 5:00 p.m. **August 25, 2008**, have collapsed into an open application cycle with funding available statewide and not subject to the RAF. Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet minimum threshold and financial feasibility will not be considered for funding. Based on the availability of funds, applications for the statewide open application cycle will be accepted until 5:00 p.m. **April 30, 2009.**

c) The Department awards HOME funds, typically as a loan, to eligible recipients for the provision of housing for low, very low and extremely low-income individuals and families, pursuant to 10 TAC §53.41. Award amounts are limited to no more than $4,000,000 per development. The minimum HOME award may not be less than $1,000 per HOME assisted unit. The maximum award may not exceed 90% of the Total Development Costs ("TDC") unless a resolution of support and commitment for a financial contribution to the development is made by the local unit of government in which the proposed development resides or the proposed development is located in an area where the HUD Fair Market Rents are less than the Calculated HOME Rents[1] but will be limited follows:

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The remaining percentage of total development cost must be in the form of permanent loans with a maturity of at least 20 years, in-kind contributions or grants from third-party private or public entities. Developments with USDA or other government-sponsored loans that will remain as permanent financing may be used to satisfy this requirement from a public or private entity. Loans or grants from the Department will not satisfy this requirement. The per-unit subsidy may not exceed the per-unit dollar limits established

[1] The Calculated HOME Rents in this section refers to the calculated rent for a household earning 65% of the area median income for High HOME or 50% of the area median income for Low HOME before considering the HUD determined Fair Market Rent. The final High and Low HOME Rents for underwriting, operations and compliance is always limited to the lesser of this calculated rent and the HUD determined Fair Market Rent.

by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the development is located, and as published by HUD. For rental housing developments, the Department's underwriting guidelines in 10 TAC §1.32 will be used which set as a feasibility criterion a 1.15 debt coverage ratio minimum. Where the anticipated debt coverage ratio in the year after completion exceeds 1.35 before considering the proposed HOME funds, a repayable loan, in whole or part will be recommended.

d) Each CHDO that is awarded HOME funds may also be eligible to receive a grant for CHDO Operating Expenses. Applicants will be required to submit organizational operating budgets, audits and other financial and non-financial materials detailed in the HOME application. The award amount for CHDO Operating Expenses shall not exceed $~~75,000~~50,000. ~~in accordance with 10 TAC §53.47(a)(4).~~ Awards for operating expenses will be drawn over a two-year period of time. The Department reserves the right to limit an Applicant to receive not more than one award of CHDO Operating Expenses during the same fiscal year and to further limit the award of CHDO Operating Expenses.

e) Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least $15,000 per unit in direct hard costs, unless the property is also being financed by the United States Department of Agriculture's Rural Development program. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

f) When Department funds will have a first lien position and funds are used for new construction and/or rehabilitation, assurance of completion of the development in the form of payment and performance bonds in the full amount of the construction contract will be required. Such assurance of completion will run to the Department as obligee and must be documented prior to closing.

3) Eligible and Prohibited Activities

a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR §92.205, the State HOME Rules at 10 TAC §53.34 and 53.50, which involve only the acquisition, rehabilitation or construction of affordable developments.

b) Prohibited activities include those under federal HOME rules at 24 CFR §92.214 and 10 TAC §53.37.

c) Development funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2009 State of Texas Consolidated Plan One-Year Action Plan.

d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible.

4) Eligible and Ineligible Applicants

a) The Department provides HOME CHDO funding to qualified nonprofit organizations eligible for CHDO certification. CHDO Certification will be awarded in accordance with the rules and procedures as set forth in the HOME rules at 10 TAC §53.50, Community Housing Development Organization (CHDO) Certification. A separate application process is required for CHDO Certification. Review and approval of the CHDO Certification occurs during the threshold review process, however Applicants will not receive a formal certification until the award of the HOME funds has been approved by the Department's Board. The CHDO Application package will be available with all other application materials on the Department's website. A new Application for CHDO certification must be submitted to the Department with each new Application for HOME Development funds under the CHDO set aside.

b) CHDO Applicants must be the Sponsor, Owner or Developer of the proposed Development. Applicants who apply through a Limited Partnership will be required to provide evidence, at the time of CHDO certification and commitment, that the CHDO Applicant is the Managing General Partner of the partnership and has effective control (decision making authority) over the development and management of the property, pursuant to 24 CFR §92.300.

c) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.42 of the Department's HOME rule, and ineligibility with any requirements under 10 TAC §49.5 of this title excluding subsections (5) thru (8). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

5) Matching Funds

Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

6) Rental Housing Development Affordability Requirements

a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. Initial occupancy income restrictions require that at least 90% of the units are affordable to persons below 60% AMFI and that 20% of the units are affordable to person below 50% AMFI. Over the remaining affordability period at least 20% of HOME assisted units should be affordable to persons earning 50% or less than the AMFI, all remaining units must be affordable to persons earning 80% or less than the AMFI.

b) Each development will have a two-tier affordability term.

i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is 20 years. For rehabilitation or acquisition of existing housing, the term is 5 years if the HOME investment is less than $15,000 per unit; 10 years if the HOME investment is $15,000 to $40,000 per unit; and 15 years if the HOME investment is greater than $40,000 per unit. This first tier is subject to all federal laws and regulations regarding HOME requirements, recapture, net proceeds and affordability.

ii) The second tier of affordability is the additional number of years required to bring the total term of affordability up to 30 years or the term of the loan agreement. For example, the second tier of affordability on a 10-year federal affordability term is 20 additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.

c) Properties will be restricted under a Land Use Restriction Agreement (“LURA”), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

7) **Site and Development Restrictions**

a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR §200.925 or §200.926. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

c) Housing must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). Additionally, pursuant to the 2009 Qualified Allocation Plan (QAP), §49.9(h)(4)(H), Developments involving New Construction (excluding New Construction of nonresidential buildings) where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.

d) All of the current Qualified Allocation Plan and Rules 10 TAC §49.6, excluding subsections (d), (f), (g) and (h) apply.

e) 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, pursuant to 10 TAC §53.45 (b).

8) Threshold Criteria

a) Housing units subsidized by HOME funds must be affordable to low, very-low or extremely low-income persons. Mixed Income rental developments may only receive funds for units that meet the HOME program affordability standards. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

b) 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 10 TAC §1.37 of this title, pursuant to 10 TAC 53.45 (c).

c) All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code.

d) Pursuant to 10 TAC §53.8(a), 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 be terminated under competitive application cycles. Applicants must provide notifications to:

   i) 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;

   ii) all neighborhood organizations whose defined boundaries include the location of the Development;

   iii) executive officer and Board President of the school district that covers the location of the Development;

   iv) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and

   v) the State Representative and State Senator whose district covers the location of the Development.

   vi) 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.

e) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:

   i) To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants for rental housing development must target a minimum of 5% of the total units for individuals or families earning 30% or less of area median family income for the development site. Additionally, 20% of the total units proposed must be HOME units. Developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 are exempt from this minimum target requirement.

   ii) All units targeting Extremely Low Income households at 30% of area median income and 30% of area median income must also restrict rents at comparable levels using the Housing Tax Credit program rents calculated annually by the Department and available on the Department's website (www.tdhca.state.tx.us). These additional restrictions will limit the tenant paid portion of the rent and any applicable utility allowance.

iii) If the Applicant elects to restrict 10% of all units for households at or below 30% of AMFI and at least 50% of all units for households at or below 50% of AMFI, and those units are not designated to serve very or extremely low-income households through another subsidy source with the exception of developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8, the Department may allow a forgivable loan only for those extremely and/or very low-income units. Developments layered with Housing Tax Credits are not eligible for this optional election unless the funds are deducted from eligible basis. Applications must still meet the requirements of the Real Estate Analysis (REA) Rules and Guidelines in 10 TAC §1.32.

iv) Staff will not recommend to the Department's Governing Board any contingent payment loans except for applications with first lien debt that is insured by HUD or the Federal Housing Administration (FHA) or for applications with other lenders with which the Department has a Memorandum of Agreement permitting such contingent payment debt structures. All contingent payment loans must also meet the minimum debt coverage ratio requirements in the Real Estate Analysis Rules and Guidelines described in 10 TAC §1.32.

v) To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum percentage of the total development costs in loans, in-kind contributions, or grants from third-party public or private entities as identified in section 2(c) of this NOFA.

vi) All of the Qualified Allocation Plan and Rules in effect at the time of application submission at 10 TAC §49.9(h), excluding subsections (4)(J), (11), (12), (14)(G) and (15).

vii) An applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current at the time of application or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b).

9) Review Process

a) Pursuant to 10 TAC §53.48, 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 Division. 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. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, and Financial Feasibility as described in this NOFA.

Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies for threshold criteria and eligibility within 45 days of the Received Date. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds.

Phase Two will include a comprehensive review for financial feasibility. 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 issue a notice of any Administrative Deficiencies within 45 days of the date the Application enters Phase Two. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Three, if applicable. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Three will be considered for placement on the next available Board meeting agenda.

Phase Three will only entail the review of the CHDO Certification Application. The Department will ensure review of these materials and issue notice of any Administrative Deficiencies on the CHDO Certification Application within 30 days of the Application enters Phase Three. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into the final review phase of the Application process. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Only upon satisfaction of all Administrative Deficiencies will the Application be forwarded to the final phase of the Application process. Upon completion of the applicable final review phase, the Application will be considered for placement on the next available Board meeting agenda.~~.~~

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 ninety (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 ninety (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.

b) Pursuant to the HOME Rule §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated with notice and rights to appeal but without being processed as an Administrative Deficiency. To the extent that a review was unable to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant.

c) 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.

d) The Department may decline to consider 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 strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

e) In accordance with §2306.082 Texas Government Code and 10 TAC §53.6, 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, 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.

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

10) Application Submission

a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on **April 30, 2009**. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. For questions regarding this NOFA please contact Cameron Dorsey at 512-475-2669 or via e-mail at cameron.dorsey@tdhca.state.tx.us.

b) If an Application is submitted to the Department that requests funds from two separate housing finance programs, the Application will be handled in accordance with the guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs.

c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

d) Applicants must submit the Application materials as detailed in the Final ASPM in effect at the time the application is submitted. All scanned copies must be scanned in accordance with the guidance provided in the Final ASPM in effect at the time the application is submitted.

e) The application consists of several parts as further described in the Final ASPM. A complete application for each proposed development must be submitted in an electronic PDF format on a recordable compact disc (CD-R). Incomplete applications or improperly compiled applications will not be accepted. Applicants must submit the application materials as detailed in the Final ASPM in effect at the time the application is submitted.

f) Third party reports – If all applicable third party reports are not received at the time of application submission, the Application will be terminated.

g) If a development has an existing Housing Tax Credit allocation or HOME contract with the Department and construction on the development has not begun, an abbreviated application for a HOME award or for an increase in the existing HOME award can be submitted under this NOFA. If additional funds are sought, such an application may also request that the terms for the additional HOME funds also apply for the funds in existing HOME Contract. The entire amount of HOME funds received from the Department may not exceed the maximum award per development as reflected in this NOFA. An application qualifying for the abbreviated application process may be considered by staff to have already met the threshold requirements in Section (8)(e)(vi) of this NOFA without additional review unless staff determines additional documentation is required in accordance with Paragraph (h) below.

h) The requirements of the abbreviated application will be reflected in the Application Submission Procedures Manuel (ASPM). In addition to the application requirements in the ASPM, staff may use discretion to determine if additional information that is typically required in the full application (including third party reports) is necessary or prudent in order to review for compliance with state or federal rules or due to changes in the market since last reviewed by the Department. Full application and an amendment may be required for any application that includes changes to the previous Board approved application beyond those that are directly related to the development costs, financing structure or additional HOME program related requirements or that affect an existing allocation of Housing Tax Credits.

~~g)~~i) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

~~h)~~j) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $500.00 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. §2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. An Application fee is not required for applications submitted pursuant to Paragraph (g) above and that have an existing HOME Contract with the Department. The Application fee is not a reimbursable cost under the HOME Program.

~~i)~~k) Applications must be sent via overnight delivery to:

HOME Division
Texas Department of Housing and Community Affairs
Attn: Barbara Skinner
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

HOME Division
Texas Department of Housing and Community Affairs
Attn: Barbara Skinner
Post Office Box 13941
Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME CHDO Rental Housing Development Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

Texas Department of Housing and Community Affairs

HOME Investment Partnerships Program (HOME)

2008 Single Family

(Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs)

Notice of Funding Availability (NOFA)

1) Summary.

a) The Texas Department of Housing and Community Affairs ("the Department") announces the availability of $27~~3~~,034,118 in funding from the HOME Investment Partnerships Program (HOME) funds for single family housing programs including owner-occupied housing assistance, homebuyer assistance, and tenant-based rental assistance to assist low income Texans.~~ As published in the 2008 State of Texas Consolidated Plan One-Year Action Plan, $16,123,882 is available for the owner-occupied Housing Assistance (OCC) Program, $3,455,118 is available for the Homebuyer Assistance (HBA) Program, and $3,455,118 is available for the Tenant-Based Rental Assistance (TBRA) Program~~.

b) The availability and use of these funds is subject to the Department's HOME Program Rule at Title 10 Texas Administrative Code (10 TAC) Chapter 53 in effect at the time the application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other federal regulations may also apply such as, but not limited to, 24 CFR parts 50 and 58 for environmental requirements, 24 CFR §85.36 and §84.42 for conflict of interest and 24 CFR Part 5, subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

2) Allocation of Funds.

a) These funds are made available through the Department's 2008 annual HOME allocation from the U.S. Department of Housing and Urban Development (HUD) and may also include uncommitted, deobligated and program income HOME funds. The funds are set-aside for eligible applicants proposing to provide assistance to eligible homeowners in need of rehabilitation or reconstruction of their primary residence, homebuyers for the acquisition including downpayment and closing costs toward the purchase of a home, and households seeking tenant-based rental assistance. Households assisted with HOME funds must be at or below 80% of the Area Median Family Income (AMFI), as defined by HUD.

b) In accordance with Texas Government Code Chapter 2306.111, housing funds awarded in the HOME Program must be allocated utilizing the Regional Allocation Formula (RAF) developed by the Department. Funds are allocated for each Program Activity to each Uniform State Service Region and rural and urban area types.

c) In accordance with 10 TAC §53.48(a) this NOFA will be an open application cycle. Funds will~~ first~~ be available on a first-come first-served basis for HOME Program Activities~~,~~ specified in this NOFA.~~utilizing the RAF for each activity, on a first-come, first-served basis~~ Applications ~~will be accepted by the Department on an on-going basis utilizing the funds allocated by the RAF until the earlier of the request of all funds or~~ submitted prior to **5:00 p.m. ~~Wednesday,~~ October 15, 2008,** were subject to the Regional Allocation Formula.~~**regardless of method of delivery.**~~

d) **Any funds not requested in an application received by 5:00 p.m.~~On Thursday,~~ October 15~~6~~, ~~2008~~ 2008** have collapsed and ~~funds for each HOME Program Activity not requested under the open cycle utilizing the RAF will be~~ made available statewide (excluding PJs) in any Uniform State Service Region. Funds will remain set-aside within each HOME Program Activity. Applications will be accepted by the Department on an on-going basis until the earlier of the request of all funds or **5:00 p.m. Thursday, January 15, 2009, regardless of method of delivery.**

e) **On Friday, January 16, 2009** any funds not requested under the statewide, Program Activity specific open cycle, will be made available in any Uniform State Service Region (excluding PJs) for any eligible HOME Program Activity specified in this NOFA. Applications will be accepted by the Department on an on-going basis until the earlier of the award of all funds or **5:00 p.m. Thursday, April 30, 2009, regardless of method of delivery.**

~~f)Requirements of the Regional Allocation Formula and 10 TAC §53.48(a) will be utilized in prioritizing funding recommendations. Applicants may apply for the maximum allowed in each activity even though the amount of available funds utilizing the RAF may be less. However, only the maximum allowable under the RAF will be recommended for award during the RAF period.~~

3) Limitation on Funds.

a) Funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.

b) The Department awards HOME funds to eligible entities and the maximum award amount may not exceed $390,000, including administrative costs, for Owner-Occupied

Housing Assistance, $312,000, including administrative costs, for Homebuyer Assistance, and $336,000, including administrative costs, for Tenant-Based Rental Assistance. Up to $520,000, including administrative costs may be awarded to Homebuyer Assistance applicants whose Service Area includes multiple counties within a Uniform State Service Region. An Applicant may submit an Application to apply for additional funding as long as the Applicant is 100% committed on their current contract for the same activity funded under this NOFA.

c) With the exception of Tenant-Based Rental Assistance, the minimum HOME assistance amount per unit may not be less than $1,000 per HOME assisted unit. The per-unit subsidy may not exceed the per-unit dollar limits established by the U. S. Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the housing is located, and as published by HUD. The purchase price of the housing unit, plus the value of the rehabilitation or reconstruction if applicable, must not exceed 95% of the area's median purchase price as specified in the HUD 203(b) Limits.

d) Each applicant that is awarded HOME funds may also be eligible to receive funding for administrative costs. The award amount for administrative costs shall not exceed the amount allowed per 10 TAC §53.85. Administrator must use funds for Administrative costs in accordance with 24 CFR §92.207. For the OCC and HBA Program Activities, funds for Administrative Costs cannot exceed 4% of the total project costs for the entire contract term. For the TBRA Program Activity, funds for Administrative Costs cannot exceed 4% of the total project funds per year of the Contract term.

e) In accordance with §53.72, before the effective date of the HOME Contract, the Contract Administrator may incur and be reimbursed for travel costs, as provided for with Administrative funds, related to mandatory implementation training required by the Department as a condition of receiving a HOME award and Contract.

4) Eligible and Prohibited Activities.

a) Eligible activities include those permissible under the federal HOME Final Rule at 24 CFR §92.205 and the Department's HOME Program Rule at 10 TAC §53.31 for OCC, §53.32 for HBA, and §53.33 for TBRA.

b) Prohibited activities include those at 24 CFR §92.214 and 10 TAC §53.37.

5) Eligible and Ineligible Applicants.

a) Eligible Applicants are Units of General Local Government, Nonprofit Organizations, Public Housing Authorities (PHAs), and for-profit entities.

b) Applicants may be ineligible for funding if they meet any of the criteria listed in 10 TAC §53.42 of the Department's HOME Program Rule. Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

6) Matching Funds.

a) Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

7) Affordability Requirements.

a) Applicants should be aware that there are minimum affordability periods necessary for HOME-assisted housing. The unit assisted must be the primary residence of the homebuyer. Single family housing units assisted with HOME funds must comply with the required affordability requirements as defined at 24 CFR §92.254. Awarded entities will provide the HOME assistance to the homebuyer in the form of a loan. Each loan will be in the form of a zero percent (0%) interest, deferred forgivable loan with a term based on the total amount of assistance provided and in accordance with 24 CFR §92.254. All loans to assisted homebuyers must be evidenced by loan documents provided by the Department. Each loan to an assisted homebuyer and homeowners must be payable to Department. Each loan for reconstruction or rehabilitation shall be evidenced by a construction loan agreement, note, deed of trust, mechanic's lien note, and mechanic's lien contract secured by the property and must be fully executed before any construction activities commence.

b) If at any time prior to the full loan period there occurs a resale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted Household's principal residence, the remaining loan balance shall become due and payable.

c) Forgiveness of the loan balance is calculated based on a pro-rata annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the pro-rata share number of years of the remaining loan term.

d) In the event the home is sold (voluntary or involuntary); the assisted Household will pay the loan balance from the shared net proceeds of the sale. The shared net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. A copy of the HUD closing statement must be provided.

8) Site and Construction Restrictions.

a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, the International Residential Code, Texas Minimum Construction Standards (TMCS) and be in compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code. In addition, housing that is rehabilitated with funds awarded under this NOFA must meet all applicable energy efficiency standards established by §2306.187 of the Texas Government Code, and energy standards as verified by RESCHECK, in accordance with the Final Rule.

b) 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 Chapter 2306.514, Texas Government Code, required for any applicant utilizing federal or state funds administered by TDHCA in the construction of single family homes.

c) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

d) Rental units secured though HOME assistance must be inspected prior to occupancy and must comply with Housing Quality Standards (HQS) established by HUD in 24 CFR Part 92.

9) Owner-Occupied Housing Assistance (OCC*).*

a) A total of $20~~16~~,123,882 in funding released under this NOFA may be used to administer an Owner-Occupied Housing Assistance Program to provide eligible households with loans for the rehabilitation or reconstruction of existing owner-occupied housing and earning 80 percent (80%) or less of the Area Median Family Income (AMFI) as defined by HUD. As defined in 10 TAC §53.31(d)(1), the home must be the principal residence of the homeowner.

~~b)The table below shows the allocation of funds to the 13 State Service Regions and the corresponding rural and urban distribution within each region.~~

Table 1. OCC Regional, Rural, and Urban Funding Amounts							
Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	910,061	5.6%	909,892	100.0%	169	0.0%
2	Abilene	597,429	3.7%	584,786	97.9%	12,643	2.1%
3	Dallas/Fort Worth	2,851,824	17.7%	875,549	30.7%	1,976,275	69.3%
4	Tyler	2,049,849	12.7%	1,598,672	78.0%	451,177	22.0%
5	Beaumont	947,455	5.9%	858,034	90.6%	89,421	9.4%
6	Houston	1,145,014	7.1%	469,856	41.0%	675,158	59.0%
7	Austin/Round Rock	685,992	4.3%	386,245	56.3%	299,747	43.7%
8	Waco	756,726	4.7%	402,488	53.2%	354,238	46.8%
9	San Antonio	823,099	5.1%	516,486	62.7%	306,613	37.3%
10	Corpus Christi	1,166,337	7.2%	966,385	82.9%	199,952	17.1%
11	Brownsville/Harlingen	2,833,963	17.6%	2,054,998	72.5%	778,965	27.5%
12	San Angelo	818,629	5.1%	571,332	69.8%	247,297	30.2%
13	El Paso	537,503	3.3%	298,381	55.5%	239,122	44.5%
	Total	$16,123,882	100.0%	$10,493,105	65.1%	$5,630,777	34.9%

b) In accordance with 10 TAC §53.47(a)(1), the maximum award amount for OCC shall not exceed $390,000, including administrative costs, per Application. In accordance with §53.85 up to 4% of the total project costs may be requested for administrative costs.

c) Owner-Occupied Housing Assistance to a household is provided in the form of a loan and in accordance with 10 TAC §53.31(g), the maximum amount of assistance is the total of construction costs and soft costs provided to an eligible household. The total construction costs are limited to:

i) Rehabilitation that is Reconstruction: The lesser of $73.00 per square foot or $80,000, if the Reconstruction includes actual costs for an aerobic septic system and/or demolition. If the Reconstruction includes costs for an aerobic septic system and/or demolition, the total construction costs cannot exceed $73.00 per square foot exclusive of the aerobic septic system and demolition costs; and

ii) Rehabilitation that is not Reconstruction: $30,000

d) In accordance with 10 TAC §53.73(a)(1), the contract term for OCC Program Activity shall not exceed 24 months and performance under the contract will be evaluated according to the following benchmarks:

i) 6 months, exempt administrative and broad review environmental clearance must be complete, and if not tiering, the first Household to be assisted must be environmentally cleared;

ii) 8 months, Authority to Use Grant Funds must be fully executed and all Households to be assisted must be environmentally cleared;

iii) 12 months, 100% of funds must be committed to Households to be assisted;

iv) 18 months, 100% of Household's Loans must be closed, if applicable;

v) 22 months, 100% of construction must be complete for all Households to be assisted; and

vi) 24 months, 100% funds drawn and 100% of match requirement supplied.

10) A minimum threshold score of 25 is required in order to be considered for funding. The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

i) **Affordable Housing Needs Score:** Points range from zero to seven as published by the Department. Maximum 7 points.

ii) **Match**: Per 24 CFR §92.218, the Department will recognize eligible forms of matching contributions made from nonfederal resources. The following table will be used to determine match requirement and associated points:

Table 2. OCC Housing Program Required Community Match Contributions

City Population	County Population	Required Match % of Project Funds Requested	Points	Additional Points
< 3000	< 20,000	5%	10	10 points for each additional percent of match provided
3,000 – 5,000	20,000 – 75,000	10%	10	7 points for each additional percent of match provided
> 5,000	> 75,000	12.5%	10	5 points for each additional percent of match provided

iii. **Income Targeting**: In order to meet its annual goal of assisting very low to extremely low income families, the Department incentivizes application points for income targeting of households assisted. The following table will be used to determine income targeting requirements and associated points**. Maximum 20 points.**
In accordance with the Housing Assistance Rider of the Department's Legislative Appropriation, in order to meet the 30% and below AMFI goal, Applicants, if awarded, may use the state average median family income to determine income

eligibility for eligible households living in those counties where the area median family income is lower than the state average median family income.

Table 3. Point Incentives for Income Targeting

Income Target	Points
0% to 29.99 % of units at 60% AMFI	1
30% to 59.99 % of units at 60% AMFI	3
60% to 100 % of units at 60% AMFI	5
0% to 29.99% of units at 30% AMFI	+6
30% to 59.99% of units at 30% AMFI	+11
60% to 100% of units at 30% AMFI	+15

iv. **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least $120,000 to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are reimbursed by program funds. Evidence of this commitment and the amount of the commitment must be included in the Applicant's resolution and budget.

v. **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment and amount of cash reserves for use during the contract period, source of funds for match obligation and match dollar amount, naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. The resolution must be signed and dated within the six months preceding the application submission date.

vi. **Description of Demand**: All applicants must submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations, assumptions, and pictures of housing stock must be included.

11) Homebuyer Assistance (HBA).

a) Approximately $3,455,118 of HOME Funds released under this NOFA shall be used to administer a Homebuyer Assistance Program, providing downpayment and closing cost assistance (including soft costs) to eligible first time homebuyers for the acquisition of affordable single family housing.

~~b) The table below shows the allocation of funds to the 13 State Service Regions and the corresponding rural and urban distribution within each region.~~

Table 4. HBA Regional, Rural, and Urban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	195,013	5.6%	194,977	100.0%	36	0.0%
2	Abilene	128,020	3.7%	125,311	97.9%	2,709	2.1%
3	Dallas/Fort Worth	611,105	17.7%	187,618	30.7%	423,488	69.3%
4	Tyler	439,253	12.7%	342,573	78.0%	96,681	22.0%
~~5~~	~~Beaumont~~	~~203,026~~	~~5.9%~~	~~183,864~~	~~90.6%~~	~~19,162~~	~~9.4%~~
6	Houston	245,360	7.1%	100,683	41.0%	144,677	59.0%
7	Austin/Round Rock	146,998	4.3%	82,767	56.3%	64,232	43.7%
8	Waco	162,156	4.7%	86,247	53.2%	75,908	46.8%
9	San Antonio	176,378	5.1%	110,676	62.7%	65,703	37.3%
10	Corpus Christi	249,929	7.2%	207,082	82.9%	42,847	17.1%
11	Brownsville/Harlingen	607,278	17.6%	440,357	72.5%	166,921	27.5%
12	San Angelo	175,421	5.1%	122,428	69.8%	52,992	30.2%
13	El Paso	115,179	3.3%	63,939	55.5%	51,240	44.5%
	Total	**$3,455,118**	**100.0%**	**$2,248,523**	**65.1%**	**$1,206,595**	**34.9%**

b) In accordance with 10 TAC §53.47(a)(1), the maximum award amount for HBA shall not exceed $312,000, including administrative costs, per Application; however, up to $520,000, including administrative costs, may be awarded to HBA Applicants whose Service Area includes multiple counties within a Uniform State Service Region. In accordance with 10 TAC §53.85(a)(1), for the HBA Program Activities, funds for Administrative costs cannot exceed 4% of the total project costs for the entire Contract term.

c) In accordance with §53.32(e), the maximum amount of assistance is the total of the downpayment and closing cost assistance and soft costs provided to an eligible household. The total amount of downpayment and closing cost assistance is limited to $20,000.

d) In accordance with 10 TAC 53.32(m), the following first lien purchase loan requirements are imposed for households receiving Homebuyer Assistance:

i) No adjustable rate mortgage loans (ARMs) or interest rate buy-down loans are allowed;

ii) No mortgages with a loan to value equal to or greater than 100% are allowed;

iii) No Subprime Mortgage Loans are allowed;

iv) An origination fee and any other fees associated with the mortgage loan may not exceed 2% of the loan amount; and,

v) The debt to income ratio (back-end ratio) may not exceed 45%.

e) HBA assistance will be in the form of a 0% interest 5 or 10 year deferred forgivable loan contingent upon the total amount of assistance, creating a 2nd or 3rd lien with a term based on the federal affordability requirements as defined in 24 CFR §92.254.

f) In accordance with 10 TAC §53.73(a)(2), the contract term for the HBA Program Activity shall not exceed 24 months and performance under the contract will be evaluated according to the following benchmarks:

i) 6 months, exempt administrative and environmental clearance must be complete for at least one Household to be assisted;

ii) 12 months, environmental clearance must be complete for at least 50% of the Households to be assisted, 50% of funds must be committed, 25% of funds drawn, and 25% of match supplied;

iii) 18 months, environmental clearance must be complete for at least 75% of the Households to be assisted, 75% of funds must be committed, 50% of funds drawn, and 50% of match requirement supplied; and

iv) 24 months, 100% of funds must be committed, 100% of funds drawn, and 100% of matched supplied.

g) A minimum threshold score of 15 is required in order to be considered for funding. The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

i) **Affordable Housing Needs Score:** Points range from zero to seven, as published by the Department. Maximum 7 points.

ii) **Match**: the following table will be used to determine match requirement and associated points:

Table 5. HBA Program Required Community Match Contributions

Required Match % of Project Funds Requested	Points	Additional Points
5%	10	10 points for each additional percent of match provided

iii) **Income Targeting:** In order to meet its annual goal of assisting very low to extremely low income families, the Department incentivizes application points for income targeting of households assisted The following table will be used to determine income targeting requirements and associated points. Maximum 20 points.

Table 6. Point Incentives for Income Targeting

Income Target	Points
0% to 29.99% of units at 60% AMFI	3
30% to 59.99% of units at 60% AMFI	7
60% to 100% of units at 60% AMFI	10

iv) **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least $60,000 to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are paid by program funds. Evidence of this commitment and the amount must be included in the Applicant's resolution and budget.

v) **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment and the amount of cash reserves for use during the contract period, source of funds for match obligation and match dollar amount, naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. . The resolution must be signed and dated within the six months preceding the application deadline date.

vi) **Description of Demand**: It will be a threshold requirement to submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations and assumptions must be included.

vii) **Homebuyer Counseling:** It will be a threshold requirement for each applicant to submit the level of homebuyer counseling that will be provided. A minimum of 8 hours of homebuyer counseling must be provided. Evidence must include documentation describing the level of homebuyer counseling proposed, including post purchase counseling. Applicant must state who will provide the homebuyer counseling. A copy of the curriculum and a copy of the proposed written agreement for service provider (if the applicant is not providing the service) must also be provided.

12) Tenant-Based Rental Assistance (TBRA).

a) Approximately $3,455,118 of HOME funds released under this NOFA shall be used to administer a Tenant-Based Rental Assistance Program to provide eligible households rental subsidies, including security and utility deposits to tenants earning 80 percent (80%) or less of the Area Median Family Income (AMFI) as defined by HUD. In accordance with 24 CFR 92.216, not less than 90% of the households assisted with respect to TBRA or rental units, must have incomes at or below 60% of the AMFI, as defined by HUD.

~~b)The table below shows the allocation of funds to the 13 State Service Regions and the corresponding rural and urban distribution within each region.~~

Table 7. TBRA. Regional, Rural, and Urban Funding Amounts

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	195,013	5.6%	194,977	100.0%	36	0.0%
2	Abilene	128,020	3.7%	125,311	97.9%	2,709	2.1%
3	Dallas/Fort Worth	611,105	17.7%	187,618	30.7%	423,488	69.3%
4	Tyler	439,253	12.7%	342,573	78.0%	96,681	22.0%
5	Beaumont	203,026	5.9%	183,864	90.6%	19,162	9.4%
6	Houston	245,360	7.1%	100,683	41.0%	144,677	59.0%
7	Austin/Round Rock	146,998	4.3%	82,767	56.3%	64,232	43.7%
8	Waco	162,156	4.7%	86,247	53.2%	75,908	46.8%
9	San Antonio	176,378	5.1%	110,676	62.7%	65,703	37.3%
10	Corpus Christi	249,929	7.2%	207,082	82.9%	42,847	17.1%
11	Brownsville/Harlingen	607,278	17.6%	440,357	72.5%	166,921	27.5%
12	San Angelo	175,421	5.1%	122,428	69.8%	52,992	30.2%
13	El Paso	115,179	3.3%	63,939	55.5%	51,240	44.5%
	Total	$3,455,118	100.0%	$2,248,523	65.1%	$1,206,595	34.9%

b) In accordance with 10 TAC §53.47(a)(1) the maximum award amount for TBRA shall not exceed $336,000, including administrative costs, per Application. In accordance with §53.85(a)(1), for the TBRA program activity, funds for administrative costs cannot exceed 4% of the total project funds per year of the Contract term. In accordance with 10

TAC §53.73(a)(3) the contract term for TBRA shall not exceed 36 months, however, individual household assistance is limited to 24 months.

c) Through the TBRA program, rental subsidy and security and utility deposit assistance is provided to tenants as a grant, in accordance with written tenant selection policies, for a period not to exceed twenty-four (24) months, which shall include among its objectives the securing of a permanent source of affordable housing on or before the expiration of the rental subsidy. Security deposits and utility deposits may be provided in conjunction with rental assistance. A security deposit cannot exceed two (2) months rent for the unit.

d) As per 10 TAC §53.33, the Household must comply with the following initial eligibility requirements: participate in an approved self-sufficiency program; maintain principal residency in the rental unit for which the subsidy is being provided; be an income eligible household; reside in a rental unit that is located within the Administrator's Service Area; and meet all other eligibility requirements.

e) As defined in 10 TAC §53.33(d) the rental standard must not exceed HUD's "Fair Market Rent for the Housing Choice Voucher Program." Rental units must be inspected prior to occupancy and must comply with Housing Quality Standards established by HUD.

f) In accordance with 10 TAC §53.73(a)(3), the contract term for the TBRA Program shall not exceed 36 months and performance under the contract will be evaluated according to the following benchmarks:

   i) 6 months, exempt administrative environmental clearance must be complete and application intake complete for 30% for Households to be assisted;

   ii) 9 months, application intake complete for 75% for Households to be assisted;

   iii) 12 months, 100% of funds must be committed to Households to be assisted and 25% of funds drawn;

   iv) 18 months, 100% of funds already committed and 35% of funds drawn;

   v) 24 months, 100% of funds already committed and 50% of funds drawn; and

   vi) 36 months, 100% of funds already committed and 100% of funds drawn.

g) A minimum threshold score of 15 is required in order to be considered for funding. The following threshold criteria listed in the subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise and will be included in the written agreement, if awarded funds:

   i) **Affordable Housing Needs Score:** Points range from zero to seven, as published by the Department. Maximum 7 points.

ii) **Income Targeting- Maximum 20 points**: In order to meet its annual goal of assisting very low to extremely low income families, the Department incentivizes application points for income targeting of households assisted. The following table will be used to determine income targeting requirements and associated points.
In accordance with the Housing Assistance Rider of the Department's Legislative Appropriation, in order to meet the 30% and below AMFI goal, Applicants, if awarded, may use the state average median family income to determine income eligibility for eligible households living in those counties where the area median family income is lower than the state average median family income.

Table 8. Point Incentives for Income Targeting

Income Target	Points
0% to 29.99 % of units at 60% AMFI	1
30% to 59.99 % of units at 60% AMFI	3
60% to 100 % of units at 60% AMFI	5
0% to 29.99% of units at 30% AMFI	+6
30% to 59.99% of units at 30% AMFI	+11
60% to 100% of units at 30% AMFI	+15

iii) **Cash Reserve**: Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least one month of rent for the number of households proposed to serve as stated in the application to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are reimbursed by program funds. Evidence of this commitment and the amount must be included in the Applicant's resolution and budget.

iv) **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment and amount of cash reserves for use during the contract period, source of funds for match obligation and match dollar amount, naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services. The resolution must be signed and dated within the six months preceding the application deadline date.

v) **Description of Demand**: It will be a threshold requirement to submit a narrative that describes in detail the demand evidenced for the proposed number of units to be assisted in the proposed service area. Source data, calculations and assumptions must be included.

vi) **TBRA Self Sufficiency Program:** It will be a threshold requirement for each Applicant to submit a proposed detailed Self Sufficiency Plan and must describe the process for the transition of households to permanent housing by the end of the 24-month rental assistance contract term.

(1) The documentation must describe the necessary components for the overall plan proposed for transition of potential tenants. This plan, like a case management plan, should detail the need of the tenant, how these needs will be addressed including any agreements with service providers who shall assist the tenant at meeting these needs, and a proposed timeframe for completing those activities. The plan must include:

(a) A sample household budget which will utilize existing sources of income such as employment, disability payments and other types of support that details how the assisted household will afford to be self-sufficient by the end of the 24-month rental assistance.

(b) If additional income is required to attain self-sufficiency, a plan for attaining the required education or training, or a job search plan must be included.

(c) Specific housing goals that will be completed on or before the end of the 24-month assistance period include: finding permanently subsidized housing, affordable market housing or other permanent housing solutions. The plan should include the required steps such as completing an application, approximate waiting time to get into the type of housing desired and the cost of the housing to the tenant.

13) Review Process.

a) Pursuant to 10 TAC §53.48(a), 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 Division. Then each application will be reviewed on its own merits as applicable. Applications will continue to be prioritized for funding based on their "received date". Applications will be reviewed for applicant and activity eligibility, and threshold criteria as described in this NOFA.

i) The Department will ensure review of materials required under the NOFA and Application Submission Procedures Manual (ASPM) and will issue a notice of any Administrative Deficiencies within 45 days of the received date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase will be reviewed for recommendation to the Board by the Committee.

ii) 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 been completely reviewed. 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

b) Pursuant to 10 TAC §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated without being processed as an Administrative Deficiency.

c) The Department may decline to consider 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 that 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

d) All Applicants will be processed through the Department's Application Evaluation System, and will include a previous award and past performance evaluation. Poor past performance may disqualify an Applicant for a funding recommendation or the recommendation may include conditions.

e) Funding recommendations of eligible Applicants will be presented to the Department's Governing Board of Directors based on eligibility and limited by the total amount of funds available under this NOFA and the maximum award amount.

f) In accordance with §2306.082, Texas Government Code and 10 TAC §53.6, 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, 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 TAC §1.17

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

14) Application Submission.

a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on **Thursday, April 30, 2009, regardless of method of delivery.**

b) The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. Question regarding this NOFA should be addressed to:

HOME Division
221 E. 11th Street
Austin, Texas 78701
Telephone: (512) 463-8921
E-mail: HOME@tdhca.state.tx.us

c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

d) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy on a disc of the Application materials as detailed in the Application Submission Procedures Manual (ASPM). All scanned copies must be scanned in accordance with the guidance provided in the ASPM.

e) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

f) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $30 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. Per §2306.147(b), Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.

g) This NOFA does not include text of the various applicable regulatory provisions that may be important to the HOME Program. For proper completion of the application, the

Department strongly encourages potential applicants to review the State and Federal regulations, and contact the HOME Division for guidance and assistance.

h) **Application Workshop:** the Department ~~will present~~ conducted application workshops in locations throughout the State which ~~will~~ provided an overview of the HOME Program Activities eligible under this NOFA and ~~will~~ also provided Application preparation and submission requirements, evaluation criteria, and state and federal program information. ~~The Application workshop schedule and registration will be posted on the Department's website at www.tdhca.state.tx.us~~

i) **Audit Requirements:** An applicant is not eligible to apply for funds or any other assistance from the Department unless a past audit or Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b). This is a threshold requirement outlined in the application, therefore applications that have outstanding past audits will be disqualified. Staff will not recommend applications for funding to the Department's Governing Board unless all unresolved audit findings, questions or disallowed costs are resolved per 10 TAC §1.3(c).

j) Applications must be sent via overnight delivery to:

HOME Division
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

HOME Division
Texas Department of Housing and Community Affairs
Post Office Box 13941
Austin, TX 78711-3941

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

HOME AND HOUSING TRUST FUND PROGRAMS DIVISION

BOARD ACTION REQUEST

December 18, 2008

Action Item

Presentation of the current HOME Fund Balance Report.

Fund Balance Report

The HOME Fund Balance Report is prepared monthly and is the Department's internal tracking of available balances of HOME funds. As required in the Department's rule regarding deobligated funds (10 TAC §1.19), the Department must not retain a balance of deobligated funds that exceeds 15% of the most current annual allocation of HOME funds. This equates to a maximum balance of slightly over $6 million. Deobligated funds are those that have been voluntarily or involuntarily returned from an individual project address or an awarded contract from a Contract Administrator. The reconciliation of deobligated funds began in September 2007 and included a reconciliation of deobligated funds for specific set-asides for Disaster, Persons with Disabilities, American Dream Downpayment Initiative (ADDI) and Contract for Deed Conversion.

The beginning balance of this report is the previous month's total HOME funds that are available to commit in HUD's Integrated Disbursement Information System (IDIS). This total includes primarily funds that have not been awarded to a Contract Administrator, which may include a balance of funds from an undersubscribed NOFA, deobligated funds and program income received. The reconciliation provides a monthly reconciliation of activities that affect the Department's balance with HUD and ends with the balance of the current month's total HOME funds available in IDIS.

The report then further separates this available balance into two categories of funds – Community Housing Development Organization (CHDO) funds and non-CHDO funds. As you will note, CHDO funds are presented first since this set-aside is a federal mandate and staff attempts to ensure an over-commitment of CHDO funds and a pipeline of committed awards. Non-CHDO funds may be used to fund CHDO activities but CHDO funds may only be used to fund CHDO activities.

The CHDO and non-CHDO categories are further segmented into federal and programmatic set-asides and open Notices of Funding Availability (NOFA's). Additionally, please note a column reflects deobligated funds that are reserved to be used for reprogramming priority into specific set-asides, namely CHDO (required by HUD), Disaster, Persons with Disabilities, American Dream Downpayment Initiative (ADDI) and Contract for Deed Conversion set-asides.

Finally, the Fund Balance Report provides a grand total of HOME funds available for programming after mandated set-asides, Board-approved awards (that do not have executed contracts or commitments), and published, open NOFA's have been reserved. The current report reflects $9,453,144 available for programming at this time. After analysis of the subscription rate of various open NOFAs, staff is making recommendations for the programming of this balance in an action item today.

On March 24, 2008, the Department received its Funding Approval and Grant Agreement from the U.S. Department of Housing and Urban Development (HUD). The approval and agreement included $40,043,225 for the Department's Program Year 2008 allocation of the HOME Investment Partnerships Program. With the exception of the Colonia Model Subdivision Program and the approximate $9.5 million available balance for programming, all HOME funds, including the 2008 allocation, are programmed, awarded, or available in open NOFA's. To actively manage the Department's funds and to ensure that HUD funding levels and deadlines are met, staff is making recommendations today in separate action items to program the available balance of HOME funds.

HOME FUND BALANCE REPORT
As of November 14, 2008

	Total
Total Available Balance in IDIS on October 14, 2008 [1]	**$97,943,848.40**
Committed since last report	($6,470,647.00)
Program Income received since last report	$389,590.76
Deobligated since last report	$855,000.00
Total Available Balance in IDIS on November 14, 2008 [1]	**$92,717,792.16**

CHDO (Community Housing Development Organization) Funds

		Uncommitted	Reserved Deobligated	Total
Available Balance in IDIS		$7,580,844.30	$0.00	$7,580,844.30
Programmatic Set-Asides:				
2007 CHDO Operating Funds[2]	($205,602.00)			$0.00
2008 CHDO Operating Funds[2]	($298,324.00)			$0.00
Colonia Model Subdivision Program		($2,000,000.00)		($2,000,000.00)
Open Notices of Funding Availability (NOFA's):				
Awards approved by the Board but not committed in IDIS yet		($6,350,000.00)		($6,350,000.00)
2008 Open Cycle CHDO NOFA $5.9 Million (expires April 30, 2009 and increase $370,618 from 2007 NOFA)		($6,337,106.00)		($6,337,106.00)
Total CHDO Funds Available for Programming:		**($7,106,261.70)**		**($7,106,261.70)**

Non-CHDO (Community Housing Development Organization) Funds

	Uncommitted	Reserved Deobligated	Total
Available Balance in IDIS	$82,444,091.45	$2,692,856.41	$85,136,947.86
Programmatic Set-Asides:			
Disaster Set-Aside	($1,750,000.00)	($2,100,000.00)	($3,850,000.00)
American Dream Downpayment Initiative (ADDI)	$0.00	($400.00)	($400.00)
Contract for Deed Set-Aside	$0.00	($592,456.41)	($592,456.41)
Persons with Disabilities Set-Aside	$0.00	$0.00	$0.00
Open Notices of Funding Availability (NOFA's)/Board-Approved Awards:			
Awards approved by the Board but not committed in IDIS yet	($11,755,701.00)		($11,755,701.00)
Amendments for approved contract increases	($541,981.00)		($541,981.00)
2007 RHD NOFA $15 Million (expired June 2, 2008 and increase of $12M on May 8, 2008)	($2,283,745.00)		($2,283,745.00)
Contract for Deed NOFA $9.2 Million (approved by Board May 8, 2008 and expires May 1, 2009)	($9,280,000.00)		($9,280,000.00)
2008 RHD Persons with Disabilities NOFA $1.6 Million (approved by Board June 26, 2008 and expires October 3, 2008)	($749,162.00)		($749,162.00)
2008 RHD NOFA $5 Million (approved by the Board June 26, 2008 and expires April 30, 2009)	($14,486,052.00)		($14,486,052.00)
2008 Single Family NOFA $23 Million (approved by Board July 31, 2008 and expires April 30, 2009)	($23,034,118.00)		($23,034,118.00)
2008 Single Family Persons with Disabilities NOFA 1.5 Million (approved by board September 4, 2008 and expires May 29, 2009)	($1,500,000.00)		($1,500,000.00)
Total Non-CHDO Funds Available for Programming:	**$16,559,406.45**		**$16,559,406.45**
Grand Total of HOME Funds Available for Programming: [3]	**$9,453,144.75**		**$9,453,144.75**

[1] This amount does reflect the Program Year 2008 HOME allocation. Of the available balance, the cumulative program income to-date is $25,526,200.

[2] CHDO Operating funds are non-chdo funds used for CHDO projects.

[3] Since September 2007, the Department has deobligated a total of $16,987,091.00 in completed, terminated or expired contracts. Additionally, $5,025,000 in HOME funds were declined from the 2007 awards. This includes $4,500,000 in OCC awards and one RHD award of $525,000. The remaining funds available for programming are cumulative program income and deobligations that occurred prior to September 2007 and have not yet been reprogrammed.

Below is a brief status on the activities listed on the Fund Balance Report for which HOME funds have been programmed or reserved:

- **2007 CHDO Operating Funds.** These funds equate to 5% of the annual set-aside for CHDO projects. As awards are made to CHDO's, a portion of these funds is reserved to award to the organization for CHDO operating expenses and is based on the amount the CHDO is eligible for, requests and is approved by the Board as part of the award of the CHDO project funds. When it is determined that these funds have not been utilized, they are returned to the total amount of non-CHDO funds available.
- **Colonia Model Subdivision Program**. In February 2007 the Board approved the first two awards for this program totaling $3.5 million. Both contracts have been executed and are in the process of being implemented. Staff continues to revise the programmatic requirements to ensure compliance with federal regulations and to allow the most flexibility and efficiency in the use of the funds for this activity. Staff anticipates combining the remaining balance with a NOFA for single family development in early 2009, as approved in the 2009 Consolidated Plan One-Year Action Plan.
- **2007 and 2008 Community Housing Development Organization (CHDO) Rental Housing Development (RHD) NOFAs**. The 2007 NOFA expired on June 2, 2008 and over $7.55 million in awards were approved by the Board at the July 31, 2008 board meeting. Staff is continuing to review applications received in response to this NOFA. The 2008 NOFA expires April 30, 2009. **Detailed information regarding these NOFAs is being provided under a separate action item.**
- **Disaster Set-Aside**. While only approximately $2 million is required to be reserved for disasters pursuant to the Department's rule on deobligated funds (10 TAC §1.19(e)(1), the Disaster Set-Aside currently includes $1.7 million of uncommitted 2007 Single Family funds, as approved by the Board in August 2007. As reflected on the Fund Balance Report, the total reservation including both uncommitted and deobligated funds is $3.8 million. Staff has not yet received additional funding requests for disaster relief in response to state-declared disasters or as a result of damage from Hurricane Dolly or Ike.
- **American Dream Downpayment Initiative (ADDI).** ADDI is a separate allocation of HOME funds received by the Department to provide downpayment and closing cost assistance to eligible first-time homebuyers. Through the open cycle Homebuyer NOFA released in January 2008, all funds have been awarded, including over $2 million in deobligated funds that due to federal requirement must be committed to this type of activity.
- **Contract for Deed Set-Aside**. In May 2008, the Board approved the release of the Contract for Deed Conversion Program NOFA, which made available a total of $9.2 million in funding for the conversion of contracts for deeds to traditional mortgage and/or the rehabilitation or reconstruction of housing units. The amount available includes the unprogrammed balance of $4 million from 2006 and 2007, the reserved deobligated balance of $3.2 million and the $2 million set-aside from the 2008 HOME allocation. Staff has experienced much interest in the program from the El Paso area and has conducted three application workshops in El Paso, Harlingen, and Laredo. To date, two applications have been received and are being award recommended for an award today. **Detailed information regarding these award recommendations is being provided under a separate action item.**
- **Persons with Disabilities Set-Aside.** This set-aside reflects both the set-aside from the 2008 allocation and the balance of approximately $1,175,307 in uncommitted and deobligated funds targeted to assist persons with disabilities through previous year's awards. In June 2008, the Board approved the release of the 2008 RHD Persons with

Disabilities NOFA making available a little more than $1.6 million in funding, with approximately $1.2M available statewide and $430K restricted for non-PJ use. To date, two applications for developments in PJs have been awarded a total of $926,145. Approximately $319K in funds remains available statewide and the Department has one application for $500K under review. No applications were received for funds restricted to non-PJ use, leaving a balance of $430K available under this NOFA. In September 2008, the Board approved the release of $1.5 million for the 2008 Single Family Persons with Disabilities NOFA. No applications for funding requests for this NOFA have been received by the Department.

- **2007 and 2008 Rental Housing Development (RHD) NOFA**. As with the CHDO RHD NOFAs, the 2007 RHD NOFA expired on June 2, 2008 and over $11.5 million in awards were approved by the Board at the July 31, 2008 board meeting. However, one applicant has since declined their $600K award. Staff is continuing to review applications received in response to this NOFA. The 2008 NOFA expires April 30, 2009. **Detailed information regarding these NOFAs is being provided under a separate action item.**
- **2008 Single Family NOFA**. At the July 31, 2008 Board meeting, the Board approved this NOFA which provides $23,034,118 in funding for the Owner-Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance Programs. To date, 53 applications have been received and 40 applications, totaling $12,578,929 in project funds and $311,556 in administrative funds, are being recommended for award today. **Detailed information regarding these award recommendations is being provided under a separate action item.**

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

December 18, 2008

Action Items

Presentation, Discussion and Possible Approval of a Colonia Self Help Center (SHC) Program Award to Webb County through Community Development Block Grant (CDBG) Funding.

Required Action

Approve or deny the Colonia SHC Program award recommendation to Webb County.

Background

Colonia Self-Help Centers Program

The Colonia Self-Help Centers (SHC) were created by Acts of the 74th Legislature of the state of Texas in 1995. The purpose of a Colonia SHC is to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve or maintain a safe, suitable home in the designated colonia service area or in another area that the Texas Department of Housing and Community Affairs (TDHCA) has determined is suitable. Pursuant to Subchapter Z of Chapter 2306 of the Texas Government Code, TDHCA has established Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr and Webb Counties. If TDHCA determines it necessary and appropriate, statute allows for Colonia SHCs to be established in any other county if the county is designated as an economically distressed area under Chapter 17 of the Water Code. In 2001, the Department opened two additional centers in Maverick and Val Verde Counties to address the needs of colonias in those counties.

On February 1, 2007, the TDHCA Governing Board approved the first edition of the Colonia SHC Program Rules. The purpose of the rules was to make the program more transparent, reflect the self-help concepts included in statute and facilitate the completion of SHC activities within the original contract period. The development of program rules has led to a more structured and uniform funding proposal process.

TDHCA will allocate no more than $1.2 million per Colonia SHC contract in accordance with the Program Rules. If there are insufficient funds available from any specific year to fully fund a proposal, the affected county may accept the amount available at that time and then wait for the remainder to be funded with a contract utilizing the next year's funding allocation.

According to statute, it is the responsibility of TDHCA to designate a geographic area for the services provided by each SHC. In consultation with the Colonia Resident Advisory Committee (C-RAC) and the county, TDHCA designates 5 colonias in each service area to receive concentrated attention from that SHC. The purpose of the C-RAC is to advise the TDHCA Governing Board regarding the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs and activities that may be undertaken to better serve colonia residents. The county submitting a funding proposal is required to conduct and submit a needs assessment for each colonia designated to receive that concentrated attention in the proposal. Based on the results of the assessments, the county must develop a scope of work to be conducted for each colonia in accordance with the eligible activities as defined in statute and the Program Rules. A scope of work was outlined in a funding proposal and these proposals were formally presented to C-RAC (before the 30th day preceding the date on which a contract is scheduled to be awarded by the Board as required by Section 2306.585 (b) of the Texas Government Code) on October 3, 2008 in Webb County, Texas to receive their comments and suggestions in fulfillment of C-RAC's obligation to the Board.

Colonia SHC Funding

The Colonia SHCs are funded through a 2.5% set-aside (approximately $1.8 million per year) of the annual Community Development Block Grant (CDBG) non-entitlement allocation to the state of Texas. The management of CDBG funds is dictated through a Memorandum of Understanding (MOU) between the Office of Rural Community Affairs (ORCA), which receives the allocation from the US Department of Housing and Urban Development (HUD), and TDHCA. The Colonia SHC contracts are four-year contracts as specified by statute; however, if contractor localities are able to complete all contractual requirements before the expiration of the four-year contract period, they may go ahead and submit a proposal for a new contract. Proposals for new funding will be placed on a first-come, first-serve waiting list until there is sufficient funding available.

Colonia SHC Award Descriptions

Webb County

The Commissioners' Court of Webb County awarded the principal subcontract to service the Colonia SHC to the Webb County Community Action Agency. This will be Webb County's fourth Colonia SHC contract.

Contractor: Webb County

Contact: The Honorable Danny Valdez, County Judge

Address: 1000 Houston Street, 3rd Floor

Laredo, Texas 78040

Purpose of Contract: The County of Webb, through their contract with the Webb County Community Action Agency, shall provide housing and community development to the following colonias: Los Altos, Tanquecitos I & II, San Carlos I & II, Ranchitos 359 East, and D-5 Acres. The County proposes to do the following housing and community development activities:

Performance activity	Proposed	Budget
Public Service		**$180,000.00**
• Construction Skills Training	40 classes	
• Homeownership and Instructional Classes	32 classes	
• Solid Waste Removal	4 activities	
• Technology Access	20 classes	
• Tool Library Program	1 library	
Residential Rehabilitation		**$710,000.00**
• Colonia Housing Rehabilitation	20 homes	$510,000.00
• House-to-Line Connections	21 Connections	$105,000.00

• Special Needs Home Improvements/Accessibility	35 homes	$95,000.00
Residential Reconstruction (Not Feasible for Rehab)	2 homes	**$90,000.00**
New Construction (Other 105 (a) 15)	2 homes	**$100,000.00**
Administration		**$120,000.00**
Total		**$1,200,000.00**

The Colonia SHC contract will benefit one thousand two hundred twelve (1,212) persons of which one thousand one hundred fifty-one (1,151) or ninety-five percent (95%) are of low to moderate income.

Webb County's Previous Performance

Webb County has successfully completed the project activities of two previous contracts. The county's third contract expired on October 30, 2008 and an on-site monitoring visit by the Department's Portfolio Management and Compliance (PMC) Division was conducted the week of November 17, 2008. A post-monitoring visit letter has not yet been generated. It is anticipated that there will be no findings and that the contract will be administratively closed in a timely manner. According to correspondence with PMC the county may not be able to address one monitoring deficiency prior to the release of their report. Staff does not feel that this is an impediment to the award of a new contract. Staff proactively recommended that this contract be pulled from the November Board Meeting due to lack of adherence to the final administrative threshold on the current contract. Webb County Commissioners' Court approved on December 8, 2008 to refund the Department the amount necessary to bring the current contract into compliance with this administrative threshold.

Recommendation

Approval of Colonia SHC funding award to Webb County for the operation of the Webb County Colonia SHC in the amount as described below.

NAME	FUNDING YEAR	TOTAL AWARD
Webb County	FY 2008	$206,994
	Deobligated Funds	$993,006
	Total	**$1,200,000**

2008 Administrative Amendments Approved

Dev. No.	Date of Approval	Development	City	County	Region	Interested Parties	Subject of Amendment Approved
05453	7/9/08	Midcrown Senior Pavilion	San Antonio	Bexar	9	San Antonio Housing Facility Corporation	Number of buildings changed from 4 to 3 because two buildings were connected.
05251	7/17/08	La Vista	McAllen	Hidalgo	11	Madhouse Development - Enrique Flores	Substituted 100% vinyl for carpet and vinyl flooring.
03196	7/22/08	Arcadia Village	Center	Shelby	5	Doug Dowler, Jerry Moore	Changed site plan and substituted two streets for controlled access gates.
05453	7/23/08	Midcrown Senior Pavilion	San Antonio	Bexar	9	San Antonio Housing Facility Corporation	As addendum to previous amendment, reduced open parking from 196 to 170 spaces remaining in excess of code. No fee charged.
01482	8/6/08	North Arlington Seniors	Arlington	Tarrant	3	MAEDC Arlington, LLC; Texas Affordable Communities; Pro-Tech Development I	Denied revision of rent and income targeting because the Department was not believed to have the authority to approve it.
03406	8/6/08	Timber Oaks	Grand Prairie	Tarrant	3	Richard Ruschman, Richard Shaw	Denied revision of rent and income targeting because the Department was not believed to have the authority to approve it.
07601	8/8/08	Park Place at Loyola	Austin	Travis	3	Chris Dischinger, Mark Lechner, Richard Janson, Uwe Nahuina; LDG Development Corporation	Playscape and tot lot were substituted for playscape and walking trail.
04408	8/11/08	Hickory Manor Senior Community	DeSoto	Dallas	3	Outreach Housing Corporation (O); LDG Development Corporation	Granite countertops, water well and landscape fountain were substituted for building 80 carports instead of 100.
05624	8/15/08	Harris Branch	Austin	Travis	3	Chris Dischinger, Mark Lechner, Richard Janson, Uwe Nahuina; LDG Development Corporation	Tot lot was substituted for 35 carports that were built as open spaces and 7 carports that were not built.
04430	8/22/08	Heatherbrook	Port Arthur	Jefferson	3	Ike Akbari	Request to allow disposals and dishwashers to be installed if present or future tenant chooses to have one.
060415	9/5/08	Village Creek	DeSoto	Dallas	3	Hal Thorne	Self-cleaning ovens replaced by Energy Star refigerators and dishwashers

2008 Administrative Amendments Approved

Dev. No.	Date of Approval	Development	City	County	Region	Interested Parties	Subject of Amendment Approved
07402	9/9/08	Rockwell Manor	Brownsville	Cameron	11	Dan O'Dea; Michelle Grandt	"Enclosed sun porch or covered community porch patio" was replaced with "covered pavilion that includes barbeque grills and tables" and vinyl flooring was used exclusively instead of carpet and vinyl.
07303	9/9/08	Villas on Raiford	Carrollton	Dallas	3	Chan Ill Pak, Huelon Harrison, Jang Wook Lee, Hyo Nam Han,	Support facilities not claimed for points in application replaced private van.
05166	9/30/08	Hampton Port	Corpus Christi	Nueces	10	Housing Authority of the City of Corpus Christi	Self-cleaning ovens replaced by ice-makers. Bathroom count of 2/2 stated in application rent schedule corrected to 2/1 by unit plans & was not a deficiency. Difference in NRA was caused by using HUD measuring conventions instead of TDHCA conventions.
07294	10/3/08	Grove at Brushy Creek	Bowie	Montague	2	Eric Hartzell, Bruce Spitzengel, Clair M. Davis, III	Site plan was reconfigured because of a spring on the property.
05159	10/3/08	San Juan Square	San Antonio	Bexar	9	NRP Group	Unit mix of 28-1/1s & 63-2/2s was corrected to 29-1/1s & 62-2/2s in application review period. Deficiency cited at inspection was error.
05012	10/6/08	Landa Place	New Braunfels	Comal	9	Lucille Jones; MacDonald Companies	"Game/Recreation Room" was approved as built without a partition to separate it from the Community Dining Room area
05439	10/6/08	Canyon Creek Townhomes	Temple	Bell	7	Doug Gurkin	Fiberglass shower surrounds replaced tile in 4 accessible units of 200 units total.
05118	10/7/08	Vista Verde I & II	San Antonio	Bexar	9	Housing & Community Services, Inc.; NRP Group	13 SEER replaced 14 SEER HVAC. 127,958 SF NRA built replaced 124,450 SF proposed & 7,536 SF common area built replaced 7,781 SF proposed. 2/2 vs. 2/1 deficiency cited in error. 50-2/1s shown in plans were 2/2s in rent shedule. All 2/1s remained 2/1s after rehabilitation.
05447	10/13/08	Providence Place II	Denton	Denton	3	Leon Backes	2 public telephones, secured building access, & sport court replaced 2 sides of perimeter fence and gate in intergenerational development.
060123	10/28/08	LULAC West Park	San Antonio	Bexar	9	LULAC; David Marquez	Clubhouse was rehabilitated instead of demolished/reconstructed.
05159	11/5/08	San Juan Square	San Antonio	Bexar	9	NRP Group	Building footprints were adjusted on the site and parking spaces were reduced from 254 to 233.
060092	11/5/08	Twelve Oaks	Vidor	Orange	5	Ike Akbari	Self-cleaning ovens & storage rooms replaced by Energy Star refrigerators & dishwashers. Granite countertops were also added.

2008 Administrative Amendments Approved

Dev. No.	Date of Approval	Development	City	County	Region	Interested Parties	Subject of Amendment Approved
05160	11/20/08	The Alhambra	San Antonio	Bexar	9	NRP Group	Open parking spaces reduced from 210 to 191.
07235	11/21/08	Woodchase Senior Community	El Paso	El Paso	13	Investment Builders, Ike Monty, Robert Sanderson	Composition shingle replaced tile (conflict in application). NRA increased 4.9%. Common area increased. Open parking decreased.
05027	11/24/08	Timber Village	Marshall	Harrison	4	Rick Deyoe	Open parking spaces reduced from 121 to 101. Carports increased from 30 to 36. Site plan changed but remained similar to original plan.
05127	11/24/08	Navigation Pointe	Corpus Christi	Nueces	10	Manish Verma, Merced Housing-Texas	Game/recreation room marked in Specifications & Amenities, only. As-built clubhouse was found equivalent to as-proposed.
05024	11/26/08	Figueroa Apartments	Robstown	Nueces	10	Rick Deyoe	2BR/2bath & 3BR/2bath units corrected to 2BR/1bath & 3BR/1bath corresponding to Building/Unit Type Configuration exhibit and architectural drawings in application, correcting Rent Schedule error.
05137	11/26/08	Los Ebanos	Zapata	Zapata	11	Dennis Hoover, Dana Hoover, Dixie Farmer	30-year shingles proposed were replaced by 25-year shingles, fencing, parking lot lighting.
05088	12/1/08	Oak Timbers-Fort Worth	Fort Worth	Tarrant	3	Justin Zimmerman; A.V. Mitchell; Oak Timbers (NP)	84 2BR units were built with 2 bathrooms instead of one.
05034	12/8/08	Gardens of Taylor	Taylor	Williamson	7	Ivan I. Haugh	Land area corrected per survey & site plan. Exhibit 5A, perimeter fence, library & business center replaced community room and activity room (corrected 1 room proposed for multi-uses). Quality of Units exhibit, Self-cleaning ovens, 100% masonry & 14 SEER HVAC replaced 30-year shingles. Parking proposed acknowledged same as built (garage & driveway counted 1space each). Clubhouse size acknowledged as same as-built.
05164	12/8/08	Ridge Pointe	Killeen	Bell	8	Michael & Claudia Lankford; Marc Cauldwell	Decreased open parking spaces from 130 to 115.

2008 HTC EXTENSIONS APPROVED QUARTERLY REPORT

Dev.#	Dev. Name	Type: com, det, co, 10%, clc, coc, cc	Action By "b" or "e" (Board or ED)	Old Dead-line	New Dead-line	Date of Approval or Pending
04224	Commons of Grace Apts.	Cost Cert	ED	4/1/07	7/1/08	3/14/08
05004	Samuel's Place	Cost Cert	ED	4/1/08	7/1/08	3/28/08
05005	Cambridge Courts	Cost Cert	ED	4/1/08	7/1/08	3/28/08
05436	Costa Valencia	Cost Cert	ED	4/1/08	7/1/08	3/28/08
05433	The Villas at Costa Tarragon	Cost Cert	ED	4/1/08	7/1/08	3/28/08
05159	San Juan Square	Cost Cert	ED	4/1/08	7/1/08	3/28/08
05160	The Alhambra Apts.	Cost Cert	ED	4/1/08	7/1/08	3/28/08
05424	River Bend	Cost Cert	ED	4/1/08	7/1/08	4/16/08
05619	The Oakmoor	Cost Cert	ED	4/1/08	7/1/08	4/16/08
05097	Cathy's Pointe	Cost Cert	ED	4/1/08	7/1/08	4/16/08
05099	Madison Pointe	Cost Cert	ED	4/1/08	7/1/08	4/18/08
05222/08065	Kingwood Senior Village	Cost Cert	ED	4/1/08	7/1/08	4/18/08
05080/08024	Cabridge Villas	Cost Cert	ED	4/1/08	7/1/08	4/18/08
05166	Hampton Port	Cost Cert	ED	4/1/08	7/1/08	4/18/08
05088/08027	Oak Timbers	Cost Cert	ED	4/1/08	7/1/08	4/29/08
05101	Creek Crossing Senior Village	Cost Cert	ED	4/1/08	7/1/08	4/30/08
05082	Sphinx at Luxar Court	Cost Cert	ED	4/1/08	7/1/08	5/2/08
05095	Sphinx at Reese Court	Cost Cert	ED	4/1/08	7/1/08	5/2/08
060177	Casa Edcouch	COC	Board	12/1/07	6/1/08	5/8/08
060027	Parkway Ranch	COC	Board	12/1/07	9/1/08	5/8/08
04066/07018	Pineywoods Community Orange	Cost Cert	Board	4/1/08	6/1/08	5/8/08
05020/08007	Central Place Apts.	Cost Cert	Board	4/1/08	6/15/08	5/8/08
05118/08037	Vista Verde I & II	Cost Cert	Board	4/1/08	5/31/08	5/8/08
05124/08038	Town Parc at Amarillo	Cost Cert	Board	4/1/08	7/1/08	5/8/08
05163/08049	Timber Pointe Apartments	Cost Cert	Board	4/1/08	6/30/08	5/8/08
05195/08059	San Gabriel Senior Village	Cost Cert	Board	4/1/08	7/1/08	5/8/08
05445	Bayview Apts.	Cost Cert	Board	4/1/08	6/30/08	5/8/08
05446	Providence Marine Creek	Cost Cert	Board	4/1/08	7/1/08	5/8/08
05454	Lodge at Silverdale Apts.	Cost Cert	Board	4/1/08	6/30/08	5/8/08
05613	Providence at Mockingbird	Cost Cert	Board	4/1/08	4/21/08	5/8/08
05127/08040	Gardens of Taylor	Cost Cert	Board	4/1/08	6/30/08	5/8/08
060101	La Vista de Guadalupe	COC	ED	12/1/07	5/1/08	5/22/08
060076	Countryside Village	COC	Board	12/1/07	12/31/08	6/26/08
060217	Mariposa at Reed Road	COC	Board	12/1/07	9/30/08	6/26/08
05001/08001	Mountainview Apts.	Cost Cert	Board	4/1/08	10/1/08	6/26/08
05002/08002	Villa Apartments	Cost Cert	Board	4/1/08	10/1/08	6/26/08
05003/08003	Oasis Apts.	Cost Cert	Board	4/1/08	10/1/08	6/26/08
05101	Creek Crossing Senior Village	Cost Cert	Board	4/1/08	5/30/008	6/26/08
05447	Providence Place II	Cost Cert	Board	4/1/08	8/1/08	6/26/08
060225	Knightsbridge	COC	Board	12/1/07	7/4/08	7/26/08
060193	Villa Main Apts.	COC	ED	12/1/07	2/28/09	7/30/08
060132	Vista Pines Apt. Homes	COC	Board	12/1/07	6/26/08	7/31/08
060211	Hanratty Place	COC	Board	12/1/07	7/3/08	7/31/08
060199	Legacy Senior Houstin	COC	Board	12/1/07	6/26/08	7/31/08
060224	Waco River Park Apts.	COC	Board	12/1/07	6/26/08	7/31/08
05424	Mariposa River Bed	Cost Cert	Board	4/1/08	8/15/08	7/31/08
060038	Oak Timbers-North Greenbriar	PIS	ED	12/31/08	7/1/09	8/29/08
060177	Casa Edcouch	PIS	ED	12/31/08	12/31/09	8/29/08

2008 HTC EXTENSIONS APPROVED QUARTERLY REPORT

Dev.#	Dev. Name	Type: com, det, co, 10%, clc, coc, cc	Action By "b" or "e" (Board or ED)	Old Dead-line	New Dead-line	Date of Approval or Pending
060038	Oak Timbers North Greenbriar	COC	Board	12/1/07	7/15/08	9/3/08
060040	San Jose Apts.	Cost Cert	Board	4/1/08	5/27/08	9/3/08
060121	LULAC Amistad	PIS	ED	12/31/08	12/31/09	10/3/08
060123	LULAC West Park	PIS	ED	12/31/08	12/31/09	10/3/08
07250	Trinity Garden Apt.	10%	ED	9/30/08	11/30/08	10/8/08
060199	Legacy Senior Housing of Port Arthur	Cost Cert	ED	1/15/09	4/15/09	10/14/08
07164	Covington Townhomes	COC	ED	12/1/08	4/31/09	10/15/08
07210	New Hope Housing at Brays Crossing	COC	ED	12/1/08	5/31/10	10/22/08
07246	Lexington Square Apts	COC	ED	12/1/08	12/1/09	10/22/08
07309	Glenwood Trails	COC	ED	12/1/08	12/1/09	10/22/08
07210	New Hope Housing at Brays Crossing	PIS	ED	12/21/019	12/31/10	10/22/08
07246	Lexington Square	PIS	ED	12/31/09	12/31/10	10/22/08
07309	Glenwood Trails	PIS	ED	12/31/09	12/31/10	10/22/08
07203	Melbourne Senior Apts.	COC	ED	12/1/08	5/1/09	11/7/08
07204	Notting Hill Apts	COC	ED	12/1/08	12/1/09	11/7/08
07300	Wentworth Apartments	COC	ED	12/1/08	12/1/09	11/7/08
07203	Melbourne Senior Apts.	PIS	ED	12/31/09	12/31/10	11/7/08
07204	Notting Hill Gate Apts.	PIS	ED	12/31/09	12/31/10	11/7/08
07300	Wentworth Apartments	PIS	ED	12/31/09	12/31/10	11/7/08
07282	Palermo Apartments	COC	ED	12/1/08	6/1/09	11/10/08
060199	Legacy Senior Housing of Port Arthur	PIS	ED	12/31/08	3/3/09	11/12/08
05629	Village Park Apartments	Cost Cert	Board	4/1/07	5/20/08	11/13/08
05623	Coral Hills Apartments	Cost Cert	Board	4/1/07	5/20/08	11/13/08
05034	Gardens of Taylor	Cost Cert	Board	4/1/07	9/3/08	11/13/08
060409	Artisan at Mission Creek Apts	Cost Cert	Board	1/15/08	8/18/08	11/13/08
07401	Gulfway Manor Apts	Cost Cert	Board	1/15/08	8/27/08	11/13/08
07402	Rockwell Manor Apts	Cost Cert	Board	1/15/08	8/27/08	11/13/08
07095	Las Palmas Gardens	COC	ED	12/1/08	3/31/09	11/14/08
07173	West End Baptist Manor Apt.	COC	ED	12/1/08	3/31/09	11/14/08
07174	LULAC Hacienda Apts	COC	ED	12/1/08	3/31/09	11/14/08

Board Report - Housing Tax Credit Development Ownership Transfers
Multifamily Finance Production Division - TDHCA

Dev. No.	Date Approved	Development	City	County	Region	Entity Departing (GP=general partner, O=owner, SLP=special limited partner, D=developer)	New Member or Owner	Type of Ownership Change (S=sale. FS=sale involving foreclosure. R=restructure. D=default/removal of GP. NC=name change. L=change of limited partner). O=other change
60160	7/11/08	Pembrooke Court	Gatesville	Coryell	8	Shelter the Homeless International Projects (GP)	Pembrooke Holdings, Inc. (GP)	R - Replaced the nonprofit GP with a for-profit affiliate entity wholly owned by the former nonprofit GP.
95001	7/12/08	St. Cloud Apartments	Houston	Harris	6	Jaysac Ltd. (Owner)	St. Cloud Apartments, LP. (Owner)	S - Development sold to new owner.
99072	8/7/08	Spring Valley Apartments	Austin	Travis	7	JNP Properties, Inc. and Arrowhead Real Estate	Eenhoorn Spring Valley, LLC (GP)	R - Replaced the GP with a non-affiliate entity.
93071	8/7/08	Lakeview Apartments	Ft. Worth	Tarrant	3	Quail Ridge Associates, Ltd. (O)	Lakeview on Shady Oaks, LLC (O)	S - Development sold to new owner.
94080	8/7/08	Northwood Villas	Houston	Harris	6	Northwood Villas, LP (O)	5050 Northwood villas, Ltd. (O)	S - Development sold to new owner.
98002	8/14/08	McKinney Park Apartments	Denton	Denton	3	NHPAHP MF1 L.P. (GP)	Cascade McKinney Park, LLC (GP)	R - Replaced the GP with a non-affiliate entity.
07170	8/14/08	The Gibraltar	Clute	Brazoria	6	NRP The Gibraltar, LLC (GP)	NRC Gibraltar Senior, LLC (GP) and NRP the Gibraltar, LLC (SLP)	R - Replaced the GP with a non-affiliate entity and made the former GP a Special Limited Partner.
96071	8/22/08	Anacuitas Manor	Mercedes	Hidalgo	11	Housing Plus, Inc. (GP)	Mertex Solutions (GP)	R - Replaced the GP with a non-affiliate entity.
04405	9/2/08	Primrose at Del Sol	Houston	Harris	6	PH aldine Bender GP, LLC (GP)	CAH-IDA Aldine-Bender Housing, LLC (GP)	R - Replaced the GP with a non-affiliate entity.
93109	9/11908	Spring Hill Apartments	Ft. Worth	Tarrant	3	Ft. Worth Shadow Hill Affordable Associates, L.P. (O)	Ft. Worth Affordability, Inc. (O)	S - Development sold to a non-affiliate entity.
93110	9/11/08	Spring Glen Apartments	Ft. Worth	Tarrant	3	Ft. Worth Shadow Hill Affordable Associates, L.P. (O)	Ft. Worth Affordability, Inc. (O)	S - Development sold to a non-affiliate entity.
92019	9/11/08	The Arbors Apartments	Greenville	Hunt	3	Arbors Greenville Partners, L.P. (O)	Greenville Family Limited Partnership (O)	S - Development sold to a non-affiliate entity.

Board Report - Housing Tax Credit Development Ownership Transfers
Multifamily Finance Production Division - TDHCA

Dev. No.	Date Approved	Development	City	County	Region	Entity Departing (GP=general partner, O=owner, SLP=special limited partner, D=developer)	New Member or Owner	Type of Ownership Change (S=sale. FS=sale involving foreclosure. R=restructure. D=default/removal of GP. NC=name change. L=change of limited partner). O=other change
03459	10/9/08	Park at Summers Grove	Austin	Travis	7	TCR Century Park Partners Limited Partnership (GP)	PASG, LLC (GP)	R - Replaced the GP with a non-affiliate entity.
05097	10/8/08	Cathy's Pointe	Amarillo	Potter	1	None	Cathy's Pointe GP, LLC (GP)	O - The GP was omitted from the original structure accidentally. That omission is being corrected with an affiliate transfer.
05099	11/1/08	Madison Pointe	Cotulla	LaSalle	11	None	MM Pointe GP, LLC (LP), Con Sub One, LLC (GP)	R - Added an affiliate Limited Partner and General Partner. Also Futuro Communities, Inc.'s percentag of ownership was reduced to 0% but they remain in the structure.
08101	11/5/08	Jackson Village Retirement Center	Lake Jackson	Brazoria	6	None	MGroup Holdings, Inc. (Co-GP)	R - Added a non-affiliate co-GP. Also a co-Developer, with no ownership interest, was added.
04152	11/5/08	Bluffview Villas Apartments	Brenham	Washington	8	Brenham Bluffview Villas Development, LLC (GP)	KF Bluffview Villas GP, LLC (GP)	R - Replaced the GP with a non-affiliate entity.
99066	11/5/08	The Shoreham Apartments	Houston	Harris	6	Aldine Westfield Development, LLC (GP)	KF Shoreham GP, LLC (GP)	R - Replaced the GP with a non-affiliate entity.
04008	11/5/08	Friendship Place Apartments	Fredericksburg	Gillespie	9	Fredericksburg Friendship Place Developers, LLC (GP)	KF Friendship Place GP, LLC (GP)	R - Replaced the GP with a non-affiliate entity.
07170	11/19/08	The Gibraltar	Clute	Brazoria	6	Dan Markson (Member of SLP)	None	O - One of the owners of The Gibraltar E-Group, LLC withdrew from its ownership due to Material Noncompliance on another property. He was not replaced by another person.
98002T	11/21/08	McKinney Park Apartments	Denton	Denton	3	NHPAHP MF1 L.P. (GP)	Cascade McKinney Park, LLC (GP), Columbia Housing SLP Corporation (SLP)	R - In addition to the GP being replaced by an non-affiliate entity, an affiiate of an exiting Investor Limited Partner has been added to the structure.
98191	11/21/08	Summercity Townhomes	San Antonio	Bexar	9	JNP Properties, Inc. (GP)	PRP Holdings, LLC (co-GP) and Paula Hui (co-GP)	R - Replaced the GP with a non-affiliate entity and a non-affiliate individual.

Board Report - Housing Tax Credit Development Ownership Transfers
Multifamily Finance Production Division - TDHCA

Dev. No.	Date Approved	Development	City	County	Region	Entity Departing (GP=general partner, O=owner, SLP=special limited partner, D=developer)	New Member or Owner	Type of Ownership Change (S=sale. FS=sale involving foreclosure. R=restructure. D=default/removal of GP. NC=name change. L=change of limited partner). O=other change
60026	11/25/08	Villa del Rio Apts	Zapata	Zapata	11	None	Ben Farmer, Paul Farmer and John Hoover (Members of the GP)	R - Three natural persons were added to the structure of the GP.
05137	11/25/08	Los Ebanos Apartments	Burnet	Burnet	7	None	Ben Farmer, Paul Farmer and John Hoover (Members of the GP)	R - Three natural persons were added to the structure of the GP.
99182	12/2/08	Westcreek Townhomes	San Antonio	Bexar	9	JNP Properties, Inc. (GP)	PRP Holdings, LLC (co-GP) and Paula Hui (co-GP)	R - Replaced the GP with a non-affiliate entity and a non-affiliate individual.
08257	12/2/08	Constitution Court	Copperas Cove	Coryell	8	None	Affordable Caring Housing, Inc. (co-GP)	R - Admitted a CHDO as a co-General Partner.
70079	12/3/08	Emerald Run Apts.	North Richland Hills	Tarrant	3	Magna Richland Properties, LP (O)	TMA Ventures, LLC (O)	S - Development was sold to a Non-affiliate entity.
08261	12/5/08	Towne Center Apartments	Bryan	Brazos	8	Bryan Towne Center Apartments Homes, LP (O) and Bryan Towne Center Apartment Homes I, LLC (GP)	Bryan Mid Towne Apartment Homes, LP (O) and Bryan Mid Towne Apartment Homes I, LLC (GP)	NC - Owner and General Partner changed names.
05160	12/10/08	The Alhambra Apartments	San Antonio	Bexar	9	None	The Alhambra E-Group, LLC (Member of the SLP)	R - A non-affiliate member was added to the Special Limited Partner.
05159	12/10/08	San Juan Square	San Antonio	Bexar	9	None	San Juan Square E-Group, LLC (Member of the SLP)	R - A non-affiliate member was added to the Special Limited Partner.

REPORT ITEMS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Michael Gerber

From: Gordon Anderson

cc: Tom Gouris, Michael Lyttle

Date: December 8, 2008

Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for November 2008. 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.

221 EAST 11TH ▪ P.O. BOX 13941 ▪ AUSTIN, TEXAS 78711-3941 ▪ (800) 525-0657 ▪ (512) 475-3800

TDHCA Outreach Activities, November 2008

A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public

Event	Location	Date	Division	Purpose
United Texas/Realtor Continuing Education Course	Austin	November 3	Homeownership	Training
Mental Health Transformation Workgroup	Austin	November 3	Housing Research Center	Participant
First Thursday Income Eligibility Training	Austin	November 6	Portfolio Management & Compliance	Training
ORCA Policy Summit	Austin	November 10	Policy & Public Affairs	Participant
Aging Texas Well	Austin	November 12	Housing Resource Center	Participant
HOME/HBA Administrative Training	Austin	November 13	HOME	Training
Panhandle Partnership Regional Meeting	Hereford	November 17	Executive, Housing Resource Center	Presentation, Participant
Community Resource Coordination Group	Austin	November 17	Housing Resource Center	Participant
HOME Application Workshop	Houston	November 19	HOME	Training
Texas Interagency Council for the Homeless	Austin	November 19	Housing Resource Center	Participant
HUD Memorandum of Understanding	Dallas	November 20	Executive, Policy & Public Affairs	Participant, News Conference
Uniform Physical Condition Standards Workshop	Austin	November 24-25	Portfolio Management & Compliance	Training

HOME AND HOUSING TRUST FUND PROGRAMS DIVISION

EXECUTIVE DIRECTOR'S REPORT ITEM

December 18, 2008

Report Item

In order to provide effective oversight of the HOME contracts that previously received a Board-approved amendment, this report item is prepared by staff to provide a status update on the progress of each contract amendment.

Background

All of the amendments included in the attached report were awarded in 2006 or earlier and were subject to the amendment requirements in the 2006 HOME Program Rules, Texas Administrative Code, Title 10, Part 1, Chapter 53. Section 53.62(b)(3) states that 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. The Board previously approved these amendments and requested status updates on the progress of each contract.

The HOME Division's Performance Team provides oversight and technical assistance to all Contract Administrators (CA) with active HOME contracts to ensure progress resulting in successfully meeting contractual requirements. Once a contract is complete, terminated or expired, the Department proceeds with contract close-out by generating a Certificate of Contract Completion (COC). The COC details the financial and contractual requirements of the contract and any remaining balances and is sent to the Contract Administrator (CA) for execution. If this is not completed and returned within 30 days, the Department continues with contract close-out administratively and ensures deobligation of any remaining balances.

Board-Approved Contract Amendments Status Report

The attached report has been updated for activity that has occurred since the last report in September 2008. Since the last report to the Board, five (5) contracts have been removed from this list since the term of the contract was either complete or the administrative process of termination and deobligation has been performed. Of the remaining contracts detailed on the attached report, five (5) contracts have completed the contractually required number of activities and are in the process of drawing final program funds and/or processing COCs, one (1) is a conflict of interest issue that staff is working with HUD to resolve, one (1) is making progress to meet the contract end date and the remaining two (2) contracts were recently added to be monitored since there was an increase in budgets and are making substantial progress. It should be noted that of the original 24 contracts on this report, two (2) contracts remain to be completed and closed-out.

Board-Approved Contract Amendments Status Report

Board Approval Date	Contract Number	Contract Administrator	Begin Date	End Date	Amended Date	Amendment Type	Activity Type	Total Funded	Total Committed	Total Drawn	# of Units Req'd by Contract	# of Set-Ups	# of Units Completed	% Time Expired	Notes
3/20/2007	1000596	Jefferson County	4/17/2006	4/17/2007	4/30/2009	Time Extension	OCC-Rita	2,246,400	2,160,00	1,996,800	36	36	32	86%	Currently, 32 activities have been completed and four activities are in the process of reconstruction. **The Performance Specilaist has been in communication with the Administrator and their consultant to ensure progress and meeting milestone requirements.**
11/09/206	1000308	Frio County	10/1/2004	9/30/2006	10/31/2008	Time Extension	OCC	343,200	290,688	164,979	5	5	4	100%	The Administrator has completed five activities under this contract, of which one is pending the processing of a final draw. The Performance Specialist is working closely with the Administrator to draw down final project and admin funds.
11/9/2006	1000298	Town of Anthony	10/1/2004	9/30/2006	10/31/2008	Time Extension	OCC	72,747	69,949.45	0	2	2	0	100%	The Administrator has completed construction on both units associated with this contract. The Performance Specialist and the Program Specialist are working closely with the Administrator to complete the process of the final project and administrative draws.
12/14/2006	1000360	Accessible Community Inc.	2/1/2005	7/31/2007	10/31/2008	Time Extension	TBRA	709,642	682,302	682,302	65	128	128	100%	This Administrator has drawn all funds associated with this contract. All activities are closed.
3/20/2007	1000223	ARCIL, Inc	8/1/2004	1/31/2007	10/31/2008	Time Extension	TBRA	213,194	203,274.50	203.274.5	20	27	27	100%	This Administrator has drawn all funds associated with this contract. All activities are closed.
6/25/2008	1000487	City of Bonham	10/3/2005	10/28/2007	10/31/2008	Time Extension, Unit reduction, match reduction	HBA	40,000	40,000	20,000	4	4	2	100%	**The Performance Specialist has been working with the CA to resolve conflict of interest concerns for one remaining household and Department staff is currently working with HUD to resolve the issue. Two households have been completed and closed out in the Contract System and the third household has been completed and is in process of closing out in the Contract System.**
8/23/2007	1000490	Edinburg Housing Authority	10/3/2005	9/28/2007	9/28/2008	Time Extension, Unit reduction, match reduction	HBA	300,000	140,000	140,000	30	14	14	100%	This Administrator has drawn all funds associated with the fourteen activities assisted under this contract. All activities are closed.
5/8/2008	1000771	BETCO-Jasper Housing, L.P.	1/2/2007	7/31/2010	N/A	Increase in Funds	RHD	455,000	455,000	409,500	3	1	0	53%	**The Performance Specialist has been in communication with the Administrator and their consultant to ensure progress and meeting milestone requirements.**
5/8/2008	1000786	Community Development Corporation of Brownsville	3/1/2008	2/28/2011	N/A	Increase in Funds	CMSP	1,835,500	1,010,360	66,773.45	20	11	0	25%	**The CA has completed the loan closing process and begun construction on 11 of the 20 required homes. The Performance Specialist has been in communication with the Administrator to ensure progress and meeting milestone requirements.**