

BOARD MEETING OF JANUARY 20, 2010

C. Kent Conine, Chair



Gloria Ray, Vice-Chair

Leslie Bingham Escareño, Member

Tom Gann, Member

Lowell Keig, 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
BOARD MEETING**

A G E N D A

**10:30 a.m.
January 20, 2010**

**International Cultural Center
Hall of Nations
601 Indiana Avenue
Lubbock, Texas**

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

Kent Conine, Chairman

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.

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:

Executive:

- a) Presentation, Discussion, and Possible Approval of Minutes from December 17, 2009

Tim Irvine
Chief of Staff

Multifamily Division Items - Housing Tax Credit Program:

- b) Presentation, Discussion, and Possible Approval of Housing Tax Credit Extensions

Tom Gouris
DED Housing Programs

09013	Desert Villas	El Paso
09019	Timber Village II	Marshall
08261	Bryan Towne Center Apartments	Bryan
09270	Northline Apartments	Houston

- c) Presentation, Discussion, and Possible Approval of Housing Tax Credit Amendments

08261	Bryan Towne Center Apartments	Bryan
09270	Northline Apartments	Houston

HOME

- d) Presentation, Discussion, and Possible approval of the HOME Rental Housing Development Program Notice of Funding Availability (NOFA)

Tom Gouris
DED Housing Programs

- e) Presentation, Discussion, and Possible Approval of the HOME 2009 Single Family Programs NOFA Award Recommendations:

Owner-Occupied Housing Assistance

2009-0051	Village of Vinton	Vinton
2009-0052	City of DeKalb	DeKalb
2009-0053	City of Atlanta	Atlanta
2009-0054	City of Muleshoe	Muleshoe
2009-0056	Crane County	Crane
2009-0061	Town of Van Horn	Van Horn

Homebuyer Assistance

2009-0057	Temple Housing Authority	Temple
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ACTION ITEMS

Item 2: Housing Resource Center:

- a) Presentation, Discussion, and Possible Approval of Authorization for the Executive Director to Procure a Provider to Perform an Analysis of Impediments to Fair Housing for the State of Texas

Brooke Boston
DED Community Based Programs

Item 3: Rules:

- a) Presentation, Discussion, and Possible Approval to publish a draft of proposed rules for the Texas Neighborhood Stabilization Program, 10 Texas Administrative Code, Chapter 9, for comment in the *Texas Register*
- b) Presentation, Discussion, and Possible Approval for publication in the *Texas Register* a repeal of 10 TAC Chapter 51, Housing Trust Fund Rule, and a proposed new 10 TAC Chapter 51, Housing Trust Fund Rule, for comment in the *Texas Register*
- c) Presentation, Discussion, and Possible Approval of direction to publish Proposed Rules in the *Texas Register* for the Recovery Act Weatherization Assistance Program, 10 Texas Administrative Code, Chapter 5, Subchapter I, for Public Comment
- d) Presentation, Discussion, and Possible Approval for publication in the *Texas Register* a withdrawal of 10 TAC Chapter 54, concerning the Disaster Recovery Rules, and a proposed new 10 TAC Chapter 54, concerning the Disaster Recovery Rules

Brooke Boston
DED, Community Based Programs

Brooke Boston
DED, Community Based Programs

Michael DeYoung
Director, Community Affairs

Tim Irvine
Chief of Staff

Item 4: Appeals:

- a) Presentation, Discussion, and Possible Action on Multifamily Program Appeals:
Appeals Timely Filed
- b) Presentation, Discussion, and Possible Action for Tax Credit Assistance Program Appeals:
Appeals Filed Timely
- c) Presentation, Discussion, and Possible Action for Exchange Program Appeals:
Appeals Filed Timely
- d) Presentation, Discussion, and Possible Action for HOME Program Appeals:
Appeals Filed Timely
- e) Presentation, Discussion, and Possible Action for Underwriting Appeals:
Appeals Filed Timely
- f) Presentation, Discussion, and Possible Action for Housing Trust Fund Program Appeals:
Appeals Filed Timely

Tom Gouris
DED Housing Programs

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DED Housing Programs

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Tom Gouris
DED Housing Programs

Tom Gouris
DED Housing Programs

Brooke Boston,
DED Community Based Programs

Item 5: Multifamily Division Items - Housing Tax Credit Program:

- a) Presentation, Discussion, and Possible Issuance of Determination Notice for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:

Tom Gouris
DED Housing Programs

10400

Elm Ridge Apartments
City of Austin HFC is the Issuer
Requested Housing Tax Credit Amount \$ 322,830

Item 6: Disaster Recovery:

- a) Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA
- b) Report on homes considered and reviewed by the Executive Director for services for municipal requirements that exceed the established cap of \$10,000

Tim Irvine
Chief of Staff

Item 7: ARRA Accountability and Oversight:

- a) Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act)

Brooke Boston
DED Community Based Programs

Item 8: Compliance and Asset Oversight:

- a) Presentation, discussion and possible adoption of an agreed order assessing Administrative Penalties for Blue Lake at Marine Creek Apartments

Tim Irvine
Chief of Staff

Item 9: Bond Finance:

- a) Presentation, Discussion, and Possible Approval of Resolution No. 10-012 authorizing application to the Texas Bond Review Board for reservation of the 2009 Carry Forward and H.R. 3221 single family private activity bond authority and presentation, discussion and possible approval of the Single Family Residential Mortgage Revenue Bonds Underwriting Team for Program 77

William Dally
Chief of Agency Administration

REPORT ITEMS

Kent Conine, Chairman

1. Report on release of Land Use Restriction Agreement for East Main Apartments
2. HOME Fund Balance Report
3. TDHCA Outreach Activities, December 2009

EXECUTIVE SESSION

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

Kent Conine, Chairman

1. 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.
2. Pursuant to Tex. Gov't. Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer, including:
 - a. *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs*, et al filed in federal district court,
 - b. *M.G. Valdez Ltd. v. Texas Department of Housing and Community Affairs* filed in District Court, Hidalgo County, and
 - c. *The EEOC Claim of Don Duru*.
3. Pursuant to Tex. Gov't. Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this Tex. Gov't. Code, Chapter 551
4. Pursuant to Tex. Gov't. Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person

OPEN SESSION

Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session

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.

BOARD SECRETARY
BOARD ACTION REQUEST
JANUARY 20, 2010

Action Items

Presentation, Discussion, and Possible Approval of Board Meeting Minutes for December 17, 2009.

Required Action

Review minutes for December 17, 2009 Board Meeting.

Background

The Board is required to keep minutes of each of their meetings.

Recommendation

Staff recommends approval of minutes, with any requested corrections.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

December 17, 2009; 10:30 am

Capitol Extension Auditorium, 1100 Congress Avenue, Austin, TX

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of December 17, 2009 was called to order by Chair, Kent Conine, at 10:45 a.m. It was held at the Capitol Extension Auditorium, 1100 Congress Avenue, Austin, TX. Roll call certified a quorum was present.

Members Present:

Kent Conine, Chair
Gloria Ray, Vice Chair
Leslie Bingham-Escareño, Member
Tom H. Gann, Member
Lowell Keig, Member

Member Absent:

Juan Muñoz, Member

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.

John Henneberger, co-director, Texas Low Income Housing Information Service, provided testimony concerning the Texas Grow Home Project.

James Gleason, president and architect for Gleason Design Group, provided testimony concerning the Texas Grow Home Project.

Myriam Camargo, founding partner of Camargo Copeland Architects, provided testimony concerning the Texas Grow Home Project.

Stephen Fairfield, Covenant Community Capital, provided testimony concerning the Texas Grow Home Project.

Dan Allgeier, New Rock Companies in Irving, Texas, provided testimony in support of 09129, Napa Villas, a 123-unit seniors project in Plano, Texas.

CONSENT AGENDA

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

Executive:

- a) Presentation, Discussion, and Possible Approval of Minutes from October 15 and November 9, 2009
- b) Presentation, Discussion, and Possible Approval of Authorization for the Executive Director to Apply to the U.S Department of Housing and Urban Development for the Performance Based Contract Administration (PBCA) contract for Texas and to Procure a Partner to Apply for and Possibly Administer that PBCA Contract
- c) Presentation, Discussion, and Possible Approval of Authorization for the Executive Director to Initiate Requests for Proposals, Requests for Information and other Procurement or Bidding Documents

Multifamily Division Items - Housing Tax Credit Program:

- d) Presentation, Discussion, and Possible Approval of Housing Tax Credit Extensions
- | | | |
|--------|--------------------------------|---------------|
| 060181 | Crescent Village Apartments II | Kerrville |
| 07422 | Salem Village | Victoria |
| 07423 | Garden Apartments | Lubbock |
| 07424 | Los Ebanos | Victoria |
| 07425 | Chaparral Village Apartments | Odessa |
| 07426 | River Park Village East | Fort Worth |
| 07427 | High Plains Apartments | Lubbock |
| 07428 | El Nido | El Paso |
| 07429 | Win Lin Apartments | Amarillo |
| 07430 | Spring Terrace | Amarillo |
| 07431 | Cove Village | Copperas Cove |
| 07432 | Sierra Vista | El Paso |
| 07433 | Peppertree Acres | Fort Worth |
| 07434 | Jose Antonio Escajeda | El Paso |
| 08100 | Grand Reserve Seniors | Waxahachie |
| 08135 | Gardens at Clearwater | Kerrville |
| 09135 | Lincoln Terrace | Fort Worth |
- e) Presentation, Discussion, and Possible Approval of Housing Tax Credit Amendments
- | | | |
|-------|-----------------------|------------|
| 04006 | Pineywoods Orange | Orange |
| 09007 | Mill Stone Apartments | Fort Worth |

Community Affairs:

- f) Presentation, Discussion and Possible Approval of the Homeless Housing and Services Program (HHSP) Award Recommendations for City of Dallas, City of Houston, City of El Paso, United Way of Tarrant County (on behalf of City of Fort Worth), and Mother Theresa's Shelter (on behalf of City of Corpus Christi)
- g) Presentation, Discussion, and Possible Approval of the Program Year 2010 Community Services Block Grant (CSBG) Annual Funding Allocation
- h) Presentation, Discussion, and Possible Approval of PY 2010 Community Services Block Grant (CSBG) State Discretionary Funds Distribution and Notice of Funding Availability
- i) Presentation, Discussion, and Possible Approval of an ARRA WAP Award to South Plains Community Action Association for the 6 county service area of Caprock Community Action and to Institute for Rural Development for Duval County
- j) Presentation, Discussion, and Possible Approval of the reallocation of unexpended Program Year 2008 and 2009 Emergency Shelter Grants Program (ESGP) Funds
- k) Presentation, Discussion, and Possible Approval of the PY 2010 Comprehensive Energy Assistance Program (CEAP) Awards

Disaster Recovery:

- l) Presentation and report on homes considered and reviewed by the Executive Director for services for accessibility requirements that exceed the established cap of \$15,000
- m) Presentation and report on homes considered and reviewed by the Executive Director for services for municipal requirements that exceed the established cap of \$10,000

HOME

- n) Presentation, Discussion, and Possible Approval of HOME Program Award Recommendations:

Owner-Occupied Housing Assistance Program

2009-0038	City of Floydada	Floydada
2009-0039	City of Lorenzo	Lorenzo
2009-0042	City of Bowie	Bowie
2009-0047	City of Belton	Belton
2009-0048	City of Olton	Olton

Tenant-Based Rental Assistance Program – Persons with Disabilities (PWD)

2009-0049	Tri-County MHMR	Liberty, Montgomery, & Walker Counties
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HOME

o) Presentation, Discussion, and Possible Approval of HOME Program Award Recommendations:

Owner-Occupied Housing Assistance Program

2009-0038	City of Floydada	Floydada
2009-0039	City of Lorenzo	Lorenzo
2009-0042	City of Bowie	Bowie
2009-0047	City of Belton	Belton
2009-0048	City of Olton	Olton

Tenant-Based Rental Assistance Program – Persons with Disabilities (PWD)

2009-0049	Tri-County MHMR	Liberty, Montgomery, & Walker Counties
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Homebuyer Assistance Program – Persons with Disabilities (PWD)

2009-0045	United Cerebral Palsy Association of Texas	Dallas, Johnson, Parker, Tarrant, Fort Bend, Harris, Montgomery, Bastrop, Blanco, Caldwell, Hays, Travis, Williamson, Bell, Coryell, & McLennan
2009-0046	El Paso Collaborative for Community & Economic Development	El Paso

Owner-Occupied Housing Assistance Program – Disaster Relief

2009-0020	Montague County	Montague County
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p) Presentation, Discussion, and Possible Approval of Requests for Amendments to HOME Program Contracts/Commitments from the following list:

1000958	Affordable Caring Housing	TBRA
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Pulled from Consent Agenda for further discussion and public comment.

Wade Bienski, director of Affordable Care and Housing, provided testimony.

Compliance and Asset Oversight:

q) Presentation, Discussion, and Possible Approval to authorize the executive director to request proposal for inspection of single family homes assisted with Community Development Block Grant funds

Housing Resource Center:

r) Presentation, Discussion, and Possible Approval of the 2010 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment)

Housing Trust Fund:

s) Presentation, Discussion, and Possible Approval of Housing Trust Fund Program 2009 Homeownership SuperNOFA Awards from the following list:

Homebuyer Assistance

2009-0006	Dallas Area Habitat for Humanity	Dallas
2009-0007	Austin Habitat for Humanity	Austin
2009-0009	Fort Worth Housing Authority	Fort Worth
2009-0011	Fort Hood Area Habitat for Humanity	Killeen
2009-0017	County of El Paso	El Paso

Housing Rehabilitation Assistance

2009-0010	Eagle Pass Housing Authority	Eagle Pass
2009-0015	Community Council of Southwest Texas, Inc.	Uvalde
2009-0018	County of El Paso	El Paso

Motion by Ms. Bingham-Escareño to approve Consent Agenda with the exception of Item O; seconded by Mr. Gann; passed unanimously.

Motion by Ms. Ray to approve staff recommendation for Agenda Item O; seconded by Ms. Bingham-Escareño; passed unanimously.

ACTION ITEMS

AGENDA ITEM 2: APPEALS:

a) Presentation, Discussion, and Possible Action on Multifamily Program Appeals:
None filed.

b) Presentation, Discussion, and Possible Action for Reinstatement of Housing Tax Credit Applications:

08260 Harris Manor Apartments Houston

Cynthia Bast, Locke, Lord, Bissell, & Liddell, provided testimony.

Motion by Ms. Bingham-Escareño for reinstatement of Harris Manor Apartments and that all four criteria are

met, that it is in the best interest of the state, that it does not present undue increase in program or financial risk; applicant was not acting in bad faith; and applicant has taken reasonable remedies; seconded by Ms. Ray; passed unanimously.

09115 Magnolia Trace Dallas
09116 Tuscany Villas Plano

Brad Kyles, general manager of the Unified Housing Foundation in Dallas, Texas, provided testimony.

Linda Rawls, president of Bristol Properties, Inc, provided testimony.

Cynthia Bast, Locke, Lord, Bissell, & Liddell, provided testimony.

Motion by Ms. Ray for reinstatement Magnolia Trace and Tuscany Villas; that all four criteria are met; that it is in the best interest of the state; that it does not present undue increase in program or financial risk; that applicant was not acting in bad faith; and, applicant has taken reasonable remedies; seconded by Mr. Conine; motion by Mr. Keig to amend motion by requiring staff to bring to the board at the next meeting, a recommendation for administrative penalties in this case; amendment accepted by Ms. Ray; passed unanimously.

c) Presentation, Discussion, and Possible Action for Tax Credit Assistance Program Appeals:

None filed.

d) Presentation, Discussion, and Possible Action for HOME Program Appeals:

None filed.

e) Presentation, Discussion, and Possible Action for Housing Trust Fund Program Appeals:

None filed.

f) Presentation, Discussion, and Possible Action for Underwriting Appeals:

09758/09181 TCAP Bowie Garden Apartments Brownsville
09759/09179 TCAP Emory Senior Living Apartments Lubbock
09769/09211 TCAP Corban Townhomes Corpus Christi

Withdrawn from consideration until January Meeting if necessary.

The board took a brief recess.

AGENDA ITEM 3: MULTIFAMILY DIVISION ITEMS - HOUSING TAX CREDIT PROGRAM:

a) Presentation, Discussion, and Possible Action Relating to the Certification Process for 4% Housing Tax Credit Applications Obtaining New Bond Reservation Docket Numbers:

09402 The Mirabella Apartments San Antonio

Debra Guerrero, NRP Group, provided testimony.

Barry Palmer, Coats Rose, provided testimony.

Motion by Ms. Bingham-Escareño to approve the waiver requested, changing priority from a 2 to a priority 3 and to change the bond amount to an amount that will be decided based on the underwriting report; seconded by Ms. Ray; passed unanimously.

09404 Cevallos Lofts San Antonio

Motion by Mr. Gann to approve staff recommendation; seconded by Ms. Ray; passed unanimously.

b) Presentation, Discussion, and Possible Approval of the Issuance of Forward Commitments for Allocations from the 2010 State Housing Credit Ceiling for 2009 Applications not Awarded in the 2009 Application Round listed below:

09113 Estacado Place Apartments Lubbock
09320 Oxford Street Apartments Amarillo
09168 LifeNet Lofts Dallas
09129 Napa Villas Plano
*09140 Village of Salado Cedar Hill
*09200 Mariposa Pointe Hutchins
*09264 Sedona Ranch Fort Worth
*09160 Stone Court Senior Residences Houston
*09102 Magnolia Trails Magnolia
*09169 Orem Ranch Houston
*09191 Sendero Pointe Houston
*09201 Ventana Pointe Houston
*09269 Eldridge Oaks Houston
*09272 Mason Apartment Homes Houston

*09276	Cypress Creek at Calder Drive	Dickinson
*09281	Mariposa at Keith Harrow	Houston
09311	Deerbrook Place Apartments	Houston
09313	Hampshire Court Apartments	Pasadena
09293	Villas of Shady Grove	Burnet
09118	Fairways at Sammons Park	Temple
09121	Red Oak Seniors	Waco
09187	Pleasanton Farms	San Antonio
09202	Tesoro Hills	San Antonio
09230	Darson Marie Terrace	San Antonio
09304	Gardens at Clearwater Apartments	Kerrville
09307	Medio Springs Ranch Apartments	San Antonio
09299	Hillcrest Acres	Midland
09306	Canyon Square Village	El Paso

*Although on the list of applications not awarded, may not qualify due to "one mile" or "\$2 million limit" issues.

Withdrawn from consideration.

c) Presentation, Discussion, and Possible Approval of Request from Moore Grocery Lofts

Cynthia Bast, Locke, Lord, Bissell, & Liddell, provided testimony.

Motion by Mr. Gann to approve request; seconded by Ms. Bingham-Escareño; passed unanimously.

d) Presentation, Discussion, and Possible Approval of a Placement in Service Extension for Legacy Senior Housing of Port Arthur

Cynthia Bast, Locke, Lord, Bissell, & Liddell, provided testimony.

Lee Stevens, Sun America Affordable Housing Partner, provided testimony.

Sele Cassada, executive director of the Port Arthur Housing Authority, provided testimony.

Motion by Ms. Ray to approve staff recommendation to extend the date to March 11, 2010, the March Board meeting, seconded by Mr. Gann; passed unanimously.

AGENDA ITEM 4: DISASTER RECOVERY:

a) Presentation, Discussion, and Possible Approval of CDBG Disaster Recovery Program Award Recommendations for the \$58 million affordable rental housing set-aside related to Hurricanes Ike and Dolly

09807	2101 Church Street	Galveston
09822	Fountains of Westchase	Houston
09821	Towers at Clear Lake	Houston
09803	Union Acres	Center
09812	Champion Homes at Bay Walk	Galveston
09820	Lexington Square Apartments	Angleton
09818	Colony of Humble	Humble
09800	Arthur Robinson Apartments	Houston
09818	Countryside Village Apartments	Humble
09804	Balboa Apartments	Nassau Bay
09813	Champion Homes at Marina Landing	Galveston

Motion by Ms. Bingham-Escareño to approve staff recommendation; seconded by Mr. Gann; passed unanimously.

AGENDA ITEM 5: RULES:

a) Presentation, Discussion, and Possible Approval to publish in the *Texas Register* a final order adopting amendments to 10 TAC Chapter 60 Subchapter A, § 60.102 Definitions and § 60.105 Reporting Requirements

Motion by Mr. Keig to approve staff recommendation; seconded by Ms. Bingham-Escareño; passed unanimously.

AGENDA ITEM 6: FINANCIAL ADMINISTRATION:

a) Presentation, Discussion, and Possible Approval of the Amended FY2010 Operating Budget

b) Presentation, Discussion, and Possible Approval of the Amended FY2010 Housing Finance Budget

Motion by Ms. Ray to approve staff recommendation for Items 6a and 6b; seconded by Mr. Gann; passed unanimously.

AGENDA ITEM 7: BOND FINANCE:

- a) Presentation, Discussion, and Possible Approval of granting staff the authority to negotiate a liquidity agreement with the Federal Home Loan Bank of Dallas

Motion by Ms. Ray to approve staff recommendation; seconded by Ms. Bingham-Escareño; passed unanimously.

- b) Presentation, Discussion, and Possible Approval of Resolution No. 10-010 authorizing the Department to enter into substitute liquidity facilities provided by the Fannie Mae and Freddie Mac (the "GSEs") for the 2004 Series D Single Family Variable Rate Mortgage Revenue Bonds and approving amendments to their Supplemental Indentures and approving reoffering documents

Motion by Ms. Ray approve Resolution 10-010 to provide staff the authority to proceed with the provision that staff notify the Chair of the Board before any action is implemented; seconded by Mr. Gann; passed unanimously.

- c) Presentation, Discussion, and Possible Approval of Resolution No. 10-011 approving a Mortgage Credit Certificate Program (MCC) for first-time homebuyers (Program 75) along with related program documents to be administered by the Texas Department of Housing and Community Affairs

Motion by Ms. Bingham-Escareño to approve Resolution 10-011; seconded by Mr. Keig; passed unanimously.
Michael Baumrin, RBC Capital Markets, provided testimony.

AGENDA ITEM 8: TEXAS HOMEOWNERSHIP:

- a) Presentation, Discussion, and Possible Approval to provide additional down payment and closing cost assistance for Mortgage Revenue Bond (MRB) Program 74 by monetizing the federal first time homebuyer tax credit

Motion by Mr. Gann to approve staff recommendation; seconded by Ms. Ray; passed unanimously.

EXECUTIVE SESSION

At 1:00 p.m. Mr. Conine convened the Executive Session.

1. 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.
2. Pursuant to Tex. Gov't. Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer, including:
 - a. *The Inclusive Communities Project, Inc. v Texas Department of Housing and Community Affairs*, et al filed in federal district court,
 - b. *M.G. Valdez Ltd. v. Texas Department of Housing and Community Affairs* filed in District Court, Hidalgo County, and
 - c. *The EEOC Claim of Don Duru*
3. Pursuant to Tex. Gov't. Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this Tex. Gov't. Code, Chapter 551
4. Pursuant to Tex. Gov't. Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person

OPEN SESSION

At 1:15 p.m. Mr. Conine reconvened the Open Session and announced that no action had been taken during the Executive Session and certified that the posted agenda had been followed.

REPORT ITEMS

1. Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA
2. Presentation and Discussion on a Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act)
3. Explanation of ICP Removal from Board Agenda
4. TDHCA Outreach Activities, November 2009

ADJOURN:

Since there was no other business to come before the Board, the meeting was adjourned at 1:30 p.m. on December 17, 2009.

Timothy K. Irvine, Board Secretary

NOTE: To view the full Transcript for this meeting, please visit the TDHCA website at: www.TDHCA.state.tx.us.

**MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
January 20, 2010**

Requested Action

Approve the requests for extensions related to two (2) 2009 Housing Tax Credit Forward allocations.

RESOLVED, that the extensions presented in this meeting relating to Application No. 09013 (Desert Villas) and Application No. 09019 (Timber Village II) be and they hereby approved in the form presented to this meeting.

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. 09013, Desert Villas
(Closing Deadline)

Summary of Request: The owner is requesting approval for an extension of the deadline to submit evidence of construction loan and syndication closing for the Development named above. The extension requested a change in the deadline from December 31, 2009 to March 31, 2010. The reason given for the request is that the Part 58 environmental clearance is still pending with the Department, as well as a potential TCAP award that will be a crucial component to the Project's financing. The requested extension time will give the owner sufficient time to resolve these two significant issues and preserve all anticipated eligible funding sources. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Desert Villas, Ltd.
General Partner:	Investments Builders, Inc.
Developer:	Investments Builders, Inc.
Principals/Interested Parties:	Ike J. Monty
City/County:	El Paso/El Paso
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Family
Units:	94 HTC units
2009 Allocation:	\$1,085,932
Allocation per HTC Unit:	\$11,552
Extension Request Fee Paid:	\$2,500
Current Deadline:	December 30, 2009
New Deadline Requested:	March 31, 2010
New Deadline Recommended:	March 31, 2010
Previous Extensions:	N/A

November 25, 2009

Ms. Robbye Meyer, Director
Multifamily Programs
Texas Department of Housing
and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Desert Villas (El Paso)
TDHCA No. 08183/09013
Request for Extension of Deadline for Construction and Equity Closing

Dear Robbye:

We represent Desert Villas, Ltd. (the "**Applicant**"), which is the Applicant with respect to the referenced development (the "**Project**"). The Project applied for 9% tax credits in the 2008 application round, and the Board approved a 2009 forward commitment.

The TDHCA Board has established a deadline of December 30, 2009 for all recipients of 2009 forward commitments to close the financing for their transactions. The Applicant proposes to finance the Project with an equity investment from Alliant, a construction loan from First National Bank in El Paso, HOME funds from the City of El Paso, and a TCAP loan from TDHCA. At this time, TDHCA has not published all of the final form loan documents for the Tax Credit Assistance Program. The Applicant's other financing parties are not willing to proceed to a closing until they have an opportunity to review TDHCA's loan documents. In particular, Alliant has indicated that its investor has a specific procedure for the review of all closing documents and that they need at least 30 days from receipt of those documents to review them and prepare to close.

Consequently, we hereby request that the TDHCA Board extend the closing deadline for the recipients of 2009 forward commitments to March 31, 2010.

Thank you for your attention to this request. If you have any questions or if you need any additional information, please do not hesitate to contact me.

Sincerely,



Cynthia L. Bast

cc: Ike Monty

HTC No. 09019, Timber Village II
(Closing Deadline)

Summary of Request: The owner is requesting approval for an extension of the deadline to submit evidence of construction loan and syndication closing for the Development named above. The extension requested a change in the deadline from December 31, 2009 to March 31, 2010. The reason given for the request is that the Applicant's other financing parties are requesting additional time to review all Department's loan documents associated with the TCAP program. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Timber Village Apartments II, Ltd.
General Partner:	Timber Village II, LLC
Developer:	Timber Village Development II, LLC
Principals/Interested Parties:	Rick Deyoe and John Boyd
City/County:	Marshall/Harrison
Set-Aside:	N/A
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Family
Units:	72 HTC units
2009 Allocation:	\$817,794
Allocation per HTC Unit:	\$11,358
Extension Request Fee Paid:	\$2,500
Current Deadline:	December 30, 2009
New Deadline Requested:	March 31, 2010
New Deadline Recommended:	March 31, 2010
Previous Extensions:	N/A

100 Congress Avenue, Suite 300
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Locke Lord Bissell & Liddell^{LLP}

Attorneys & Counselors

Cynthia L. Bast
Direct Telephone: 512-305-4707
Direct Fax: 512-391-4707
cbast@lockelord.com

November 24, 2009

Ms. Robbye Meyer, Director
Multifamily Programs
Texas Department of Housing
and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Timber Village II (Marshall)
TDHCA No. 08240/09019
Request for Extension of Deadline for Construction and Equity Closing

Dear Robbye:

We represent Timber Village Apartments II, Ltd. (the "**Applicant**"), which is the Applicant with respect to the referenced development (the "**Project**"). The Project is a second phase of a successful tax credit project that is currently occupied at 100 percent with a waiting list of 200 families. The Project applied for 9% tax credits in the 2008 application round, and the Board approved a 2009 forward commitment.

The TDHCA Board has established a deadline of December 30, 2009 for all recipients of 2009 forward commitments to close the financing for their transactions. The Applicant proposes to finance the Project with an equity investment from NEF, a construction loan from Wachovia Bank, and a TCAP loan from TDHCA. At this time, TDHCA has not published all of the final form loan documents for the Tax Credit Assistance Program. The Applicant's other financing parties are not willing to proceed to a closing until they have an opportunity to review TDHCA's loan documents and have indicated that they need 60 days from receipt of those documents to review them and prepare to close. Please see the attached letters from NEF and Wachovia Bank to this effect.

Consequently, we hereby request that the TDHCA Board extend the closing deadline for the recipients of 2009 forward commitments to March 31, 2010.

Thank you for your attention to this request. If you have any questions or if you need any additional information, please do not hesitate to contact me.

Sincerely,



Cynthia L. Bast

cc: Rick Deyoe



November 18, 2009

Mr. Rick J. Deyoe
Realtex Development Corporation
912 S. Capital of Texas Highway
Austin, TX 78746

Re: Timber Village II – Relief from TDHCA 12/30/09 Closing Requirement

Dear Mr. Deyoe:

Timber Village II, as you know, was awarded a forward commitment of 2009 LIHTC credits, which has a deadline for the construction and equity closing no later than December 30, 2009—as extended by TDCHA at the September 3, 2009 board meeting. In order to close Timber Village II, the project must be in a position to close on the TCAP financing.

At present, TDHCA has not finalized the TCAP Written Agreement nor produced and finalized the TCAP loan documents. These documents are expected in early December. NEF will need between 30 – 60 days to review the TCAP documents from the time that they are finalized by TDHCA. Specifically, NEF will need to do a thorough review of the TCAP loan documents to ensure conformance with NEF's standard limited partnership agreement, as well as with the construction and permanent loan documents.

Given this timeline, closing Timber Village II by December 30, 2009 is not likely. NEF would like to request that you consider seeking relief from TDHCA from this end of year deadline to allow for a proper review of these documents and an orderly closing for Timber Village II.

Sincerely,

NATIONAL EQUITY FUND, INC.

A handwritten signature in black ink, appearing to read "HBotts", written over a horizontal line.

Hunter Botts
Vice President

Wachovia Corporation
Community Development Finance
TX5654
5080 Spectrum Drive, Suite 400E
Addison, TX 75001

Tel 972 419-3219



WACHOVIA

November 18, 2009

Mr. Rick Deyoe
Timber Village
1101 S. Capital of Texas Hwy.,
Building F, Suite 200
Austin, Texas 78746

RE: Timber Village Apartments

Dear Rick:

Thank you for allowing Wachovia Bank, A Wells Fargo Company (the "Bank"), the opportunity to provide construction financing for your Timber Village Apartment project in Marshall, TX.

Please note that the Bank will require at least 60 days from receipt of the full set of tax credit exchange ("TCEP") documents from the Texas Department of Housing and Community Affairs to ~~close the construction financing for the Timber Village project. This additional time will provide~~ the Bank adequate time to thoroughly review the TCEP documents in conjunction with the partnership agreement while ensuring the Bank's loan documents are represented accordingly as well.

Please feel free to call me directly at (972) 419-3219 should you have any questions or wish to discuss this issue further. Thank you.

Sincerely,

Omar Chaudhry, VP
Wachovia Bank, N.A.
A Wells Fargo Company

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

January 20, 2010

Recommended Action

Approve the requests for amendments as presented.

RESOLVED, that the amendments relating to Application No. 08261 (Bryan Towne Center Apartments) and 09270 (Northline Apartments) be and they hereby are approved in the form presented to this meeting.

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.

HTC No. 08261, Mid Towne Apartment Homes (aka Towne Center Apartment Homes)

Summary of Request: The owner requested approval to downsize the community building from 3,500 square feet to 2,500 square feet. The request resulted from the special circumstances of this award, which was made from the funds that became available for allocation from the statewide collapse. The funding available from the collapse consisted only of the funds left over from all regions after each of the regional allocations was made.

The original size of the subject development was too large to be financed by the left over funds, and it was necessary to reduce the number of units in accommodation. The underwriting recommendation for the original development proposal was \$1,099,702 but only \$663,121 (later increased to \$761,125 by a supplemental allocation) was available for an award. The owner therefore downsized the development from 148 units to 80 units in order to accept the credits available.

One part of the overall plan for downsizing was a plan to develop the 68 units eliminated from the original plan in a second phase at a later date. Accordingly, the 20.7 acres that were proposed to contain the original 148 units were divided into an 8.87 acre site for the 80 units to be developed immediately, 7.83 acres for the future second phase and the remaining four acres were proposed for use as a private park. The facts above were reflected in the Department's records but staff did not find a record reflecting a plan to downsize the original community building and the part of this overall proposal that was to be developed immediately was underwritten under the assumption that the same 3,500 square foot clubhouse as originally proposed would be built.

Despite the record, the owner indicated that a plan to downsize the clubhouse was implicit in the plan to downsize the overall development because the original clubhouse was excessively large for the immediate development and the remainder of the development was too remote to be taken for granted. In keeping with its conviction, the owner did not propose additional features to compensate for the 29% reduction in the size of the clubhouse and has asked that the Board approve the request because the absence of a recorded plan to downsize the clubhouse was an oversight by both the owner and the Department. The owner has indicated that a second community building would be constructed if a Phase II is developed.

The Department staff concedes that the owner's request is reasonable. Furthermore, the Department staff concedes that downsizing the clubhouse would have been incorporated into the terms of the allocation if proposed by the owner when the allocation was made. However, having underwritten the downsized development under the assumption that the clubhouse would be delivered as originally proposed, staff notes that the current request is, on its face, a material alteration that requires the Board's approval.

Owner:	Bryan Mid Towne Apartment Homes, LP
General Partner:	Bryan Mid Towne Apartment Homes I, LLC
Developers:	Lankford Interests, LLC
Principals/Interested Parties:	Michael Lankford,
Syndicator:	Red Capital
Construction Lender:	Red Capital

Permanent Lender: Red Capital
City/County: Bryan/Brazos
Set-Aside: Elderly Population
Type of Area: Urban
Region: 8
Type of Development: New Construction
Population Served: Elderly Population
Units: 80 HTC units
2008 Allocation: \$761,125
Allocation per HTC Unit: \$7,799
Prior Board Actions: 7/08 – Approved award of tax credits
REA Recommendation: To Be Determined

Staff Recommendation: **Staff notes that the owner’s request is reasonable and would have been incorporated into the allocation if expressly identified at the time of the award. However, at this stage of the funding process, the facts of the request make it a material alteration of the development that must be approved by the Board.**



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Real Estate Analysis Division
Underwriting Report Addendum

REPORT DATE: 12/31/08 PROGRAM: 9% HTC

FILE NUMBER: 08261

DEVELOPMENT

Towne Center Apartment Homes

Location: 1301 Prairie Drive Region: 8
 City: Bryan County: Brazos Zip: 77803 QCT DDA
 Key Attributes: Multifamily, Elderly, New Construction, Urban

ALLOCATION

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$777,151			\$761,125		

In August 2008 the Applicant was asked to resize their request to \$663,121 to fit the remaining amount available in the statewide collapse but submitted a somewhat higher request.

CONDITIONS

- 1 Receipt, review, and acceptance, by 10% Test, of revised site, building and unit plans and legal description of the site consistent with the re-sized development presented in the Carryover.
- 2 Receipt, review and acceptance, by 10% Test, of a revised site plan identifying the exact acreage to be used for the proposed development.
- 3 Receipt, review, and acceptance, by carryover, of updated loan and equity commitments which are not more than 30 days old.
- 4 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	5
50% of AMI	50% of AMI	27
60% of AMI	60% of AMI	48

PROS

- The developer has a considerable amount of experience in the development of affordable housing and the capacity to support a transaction if necessary.

CONS

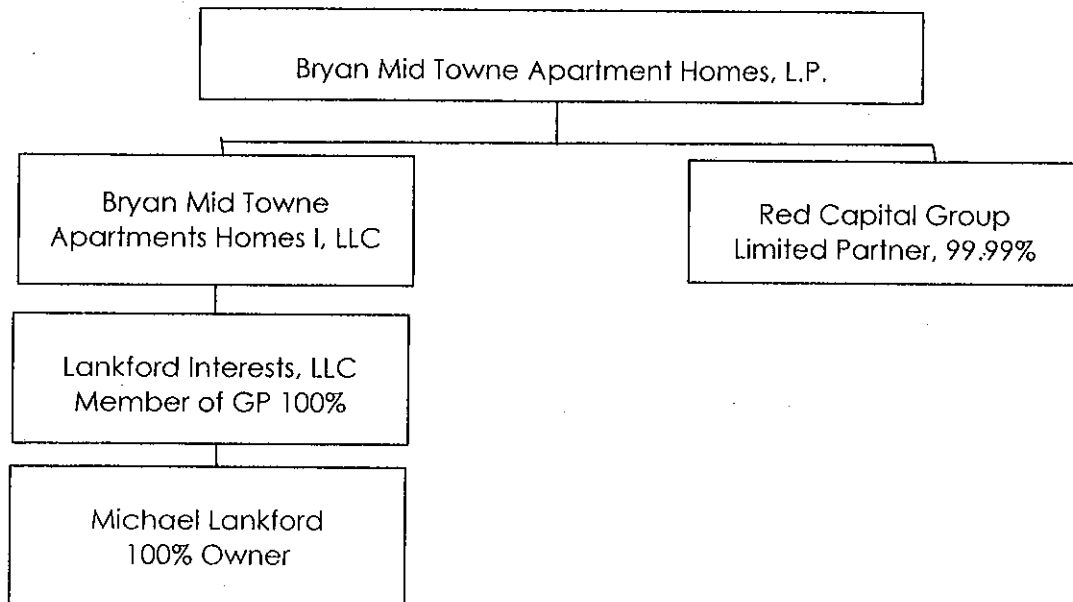
- The development will need to defer a significant portion of the developer fee which can only marginally be estimated to be repayable in the first 15 years of operations

PREVIOUS UNDERWRITING REPORTS

The subject application was originally underwritten during the 2008 competitive housing tax credit cycle and the underwriting recommendation was for an award of tax credits in the amount of \$1,099,702. However, as this was the last application in the statewide collapse that was recommended for funding, staff requested the Board to approve Towne Center Apartment Homes with a partial award of \$663,121, and any returned credits to the Department after 7/31/2008 through 12/31/2008 be applied first to this development in order to make it whole. At the July 31, 2008 Board meeting, the Board approved staff's recommendation, but with the caveat that the development receive the rest of the tax credits recommended up to the \$2M cap. As a result, the Applicant has requested to re-size the development in order to be able to use the credits already awarded (\$663,121).

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Michael Lankford Phone: 713-626-9655 Fax: 713-621-4947
Email: mlankford@lankfordinterests.com

ADDENDUM

As stated previously, this application was originally underwritten during the 2008 competitive cycle. However, the Applicant has requested to re-size the development in order to utilize the partial credits already received from the 2008 credit ceiling. At the July 31, 2008 Board meeting the development was awarded a partial credit of \$663,121. In conjunction with the development's Carryover, the Applicant provided revised application exhibits reflecting a decrease in the number of units from 148 to the currently proposed 80 units. It should be noted that the Applicant provided only a revised rent schedule, operating expenses, 30-year proforma and development cost schedule. Although this information reflects that the unit types and sizes have not changed, a revised site plan showing the number of buildings and building configuration has not been provided. Therefore, the Underwriter made assumptions as to the building configuration when preparing a revised construction cost estimate based on the new size of the development using the information provided in the original application and the Carryover.

As a result this addendum will be conditioned upon receipt, review and acceptance, by 10% test, of revised site, building and unit plans consistent with the re-sized development presented in the Carryover documentation.

Also part of the Carryover was documentation to satisfy several of the conditions in the original underwriting analysis. Those conditions are:

- Receipt, review and acceptance, by commitment, of evidence of appropriate zoning for the proposed development or a variance from the City.

The Applicant provided a copy of the Action Notification from the Planning and Zoning Commission Meeting of July 17, 2008 where the committee approved the Applicant's requested zoning change. As a result, this condition has been satisfied.

- Receipt, review and acceptance, by Carryover, of a firm commitment from the City of Bryan for the permanent loan of \$760K with terms reflected.

The Applicant provided a commitment for a \$760K loan from the Southeast Texas Housing Finance Corporation. However, this loan is not to be a permanent source of funds as the commitment reflects that the loan will mature no earlier than twelve months and no later than the Placed in Service Date. As a result, this source of funding has not been included as a permanent source of funds and the condition is no longer required.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 11/3/2008

The Applicant's revised projected rents are equal to the program rent limits less current utility allowance estimates prepared by Diamond Property Consultants. The estimates prepared by the consultant were undocumented and did not have the local utility provider's approval for such estimates. As a result, the Underwriter's projected rents were calculated by taking the utility allowance estimates approved by the Brazos Valley Council of Governments from the program rent limits. These rent levels are achievable according to the Market Analyst's market rent determination. The Applicant has estimated secondary income of \$15.00 per unit per month and vacancy and collection loss of 5%. While the vacancy and collection loss estimate is not the standard used by the Department, it is not unrealistic to use this lower vacancy estimate given that the development will target the senior population. The Applicant's estimate of effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 11/3/2008

The Applicant's revised total annual operating expense projection at \$3,582 per unit is within 5% of the Underwriter's estimate of \$3,715, derived from the TDHCA database, IREM, and third-party data sources.

Conclusion:

The Applicant's estimate of net operating income is not within 5% of the Underwriter's estimate, therefore, the Underwriter's NOI will be used to determine the development's feasibility and debt service capacity. The underwriting estimates for effective gross income, operating expenses, and NOI, combined with the Applicant's requested financing structure, provide a debt coverage ratio (DCR) of 1.01. This falls below the acceptable underwriting range of 1.15 to 1.35. Therefore, the Underwriter's recommended financing structure will include a decrease in the permanent loan amount in order to achieve a 1.15 DCR and will be discussed in more detail in the Conclusions section of the report.

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 DCR below the Department's guidelines. As a result, the Underwriter's recommended financing structure will include a reduced permanent loan amount in order to achieve a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ASSESSED VALUE

Land Only: 20.7 acres	<u>\$129,420</u>	Tax Year:	<u>2007</u>
Existing Buildings:	<u>\$0</u>	Valuation by:	<u>Brazos CAD</u>
Total Assessed Value:	<u>\$129,420</u>	Tax Rate:	<u>2.3914</u>

EVIDENCE of PROPERTY CONTROL

Type: <u>Commercial Contract - Unimproved Property</u>	Acreage: <u>20.7</u>
Contract Expiration: <u>9/30/2008</u>	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$545,000</u>	Other: _____
Seller: <u>Jerry Windham</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 Date of Last Applicant Revision: 11/3/2008

Acquisition Value:

The Applicant's revised cost schedule reflects a lower total acquisition cost of \$280K. It appears that the Applicant has utilized a prorata share of the total acreage for the reduced 80-unit development. The site cost appears to be reasonable since the acquisition is an arm's length transaction. However, this addendum will be conditioned upon receipt, review and acceptance of a final site plan and legal description reflecting the amount of acreage to be utilized for the re-sized development.

Sitework Cost:

The Applicant's revised sitework costs of \$8,863 per unit is within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$68K or 1% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Interim Interest Expense:

The Applicant's estimated eligible interim interest expense is within the Department's allowance of one-year's fully drawn interest on the construction financing.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost 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 \$8,583,611 supports annual tax credits of \$772,525.

The TDHCA Board acted on November 13, 2008 to allow all transactions the benefit of the 9% applicable percentage which is accounted for in this calculation. In addition the Board approved an increase in the credit amount for all 2008 transactions based on an additional 10% of direct construction and site work cost as contingency. However, in this case the Applicant was given the opportunity to re-size the development in order to utilize the remaining credits left out of the 2008 credit ceiling up to the \$2M cap (\$761,125). The Applicant's current proposal reflects a development that is 54% or almost half the size of what it was originally. The new development costs presented are about 59% of the original construction cost estimate provided for the original 148-unit development. If the development were to receive a 10% increase on the new development cost estimate, the deal would not be feasible at the increased credit amount due to insufficient cashflow over 15 years.

The Underwriter has confirmed with the Applicant that the new development costs provided already include the necessary increase in cost to maintain feasibility of the development. As a result staff has evaluated this transaction with the remaining 2008 credits available of \$761,125 in order to determine if the development is feasible at this amount. This amount will also be compared to the amount determined by the gap in financing to determine any recommendation.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 11/3/2008

Source: Red Capital Group Type: Interim Financing

Principal: \$4,750,000 Interest Rate: _____ Term: 24 months

Comments:

Total is two loans. Note A \$2,750,000 Fannie Mae Pass-through rate (fixed) estimated 7%, Note B \$2,000,000 Thirty-day LIBOR plus 2.50%, adjusted monthly estimated 5.625%.

Source: Red Capital Group Type: Permanent Financing

Principal: \$2,750,000 Interest Rate: 7.0% Fixed Amort: 420 months

Comments:

Term 18 yrs, Amortization 30 yrs, Fannie Mae Pass-through rate (fixed)

Source: City of Bryan Type: Interim Financing

Principal: \$760,000 Interest Rate: AFR Fixed Amort: 24 months

Source: Red Capital Group Type: Syndication

Proceeds: \$5,828,632 Syndication Rate: 75% Anticipated HTC: \$ 777,151

Comments:

The syndication price appears to be consistent with current market prices. A decrease below \$0.74 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.88, all deferred developer fees would be eliminated and further adjustment to the credit amount may be warranted.

Amount: \$868,884

Type: Deferred Developer Fees

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

CONCLUSIONS

Recommended Financing Structure:

At its November 13, 2008 meeting, the Governing Board approved an increase in tax credits for all competitive 2007 and 2008 transactions based on the 9% credit rate and a 10% increase in direct and sitework construction costs. As discussed previously, the Applicant was given the opportunity to re-size this development in order to utilize the remaining 2008 credits left up to the \$2M cap. For purposes of this analysis the Applicant's cost, which is within 5% of the Underwriter's revised estimate, will be used for purposes of determining the development's funding need. However, while the Applicant's eligible basis supports a tax credit allocation of \$772,525, the Underwriter has evaluated this development based on the \$761,125 in tax credits that would put the Applicant at the \$2M cap and can be awarded out of the 2008 credit ceiling.

The Applicant's total development cost estimate less the adjusted permanent loan of \$2,409,186 indicates the need for \$6,651,088 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$886,812 annually would be required to fill this gap in financing. This exceeds the tax credit amount determined by the \$2M cap; therefore, the amount determined by the \$2M cap is recommended. An allocation of \$761,125 results in equity proceeds of \$5,708,437 based on the proposed syndication price of \$0.75 per dollar of tax credit.

The Underwriter's recommended financing structure indicates the need for \$942,651 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within fifteen years of stabilized operation.

Reviewing Underwriter:

Raquel Morales
Raquel Morales

Date: December 31, 2008

Director of Real Estate Analysis:

Tom Gouris
Tom Gouris

Date: December 31, 2008

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality TOWN HOME Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$63.19	\$4,816,280
Adjustments				
Exterior Wall Finish	1.75%		\$1.11	\$84,286
Elderly	3.00%		1.90	144,489
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.85)	(141,007)
Floor Cover			3.08	234,768
Single Story Patios	\$19.81	10,168	2.64	201,384
Plumbing Fixtures	\$965	(28)	(0.35)	(27,020)
Rough-Ins	\$425	80	0.46	34,000
Built-In Appliances	\$2,425	80	2.55	194,000
Exterior Stairs	\$1,800		0.00	0
Enclosed Corridors	\$53.27		0.00	0
Heating/Cooling			2.43	185,215
Garages/Carports	\$8.78	15,120	1.74	132,754
Comm &/or Aux Bldgs	\$67.25	4,073	3.59	273,909
Other: fire sprinkler	\$0.00	78,220	0.00	0
SUBTOTAL			80.47	6,133,056
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(8.05)	(613,305)
TOTAL DIRECT CONSTRUCTION COSTS			\$72.42	\$5,519,749
Plans, specs, sury, bld prm	3.90%		(\$2.82)	(\$216,270)
Interim Construction Interest	3.38%		(2.44)	(186,292)
Contractor's OH & Profit	11.50%		(6.33)	(634,771)
NET DIRECT CONSTRUCTION COSTS			\$58.82	\$4,483,416

PAYMENT COMPUTATION

Primary	\$2,750,000	Amort	420
Int Rate	7.00%	DCR	1.07

Secondary	\$0	Amort	
Int Rate		Subtotal DCR	1.07

Additional	\$5,828,631	Amort	
Int Rate		Aggregate DCR	1.07

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$184,695
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$40,799

Primary	\$2,409,186	Amort	420
Int Rate	7.00%	DCR	1.22

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.22

Additional	\$5,828,631	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS RENT	\$538,544	\$552,640	\$569,220	\$586,288	\$603,885
Secondary Income	14,400	14,832	15,277	15,735	16,207
Other Support Income:	0	0	0	0	0
POTENTIAL GROSS INCOME	\$550,944	\$567,472	\$584,498	\$602,031	\$620,092
Vacancy & Collection Loss	(27,547)	(28,374)	(29,225)	(30,102)	(31,005)
Employee or Other Non-Rental	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$523,397	\$539,099	\$555,272	\$571,930	\$589,088
EXPENSES at 4.00%					
General & Administrative	\$25,019	\$26,019	\$27,060	\$28,143	\$29,268
Management	26,170	26,955	27,784	28,598	29,454
Payroll & Payroll Tax	70,000	72,800	75,712	78,740	81,880
Repairs & Maintenance	30,252	31,462	32,720	34,029	35,390
Utilities	27,596	28,700	29,848	31,042	32,283
Water, Sewer & Trash	28,400	29,536	30,717	31,946	33,224
Insurance	19,885	20,680	21,508	22,388	23,263
Property Tax	38,282	39,793	41,385	43,040	44,762
Reserve for Replacements	20,000	20,800	21,632	22,497	23,397
Other	12,320	12,813	13,325	13,858	14,413
TOTAL EXPENSES	\$297,903	\$309,558	\$321,671	\$334,280	\$347,344
NET OPERATING INCOME	\$225,493	\$229,541	\$233,601	\$237,670	\$241,744
DEBT SERVICE					
First Lien Financing	\$184,695	\$184,695	\$184,695	\$184,695	\$184,695
Second Lien	0	0	0	0	0
Other Financing	0	0	0	0	0
NET CASH FLOW	\$40,799	\$44,846	\$48,906	\$52,975	\$57,049
DEBT COVERAGE RATIO	1.22	1.24	1.26	1.29	1.31

YEAR 10	YEAR 15	YEAR 20	YEAR 30
\$700,068	\$811,571	\$940,833	\$1,284,401
18,789	21,781	25,250	33,935
0	0	0	0
718,857	833,352	966,084	1,298,336
(35,943)	(41,688)	(48,304)	(64,917)
0	0	0	0
\$682,914	\$791,665	\$917,779	\$1,233,419
\$35,809	\$43,324	\$52,711	\$78,025
34,146	39,584	45,889	61,671
99,632	121,217	147,479	218,308
43,057	52,988	63,735	94,344
39,278	47,787	58,140	86,082
40,422	49,180	59,835	88,570
28,303	34,434	41,895	62,014
54,459	66,258	80,619	119,327
28,468	34,634	42,137	62,373
17,535	21,334	25,956	38,422
\$420,807	\$510,139	\$618,391	\$909,113
\$282,007	\$281,546	\$289,389	\$324,306
\$184,695	\$184,695	\$184,695	\$184,695
0	0	0	0
0	0	0	0
\$77,312	\$96,851	\$114,694	\$139,611
1.42	1.52	1.62	1.76

HTC ANALYSIS ADDENDUM -Towne Center Apartment Homes, Bryan, 9% HTC #08261

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	\$280,000	\$280,000		
Purchase of buildings				
Off-Site Improvements				
Sitework	\$709,000	\$709,000	\$709,000	\$709,000
Construction Hard Costs	\$4,734,627	\$4,483,416	\$4,734,627	\$4,483,416
Contractor Fees	\$762,109	\$726,938	\$762,108	\$726,938
Contingencies	\$272,181	\$259,621	\$272,181	\$259,621
Eligible Indirect Fees	\$612,800	\$612,800	\$612,800	\$612,800
Eligible Financing Fees	\$373,294	\$373,294	\$373,294	\$373,294
All Ineligible Costs	\$80,263	\$80,263		
Developer Fees			\$1,119,601	
Developer Fees	\$1,126,000	\$1,074,760		\$1,074,760
Development Reserves	\$110,000	\$110,000		
TOTAL DEVELOPMENT COSTS	\$9,060,274	\$8,710,093	\$8,583,611	\$8,239,830

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			\$8,583,611	\$8,239,830
High Cost Area Adjustment			100%	100%
TOTAL ADJUSTED BASIS			\$8,583,611	\$8,239,830
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			\$8,583,611	\$8,239,830
Applicable Percentage			9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS			\$772,525	\$741,585

Syndication Proceeds	0.7500	\$5,793,937	\$5,561,885
Total Tax Credits (Eligible Basis Method)		\$772,525	\$741,585
Syndication Proceeds		\$5,793,937	\$5,561,885
Applicant's Requested Credits		\$777,151	
Syndication Proceeds		\$5,828,632	
Approved Tax Credits up to \$2M Cap		\$761,125	
Syndication Proceeds		\$5,708,437	
Gap of Syndication Proceeds Needed		\$6,651,088	\$109,404
Total Tax Credits (Gap Method)		\$886,812	\$14,587



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 Real Estate Analysis Division
 Underwriting Report

REPORT DATE: 07/23/08 PROGRAM: 9% HTC FILE NUMBER: 08261

DEVELOPMENT

Towne Center Apartment Homes

Location: 1301 Prairie Drive Region: 8
 City: Bryan County: Brazos Zip: 77803 OCT DDA
 Key Attributes: Multifamily, Elderly, New Construction, Urban

ALLOCATION

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,099,702			\$1,099,702		

CONDITIONS

- 1 Receipt, review, and acceptance, by commitment, of evidence of appropriate zoning for the proposed development or a variance from the City.
- 2 Receipt, review and acceptance, by carryover, of a firm commitment from the City of Bryan for the permanent loan of \$760K with terms reflected.
- 3 Receipt, review and acceptance of documentation clarifying the \$22K difference in acquisition price between the commercial contract and development cost schedule.
- 4 Receipt, review, and acceptance, by carryover, of updated loan and equity commitments which are not more than 30 days old.
- 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 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	8
50% of AMI	50% of AMI	60
60% of AMI	60% of AMI	73

PROS

- The developer has a considerable amount of experience in the development of affordable housing and the capacity to support a transaction if necessary.

CONS

- The development will need to defer a significant portion of the developer fee which can only marginally be estimated to be repayable in the first 15 years of operations

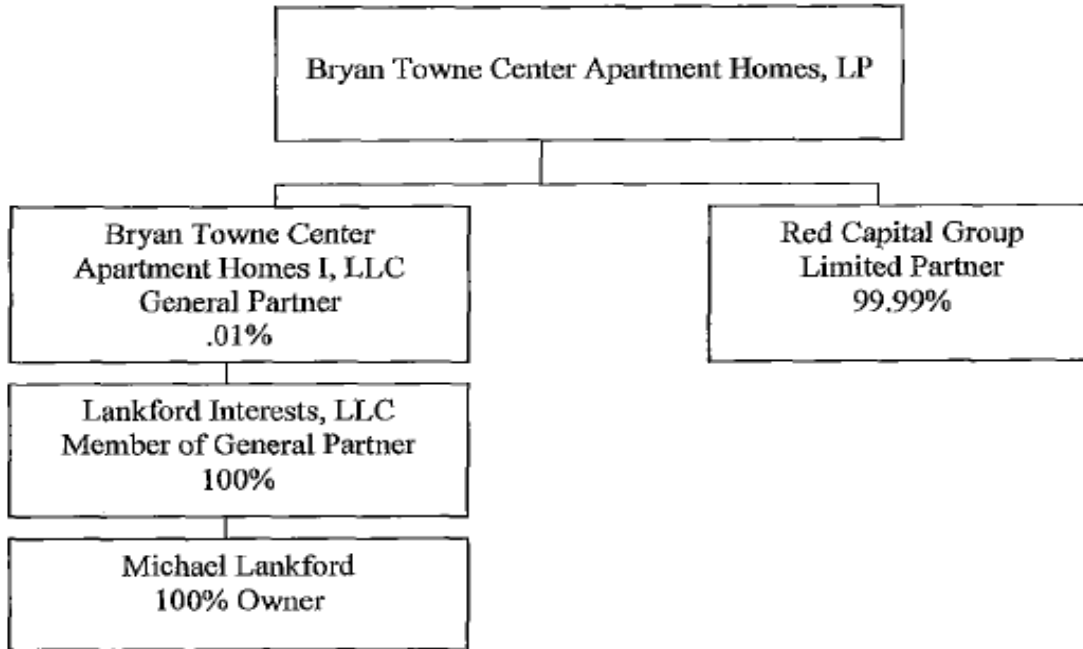
PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE

Ownership Chart



CONTACT

Contact: Michael Lankford Phone: 713-626-9655 Fax: 713-621-4947
Email: mlankford@lankfordinterests.com

KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
Lankford Interests, LLC	N/A	14
Michael Lankford	N/A	14

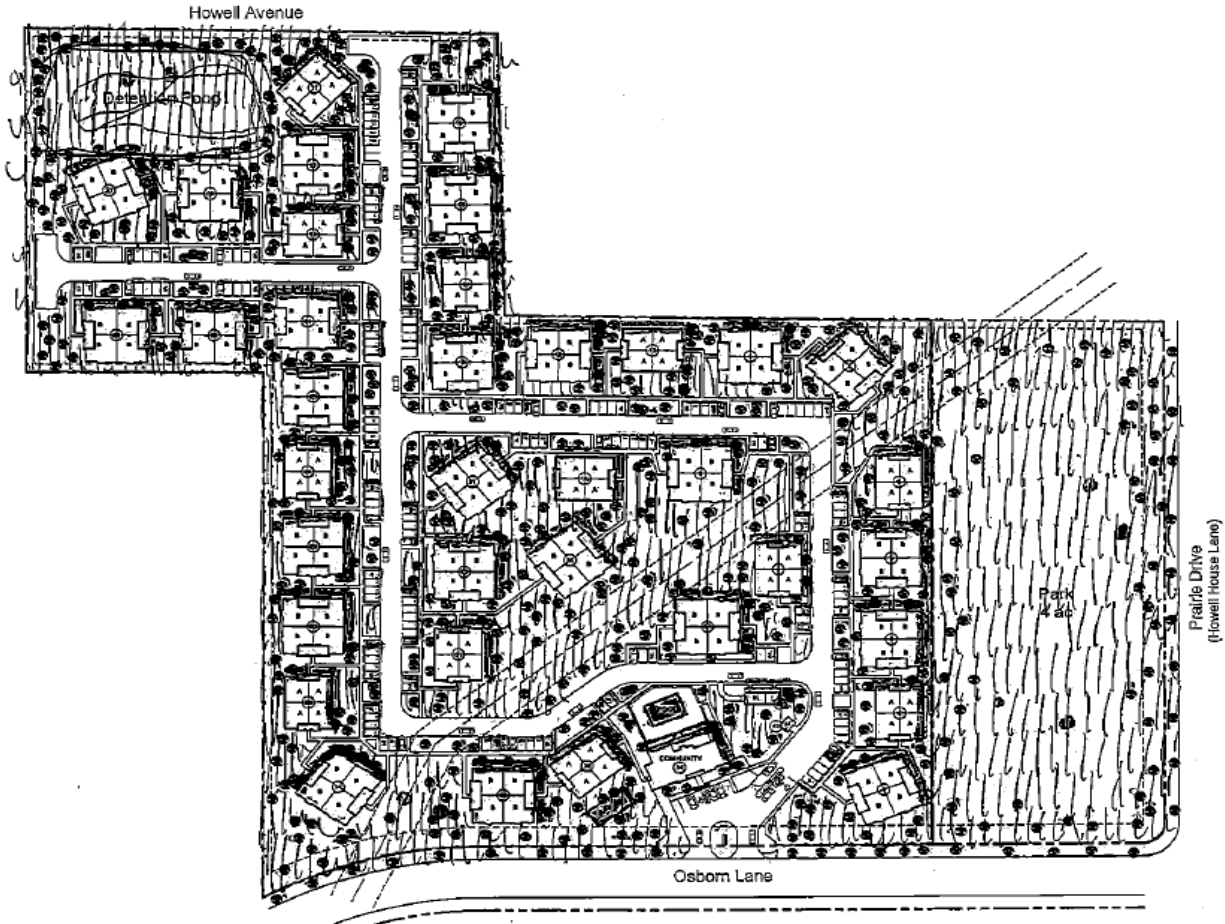
IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C								Total Buildings
Floors/Stories	1	1									
Number	12	25									37

BR/BA	SF	Units									Total Units	Total SF
1/1	840	4									48	40,320
2/2	1,045		4								100	104,500
											0	0
Units per Building		4	4								148	144,820

SITE ISSUES

Total Size: 20.634 acres Scattered site? Yes No
 Flood Zone: Zone X Within 100-yr floodplain? Yes No
 Zoning: C-3 Commercial Needs to be re-zoned? Yes No N/A

Comments:
 Application has been made to the City of Bryan for zoning change. The approved zoning change will be made a condition of the report

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 4/2/2008

Overall Assessment:

- Excellent Acceptable Questionable Poor Unacceptable

Surrounding Uses:

North: Residential, Vacant Land East: Vacant Land, Trucking Co. (UPS)
 South: Vacant Land, Residential West: Business, Residential

Comments:

None

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: LFC, INC. Date: 3/00/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- "The evidence of the aerial photographs of the property and the current use and condition of the site , as confirmed by our physical reconnaissance, support our opinion that there are no recognized environmental conditions identified." (p. 1)
- "Based on the information sources reviewed for this assessment, the above-listed oil well location is not believed to be the source of an existing release, a past release, or the material threat of a release of any petroleum products onto the ground, or into ground water of the subject property. However, historical subsurface effects to the subject property cannot be rules out as a result of the operation of this site." (p. 2)

Comments:

The report states the property sits entirely within Zone X which is outside the 500-year floodplain, a noise study doesn't appear warranted and the county is a "Low Radon Potential area" .

MARKET HIGHLIGHTS

Provider: Patrick O'Connor & Associates, L.P. Date: 1/29/2008

Contact: Robert O. Coe, II Phone: 713-686-9955 Fax: 713-686-8336

Number of Revisions: none Date of Last Applicant Revision: n/a

Primary Market Area (PMA): 536.25 square miles (13.1 mile radius)

"The subject's primary market is defined as that area within Brazos County." The primary market area for the proposed subject had an estimated population of 161,179 in 2007.

Secondary Market Area (SMA):

The Market Analyst did not define a secondary market for the subject development.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Terrace Pines	04018	100	0	N/A			

INCOME LIMITS						
Brazos						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$11,750	\$13,400	\$15,100	\$16,750	\$18,100	\$19,450
50	\$19,550	\$22,300	\$25,100	\$27,900	\$30,150	\$32,350
60	\$23,460	\$26,760	\$30,120	\$33,480	\$36,180	\$38,820

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
1BR/30% Rent Limit	85	11	0	96	2	0	2.1%
1BR/50% Rent Limit	118	17	0	136	18	0	13.2%
1BR/60% Rent Limit	85	19	0	104	25	0	24.0%
2BR/30% Rent Limit	50	7	0	57	6	0	10.5%
2BR/50% Rent Limit	73	10	0	83	42	0	50.6%
2BR/60% Rent Limit	77	12	0	89	48	0	53.9%

OVERALL DEMAND											
		Target Households	Household Size	Income Eligible	Tenure	Demand					
PMA DEMAND from TURNOVER											
Market Analyst	p. 67	17%	10,548	100%	10,548	Included in tenure %	21%	2,238	45%	1,007	
Underwriter		17%	10,550	100%	10,550	30%	3,112	33%	1,024	19%	199
PMA DEMAND from HOUSEHOLD GROWTH											
Market Analyst	p. 67			100%	287	Included in tenure %	21%	61	100%	61	
Underwriter				100%	125	30%	37	33%	12	100%	12
DEMAND from OTHER SOURCES											
Market Analyst	p. 67									119	
Underwriter										29	

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. 67	141	0	0	141	1,187	11.88%
Underwriter		141	0	0	141	240	58.87%
HISTA-Based Data Alternative		141	0	0	141	156	90.38%

Comments:

The Market Analyst concluded an inclusive capture rate of 11.88%, while the Underwriter calculated an inclusive capture rate of 58.87% using the Department's traditional method. One of the primary differences in calculations resulted because the Underwriter used a turnover rate of 19.4% which is based upon historical data obtained from information on existing seniors properties in the Department's portfolio, whereby the Market Analyst used a turnover rate of 45%. The Underwriter also calculated a capture rate using HISTA data which resulted in a rate of 90.38%. Although the HISTA data method is above the Department's maximum 75% capture rate for seniors developments, the development is still considered to be acceptable because the Market Analyst's calculation and the Underwriter's independent calculation using the Department's traditional method will be used for this evaluation.

The Terrace Pines Apartments #04018/07009 mentioned under the "Proposed & Under Construction" section above is a 100 unit seniors development located in College Station that received an allocation in 2004; however, these units were not considered unstabilized because the property reportedly had a 98% occupancy rate in 2007 and continues to be 98% occupied this year.

This section intentionally left blank.

Primary Market Occupancy Rates:

"The occupancy of the comparable rentals included in this study range from 87% (in initial lease-up) to 100%, with a median occupancy of 95.00%, or 97.00% excluding the complex in its initial lease-up. The average occupancy for apartments in the subject's primary market area was reported at 95.21% in the most recent O'Connor & Associates Apartment Survey (December 2006). According to the survey, occupancy in the primary market area in December 2006 has increased from the prior quarter. Average occupancy in the primary market area has remained relatively stable since September 1999. Based on our analysis of the market, moderate increases in occupancy are projected for this market." (p. 35)

Absorption Projections:

"Considering the strong absorption history of similar properties and the lack of available quality affordable units in this market, we project that the subject property will lease an average of 15-25 units per month until achieving stabilized occupancy. We anticipate that the subject property will achieve stabilized occupancy within seven to twelve months following completion." (p. 81)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	840 SF	30%	\$228	\$228	\$780	\$228	\$552
1 BR	840 SF	50%	\$437	\$437	\$780	\$437	\$343
1 BR	840 SF	60%	\$541	\$541	\$780	\$541	\$239
2 BR	1,045 SF	30%	\$271	\$271	\$925	\$271	\$654
2 BR	1,045 SF	50%	\$521	\$521	\$925	\$521	\$404
2 BR	1,045 SF	60%	\$647	\$647	\$925	\$647	\$278

Market Impact:

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have a minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration." (p. 90)

Comments:

The market study was performed in accordance with the Department's guidelines and provides sufficient information on which to base a funding recommendation.

Concentration:

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of 75 units per square mile which is less than the 1,432 units per square mile limit and a Primary Market Area concentration of 31 units per square mile which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department's standard criteria.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's projected rents are equal to the program rent limits less current utility allowances approved by the Brazos Valley Council of Governments. These rent levels are achievable according to the Market Analyst's market rent determination. The Applicant has estimated secondary income of \$15.00 per unit per month and vacancy and collection loss of 7.50%, which are in line with Department standards. The Applicant's estimate of effective gross income is within 5% of the Underwriter's estimate.

This section intentionally left blank.

Expense: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$3,636 per unit is not within 5% of the Underwriter's estimate of \$3,894, derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: utilities (\$32K lower), property tax (\$18K higher) and reserve for replacements (\$7K lower)

Conclusion:

The Applicant's estimate of net operating income is not within 5% of the Underwriter's estimate, therefore, the Underwriter's NOI will be used to determine the development's feasibility and debt service capacity. The underwriting estimates for effective gross income, operating expenses, and NOI, combined with the Applicant's requested financing structure, provide a debt coverage ratio (DCR) of 1.05. This falls below the acceptable underwriting range of 1.15 to 1.35. Therefore, the Underwriter's recommended financing structure will include a decrease in the permanent loan amount in order to achieve a 1.15 DCR and will be discussed in more detail in the Conclusions section of the report.

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 DCR below the Department's guidelines. As a result, the Underwriter's recommended financing structure will include a reduced permanent loan amount in order to achieve a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ASSESSED VALUE

Land Only: 20.7 acres	<u>\$129,420</u>	Tax Year:	<u>2007</u>
Existing Buildings:	<u>\$0</u>	Valuation by:	<u>Brazos CAD</u>
Total Assessed Value:	<u>\$129,420</u>	Tax Rate:	<u>2.3914</u>

EVIDENCE of PROPERTY CONTROL

Type: <u>Commercial Contract - Unimproved Property</u>	Acreage: <u>20.7</u>
Contract Expiration: <u>9/30/2008</u>	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$545,000</u>	Other: _____
Seller: <u>Jerry Windham</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

TITLE

Comments:

Commonwealth Land Title Insurance Company effective January 9, 2008 (issued January 11, 2008). No specific issues were noted in the commitment

This section intentionally left blank.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 Date of Last Applicant Revision: 6/12/2008

Acquisition Value:

The site cost of \$26,413 per acre or \$3,682 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant's development cost schedule claims \$22K less than the full contract price reflected in the commercial contract. Therefore, this report will be conditioned upon receipt, review and acceptance of documentation clarifying this \$22K difference.

Sitework Cost:

The Applicant's claimed sitework costs of \$7,095 per unit is within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$68K or 1% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Interim Interest Expense:

The Applicant's estimated eligible interim interest expense is within the Department's allowance of one-year's fully drawn interest on the construction financing.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost 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 \$14,368,239 supports annual tax credits of \$1,138,897. 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

SOURCES & USES Number of Revisions: 3 Date of Last Applicant Revision: 6/12/2008

Source: Amegy Bank Type: Interim Financing

Principal: \$305,000 Interest Rate: _____ Fixed Term: _____ months

Comments:

All terms TBD

Source: Robinson Capital & Investment, Inc. Type: Interim Financing

Principal: \$305,000 Interest Rate: 12.0% Fixed Term: 6 months

Comments:

Origination fee of 800 Basis Points or 8% of loan amount.

Source: Red Capital Group Type: Interim Financing

Principal: \$5,767,063 Interest Rate: _____ Fixed Term: 24 months

Comments:

Total is two loans. Note A \$4,658,160 Fannie Mae Pass-through rate (fixed) estimated 7%, Note B \$1,108,903 Thirty-day LIBOR plus 2.50%, adjusted monthly estimated 5.625%.

Source: Red Capital Group Type: Permanent Financing

Principal: \$4,658,160 Interest Rate: 7.0% Fixed Amort: 360 months

Comments:

Term 18 yrs, Amortization 30 yrs, Fannie Mae Pass-through rate (fixed)

Source: City of Bryan Type: Interim to Permanent Financing
 Principal: \$760,000 Interest Rate: Fixed Amort: months
 Comments:
 All terms TBD

Source: Red Capital Group Type: Syndication
 Proceeds: \$8,906,696 Syndication Rate: 81% Anticipated HTC: \$ 1,099,702
 Comments:

The syndication price appears to be consistent with current market prices. A decrease below \$0.80 per dollar of credit may jeopardize the financial viability of the transaction. Alternatively, should the final credit price increase to more than \$0.93, all deferred developer fees would be eliminated and further adjustment to the credit amount may be warranted.

Amount: \$868,884 Type: Deferred Developer Fees

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

Due to the uncertainty in the market and the potential for such movement in both equity pricing and interest rates, this report is conditioned upon updated loan and equity commitments at the submission of carryover. Should the revised commitments reflect changes in the anticipated permanent interest rate(s) and equity price, a re-evaluation of the financial feasibility of the transaction should be conducted.

CONCLUSIONS

Recommended Financing Structure:

As stated previously, the Underwriter's NOI of 1.05 falls below the Department's minimum guideline of 1.15. Therefore, the Underwriter's recommended financing structure includes a decrease in the permanent loan amount to \$4,235,194 in order to achieve a 1.15 DCR.

The Applicant's total development cost estimate less the adjusted permanent loan of \$4,235,194 and the City of Bryan loan of \$760,000 indicates the need for \$10,198,545 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,259,205 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,099,702), the gap-driven amount (\$1,259,205), and eligible basis-derived estimate (\$1,138,897), the Applicant's request of \$1,099,702 would be recommended resulting in proceeds of \$8,906,696 based on a syndication rate of 81%.

The Underwriter's recommended financing structure indicates the need for \$1,291,849 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within fifteen years of stabilized operation.

Underwriter:	_____	Date:	_____
	<i>Thomas Kincaid</i>		July 23, 2008
Reviewing Underwriter:	_____	Date:	_____
	<i>Raquel Morales</i>		July 23, 2008
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Tom Gouris</i>		July 23, 2008

MULTIFAMILY COMPARATIVE ANALYSIS

Towne Center Apartment Homes, Bryan, 9% HTC #08261

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&WH
TC 30%	2	1	1	840	\$314	\$246	\$492	\$0.29	\$68.00	\$80.00
TC 50%	18	1	1	840	\$523	\$455	\$8,190	\$0.54	\$68.00	\$80.00
TC 60%	25	1	1	840	\$627	\$559	\$13,975	\$0.67	\$68.00	\$80.00
MR	3	1	1	840		\$675	\$2,025	\$0.80	\$68.00	\$80.00
TC 30%	6	2	2	1,045	\$377	\$294	\$1,764	\$0.28	\$83.00	\$90.00
TC 50%	42	2	2	1,045	\$627	\$544	\$22,848	\$0.52	\$83.00	\$90.00
TC 60%	48	2	2	1,045	\$753	\$670	\$32,160	\$0.64	\$83.00	\$90.00
MR	4	2	2	1,045		\$825	\$3,300	\$0.79	\$83.00	\$90.00
TOTAL:	148		AVERAGE:	979		\$573	\$84,754	\$0.59	\$78.14	\$86.76

INCOME

Total Net Rentable Sq Ft: **144,820**

POTENTIAL GROSS RENT

Secondary Income	Per Unit Per Month:	\$15.00
Other Support Income:		

POTENTIAL GROSS INCOME

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EQI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EQI
General & Administrative	4.79%	\$313	0.32	\$46,285	\$48,100	\$0.33	\$325	4.98%
Management	4.65%	303	0.31	44,889	48,308	0.33	326	5.00%
Payroll & Payroll Tax	13.41%	875	0.89	129,500	118,400	0.82	800	12.26%
Repairs & Maintenance	5.80%	378	0.39	55,965	66,600	0.46	450	6.90%
Utilities	7.53%	491	0.50	72,660	40,700	0.28	275	4.22%
Water, Sewer, & Trash	5.44%	355	0.36	52,540	40,700	0.28	275	4.22%
Property Insurance	3.87%	252	0.26	37,319	29,600	0.20	200	3.07%
Property Tax	2.3914	478	0.49	70,785	88,800	0.61	600	9.20%
Reserve for Replacements	3.83%	250	0.26	37,000	29,600	0.20	200	3.07%
TDHCA Compliance Fees	0.58%	38	0.04	5,640	3,700	0.03	25	0.38%
Other:	2.45%	160	0.16	23,680	23,680	0.16	160	2.45%
TOTAL EXPENSES	59.69%	\$3,894	\$3.98	\$576,264	\$538,188	\$3.72	\$3,636	55.75%
NET OPERATING INC	40.31%	\$2,629	\$2.69	\$389,148	\$427,223	\$2.95	\$2,887	44.25%

DEBT SERVICE

Red Capital Group	38.52%	\$2,513	\$2.57	\$371,890	\$371,721	\$2.57	\$2,512	38.50%
City of Bryan	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	1.79%	\$117	\$0.12	\$17,257	\$55,502	\$0.38	\$375	5.75%

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

1.05	1.15
1.15	

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)		3.49%	\$3,601	\$3.68	\$533,000	\$533,000	\$3.68	\$3,601	3.51%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		6.88%	7,095	7.25	1,050,000	1,050,000	7.25	7,095	6.91%
Direct Construction		54.70%	56,404	57.64	8,347,816	8,280,156	57.18	55,947	54.50%
Contingency	4.96%	3.06%	3,152	3.22	466,508	466,508	3.22	3,152	3.07%
Contractor's Fees	13.90%	8.56%	8,826	9.02	1,306,221	1,306,221	9.02	8,826	8.60%
Indirect Construction		5.72%	5,899	6.03	873,000	873,000	6.03	5,899	5.75%
Ineligible Costs		0.77%	794	0.81	117,500	117,500	0.81	794	0.77%
Developer's Fees	14.80%	12.19%	12,573	12.85	1,860,854	1,860,854	12.85	12,573	12.25%
Interim Financing		3.48%	3,591	3.67	531,500	531,500	3.67	3,591	3.50%
Reserves		1.15%	1,182	1.21	175,000	175,000	1.21	1,182	1.15%
TOTAL COST		100.00%	\$103,118	\$105.38	\$15,261,399	\$15,193,739	\$104.91	\$102,660	100.00%
Construction Cost Recap		73.19%	\$75,477	\$77.13	\$11,170,545	\$11,102,885	\$76.67	\$75,019	73.08%

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
Red Capital Group	30.52%	\$31,474	\$32.17	\$4,658,160	\$4,658,160	\$4,235,194	Developer Fee Available
City of Bryan	4.98%	\$5,135	\$5.25	760,000	760,000	760,000	\$1,860,854
HTC Syndication Proceeds	58.36%	\$60,180	\$61.50	8,906,696	8,906,696	8,906,696	% of Dev. Fee Deferred
Deferred Developer Fees	5.69%	\$5,871	\$6.00	868,884	868,884	1,291,849	69%
Additional (Excess) Funds Req'd	0.44%	\$457	\$0.47	67,659	(1)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$15,261,399	\$15,193,739	\$15,193,739	\$1,377,616

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Towne Center Apartment Homes, Bryan, 9% HTC #08261

DIRECT CONSTRUCTION COST ESTIMATE

*Marshall & Swift Residential Cost Handbook
Average Quality TOWN HOME Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$62.83	\$9,099,015
Adjustments				
Exterior Wall Finish	1.75%		\$1.10	\$159,233
Elderly	3.00%		1.88	272,970
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.85)	(267,917)
Floor Cover			3.08	446,046
Single Story Patios	\$19.81	20,843	2.85	412,907
Plumbing Fixtures	\$965	4	0.03	3,860
Rough-ins	\$425	148	0.43	62,900
Built-In Appliances	\$2,425	148	2.48	358,900
Exterior Stairs	\$1,800		0.00	0
Enclosed Corridors	\$52.91		0.00	0
Heating/Cooling			2.43	351,913
Garages/Carports	\$8.78	27,972	1.70	245,594
Comm &/or Aux Bldgs	\$67.25	4,073	1.89	273,909
Other: fire sprinkler	\$0.00	144,820	0.00	0
SUBTOTAL			78.85	11,419,330
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(7.89)	(1,141,933)
TOTAL DIRECT CONSTRUCTION COSTS			\$70.97	\$10,277,397
Plans, specs, survy, bld prm	3.90%		(\$2.77)	(\$400,818)
Interim Construction Interes	3.38%		(2.40)	(346,862)
Contractor's OH & Profit	11.50%		(8.16)	(1,181,901)
NET DIRECT CONSTRUCTION COSTS			\$57.64	\$8,347,816

PAYMENT COMPUTATION

Primary	\$4,658,160	Amort	360
Int Rate	7.00%	DCR	1.05

Secondary	\$760,000	Amort	
Int Rate		Subtotal DCR	1.05

Additional	\$8,906,696	Amort	
Int Rate		Aggregate DCR	1.05

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$338,122
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$51,025

Primary	\$4,235,194	Amort	360
Int Rate	7.00%	DCR	1.15

Secondary	\$760,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15

Additional	\$8,906,696	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

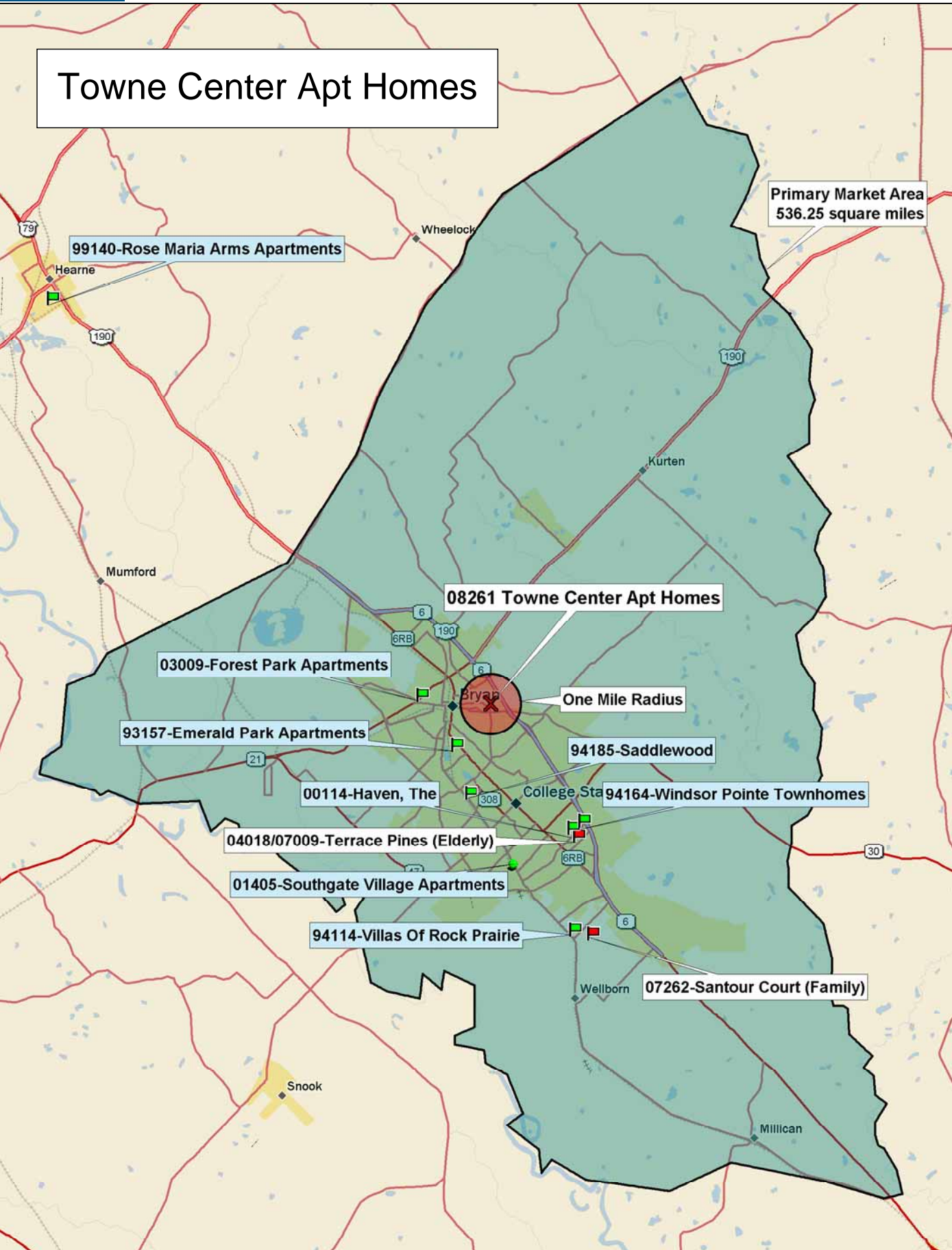
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,017,048	\$1,047,559	\$1,078,986	\$1,111,356	\$1,144,696	\$1,327,017	\$1,538,376	\$1,783,400	\$2,396,740
Secondary Income	26,640	27,439	28,262	29,110	29,984	34,759	40,295	46,713	62,779
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,043,688	1,074,999	1,107,249	1,140,466	1,174,680	1,361,776	1,578,672	1,830,113	2,459,519
Vacancy & Collection Loss	(78,277)	(80,625)	(83,044)	(85,535)	(88,101)	(102,133)	(118,400)	(137,258)	(184,464)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$965,411	\$994,374	\$1,024,205	\$1,054,931	\$1,086,579	\$1,259,643	\$1,460,271	\$1,692,855	\$2,275,055
EXPENSES at 4.00%									
General & Administrative	\$46,285	\$48,136	\$50,061	\$52,064	\$54,146	\$65,877	\$80,150	\$97,515	\$144,346
Management	44,889	46,236	47,623	49,052	50,523	58,571	67,899	78,714	105,785
Payroll & Payroll Tax	129,500	134,680	140,067	145,670	151,497	184,319	224,252	272,837	403,865
Repairs & Maintenance	55,965	58,204	60,532	62,953	65,472	79,656	96,914	117,911	174,537
Utilities	72,660	75,566	78,589	81,733	85,002	103,418	125,824	153,084	226,601
Water, Sewer & Trash	52,540	54,642	56,827	59,100	61,464	74,781	90,982	110,694	163,854
Insurance	37,319	38,812	40,364	41,979	43,658	53,117	64,624	78,626	116,385
Property Tax	70,785	73,617	76,562	79,624	82,809	100,750	122,577	149,134	220,755
Reserve for Replacements	37,000	38,480	40,019	41,620	43,285	52,663	64,072	77,953	115,390
Other	29,320	30,493	31,713	32,981	34,300	41,732	50,773	61,773	91,439
TOTAL EXPENSES	\$576,264	\$598,866	\$622,358	\$646,776	\$672,156	\$814,882	\$988,068	\$1,198,240	\$1,762,957
NET OPERATING INCOME	\$389,148	\$395,508	\$401,847	\$408,155	\$414,423	\$444,761	\$472,203	\$494,615	\$512,099
DEBT SERVICE									
First Lien Financing	\$338,122	\$338,122	\$338,122	\$338,122	\$338,122	\$338,122	\$338,122	\$338,122	\$338,122
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	\$51,025	\$57,386	\$63,725	\$70,033	\$76,300	\$106,639	\$134,081	\$156,493	\$173,976
DEBT COVERAGE RATIO	1.15	1.17	1.19	1.21	1.23	1.32	1.40	1.46	1.51

HTC ALLOCATION ANALYSIS -Towne Center Apartment Homes, Bryan, 9% HTC #08261				
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	\$533,000	\$533,000		
Purchase of buildings				
Off-Site Improvements				
Sitework	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000
Construction Hard Costs	\$8,280,156	\$8,347,816	\$8,280,156	\$8,347,816
Contractor Fees	\$1,306,221	\$1,306,221	\$1,306,221	\$1,306,221
Contingencies	\$466,508	\$466,508	\$466,508	\$466,508
Eligible Indirect Fees	\$873,000	\$873,000	\$873,000	\$873,000
Eligible Financing Fees	\$531,500	\$531,500	\$531,500	\$531,500
All Ineligible Costs	\$117,500	\$117,500		
Developer Fees				
Developer Fees	\$1,860,854	\$1,860,854	\$1,860,854	\$1,860,854
Development Reserves	\$175,000	\$175,000		
TOTAL DEVELOPMENT COSTS	\$15,193,739	\$15,261,399	\$14,368,239	\$14,435,899

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		\$14,368,239	\$14,435,899
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		\$14,368,239	\$14,435,899
Applicable Fraction		95%	95%
TOTAL QUALIFIED BASIS		\$13,688,660	\$13,753,120
Applicable Percentage		8.32%	8.32%
TOTAL AMOUNT OF TAX CREDITS		\$1,138,897	\$1,144,260

Syndication Proceeds	0.8099	\$9,224,140	\$9,267,576
Total Tax Credits (Eligible Basis Method)		\$1,138,897	\$1,144,260
Syndication Proceeds		\$9,224,140	\$9,267,576
Requested Tax Credits		\$1,099,702	
Syndication Proceeds		\$8,906,696	
Gap of Syndication Proceeds Needed		\$10,198,545	
Total Tax Credits (Gap Method)		\$1,259,205	

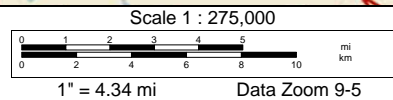
Towne Center Apt Homes



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08261

November 25, 2009

Mr. Ben Sheppard
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Re: Bryan Mid Towne Apartment Homes, LP
TDHCA # 08261

Mr. Sheppard,

Please consider this letter as our formal request for an amendment to the development referenced above.

During the 2008 cycle, an application was submitted that contemplated 148 units of elderly housing on 20.7 acres. The application included a clubhouse to serve the community that was sized at 3,500 square feet. However, TDHCA staff determined that there were insufficient tax credits available to fully fund a development of this size and recommended to the Board that the development be awarded a lesser amount of tax credits and the development be resized to reflect the reduced award. The Board approved staff's recommendation. Through subsequent conversations with the Department, we settled on a development size of 80 units.

As a result of this downsizing, we hereby request that the Department grant approval to reduce the acreage on which this development will be built from 20.7 acres to 8.87 acres per the included revised site plan. This will allow us to meet the park dedication requirements of the City of Bryan and preserve adequate acreage for future development of the other 68 units that were originally contemplated.

In addition, we hereby request that the Department grant approval to reduce the size of the clubhouse from 3,500 square feet to 2,500 square feet. The reduced clubhouse size is more appropriate for the smaller development and its cost is more in proportion to the total development cost than the larger one would be. All amenities provided in the larger clubhouse will be preserved in the smaller version.

Thank you in advance for your consideration of these matters. If you have any questions or need further information, please call me.

Sincerely,

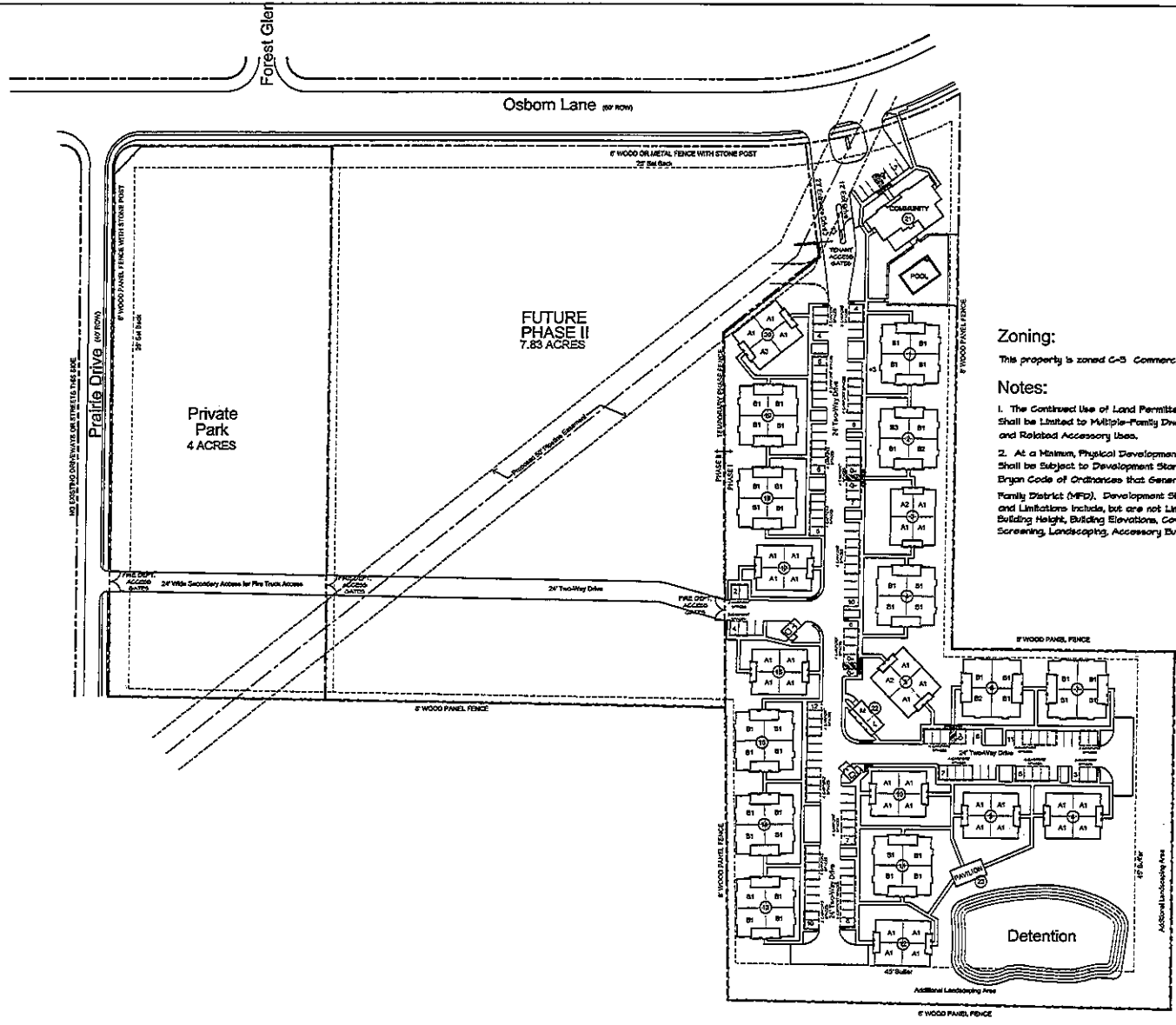
Jeff Gannon
Chief Operating Officer
Lankford Interests, LLC

12-03-09 P04:02 1/N

08261



FOR INTERIM REVIEW ONLY, THESE DRAWINGS AND/OR SPECIFICATIONS ARE INCOMPLETE AND ARE NOT INTENDED FOR BIDDING, PERMIT, OR CONSTRUCTION DOCUMENTS. GEORGE E. FRANK REGISTERED ARCHITECT STATE OF TEXAS, NO. 2018



Zoning:
This property is zoned G-3 Commercial District

Notes:
1. The Continued Use of Land Permitted on These Approximately 21 Acres Shall be Limited to Multiple-Family Dwellings in an Apartment Arrangement and Related Accessory Uses.
2. At a Minimum, Physical Development of These 21 Acres of Land Shall be Subject to Development Standards and Limitations of the City of Bryan Code of Ordinances that Generally Apply to Properties Zoned Multiple-Family District (MFD). Development Standards and Limitations Include, but are not Limited to, Regulations Concerning Density, Building Height, Building Elevations, Coverage, Floor Area Ratio, Parking, Access Screening, Landscaping, Accessory Building, Signs and Lighting.

Unit Schedule - Phase I

UNIT	TYPE	NO. # UNITS	TOTAL S.F.
A1	1 Bedroom / 1 Bath	33	21,120 S.F.
A2	1 Bedroom / 1 Bath	2	2,400 S.F.
A3	1 Bedroom / 1 Bath	1	2,400 S.F.
B1	2 Bedroom / 2 Bath	4	42,240 S.F.
B2	2 Bedroom / 2 Bath	2	20,760 S.F.
B3	2 Bedroom / 2 Bath	1	12,480 S.F.
TOTALS			60 UNITS
			162,240 S.F.

A1 & B1 Units -> For Housing Act, Adaptable
A2 & B2 Units -> Housing Act, Adaptable (HAPAS)
A3 & B3 Units -> Hearing & Vision, Adaptable

PARKING - PHASE I
OPEN SPACES -> 50
COVERED SPACES -> 50
TOTAL PROVIDED -> 100
PARKING SPACES ARE 10' x 20' (18" x 2" OVERHANG)



Site Plan
Scale: 1" = 50' (1" = 10' 11" ACROSS 0/11" DIA)

Note:
All Elevation Exterior Elevations are 128' North-Point / 228' Stone

Towne Center Apartment Homes
An 80 Unit Phase I Senior Apartment Complex for
Bryan Towne Center Apartment Homes L.P.
Bryan, Texas

Project: 08441
Date: SEPT. 22, 2009

A1

Sheet of

The Drawings, Specifications and other documents prepared by the Architect for this Project are statements of the Architect's service for use solely with respect to this Project, and the Architect shall be deemed the author of these documents and shall retain all common law, statutory and other reserved rights, including the copyright. The Owner shall be permitted to retain copies, including reproducible copies, of the Architect's Drawings, Specifications and other documents for information and reference in connection with the Owner's use and occupancy of the project. The Architect's Drawings, Specifications and other documents shall not be used by the Owner or others on other projects, for additions to this Project or for completion of this Project by others, except by agreement in writing and with appropriate compensation to the Architect.

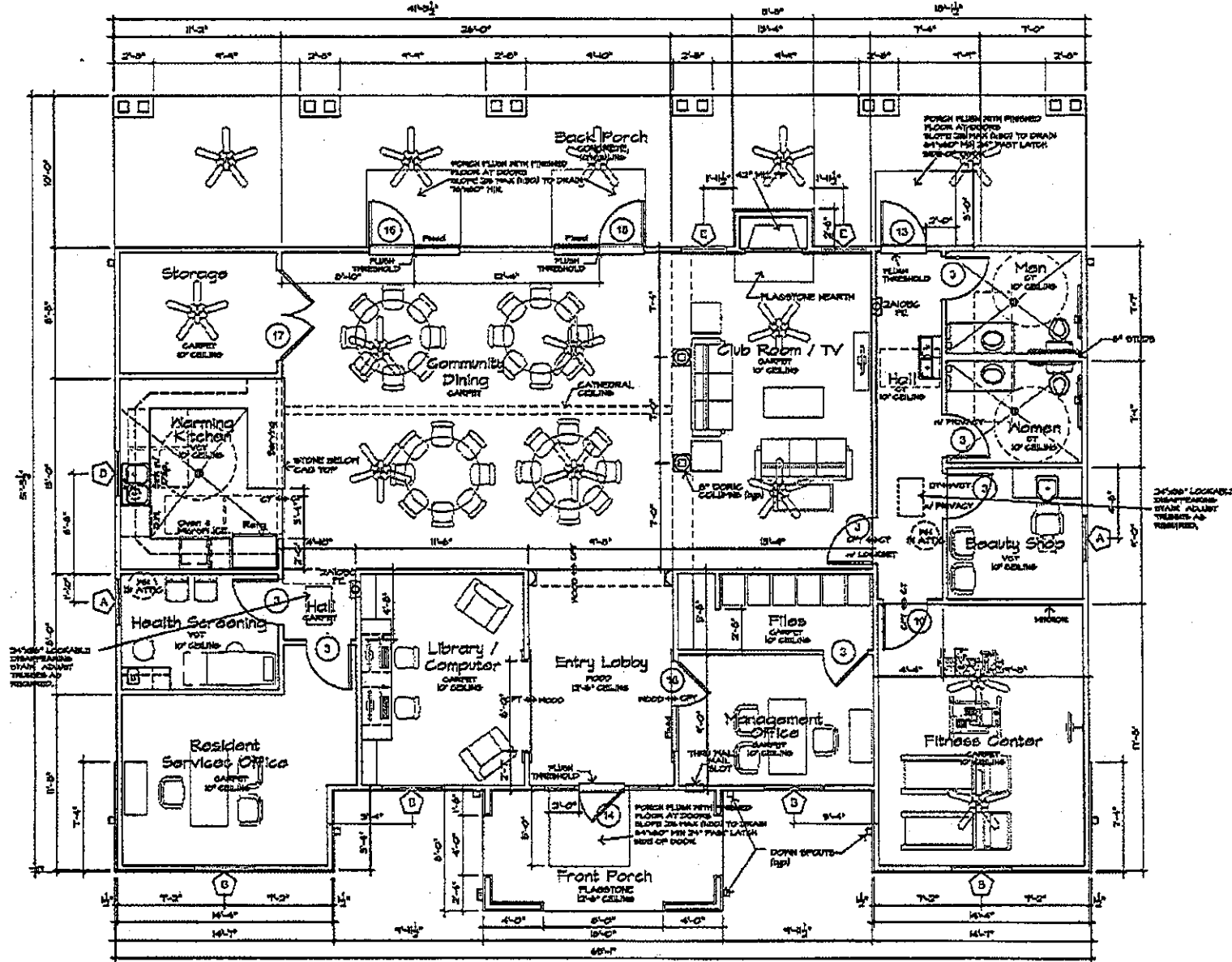
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Amendment

1. This drawing is to be used in accordance with the provisions of the contract documents.
 2. The contractor shall be responsible for obtaining all necessary permits and approvals from the appropriate authorities.
 3. The contractor shall be responsible for obtaining all necessary approvals from the appropriate authorities before proceeding.
 4. The contractor shall be responsible for obtaining all necessary approvals from the appropriate authorities before proceeding.

08261

08261



NOTE: FOR ALL INTERIOR WALL AND CEILING FINISH PROVIDE MATERIALS THAT MEET ASTM E 84 (FIRETEST) OR IBC SECTION 803.2 (MATERIALS OTHER THAN TEXTILES) CLASS B, FLAME SPREAD 25-75, SMOKE-DEVELOPED 0-100.

1 Community Building Floor Plan
 Building 21
 Scale: 1/4" = 1'-0" 2000 G.P.

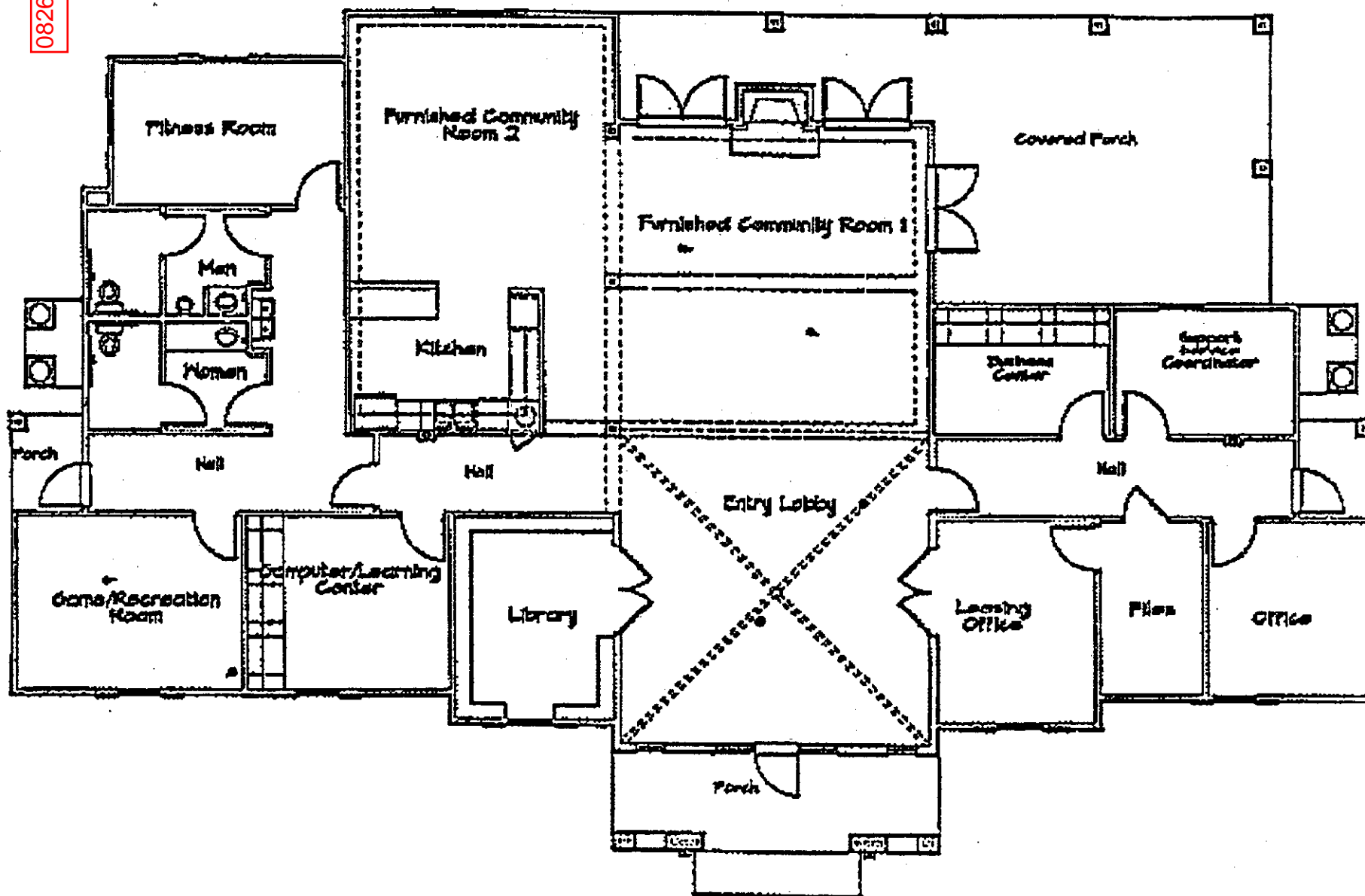
REFER TO THE SCHEDULES

Proj:
 Date:
 1/1/00

Mid Towne Apartment Homes

08261

Application



1 Community Building - Floor Plan
Scale: 1/8" = 1'-0" 0,500 S.P.

HTC No. 09270, Northline Apartments

Summary of Request: The owner requested approval to make several changes. The most significant of these changes was the elimination of a 1,200 square foot laundry and maintenance building. In addition, more garages than originally underwritten as rental spaces would be rented. As compensation for the downgrades, the owner proposed to increase the net rentable area by 6,760 square feet, from 158,400 square feet to 165,160 square feet. The garage space would also increase by about 1,977 square feet, from 30,495 square feet to 32,472 square feet. The elimination of the laundry and maintenance building would decrease the common area of the development by approximately 22% from 5,500 square feet as presented in the application's plans to 4,300 square feet.

Associated with the changes above, the owner explained that the site plan, building plans and unit plans would change and 56 of the original 132 garages would be built as attached garages with interior access from individual dwelling units. Originally, all 132 garages were proposed to be detached and accessible only from the outdoors. The amended site plan therefore contains nine residential buildings and ten nonresidential buildings. Staff found that the amended development would contain larger two-bedroom and three-bedroom units and the unit mix would remain the same as originally proposed. The final site plan was viewed by staff as very similar to the original plan.

While a larger number of garages were originally anticipated to be rented separate and above the unit rent, the owner's amended request reduced the number of rental garages to exclude any with direct access to a residential unit. Thus, the tenants in these units will receive a garage as part of the unit rent.

Staff noted that the request indicated several less significant changes. These changes included increasing the number of open parking spaces from 97 to 106, correcting the size of the site in the Specifications and Amenities exhibit from 10 acres to 9.977 acres and updating the percentage of masonry in the exterior walls from 30% to 40%.

Staff found that the amended development still would include a laundry room and a maintenance room in the clubhouse and that the owner confirmed these spaces as sufficient to permanently serve the development's needs. Staff noted that the original plan and the amendment were the same in that each unit would be built with washer and dryer connections. Staff also noted that although the original Specifications and Amenities exhibit did not indicate that the development would have nine foot ceiling heights in the units as the amended exhibit does, this feature is the same in the plans of both the application and the amendment.

Owner:	Houston North Apartment Homes, LP
General Partner:	Houston North Apartment Homes I LLC
Developers:	Stonearch Development
Principals/Interested Parties:	Kenneth Cash
Syndicator:	Raymond James
Construction Lender:	Raymond James
Permanent Lender:	Raymond James

City/County:	Houston/Harris
Set-Aside:	Population
Type of Area:	Urban
Region:	6
Type of Development:	New Construction
Population Served:	General Population
Units:	172 HTC units
2009 Allocation:	\$1,976,427
Allocation per HTC Unit:	\$11,491
Prior Board Actions:	7/09 – Approved award of tax credits
REA Recommendation:	REA continued to recommend the original amount of the award of tax credits and found that the project remained financially feasible under the amended development proposal.
Staff Recommendation:	Staff recommends approving the request.



REPORT DATE: 12/29/09 PROGRAM: 9% HTC FILE NUMBER: 09270

DEVELOPMENT

Northline Apartment Homes

Location: N Side of W Grenfell Ln and W Side of Northline Dr. Region: 6
 City: Houston County: Harris Zip: 77076 OCT DDA
 Key Attributes: Family, New Construction, Urban

ALLOCATION

	PREVIOUS REQUEST			PREVIOUS RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$1,976,427			\$1,976,427		

	CURRENT REQUEST			CURRENT RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$1,976,427			\$1,976,427		

CONDITIONS

- 1 Receipt, review and acceptance, by the development's 10% Test deadline, of a firm commitment from the City of Houston for the proposed increased amount of \$1M with terms and source of the funding clearly stated in the commitment.
- 2 Receipt, review and acceptance, by the 10% Test deadline, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
- 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.

CONTACT

Contact: Ken Cash Phone: (281) 493-0700 Fax: (281) 493-0702
 Email: ken@stonearchdev.com

Contact: Sarah Andre Phone: (512) 698-3369 Fax: (512) 233-2269
 Email: sarah@s2adevelopment.com

ADDENDUM

Northline Apartment Homes was originally underwritten during the 2009 9% competitive cycle and was recommended for an annual tax credit allocation of \$1,976,427, subject to conditions. In conjunction with the submission of the Carryover documentation, the Applicant also submitted a request to amend the application for the following changes:

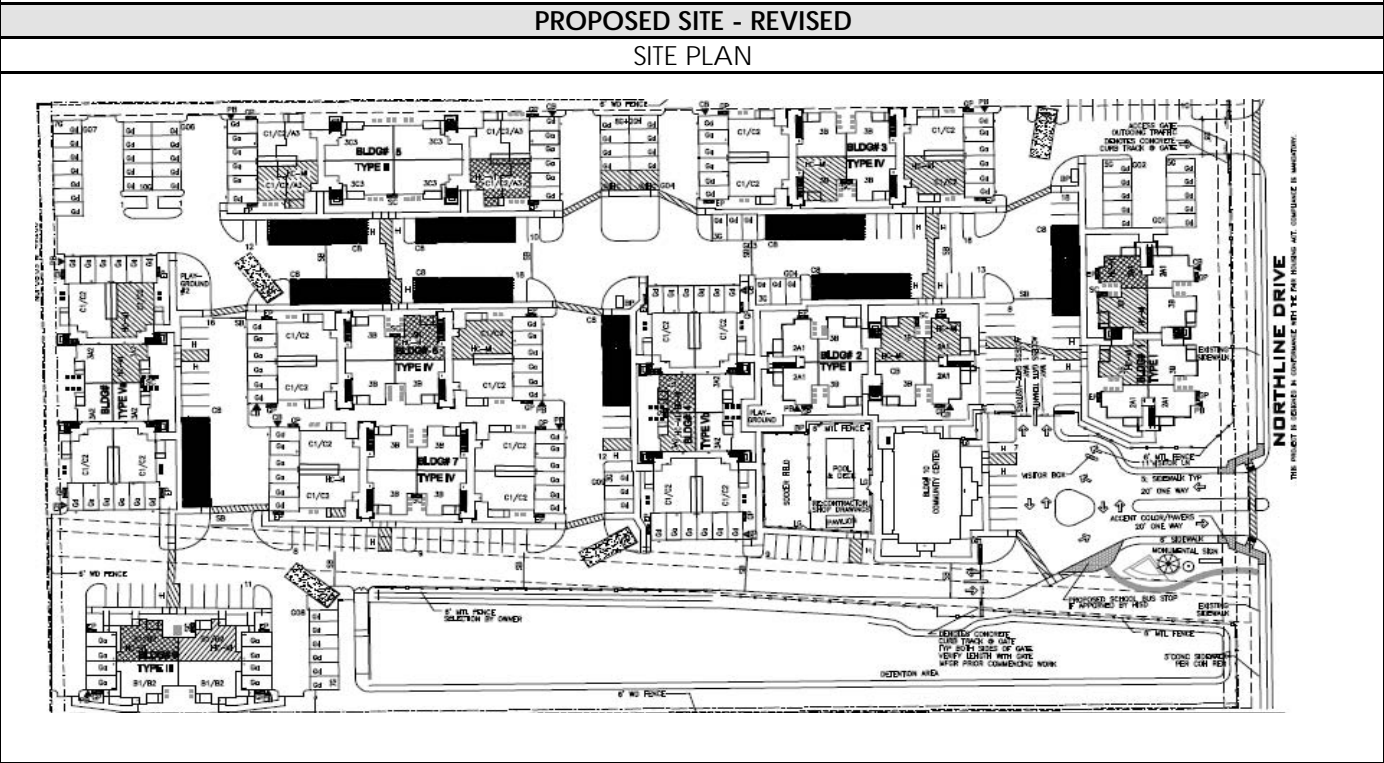
- increase in the square footage for some of the two and three-bedroom units.

- changes to the site plan to include the deletion of the laundry/maintenance building (1,200 sf) and 13 of the detached garage buildings.
- addition of attached garages.
- addition of laundry connections in each unit.

The changes requested result in an 4.2% increase in the total net rentable square footage and a 22% decrease in the common area square footage. The Applicant has omitted the previously proposed laundry/maintenance building because those services were already being offered in the community center building and because all units will now have laundry connections.

The development will now include 80 attached garages and 52 detached garages. Of the 80 attached garages, 56 have direct access into units; therefore, those garages will be provided free of charge to the tenants in those 56 units. The Applicant will charge a fee for the use of the remaining 24 attached garages, as well as all of the 52 detached garages. The cost to construct the 56 garages that will be provided free of charge has been included by the Applicant and the Underwriter in the development's eligible basis. Because a fee is being charged for the remaining garages, the cost to construct those garages has been excluded by the Applicant and the Underwriter from eligible basis.

The Applicant provided a revised rent schedule, total development cost schedule and proforma with the amendment and carryover documentation. The Underwriter has evaluated the impact of the requested changes on the financial viability of the transaction based on the revised documentation provided. Only those portions of the report that are materially affected by the proposed changes are discussed below. This addendum should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.



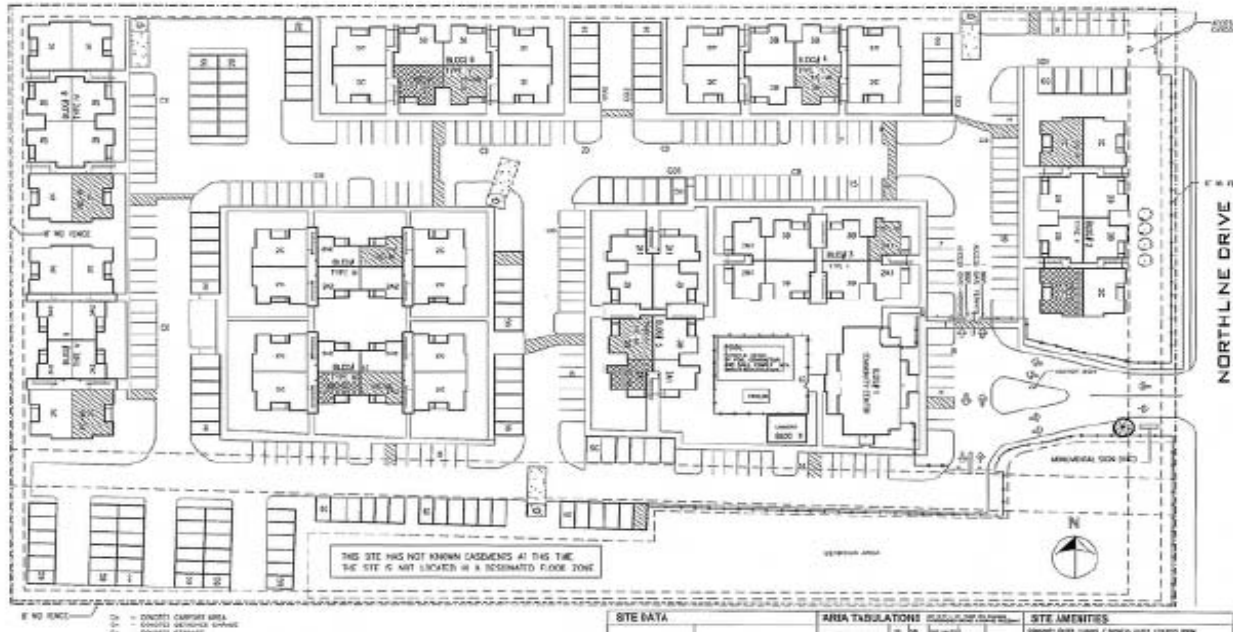
BUILDING CONFIGURATION - REVISED

Building Type	I	II	III	IV	V							Total Buildings
Floors/Stories	3	3	2	3	3							
Number	2	1	1	3	2							9

BR/BA	SF	Units										Total Units	Total SF
1/1	700	8	4			12						44	30,800
2/2	950	12			12							60	57,000
2/2	1,116			4								4	4,464
2/2	1,085			4								4	4,340
3/2	1,142		8		8	8						48	54,816
3/2	1,145		12									12	13,740
Units per Building		20	24	8	20	20						172	165,160

PROPOSED SITE - ORIGINAL

SITE PLAN



BUILDING CONFIGURATION - ORIGINAL

Building Type	I	II	III	IV	V							Total Buildings
Floors/Stories	3	2	2	3	3							
Number	2	1	2	3	1							9

BR/BA	SF	Units										Total Units	Total SF
1/1	700	8										16	11,200
1/1	700			8		12						28	19,600
2/2	950	12	8		12							68	64,600
3/2	1,050		8	8	8	12						60	63,000
Units per Building		20	16	16	20	24						172	158,400

OPERATING PROFORMA ANALYSIS

The Applicant provided a revised pro forma based on the new loan amount for the development. Potential Gross Income remains the same as at application; however, secondary income has increased to reflect the fees charged for the carports and garages (excluding 56 of the 80 attached garages that will be provided to tenants free of charge). Although the Applicant intended to charge for carports and garages at application, the Applicant's original pro forma did not include income for those amenities.

Expenses for most line items remain the same as at application; however, some of the Applicant's expenses appear to have decreased slightly from those estimated at application and reflected in the original underwriting analysis. The changes are primarily attributed to decreased estimates for payroll and property insurance. The Applicant did not provide justification or additional documentation for the changes to these line items.

The Applicant's revised information reflects effective gross income and net operating income that is more than 5% different than the Underwriter's estimate. Therefore, this re-evaluation will continue to use the Underwriter's pro forma to determine the development's need for funding. Based on the new loan amount and terms provided, the Underwriter's estimated DCR is below a 1.15.

CONSTRUCTION COST ESTIMATE EVALUATION

The Applicant's revised development cost schedule reflects an increase in total costs of approximately 3%, or \$555K. As mentioned previously, the cost of the 56 attached garages that will be provided free of charge have been included in eligible basis by both the Underwriter and Applicant. The cost of the remaining garages, for which the Applicant will charge a fee, have been excluded from eligible basis.

The Applicant's revised total development cost is within 5% of the Underwriter's revised 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 \$17,326,153 supports the development's previously approved tax credits of \$1,976,427. This figure will be compared to the Applicant's request and the tax credits calculated based on the current gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

Source:	<u>Capital One</u>	Type:	<u>Interim Financing</u>		
Principal:	<u>\$13,767,370</u>	Interest Rate:	<u>5.25%</u>	<input type="checkbox"/> Fixed	Term: <u>24</u> months
Source:	<u>Capital One</u>	Type:	<u>Permanent Financing</u>		
Principal:	<u>\$5,500,000</u>	Interest Rate:	<u>7.80%</u>	<input checked="" type="checkbox"/> Fixed	Amort: <u>360</u> months
Source:	<u>City of Houston</u>	Type:	<u>Permanent Financing</u>		
Principal:	<u>\$1,000,000</u>	Interest Rate:	<u>0.00%</u>	<input checked="" type="checkbox"/> Fixed	Term: <u>240</u> months

Comments:

Originally the City of Houston funds were to be provided as only an interim source of financing. However, a commitment from the City of Houston dated August 20, 2009 commits a total of \$963,927 as permanent financing. Terms of the loan include an interest rate of 1% accruing to a maturity of 20 years, which may be extended an additional 10 years upon request.

It should be noted that the Applicant's revised sources and uses of funds summary reflect total funds from the City of Houston of \$1M at an interest rate of 0%. The Applicant indicated that verbal approval has been provided by the City to increase the committed funds to \$1M, but that a revised commitment for said amount will not be issued until the Department's re-evaluation of this transaction is provided. Additionally, the Underwriter confirmed with the City of Houston that the funds are to be structured as a deferred loan. The commitment provided further indicates that it is intended that these funds will come out of the City's HOME funding, but that the source is subject to change. As a result of the proposed structure for these funds the Underwriter did not include debt service for the City funds. However, there is concern whether this funding can be considered true debt for eligible basis purposes. If the funds from the City are from a federal source such as HOME funds, and the funds are granted, structured as a forgivable loan, or as a loan that cannot be projected to be repaid, the funds must be deducted from eligible basis as a federal grant.

Therefore, this addendum is conditioned upon receipt, review and acceptance, by the development's 10% Test deadline, of a firm commitment from the City of Houston for the proposed increased amount of \$1M with terms and source of the funding clearly stated in the commitment. Additionally, this addendum is conditioned upon receipt, review and acceptance, by the 10% Test deadline, of an attorney's opinion and analysis validating that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full. If the condition for the attorney's opinion is not met, or if the funds are structured in a way that causes the funds to be treated as a federal grant, and removed from eligible basis, the credit allocation may be affected.

Source: Raymond James Tax Credit Funds Type: Syndication
 Proceeds: \$13,043,114 Syndication Rate: 66% Anticipated HTC: \$ 1,976,427
 Comments:

If the syndication rate has decreased from \$0.70 proposed at application to the current \$0.66 rate quoted in the current commitment from Raymond James (dated 8/27/2009).

Amount: \$275,416 Type: Deferred Developer Fees

CONCLUSIONS

Recommended Financing Structure:

As stated above, the Underwriter's pro forma is utilized to determine the development's need for funding and results in an estimated debt coverage ratio below the Department's minimum guideline of 1.15. Therefore this analysis assumes a decrease in the permanent loan amount from \$5,500,000 to \$4,939,336 based on the terms reflected in the revised commitment from Capital One to bring the DCR to 1.15.

The Applicant's revised total development cost estimate less the recommended permanent loan of \$4,939,336 and the City of Houston funds of \$1,000,000 indicates the need for \$13,902,280 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$2,106,406 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$2,027,160
Allocation determined by gap in financing:	\$2,106,406
<u>Previously Approved Allocation:</u>	<u>\$1,976,427</u>

The allocation amount previously approved by the Department is recommended. A tax credit allocation of \$1,976,427 per year for 10 years results in total equity proceeds of \$13,044,421 at a syndication rate of \$0.66 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$857,859 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

Underwriter:	<u>Raquel Morales</u>	Date:	<u>December 29, 2009</u>
Manager of Real Estate Analysis:	<u>Audrey Martin</u>	Date:	<u>December 29, 2009</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>	Date:	<u>December 29, 2009</u>

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM

Northline Apartment Homes, Houston, 9% HTC #09270

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%	7	1	1	700	\$358	\$250	\$1,750	\$0.36	\$108.00	\$53.00
TC 50%	37	1	1	700	\$598	\$490	\$18,130	\$0.70	\$108.00	\$53.00
TC 30%	2	2	2	950	\$431	\$284	\$568	\$0.30	\$147.00	\$64.00
TC 50%	41	2	2	950	\$717	\$570	\$23,370	\$0.60	\$147.00	\$64.00
TC 60%	17	2	2	950	\$861	\$714	\$12,138	\$0.75	\$147.00	\$64.00
TC 60%	4	2	2	1,116	\$861	\$714	\$2,856	\$0.64	\$147.00	\$64.00
TC 60%	4	2	2	1,085	\$861	\$714	\$2,856	\$0.66	\$147.00	\$64.00
TC 60%	48	3	2	1,142	\$995	\$809	\$38,832	\$0.71	\$186.00	\$74.00
TC 60%	12	3	2	1,145	\$995	\$809	\$9,708	\$0.71	\$186.00	\$74.00
TOTAL:	172		AVERAGE:	960		\$641	\$110,208	\$0.67	\$150.63	\$64.67

INCOME Total Net Rentable Sq Ft: 165,160
POTENTIAL GROSS RENT
 Secondary Income Per Unit Per Month: \$15.00
 Other Support Income:
POTENTIAL GROSS INCOME
 Vacancy & Collection Loss % of Potential Gross Income: -7.50%
 Employee or Other Non-Rental Units or Concessions

TDHCA-Carryover/Amend.	TDHCA-Orig.	App-Orig	APP-Carryover/Amend
\$1,322,496	\$1,322,496	\$1,345,944	\$1,345,944
30,960	30,942	30,942	78,396
0	0	0	0
\$1,353,456	\$1,353,438	\$1,376,886	\$1,424,340
(101,509)	(101,508)	(103,272)	(106,824)
0	0	0	0
\$1,251,947	\$1,251,930	\$1,273,614	\$1,317,516

COUNTY: Harris IREM REGION: Houston COMPT. REGION: 6
 \$37.98 Per Unit Per Month
 \$0.00 Per Unit Per Month
 -7.50% of Potential Gross Income

EFFECTIVE GROSS INCOME
EXPENSES % OF EGI PER UNIT PER SQ FT
 General & Administrative 4.57% \$333 0.35
 Management 5.00% 364 0.38
 Payroll & Payroll Tax 13.94% 1,014 1.06
 Repairs & Maintenance 6.87% 500 0.52
 Utilities 4.06% 295 0.31
 Water, Sewer, & Trash 5.01% 365 0.38
 Property Insurance 5.25% 382 0.40
 Property Tax 2.5237 12.14% 883 0.92
 Reserve for Replacements 3.43% 250 0.26
 TDHCA Compliance Fees 0.55% 40 0.04
 Other: 0.00% 0 0.00
TOTAL EXPENSES 60.81% \$4,426 \$4.61
NET OPERATING INCOME 39.19% \$2,853 \$2.97

PER SQ FT	PER UNIT	% OF EGI				
\$57,203	\$56,002	\$54,000	\$54,000	\$0.33	\$314	4.10%
62,597	62,596	63,700	63,700	0.39	370	4.83%
174,472	170,825	169,770	154,810	0.94	900	11.75%
85,971	84,180	82,720	82,720	0.50	481	6.28%
50,817	49,724	49,810	49,810	0.30	290	3.78%
62,695	61,384	61,540	61,540	0.37	358	4.67%
65,704	65,704	81,700	59,160	0.36	344	4.49%
151,927	151,927	154,800	154,800	0.94	900	11.75%
43,000	43,000	43,000	43,000	0.26	250	3.26%
6,880	6,880	6,880	6,880	0.04	40	0.52%
0	0	0	0	0.00	0	0.00%
\$761,267	\$752,222	\$767,920	\$730,420	\$4.42	\$4,247	55.44%
\$490,680	\$499,708	\$505,694	\$587,096	\$3.55	\$3,413	44.56%

DEBT SERVICE
 Capital One 37.95% \$2,762 \$2.88
 City of Houston 0.00% \$0 \$0.00
 Additional Financing 0.00% \$0 \$0.00
NET CASH FLOW 1.24% \$90 \$0.09

PER SQ FT	PER UNIT	% OF TOTAL				
\$475,115	\$447,618	\$451,579	\$469,643	\$2.84	\$2,730	35.65%
0	0	0	0	\$0.00	\$0	0.00%
0	0	0	0	\$0.00	\$0	0.00%
\$15,566	\$52,090	\$54,115	\$117,453	\$0.71	\$683	8.91%

AGGREGATE DEBT COVERAGE RATIO 1.03
 RECOMMENDED DEBT COVERAGE RATIO 1.15

TDHCA	TDHCA	APPLICANT	APPLICANT					
\$1,020,000	\$1,020,000	\$1,020,000	\$1,020,000					
0	0	0	0					
1,271,600	1,271,600	1,271,600	1,271,600					
9,450,288	9,265,480	9,664,774	9,986,686					
536,094	526,854	546,819	562,914					
1,501,064	1,475,191	1,527,812	1,572,782					
669,300	669,300	669,300	669,300					
840,680	476,827	476,827	607,463					
2,167,533	2,135,349	2,185,000	2,241,000					
1,021,871	1,027,234	1,027,234	1,021,871					
888,000	596,480	897,290	888,000					
\$19,366,431	\$18,464,315	\$19,286,656	\$19,841,616					
\$74,181	\$77.25	\$12,759,047	\$12,539,126	\$13,011,005	\$13,393,982	\$81.10	\$77,872	67.50%

CONSTRUCTION COST
 Description Factor % of TOTAL PER UNIT PER SQ FT
 Acquisition Cost (site or bldg) 5.27% \$5,930 \$6.18
 Off-Sites 0.00% 0 0.00
 Sitework 6.57% 7,393 7.70
 Direct Construction 48.80% 54,944 57.22
 Contingency 5.00% 2.77% 3,117 3.25
 Contractor's Fees 14.00% 7.75% 8,727 9.09
 Indirect Construction 3.46% 3,891 4.05
 Ineligible Costs 4.34% 4,888 5.09
 Developer's Fees 15.00% 11.19% 12,602 13.12
 Interim Financing 5.28% 5,941 6.19
 Reserves 4.59% 5,163 5.38
TOTAL COST 100.00% \$112,596 \$117.26
Construction Cost Recap 65.88% \$74,181 \$77.25

PER SQ FT	PER UNIT	% of TOTAL
\$6.18	\$5,930	5.14%
0.00	0	0.00%
7.70	7,393	6.41%
60.47	58,062	50.33%
3.41	3,273	2.84%
9.52	9,144	7.93%
4.05	3,891	3.37%
3.68	3,532	3.06%
13.57	13,029	11.29%
6.19	5,941	5.15%
5.38	5,163	4.48%
\$120.14	\$115,358	100.00%

SOURCES OF FUNDS
 Capital One 28.40% \$31,977 \$33.30
 City of Houston 5.16% \$5,814 \$6.05
 Raymond James Tax Credit Funds 67.35% \$75,832 \$78.97
 Deferred Developer Fees 1.42% \$1,601 \$1.67
 Additional (Excess) Funds Req'd -2.33% (\$2,628) (\$2.74)
TOTAL SOURCES

RECOMMENDED	RECOMMENDED				
\$5,500,000	\$5,355,735	\$5,355,735	\$5,500,000	\$4,939,336	Developer Fee Available
1,000,000	0	\$0	\$1,000,000	1,000,000	\$2,241,000
13,043,114	13,833,444	\$13,833,444	\$13,043,114	13,044,421	% of Dev. Fee Deferred
275,416	106	\$106	\$275,416	857,859	38%
(452,099)	(724,970)	97,371	23,086	0	15-Yr Cumulative Cash Flow
\$19,366,431	\$18,464,315	\$19,286,656	\$19,841,616	\$19,841,616	\$1,162,634

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM (continued)

Northline Apartment Homes, Houston, 9% HTC #09270

DIRECT CONSTRUCTION COST ESTIMATE

*Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$53.51	\$8,838,218
Adjustments				
Exterior Wall Finish	3.20%		\$1.71	\$282,823
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		1.61	265,147
Roofing			0.00	0
Subfloor			(0.93)	(153,726)
Floor Cover			2.22	366,325
Breezeways/Balconies	\$21.90	40,006	5.30	875,993
Plumbing Fixtures	\$835	384	1.94	320,640
Rough-ins	\$410	344	0.85	141,040
Built-In Appliances	\$1,800	172	1.87	309,600
Exterior Stairs	\$1,875	72	0.82	135,000
Attached Garages-80	\$26.83	16,000	2.60	429,280
Heating/Cooling			1.83	302,243
Detached Garages-52	\$37.94	10,400	2.39	394,576
Carports	\$11.00	14,400	0.96	158,400
Comm &/or Aux Bldgs	\$71.36	4,300	1.86	306,859
Other: fire sprinkler	\$2.15	165,160	2.15	355,094
SUBTOTAL			80.69	13,327,511
Current Cost Multiplier	1.01		0.81	133,275
Local Multiplier	0.91		(7.26)	(1,199,476)
TOTAL DIRECT CONSTRUCTION COSTS			\$74.24	\$12,261,310
Plans, specs, survy, bld prj	3.90%		(\$2.90)	(\$478,191)
Interim Construction Interest	3.38%		(2.51)	(413,819)
Contractor's OH & Profit	11.50%		(8.54)	(1,410,051)
NET DIRECT CONSTRUCTION COSTS			\$60.30	\$9,959,249

PAYMENT COMPUTATION

Primary	\$5,500,000	Amort	360
Int Rate	7.80%	DCR	1.03

Secondary	\$1,000,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.03

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.03

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$426,682
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$63,998

Primary	\$4,939,336	Amort	360
Int Rate	7.80%	DCR	1.15

Secondary	\$1,000,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS RENT	\$1,322,496	\$1,348,946	\$1,375,925	\$1,403,443	\$1,431,512
Secondary Income	30,960	31,579	32,211	32,855	33,512
Other Support Income:	0	0	0	0	0
POTENTIAL GROSS INCOME	1,353,456	1,380,525	1,408,136	1,436,298	1,465,024
Vacancy & Collection Loss	(101,509)	(103,539)	(105,610)	(107,722)	(109,877)
Employee or Other Non-Rental	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,251,947	\$1,276,986	\$1,302,525	\$1,328,576	\$1,355,147
EXPENSES at 3.00%					
General & Administrative	\$57,203	\$58,919	\$60,686	\$62,507	\$64,382
Management	62,597	63,849	65,126	66,429	67,757
Payroll & Payroll Tax	174,472	179,707	185,098	190,651	196,370
Repairs & Maintenance	85,971	88,550	91,207	93,943	96,762
Utilities	50,817	52,342	53,912	55,529	57,195
Water, Sewer & Trash	62,695	64,576	66,513	68,508	70,564
Insurance	65,704	67,675	69,705	71,797	73,950
Property Tax	151,927	156,485	161,179	166,014	170,995
Reserve for Replacements	43,000	44,290	45,619	46,987	48,397
Other	6,880	7,086	7,299	7,518	7,744
TOTAL EXPENSES	\$761,267	\$783,479	\$806,345	\$829,884	\$854,116
NET OPERATING INCOME	\$490,680	\$493,507	\$496,181	\$498,692	\$501,032
DEBT SERVICE					
First Lien Financing	\$426,682	\$426,682	\$426,682	\$426,682	\$426,682
Second Lien	0	0	0	0	0
Other Financing	0	0	0	0	0
NET CASH FLOW	\$63,998	\$66,825	\$69,499	\$72,010	\$74,350
DEBT COVERAGE RATIO	1.15	1.16	1.16	1.17	1.17

YEAR 10	YEAR 15	YEAR 20	YEAR 30
\$1,580,505	\$1,745,005	\$1,926,627	\$2,348,547
37,000	40,851	45,103	54,980
0	0	0	0
1,617,505	1,785,856	1,971,730	2,403,528
(121,313)	(133,939)	(147,880)	(180,265)
0	0	0	0
\$1,496,192	\$1,651,917	\$1,823,850	\$2,223,263
\$74,637	\$86,524	\$100,305	\$134,802
74,810	82,596	91,193	111,163
227,647	263,905	305,939	411,156
112,173	130,039	150,751	202,597
66,305	76,866	89,108	119,754
81,803	94,832	109,936	147,745
85,729	99,383	115,212	154,836
198,230	229,803	266,404	358,025
56,105	65,041	75,401	101,332
8,977	10,407	12,064	16,213
\$986,415	\$1,139,396	\$1,316,313	\$1,757,623
\$509,778	\$512,521	\$507,537	\$465,640
\$426,682	\$426,682	\$426,682	\$426,682
0	0	0	0
0	0	0	0
\$83,096	\$85,839	\$80,855	\$38,958
1.19	1.20	1.19	1.09

HTC ALLOCATION ANALYSIS ADDENDUM -Northline Apartment Homes, Houston, 9% HTC #09270

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	\$1,020,000	\$1,020,000		
Purchase of buildings				
Off-Site Improvements				
Sitework	\$1,271,600	\$1,271,600	\$1,271,600	\$1,271,600
Construction Hard Costs	\$9,986,686	\$9,450,288	\$9,986,686	\$9,450,288
Contractor Fees	\$1,572,782	\$1,501,064	\$1,572,782	\$1,501,064
Contingencies	\$562,914	\$536,094	\$562,914	\$536,094
Eligible Indirect Fees	\$669,300	\$669,300	\$669,300	\$669,300
Eligible Financing Fees	\$1,021,871	\$1,021,871	\$1,021,871	\$1,021,871
All Ineligible Costs	\$607,463	\$840,680		
Developer Fees				
Developer Fees	\$2,241,000	\$2,167,533	\$2,241,000	\$2,167,533
Development Reserves	\$888,000	\$888,000		
TOTAL DEVELOPMENT COSTS	\$19,841,616	\$19,366,431	\$17,326,153	\$16,617,751

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		\$17,326,153	\$16,617,751
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$22,523,999	\$21,603,076
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$22,523,999	\$21,603,076
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		\$2,027,160	\$1,944,277

Syndication Proceeds	0.6600	\$13,379,258	\$12,832,230
Total Tax Credits (Eligible Basis Method)		\$2,027,160	\$1,944,277
Syndication Proceeds		\$13,379,258	\$12,832,230
Previously Approved Tax Credits		\$1,976,427	
Syndication Proceeds		\$13,044,421	
Gap of Syndication Proceeds Needed		\$13,902,280	
Total Tax Credits (Gap Method)		\$2,106,406	



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 Real Estate Analysis Division
 Underwriting Report

REPORT DATE: 07/23/09 PROGRAM: 9% HTC FILE NUMBER: 09270

DEVELOPMENT

Northline Apartment Homes

Location: 9.977 Acres on Northline Drive Region: 6
 City: Houston County: Harris Zip: 77076 OCT DDA
 Key Attributes: Family, New Construction, Urban

ALLOCATION

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,976,427			\$1,976,427		

CONDITIONS

- 1 Receipt, review, and acceptance, by commitment, of documentation from the proposed syndicator/lender clearly estimating the amount of reserves required for this development.
- 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	9
50% of AMI	50% of AMI	78
60% of AMI	60% of AMI	85

STRENGTHS/MITIGATING FACTORS

- Expense to income ratio below 58% and positive cashflow is projected throughout 30 years of stabilized operation.
- Overall inclusive capture rate is 21% and the sub-market is reported to be 97%.

WEAKNESSES/RISKS

- Uncertainty of proposed financing structure and syndication rates.

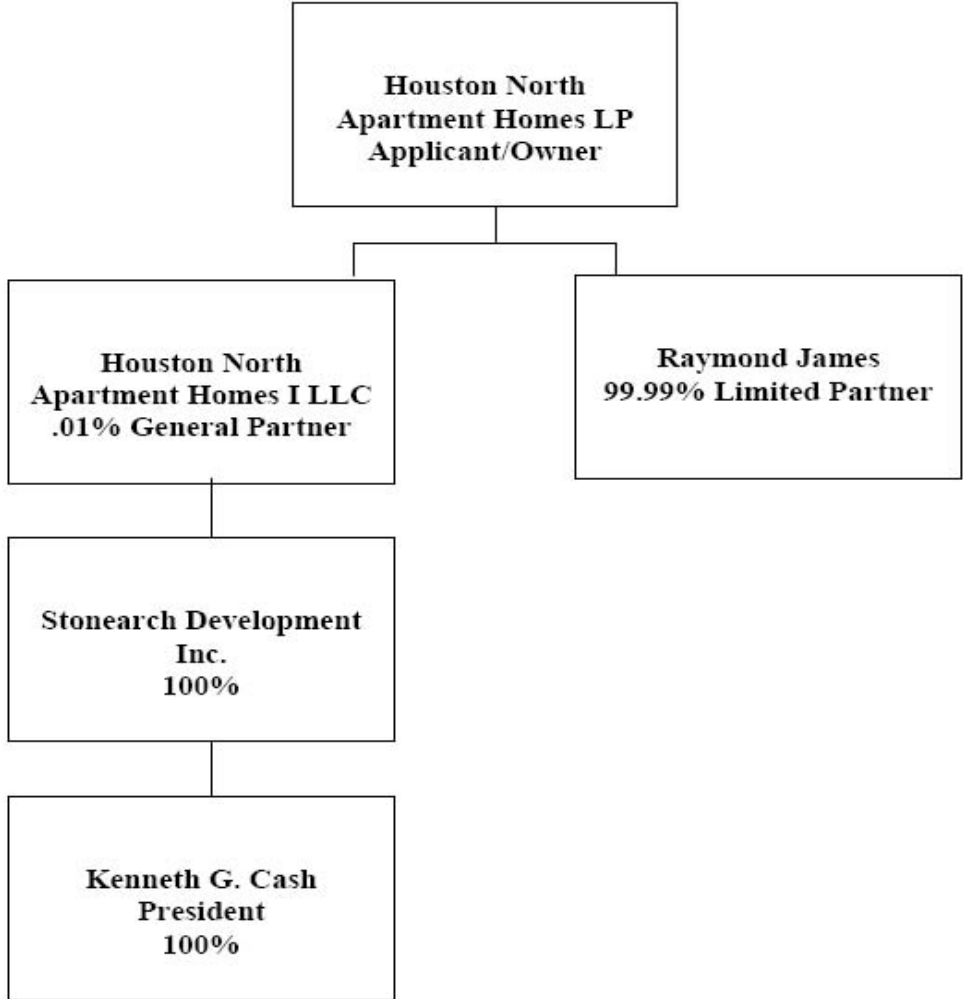
PREVIOUS UNDERWRITING REPORTS

None.

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DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Ken Cash Phone: (281) 493-0700 Fax: (281) 493-0702
 Email: ken@stonearchdev.com

KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
Kenneth G. Cash	CONFIDENTIAL	2
StoneArch Development, Inc	CONFIDENTIAL	2
Houston North Apt Homes, LP	To Be Formed	N/A

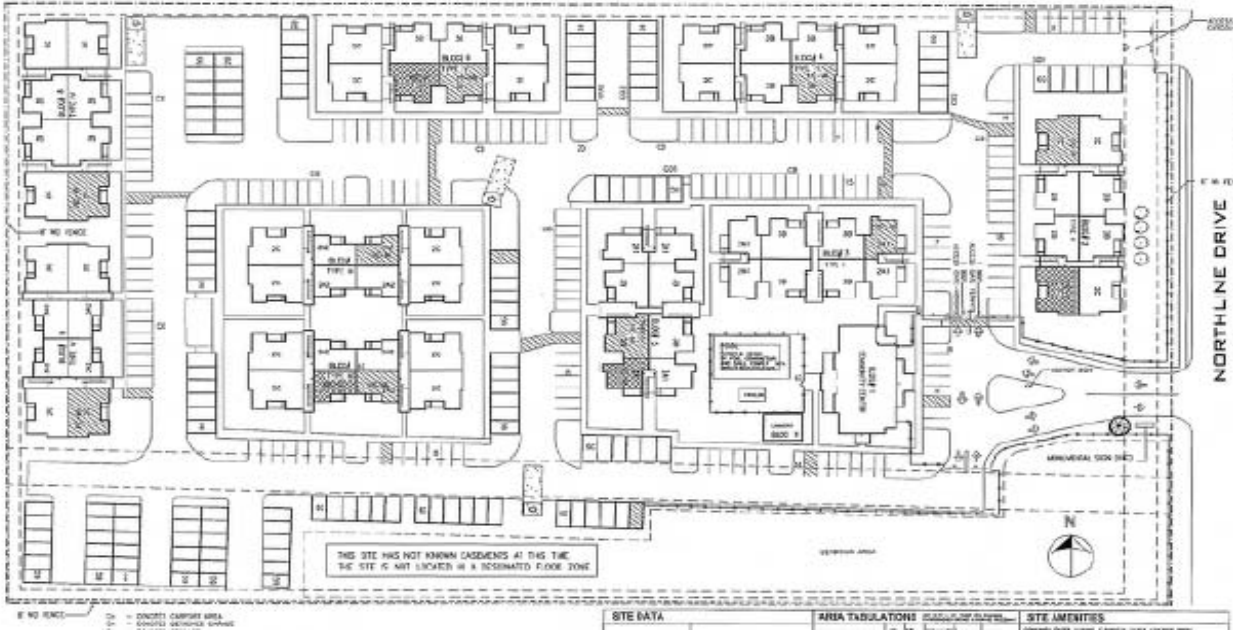
IDENTITIES of INTEREST

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

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II	III	IV	V						Total Buildings
Floors/Stories	3	2	2	3	3						
Number	2	1	2	3	1						9

BR/BA	SF	Units									Total Units	Total SF
1/1	700	8									16	11,200
1/1	700			8		12					28	19,600
2/2	950	12	8		12						68	64,600
3/2	1,050		8	8	8	12					60	63,000
Units per Building		20	16	16	20	24					172	158,400

SITE ISSUES

Total Size: 10 acres Scattered site? Yes No

Flood Zone: Zone X Within 100-yr floodplain? Yes No

Zoning: N/A Needs to be re-zoned? Yes No N/A

Comments:
The City of Houston does not have a zoning ordinance.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/12/2009

Overall Assessment:
 Excellent Acceptable Questionable Poor Unacceptable

Surrounding Uses:
 North: apartments; community East: community
 South: apartments; community West: wooded; community

Comments:
"Gas pipeline through property."

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: DCH Environmental Consultants Date: 2/6/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Based upon DCH's site investigation of the subject property ... no direct evidence was found indicating recognized environmental conditions exist at the subject site." (p. 1)
- "If the water well on the property is no longer of use, it should be properly plugged and abandoned." (p. 1)

Comments:

Any recommended funding will be subject to receipt, review, and acceptance, by carryover, of documentation that the water well on the site has been properly plugged as recommended by the ESA provider.

MARKET HIGHLIGHTS

Provider: Apartment MarketData Date: 3/14/2009

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 23 sq. miles 3 mile equivalent radius

The Primary Market Area is defined by West Road and Hollyvale Drive to the north; the Hardy Toll Road and Irvington Blvd. to the east; Crosstimbers Street to the south; and Wheatley to the west. The PMA had an estimated 2008 population of 99,737, comprised of 29,063 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Lincoln Park	05165	250	139				
Village Park North	05204	100	100				

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,400	\$15,300	\$17,250	\$19,150	\$20,700	\$22,200
40	\$17,880	\$20,400	\$22,960	\$25,520	\$27,560	\$29,600
50	\$22,350	\$25,500	\$28,700	\$31,900	\$34,450	\$37,000
60	\$26,820	\$30,600	\$34,440	\$38,280	\$41,340	\$44,400

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%	162	4	3	169	7	39	27%
1 BR/50%	176	1	0	177	37	8	25%
2 BR/30%	78	-1	0	77	2	53	71%
2 BR/50%	155	-3	1	153	41	41	54%
2 BR/60%	149	0	0	149	25	54	53%
3 BR/60%	354	6	0	360	60	54	32%

UNDERWRITING ANALYSIS of 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%	60	1	0	61	7	39	75%
1 BR/50%	63	0	0	63	37	8	71%
2 BR/30%	67	-1	0	67	2	53	83%
2 BR/50%	125	-2	0	123	41	41	67%
2 BR/60%	70	1	0	71	25	54	112%
3 BR/60%	225	-2	0	223	60	0	27%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER						turnover	
Market Analyst p. 69				4,717	45%	2,127	
Underwriter	100%	4,767	86%	4,100	0%	0	0% 4,100 45% 1,851
PMA DEMAND from GROWTH						growth	
Market Analyst p. 69						5	
Underwriter						100%	10
DEMAND from OTHER SOURCES						Section 8	
Market Analyst p. 69						191	
Underwriter						84	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 70	172	239	0	411	2,323	18%
Underwriter	172	239	0	411	1,944	21%

Proposed, Under Construction, and Unstabilized Comparable Supply:

There are two unstabilized comparable properties located within the PMA that will impact the inclusive capture rate. Lincoln Park Apartments (#05165) is approximately one mile west of the subject. Lincoln Park has a total of 250 units; 50 of these are market rate units, and 61 are three-bedroom units restricted at 30% of AMI, whereas the only three-bedroom units at the subject will be restricted at 60% of AMI; therefore, 139 comparable units at Lincoln Park will be included when calculating an inclusive capture rate.

Village Park North (#05204, fka the Ambassador North) is approximately 2.5 miles southeast of the subject, and has 100 one- and two-bedroom units at 30% and 60% of AMI. Village Park North is a rehabilitation project from 2005. While it was 83% occupied at the time of application, Department records indicate that occupancy was down to 38% in mid 2008. All 100 units have been included in the supply.

A third property, Waterside Court (#05021) is also located in the PMA. Waterside Court consists of only single-family four-bedroom units, and has maintained stabilized occupancy for at least one year, so it has not been included.

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Demand Analysis:

The market study analysis is based on eligible income bands determined from the 2008 HTC program limits, which were the most recent available at the time of application. Applying a turnover rate of 45% from the 2000 census data for Harris County, the market study identifies demand for 2,127 units due to household turnover. (This is overstated, because the Market Analyst included all household sizes; the demographic data indicates that 14% of the PMA households contain 6 or more persons, and would be ineligible for the subject.) The market study calculated demand for 5 units due to household growth.

The market study also states that the Houston and Harris County Housing Authorities have reported that there are 408 Section 8 voucher holders within the PMA. (This data is reported by zip code; the Market Analyst has prorated the quantity according to the approximate geographic percentage of the zip codes contained within the PMA.) The Market Analyst applied the 45% turnover rate to the number of vouchers and concludes demand for 191 units from voucher-holders. This is overstated because it includes many households who are income-qualified and are therefore included in the turnover demand already calculated; the quantity also includes households with greater than 5 persons.

The underwriting analysis is based on eligible income bands determined by the 2009 HTC program limits. The analysis identifies demand for 1,851 units from turnover of income-eligible renter households of 5 or less; demand for 10 units from growth of eligible households; and demand for 84 units from households holding Section 8 vouchers who would not otherwise be eligible.

The market study concludes an inclusive capture rate of 18% based on total demand for 2,323 units and a total supply of 411 units. The underwriting analysis concludes an inclusive capture rate of 21% based on total demand for 1,944 units. This result satisfies the maximum 25% capture rate for urban developments targeting families.

Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 97.1%." (p. 50)

Absorption Projections:

"The most recently constructed affordable project in the PMA, Village Park North, began leasing in April 2008 and reached a stabilized occupancy of 90% in just 7 months. The property currently reports it is 99% occupied. This demonstrates demand for new affordable units in the area." (p. 54) "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. 52)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	700 SF	30%	\$257	\$250	\$636	\$250	\$386
1 BR	700 SF	50%	\$487	\$490	\$636	\$490	\$146
2 BR	950 SF	30%	\$308	\$284	\$799	\$284	\$515
2 BR	950 SF	50%	\$583	\$570	\$799	\$570	\$229
2 BR	950 SF	60%	\$721	\$714	\$799	\$714	\$85
3 BR	1,050 SF	60%	\$830	\$809	\$850	\$809	\$41

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed. Today, stabilized affordable projects are 96%occupied." (p. 58)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 5/20/2009

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of January 1, 2007, maintained by Houston Housing Authority, from the 2008 program gross rent limits. 2009 Program Rent Limits were not available prior to the application submission deadline. Tenants will be required to pay electric utility costs. Based on the Applicant's intention to charge the maximum program rents, the Underwriter's projected rents collected were calculated by subtracting current utility allowances as of 12/1/2007, maintained by the Houston Housing Authority, from the 2009 program rents.

The Applicant's secondary income of \$15 per unit per month, and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. The Applicant intends to collect fees for tenant usage of 72 carports and 47 of the 132 garage spaces. Fees of \$10 per carport rental and \$20 for garage rental will be charged monthly for use. All 60 of the three-bedroom units will include a garage space at no cost, and all 25 of the two-bedroom units at 60% ax credit rents will include a free garage space. The remaining secondary income of \$5.34 per unit per month is described as laundry fees.

Despite the differences in program rents and utility allowances described above, the Applicant's effective gross income estimate is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 5/20/2009

The Applicant's total annual operating expense projection at \$4,465 per unit is within 5% of the Underwriter's estimate of \$4,373, derived from the TDHCA database and third-party data sources.

Conclusion:

The Applicant's effective gross income, operating expenses and net operating income are all within 5% of the Underwriter's estimates. As a result, the Applicant's year one proforma will be used to determine the development's debt capacity. Based on the Applicant's proposed permanent financing structure, the estimated DCR of 1.13 falls below the Department's minimum guideline of 1.15. The Underwriter will recommend a reduction to the permanent loan amount in order to bring the DCR to 1.15 which will be discussed in more detail in the Recommended Financing Structure section of the report.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense, net operating income, and recommended financing structure were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	9.977 acres	<u>\$265,716</u>	Tax Year:	<u>2009</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Harris CAD</u>
Total Prorata:	9.977 acres	<u>\$265,716</u>	Tax Rate:	<u>2.5237</u>

EVIDENCE of PROPERTY CONTROL

Type: Commercial Contract - Unimproved Property Acreage: 9.977
 Contract Expiration: 3/1/2010 Valid Through Board Date? Yes No
 Acquisition Cost: \$1,000,000 Other: _____
 Seller: Deborah Keyser Related to Development Team? Yes No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2009

Acquisition Value:

The site cost of \$100,231 per acre or \$5,814 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction. Per Harris CAD the land area is equal to 435,600 square feet which is equal to 10.0 acres. Per the boundary survey the site is 10.0 acres or 435,600 square feet. However the Purchase Contract states 9.977+/- acres will be purchased and the sales price is calculated on the basis of \$2.30 per square foot of the total area. This causes a small discrepancy between the acquisition price; however the acquisition cost is still deemed acceptable due to the difference being less than 0.25%

Sitework Cost:

The Applicant's claimed sitework costs of \$7,393 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 \$399K or 4% higher than the Underwriter's *Marshall & Swift Residential Cost Handbook* -derived estimate.

Ineligible Costs:

The Applicant included construction costs for carports and garages of \$382,500. However, the Applicant has confirmed that the development will collect fees for these amenities, and the Underwriter has re-allocated these costs to the ineligible cost line item. The Applicant submitted a revised development cost schedule which accounts for the eligible and ineligible portion of carport and garage construction costs according to TDHCA guidelines.

Reserves:

The Applicant overstated the reserve requirement for rent-up and operating reserves as defined by TDHCA and Raymond James, the lender and syndicator. According to the Raymond James commitment, "Currently, we are requiring operating reserves equal to the sum of 6-months of operating expenses, debt service, and replacement reserves for Northline Apartment Homes." Based on Raymond James' requirement and the Applicant's year-1 proforma, this amounts to \$606,310 in required reserves versus the Applicant's estimate of \$897,290. The Underwriter's proforma was used to calculate the reserve amount of \$596,480. Therefore, it appears that the Applicant's estimate is still overstated based on the lender/syndicator's requirement stated in the letter dated 6/18/2009. This was discussed at length with the Applicant and no further explanation could be provided to resolve the discrepancy.

However, should the Applicant's costs otherwise be acceptable for purposes of determining eligible basis, the discrepancy in the reserve estimate could impact the transaction such that if the reserve amount is determined to be less than what is currently estimated, the development could be oversubsidized with tax credits. Therefore, any funding recommendation will be conditioned upon receipt, review and acceptance, by commitment, of documentation from the proposed syndicator/lender clearly estimating the total cost of reserves for this development.

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 \$16,892,539 supports annual tax credits of \$1,976,427. 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

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2009

Source: Raymond James Multifamily Finance, Inc. Type: Interim Financing

Principal: \$9,006,932 Interest Rate: 8.25% Fixed Term: 24 months

Comments:

The applicant provided a revised interim financing commitment letter which shows a more current interest rate than originally submitted. The interim interest rate is based on the Wall Street Journal's published prime rate of 3.25% + 500bps = 8.25%. This rate is floating and can increase or decrease depending on market conditions.

Source: Raymond James Multifamily Finance, Inc. Type: Permanent Financing

Principal: \$5,355,735 Interest Rate: 7.46% Fixed Amort: 360 months

Source: Raymond James Tax Credit Funds Type: Syndication

Proceeds: \$13,915,342 Syndication Rate: 70% Anticipated HTC: \$ 1,987,906

Comments:

If the syndication rate falls below \$0.61 this development will become infeasible. The syndication letter will expire if closing has not occurred by 12-31-2009.

Amount: \$178,736 Type: Deferred Developer Fees

CONCLUSIONS

Recommended Financing Structure:

As stated above, the Underwriter's proforma analysis results in a debt coverage ratio below the Department's minimum guideline of 1.15. Therefore this analysis assumes a decrease in the permanent loan amount from \$5,355,735 to \$5,260,864 based on the same terms reflected in the application materials in order to bring the DCR to 1.15. As a result the development's gap in financing will increase.

The Applicant's total development cost estimate less the recommended permanent loan of \$5,260,864 indicates the need for \$14,025,792 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$2,003,685 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

<u>Allocation determined by eligible basis:</u>	<u>\$1,976,427</u>
Allocation determined by gap in financing:	\$2,003,685
<u>Allocation requested by the Applicant:</u>	<u>\$1,976,427</u>

The allocation amount requested by the Applicant is recommended. A tax credit allocation of \$1,976,427 per year for 10 years results in total equity proceeds of \$13,834,989 at a syndication rate of \$0.70 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$190,802 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within 5 years of stabilized operation.

Underwriter:	_____	Date:	_____
	<i>Colton Sanders</i>		July 23, 2009
Manager of Real Estate Analysis:	_____	Date:	_____
	<i>Raquel Morales</i>		July 23, 2009
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Brent Stewart</i>		July 23, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Northline Apartment Homes, Houston, 9% HTC #09270

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%	7	1	1	700	\$358	\$250	\$1,750	\$0.36	\$108.00	\$53.00
TC 50%	37	1	1	700	\$598	\$490	\$18,130	\$0.70	\$108.00	\$53.00
TC 30%	2	2	2	950	\$431	\$284	\$568	\$0.30	\$147.00	\$64.00
TC 50%	41	2	2	950	\$717	\$570	\$23,370	\$0.60	\$147.00	\$64.00
TC 60%	25	2	2	950	\$861	\$714	\$17,850	\$0.75	\$147.00	\$64.00
TC 80%	60	3	2	1,050	\$995	\$809	\$48,540	\$0.77	\$186.00	\$74.00
TOTAL:	172		AVERAGE:	921		\$641	\$110,208	\$0.70	\$150.63	\$64.67

INCOME

Total Net Rentable Sq Ft: **158,400**

POTENTIAL GROSS RENT

Secondary Income

Per Unit Per Month: \$14.99

Other Support Income:

POTENTIAL GROSS INCOME

Vacancy & Collection Loss

% of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI	
General & Administrative	4.47%	\$326	0.35	\$56,002	\$54,000	\$0.34	\$314	4.24%	
Management	5.00%	364	0.40	62,596	63,700	0.40	370	5.00%	
Payroll & Payroll Tax	13.64%	993	1.08	170,825	169,770	1.07	987	13.33%	
Repairs & Maintenance	6.72%	489	0.53	84,180	82,720	0.52	481	6.49%	
Utilities	3.97%	289	0.31	49,724	49,810	0.31	290	3.91%	
Water, Sewer, & Trash	4.90%	357	0.39	61,384	61,540	0.39	358	4.83%	
Property Insurance	5.25%	382	0.41	65,704	81,700	0.52	475	6.41%	
Property Tax	2.5237	12.14%	883	0.96	151,927	154,800	0.98	900	12.15%
Reserve for Replacements	3.43%	250	0.27	43,000	43,000	0.27	250	3.38%	
TDHCA Compliance Fees	0.55%	40	0.04	6,880	6,880	0.04	40	0.54%	
Other:	0.00%	0	0.00	0	0	0.00	0	0.00%	
TOTAL EXPENSES	60.08%	\$4,373	\$4.75	\$752,222	\$767,920	\$4.85	\$4,465	60.29%	
NET OPERATING INC	39.92%	\$2,905	\$3.15	\$499,708	\$505,694	\$3.19	\$2,940	39.71%	

DEBT SERVICE

Raymond James Multifamily Finance	35.75%	\$2,602	\$2.83	\$447,618	\$451,579	\$2.85	\$2,625	35.46%
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	4.16%	\$303	\$0.33	\$52,090	\$54,115	\$0.34	\$315	4.25%

AGGREGATE DEBT COVERAGE RATIO

1.12

RECOMMENDED DEBT COVERAGE RATIO

1.15

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)		5.52%	\$5,930	\$6.44	\$1,020,000	\$1,020,000	\$6.44	\$5,930	5.29%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.89%	7,393	8.03	1,271,600	1,271,600	8.03	7,393	6.59%
Direct Construction		50.18%	53,869	58.49	9,265,480	9,664,774	61.01	56,191	50.11%
Contingency	5.00%	2.85%	3,063	3.33	526,854	546,819	3.45	3,179	2.84%
Contractor's Fees	14.00%	7.99%	8,577	9.31	1,475,191	1,527,812	9.65	8,883	7.92%
Indirect Construction		3.62%	3,891	4.23	669,300	669,300	4.23	3,891	3.47%
Ineligible Costs		2.58%	2,772	3.01	476,827	476,827	3.01	2,772	2.47%
Developer's Fees	15.00%	11.56%	12,415	13.48	2,135,349	2,185,000	13.79	12,703	11.33%
Interim Financing		5.56%	5,972	6.49	1,027,234	1,027,234	6.49	5,972	5.33%
Reserves		3.23%	3,468	3.77	596,480	897,290	5.66	5,217	4.65%
TOTAL COST		100.00%	\$107,351	\$116.57	\$18,464,315	\$19,286,656	\$121.76	\$112,132	100.00%
Construction Cost Recap		67.91%	\$72,902	\$79.16	\$12,539,126	\$13,011,005	\$82.14	\$75,645	67.46%

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
Raymond James Multifamily Finance	29.01%	\$31,138	\$33.81	\$5,355,735	\$5,355,735	\$5,260,864	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	\$0	0	\$2,185,000
Raymond James Tax Credit Funds	74.92%	\$80,427	\$87.33	13,833,444	\$13,833,444	13,834,989	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	\$1	\$0.00	106	\$106	190,802	9%
Additional (Excess) Funds Req'd	-3.93%	(\$4,215)	(\$4.58)	(724,970)	97,371	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$18,464,315	\$19,286,656	\$19,286,656	\$1,218,709

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Northline Apartment Homes, Houston, 9% HTC #09270

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.74	\$8,829,294
Adjustments				
Exterior Wall Finish	2.40%		\$1.34	\$211,903
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		1.67	264,879
Roofing			0.00	0
Subfloor			(0.93)	(147,434)
Floor Cover			2.22	351,331
Breezeways/Balconies	\$21.69	45,868	6.28	994,981
Plumbing Fixtures	\$835	384	2.02	320,640
Rough-ins	\$410	344	0.89	141,040
Built-In Appliances	\$1,800	172	1.95	309,600
Exterior Stairs	\$1,875	72	0.85	135,000
Enclosed Corridors	\$45.82		0.00	0
Heating/Cooling			1.83	289,872
Garages	\$37.94	9,400	2.25	356,636
Carpports	\$11.00	14,400	1.00	158,400
Comm &/or Aux Bldgs	\$69.99	5,100	2.25	356,936
Other: fire sprinkler	\$2.15	158,400	2.15	340,560
SUBTOTAL			81.53	12,913,639
Current Cost Multiplier	1.01		0.82	129,136
Local Multiplier	0.91		(7.34)	(1,162,227)
TOTAL DIRECT CONSTRUCTION COSTS			\$75.00	\$11,880,548
Plans, specs, survy, bld pmt	3.90%		(\$2.93)	(\$463,341)
Interim Construction Interest	3.38%		(2.53)	(400,968)
Contractor's OH & Profit	11.50%		(8.63)	(1,366,263)
NET DIRECT CONSTRUCTION COSTS			\$60.92	\$9,649,975

PAYMENT COMPUTATION

Primary	\$5,355,735	Amort	360
Int Rate	7.46%	DCR	1.12

Secondary	\$0	Amort	
Int Rate		Subtotal DCR	1.12

Additional	\$13,833,444	Amort	
Int Rate		Aggregate DCR	1.12

RECOMMENDED FINANCING STRUCTURE APPLICATION

Primary Debt Service	\$439,689
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$66,005

Primary	\$5,260,864	Amort	360
Int Rate	7.46%	DCR	1.15

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15

Additional	\$13,833,444	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,322,496	\$1,348,946	\$1,375,925	\$1,403,443	\$1,431,512	\$1,580,505	\$1,745,005	\$1,926,627	\$2,348,547
Secondary Income	30,942	31,561	32,192	32,836	33,492	36,978	40,827	45,076	54,948
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,353,438	1,380,507	1,408,117	1,436,279	1,465,005	1,617,483	1,785,832	1,971,703	2,403,495
Vacancy & Collection Loss	(101,508)	(103,538)	(105,609)	(107,721)	(109,875)	(121,311)	(133,937)	(147,878)	(180,262)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,251,930	\$1,276,969	\$1,302,508	\$1,328,558	\$1,355,129	\$1,496,172	\$1,651,895	\$1,823,826	\$2,223,233
EXPENSES at 3.00%									
General & Administrative	\$56,002	\$57,682	\$59,413	\$61,195	\$63,031	\$73,070	\$84,708	\$98,200	\$131,972
Management	62,596	63,848	65,125	66,428	67,756	74,809	82,595	91,191	111,162
Payroll & Payroll Tax	170,825	175,950	181,228	186,665	192,265	222,888	258,388	299,542	402,560
Repairs & Maintenance	84,180	86,705	89,306	91,985	94,745	109,835	127,329	147,610	198,375
Utilities	49,724	51,216	52,752	54,335	55,965	64,879	75,212	87,192	117,178
Water, Sewer & Trash	61,384	63,226	65,122	67,076	69,088	80,092	92,849	107,637	144,656
Insurance	65,704	67,675	69,705	71,797	73,950	85,729	99,383	115,212	154,836
Property Tax	151,927	156,485	161,179	166,014	170,995	198,230	229,803	266,404	358,025
Reserve for Replacements	43,000	44,290	45,619	46,987	48,397	56,105	65,041	75,401	101,332
Other	6,880	7,086	7,299	7,518	7,744	8,977	10,407	12,064	16,213
TOTAL EXPENSES	\$752,222	\$774,163	\$796,749	\$820,000	\$843,936	\$974,613	\$1,125,715	\$1,300,454	\$1,736,309
NET OPERATING INCOME	\$499,708	\$502,806	\$505,759	\$508,558	\$511,193	\$521,559	\$526,180	\$523,372	\$486,924
DEBT SERVICE									
First Lien Financing	\$439,689	\$439,689	\$439,689	\$439,689	\$439,689	\$439,689	\$439,689	\$439,689	\$439,689
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	\$60,019	\$63,117	\$66,070	\$68,869	\$71,504	\$81,870	\$86,491	\$83,683	\$47,235
DEBT COVERAGE RATIO	1.14	1.14	1.15	1.16	1.16	1.19	1.20	1.19	1.11

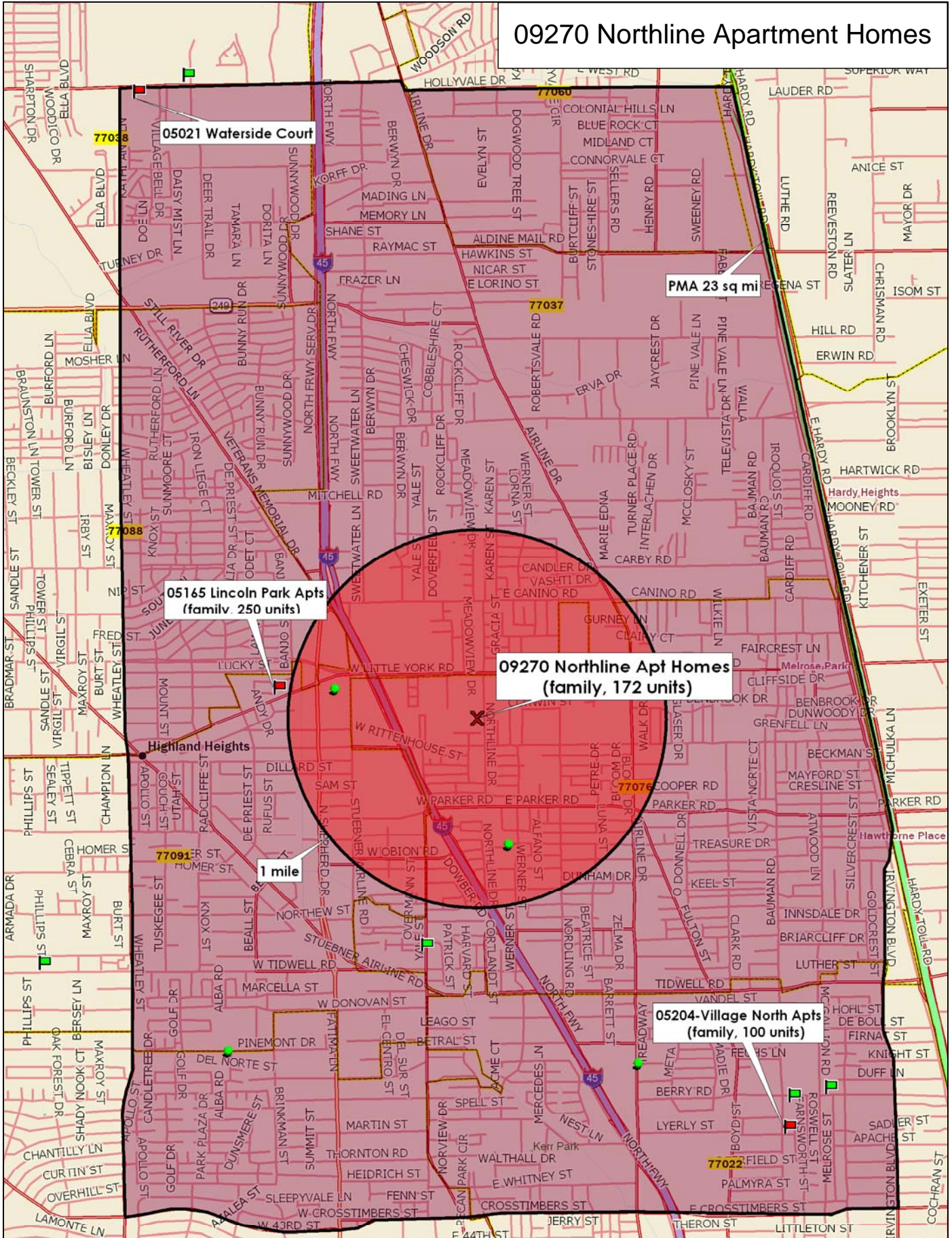
HTC ALLOCATION ANALYSIS -Northline Apartment Homes, Houston, 9% HTC #09270

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	\$1,020,000	\$1,020,000		
Purchase of buildings				
Off-Site Improvements				
Sitework	\$1,271,600	\$1,271,600	\$1,271,600	\$1,271,600
Construction Hard Costs	\$9,664,774	\$9,265,480	\$9,664,774	\$9,265,480
Contractor Fees	\$1,527,812	\$1,475,191	\$1,527,812	\$1,475,191
Contingencies	\$546,819	\$526,854	\$546,819	\$526,854
Eligible Indirect Fees	\$669,300	\$669,300	\$669,300	\$669,300
Eligible Financing Fees	\$1,027,234	\$1,027,234	\$1,027,234	\$1,027,234
All Ineligible Costs	\$476,827	\$476,827		
Developer Fees				
Developer Fees	\$2,185,000	\$2,135,349	\$2,185,000	\$2,135,349
Development Reserves	\$897,290	\$596,480		
TOTAL DEVELOPMENT COSTS	\$19,286,656	\$18,464,315	\$16,892,539	\$16,371,008

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		\$16,892,539	\$16,371,008
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$21,960,300	\$21,282,311
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$21,960,300	\$21,282,311
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		\$1,976,427	\$1,915,408

Syndication Proceeds	0.7000	\$13,834,989	\$13,407,856
Total Tax Credits (Eligible Basis Method)		\$1,976,427	\$1,915,408
Syndication Proceeds		\$13,834,989	\$13,407,856
Requested Tax Credits		\$1,976,427	
Syndication Proceeds		\$13,834,989	
Gap of Syndication Proceeds Needed		\$14,025,792	
Total Tax Credits (Gap Method)		\$2,003,685	

09270 Northline Apartment Homes

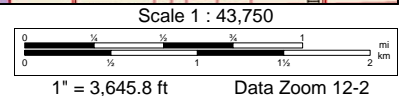


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TN
 MN (3.5°E)
 Page 14 of 14





November 30, 2009

Ms. Robbye Meyer
 Director, Multifamily Finance Production Division
 Texas Department of Housing and Community Affairs
 PO Box 13941
 Austin, TX 78711

RE: Amendment Request for 09270, Northline Apartment Homes

Dear Ms. Meyer:

On behalf of Ken Cash, please find this request for an amendment to HTC application 09270, Northline Apartment Homes. We are proposing minor changes to the site plan, building floor plans and unit plans. There is no loss of any features associated with the Threshold, Selection, or other representations of the original application. None of the proposed changes affect the original score for the development.

Please find the new architectural plans that reflect these changes. You will also find a revised V1 T1 Development Narrative, V1 T2 Rent Schedule, V1 T2 Building/Unit Type form, V1 T2 Annual Operating Expenses, V1 T2 30 Yr Pro Forma, V1 T3 Development Cost Schedule, V1 T8 Relevant Development Information, and V3 T1 PB Specifications and Amenities form.

As a result of the architectural changes, slight changes were made in the development cost schedule and pro forma. Overall hard costs were increased as a reflection of the increased square footage and the cost of constructing garages was removed from eligible basis because the developer intends to charge tenants for the use of these structures. Rent for that use is now included in the rent schedule, operating budget and the pro forma, which is included with this amendment request. The other application Excel forms and financial forms (including the Offsite Costs, Site Work Costs, Utility Allowances, Sources and Uses, Financing Participants, Financing Narrative, and Financing Commitments) have been included here as well, but it should be noted that they are the same forms that were submitted with the Carryover packet for re-underwriting.

Site Plan Changes

<i>Feature</i>	<i>Original Application</i>	<i>Proposed Amendment</i>
Residential Buildings	9	9
Community Center	1	1
Laundry/Maintenance Building	1	0
Detached Garage Buildings	22	9
Total Residential Buildings	9	9
Total Non Residential Buildings	24	10

The original application included a site plan with 9 residential buildings, 1 community center building, 1 laundry/maintenance building, and 22 detached garage buildings for a total of 9 residential buildings and 24 non-residential buildings. The original plans did not have attached garages.

The new site plan includes 9 residential buildings, 1 community center building, and 9 detached garage buildings for a total of 9 residential buildings and 10 non-residential buildings. The new plans have 7 buildings that have attached garages. The laundry/maintenance building was removed because those services are already offered in the community center building. Because all units have laundry connections, we do not believe that we need an additional public laundry area.

On average, the new buildings will be 40% masonry veneer and 60% fiber cement board siding, which is still 100% masonry construction, as was proposed in the original application.

Parking Changes

<i>Feature</i>	<i>Original Application</i>	<i>Proposed Amendment</i>
Attached Garages	0	80
Detached Garages	132	52
Carports	72	72
Open Surface Parking Spaces	97	106

The original application had 132 detached garages, 72 carports, and 97 open surface parking spaces. The new plan has 80 attached garages, 52 detached garages, 72 carports, and 106 open surface parking spaces.

Common Building Changes

<i>Feature</i>	<i>Original Application</i>	<i>Proposed Amendment</i>
Community Center	1 bldg, 4,300 sf	1 bldg, 4,300 sf
Laundry/Maintenance Building	1	0

The original application had two common buildings: 1 community center and 1 laundry/maintenance area. The community center in the original application was 4,300 sq ft. The community center in the new plans is 4,300 sq ft. There is also no change in the square footage, layout, or services of the building.

In the new plans, the 1,200 sq ft laundry/maintenance building was removed because those services are already offered in the community center building. Because all units have laundry connections, we do not believe that we need a separate public laundry area.

Building Floor Plan Changes

<i>Feature</i>	<i>Original Application</i>	<i>Proposed Amendment</i>
Number of Building Types	5	5 with types Va and Vb
Total Building Square Footage	158,400	165,160

The original application had 5 building floor plan types. The new plans also have 5 building floor plan types (new Building Type V has an “a” and “b” designation because of a slightly different exterior composition, which is evident on the elevation/exterior plans). Floor plans have changed from the original application due to the addition of attached garages in all but 1 building type as well as new unit plans.

Total building square footage has increased. The original application had 159,600 sq ft in all 9 residential buildings. In the new plans, the total residential building square footage has increased to 165,160.

Unit Floor Plan Changes

<i>Feature</i>	<i>Original Application</i>	<i>Proposed Amendment</i>
Unit Types	Four types: A1, A2, B and C	Nine types: A1, A2, A3, B, B1, B2, C1, C2 C3
One Bedroom/One Bath Units	44 at 700 sf each	44 at 700 sf each
Two Bedroom/Two Bath Units	68 at 950 sf each	68 total: 60 at 950 sf, 4 at 1,116 sf and 4 at 1,085 sf
Three Bedroom/Two Bath Units	60 at 1,050 sf each	60 total: 48 at 1,142 sf and 12 at 1,145 sf l
Total Units	172	172

Unit floor plans needed to be reconfigured to accommodate the attached garages. The original application had a unit types: A1 (700 sq ft), A2 (700 sq ft), B (950 sq ft), and C (1050 sq ft).

The new plans have the following unit types: A1 (700 sq ft), A2 (700 sq ft), A3 (700 sq ft), B (950 sq ft), B1 (1,116 sq ft), B2 (1,085 sq ft), C1 (1,142 sq ft), C2 (1,142 sq ft), and C3 (1,145 sq ft). In the new plans, unit square footages either stayed the same (1/1 units) or increased (2/2 units and 3/2 units) from the original application.

There has been no change in the number of units by bedroom. Both the original and new plans have 44 1-1 units, 68 2-2 units, and 60 3-2 units for a total of 172 units. There are also no changes in the percentage of low-income units as a whole or by number of units: There are still 9 30% units, 78 50% units and 85 60% units for a total of 100% affordable units.

Thank you for your attention to this matter. Please contact me at 512/698-3369 with any questions.

Sincerely,



Sarah H. Andre

Volume 1, Tab 1
Development Narrative

Northline Apartment Homes

Northline Apartment Homes is a new development that will be built on 9.977 acres on Northline Drive in Houston, TX, 77076. The apartments will serve the family population and will house 172 units; all 172 will be low-income units. Northline Apartment Homes will be composed of 9 residential buildings and 10 non-residential buildings.

Ben Sheppard

09270

From: Ken Cash [ken@stonearchdev.com]
Sent: Thursday, December 24, 2009 11:11 AM
To: Ben Sheppard
Cc: Sarah Andre; Sarah Anderson
Subject: RE: 09270 Northline amendment

Ben,

To answer your first concern we will have enough Maintenance Room Space and Laundry Room Space in the current Community Center Design. We have included a Laundry Room that is now attached to the Community Center and we have also increased our proposed storage and maintenance room space within the current Community Center Design as well.

Please let me know if you have any other questions regarding the Laundry and Maintenance Room Space.

I will reply to you in another email message regarding the attached garages.

Thank you,

Ken Cash

From: Ben Sheppard [mailto:ben.sheppard@tdhca.state.tx.us]
Sent: Wednesday, December 23, 2009 12:00 PM
To: Ken Cash
Cc: Audrey Martin
Subject: 09270 Northline amendment

Ken,

There are two unique concerns about your request. One, from our compliance division, concerns the maintenance/laundry building that you propose eliminating from the design. Please be aware that you must have sufficient maintenance/laundry space available elsewhere to compensate for the space that will be eliminated. Moreover, please be aware that if we receive a request in the future to convert a dwelling unit into a laundry or maintenance room, we will not approve it. Therefore, we ask now that you confirm that sufficient maintenance (and laundry) space exists without the building that is proposed to be eliminated.

The second issue concerns the garages. You are proposing to revise the plan and have attached garages instead of detached garages. Your application indicates that you are charging rent on the garages. Our question is, how can the tenants have the "option" to rent or not to rent an attached garage. A ramification of the issue begs the question of whether you will rent a garage that is attached to one unit to the tenant of another unit and will the garages have access (i.e. ingress and egress) directly into and from the units or will they only be accessible from outdoors?

Please respond ASAP. We must have all concerns resolved early Monday (December 28) morning.

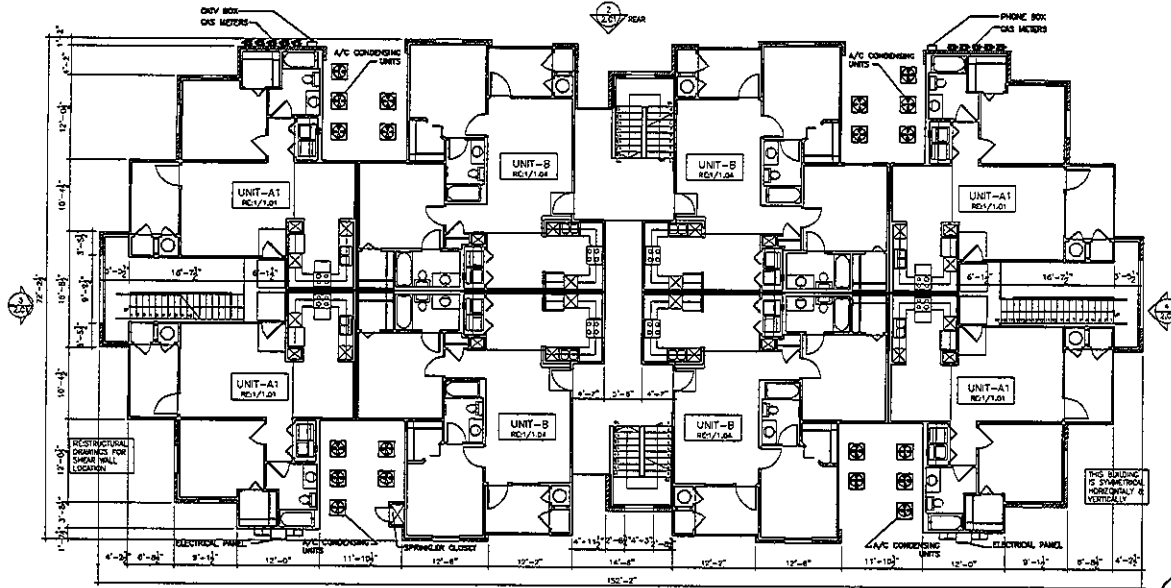
Thanks.

Ben Sheppard
Specialist, Multifamily Finance
Texas Department of Housing & Community Affairs
(512) 475-2122

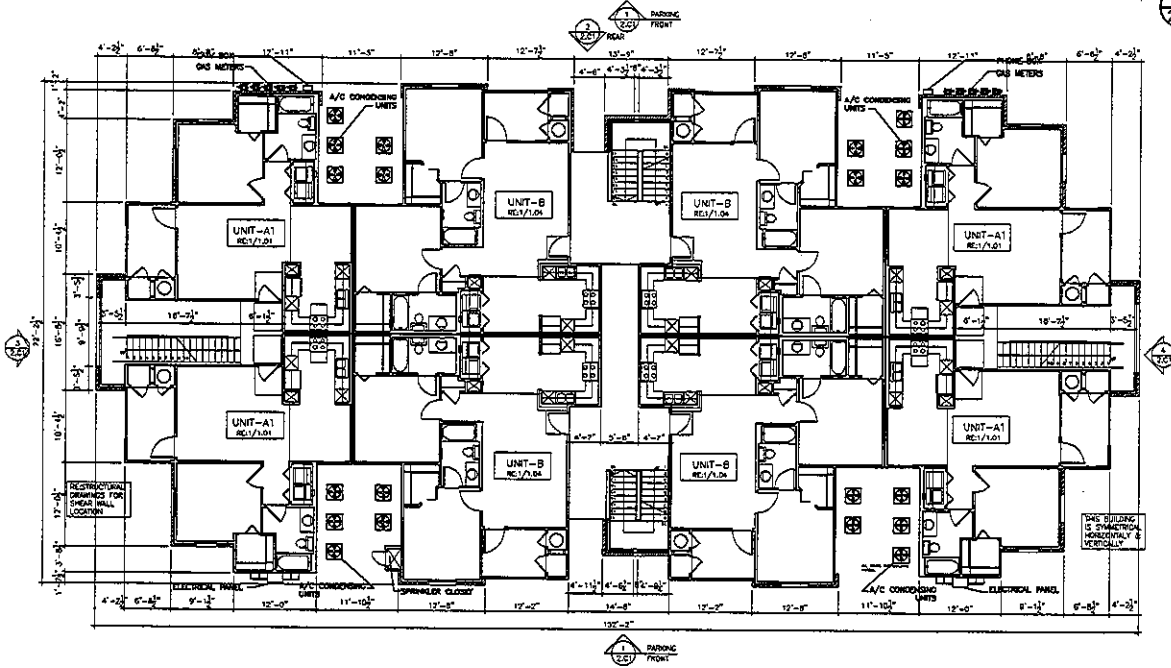
12/28/2009

Amendment

09270



2 BUILDING TYPE I - SECOND - FLOOR PLAN
2.A1 1/8" = 1'-0"



1 BUILDING TYPE I - FIRST-FLOOR PLAN
2.A1 1/8" = 1'-0"

FIRE PROTECTION NOTE:
ALL FLOORS OF THESE APARTMENT BUILDINGS, UNITS AND BALCONIES/PATIOS SHALL HAVE AUTOMATIC FIRE SPRINKLERS PER NFPA 136 (SECTION 603.3.1) AND ALL LOCAL BUILDING CODE AMENDMENTS. FURNISH AND INSTALL SMOKE ALARMS IN ALL UNITS AND LEASING OFFICE BUILDING AS LOCATED IN MEP DRAWINGS. ALL SMOKE DETECTING EQUIPMENT SHALL BE UL RATED. ALL EQUIPMENT AND INSTALLATION SHALL COMPLY WITH NFPA 101, NFPA 72. SMOKE DETECTOR CONTRACTOR SHALL REVIEW AND COMPLY WITH NFPA 704-1. FIRE EXTINGUISHER ARE REQUIRED IN THE PROCEEDINGS AT ALL LEVELS AT A MAX TRAVEL DISTANCE OF 75' AND EVERY 3,000 SF. EACH WILL NEED A SECURITY BREAK BOX. FIRE EXTINGUISHER ARE TO BE CLASSIFIED AS 2A1BC.

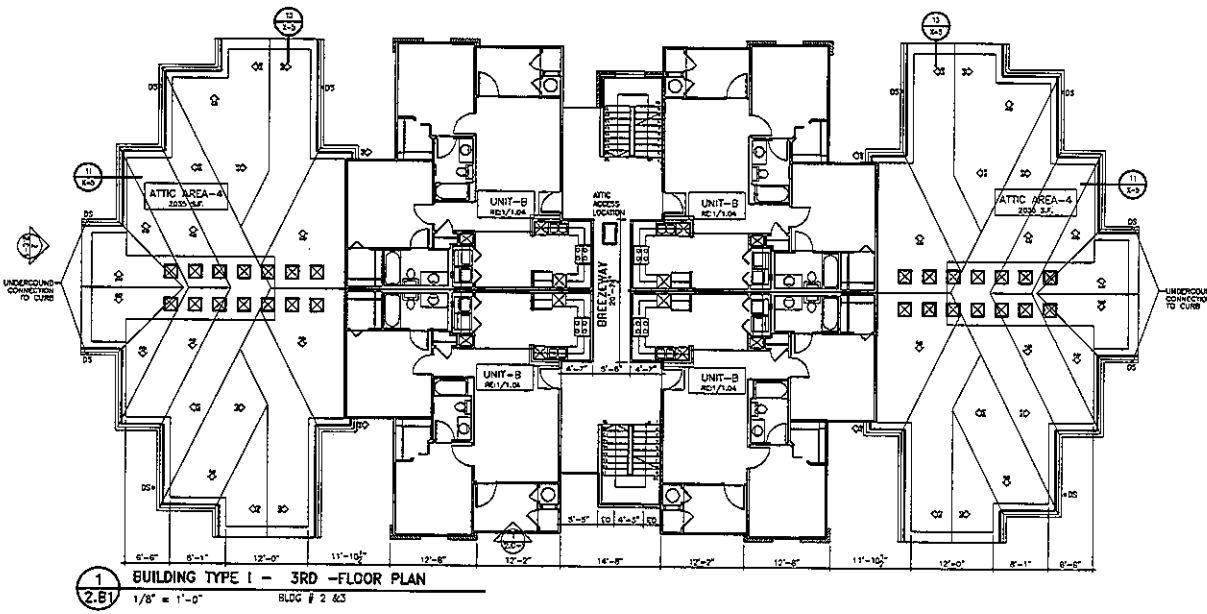
THIS PROJECT IS DESIGNED IN CONFORMANCE WITH THE FAIR HOUSING ACT. COMPLIANCE IS MANDATORY.

NORTHLINE APARTMENT HOMES
7211 NORTHLINE DRIVE
HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS
ISSUE DATE: 11/02/2009
PROJECT NO. 28005
 THE NELSON GROUP INC. ARCHITECTURE PLANNING INTERIORS 7805 ROBINWAY, SUITE 200 HOUSTON, TEXAS 77055-2021 TEL: 281-261-2222 FAX: 281-261-2222 www.nelsongroup.com
 REGISTERED ARCHITECT STATE OF TEXAS
SHEET 2.A-1 BUILDING PLANS TYPE I BLDG # 1 & 2
<small>© 2009 THE NELSON GROUP, INC.</small>

09270

Amendment



1 BUILDING TYPE I - 3RD -FLOOR PLAN
 2.B1 1/8" = 1'-0" BLDG # 2 & 3

FIRE PROTECTION NOTE:
 ALL FLOORS OF THESE APARTMENT BUILDINGS, UNITS AND BALCONIES/PATIOS SHALL HAVE AUTOMATIC FIRE SPRINKLER FOR WET RISE (SECTION 9003.1.1) AND ALL LOCAL BUILDING CODE AMENDMENTS. FURNISH AND INSTALL SMOKE ALARMS IN ALL UNITS AND LOBBY OFFICE BUILDING AS LOCATED IN NEW DRAWINGS. ALL SMOKE DETECTION EQUIPMENT SHALL BE UL LISTED. ALL EQUIPMENT AND INSTALLATION SHALL COMPLY WITH NFPA 101, NFPA 72 SMOKE DETECTOR CONTRACTOR SHALL REVIEW AND COMPLY WITH NFPA 700.4.4.2.2.2. FIRE EXTINGUISHER ARE REQUIRED IN THE BREEZEWAYS AT ALL LEVELS AT A MAX TRAVEL DISTANCE OF 70' AND EVERY 1,000 SF. EACH WILL NEED A SECURITY BREAK BOX. FIRE EXTINGUISHER ARE TO BE CLASSIFIED AS 2A10C

THIS PROJECT IS DESIGNED IN COMPLIANCE WITH THE FAIR HOUSING ACT. COMPLIANCE IS MANDATORY.

NORTHLINE APARTMENT HOMES
 7211 NORTHLINE DRIVE
 HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS

ISSUE DATE: 11/02/2009

PROJECT NO. 23005

THE TSCOMPSON ARCHITECTURE DESIGN PLANNING GROUP INTERIORS INC.
 1400 WOODWAY, SUITE 340
 HOUSTON, TEXAS 77057
 713/766-7700 FAX: 713-766-8888
 tsc@tscpa.com www.tscpa.com

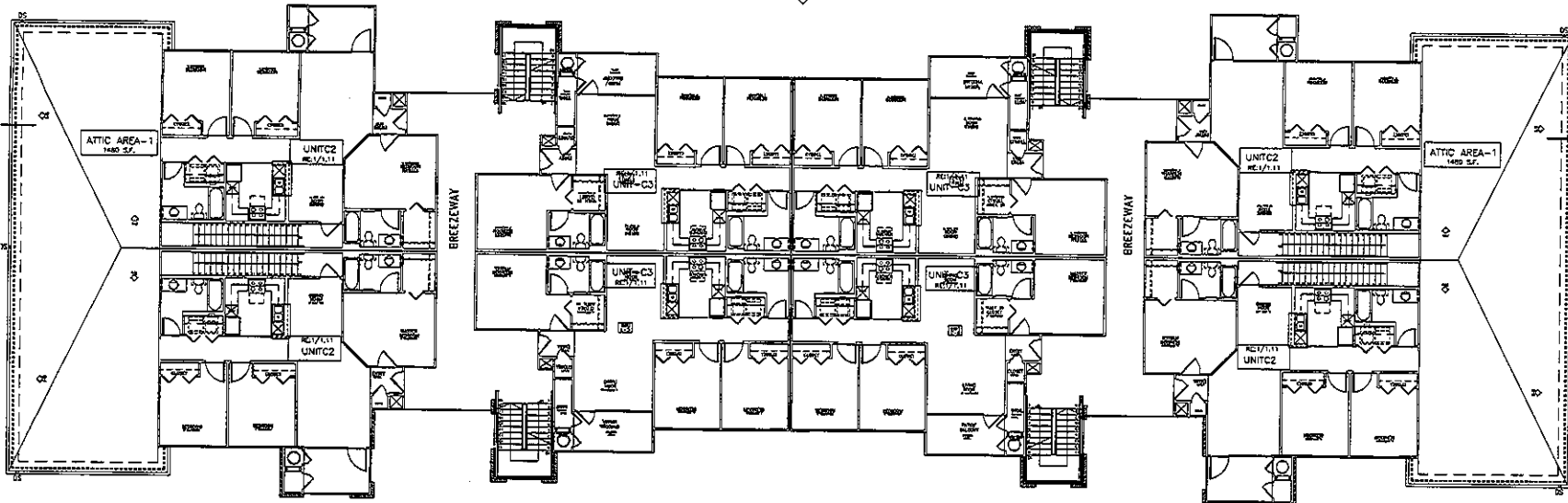
REGISTERED ARCHITECT
 STATE OF TEXAS

SHEET
2.B-1
 BUILDING PLANS
 TYPE I
 BLDG # 1 & 2

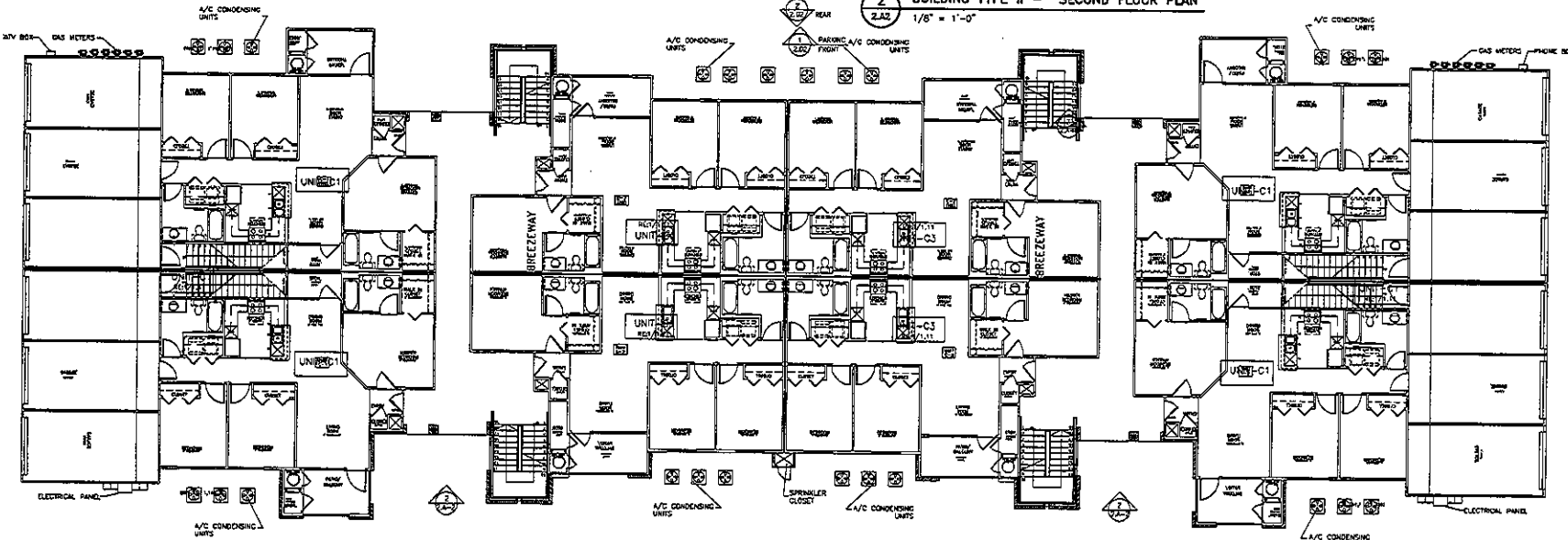
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09270

Amendment



2 BUILDING TYPE II - SECOND FLOOR PLAN
 2.A2 1/8" = 1'-0"



1 BUILDING TYPE II - FIRST FLOOR PLAN
 2.A2 1/8" = 1'-0"

THIS PROJECT IS DESCRIBED IN CONFORMANCE WITH THE FAIR HOUSING ACT. COMPLIANCE IS MANDATORY.

NORTHLINE APARTMENT HOMES
 7211 NORTHLINE DRIVE
 HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS

ISSUE DATE: 11/02/2009
 PROJECT NO. 29005

THE THOMPSON ARCHITECTURE
NEILSON PARKING
GROUP
INC.
 7800 WOODWAY, SUITE 500
 HOUSTON, TEXAS 77055
 713/709-7000 FAX 713/709-7000
 www.thompsonneilson.com

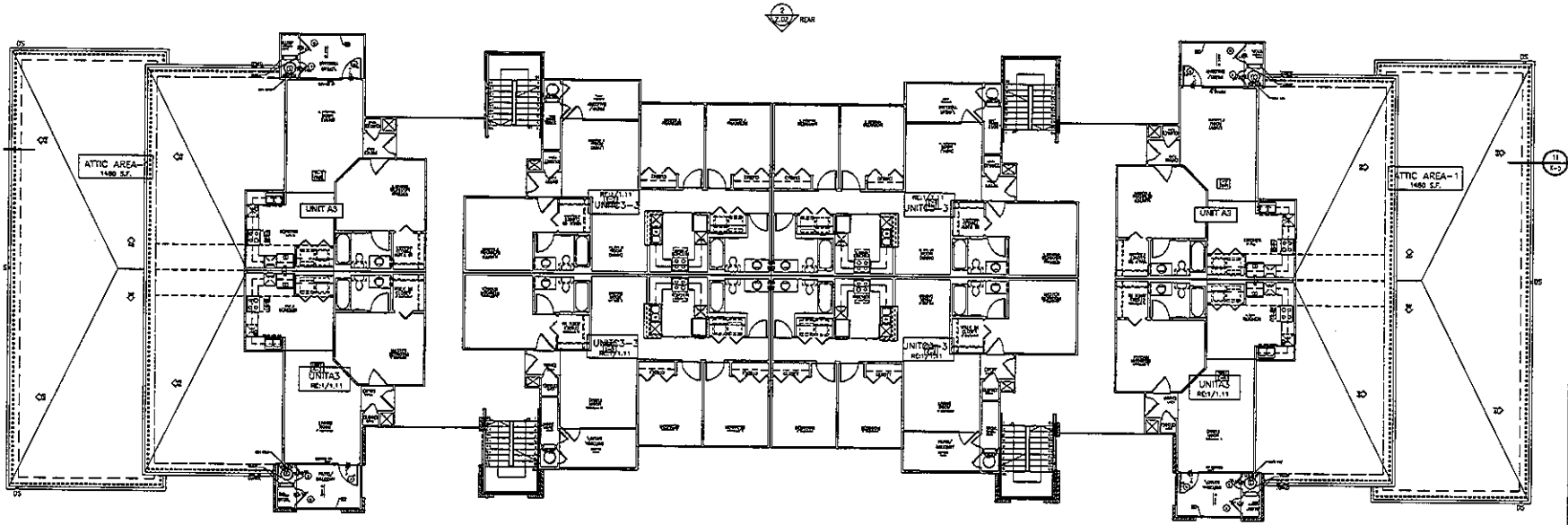


SHEET
2A-2
 BUILDING PLANS
 TYPE II
 BLDG #5

DATE: 11/02/09
 BY: THE THOMPSON NEILSON GROUP, INC.

09270

Amendment



1
2A2 BUILDING TYPE II - THIRD FLOOR PLAN
1/8" = 1'-0"

THIS PROJECT IS DESCRIBED IN CONFORMANCE WITH THE FAIR HOUSING ACT. COMPLIANCE IS MANDATORY.

NORTHLINE APARTMENT HOMES
 7211 NORTHLINE DRIVE
 HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS

ISSUE DATE: 11/02/2009
 PROJECT NO. 29005

THE THOMPSON ARCHITECTURE
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 GROUP, INC.

7400 WOODWAY, SUITE 500
 HOUSTON, TEXAS 77055
 713/266-7400 FAX 713/266-7401
 Website: www.thompsoninteriors.com

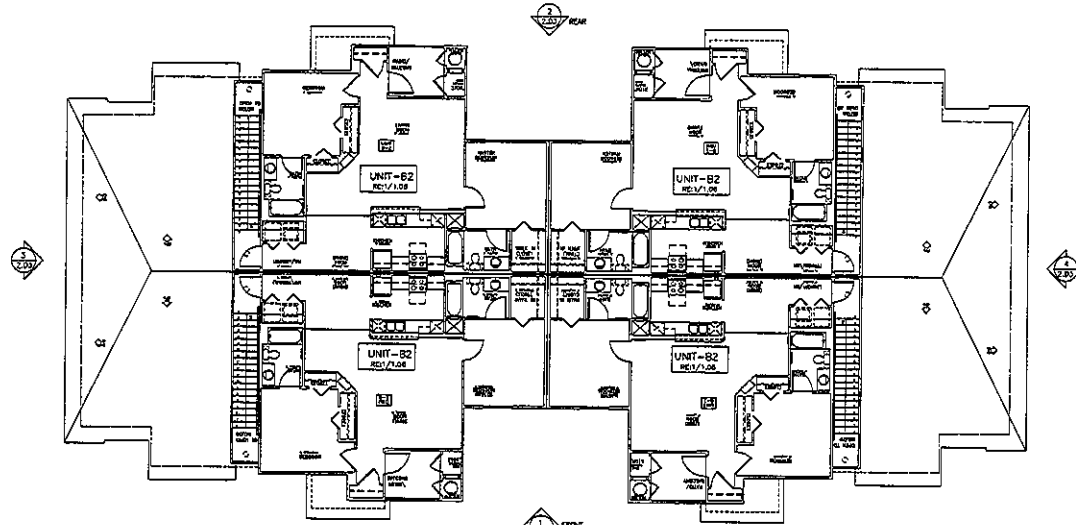


SHEET
2B-2
 BUILDING PLANS
 TYPE I
 BLDG #5

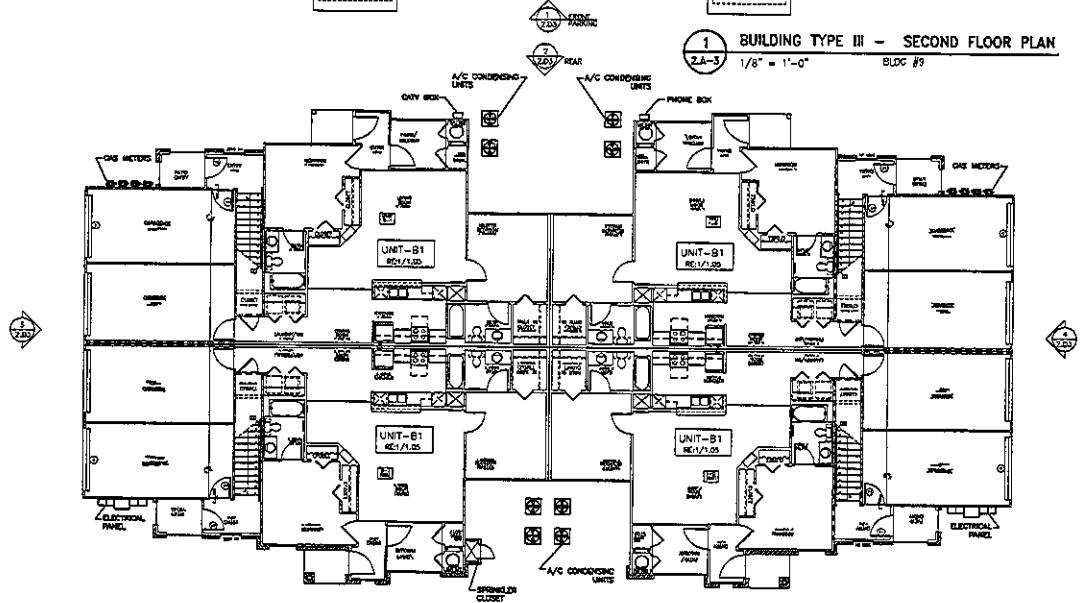
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09270

Amendment



1 BUILDING TYPE III - SECOND FLOOR PLAN
 2A-3 1/8" = 1'-0" BLDG #9



1 BUILDING TYPE III - FIRST FLOOR PLAN
 2A-3 1/8" = 1'-0" BLDG #9

THIS PROJECT IS DESIGNED IN CONFORMANCE WITH THE FAIR HOUSING ACT. COMPLIANCE IS MANDATORY.

NORTHLINE APARTMENT HOMES
 7211 NORTHLINE DRIVE
 HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS

ISSUE DATE: 11/02/2009

PROJECT NO. 29005

THE THOMPSON ARCHITECTURE
 DESIGN PLANNING
 GROUP
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7000 WESTBURY, SUITE 100
 HOUSTON, TEXAS 77057-1348
 713.796.1700 FAX 713.796.0996
 www.thompsondesigngroup.com

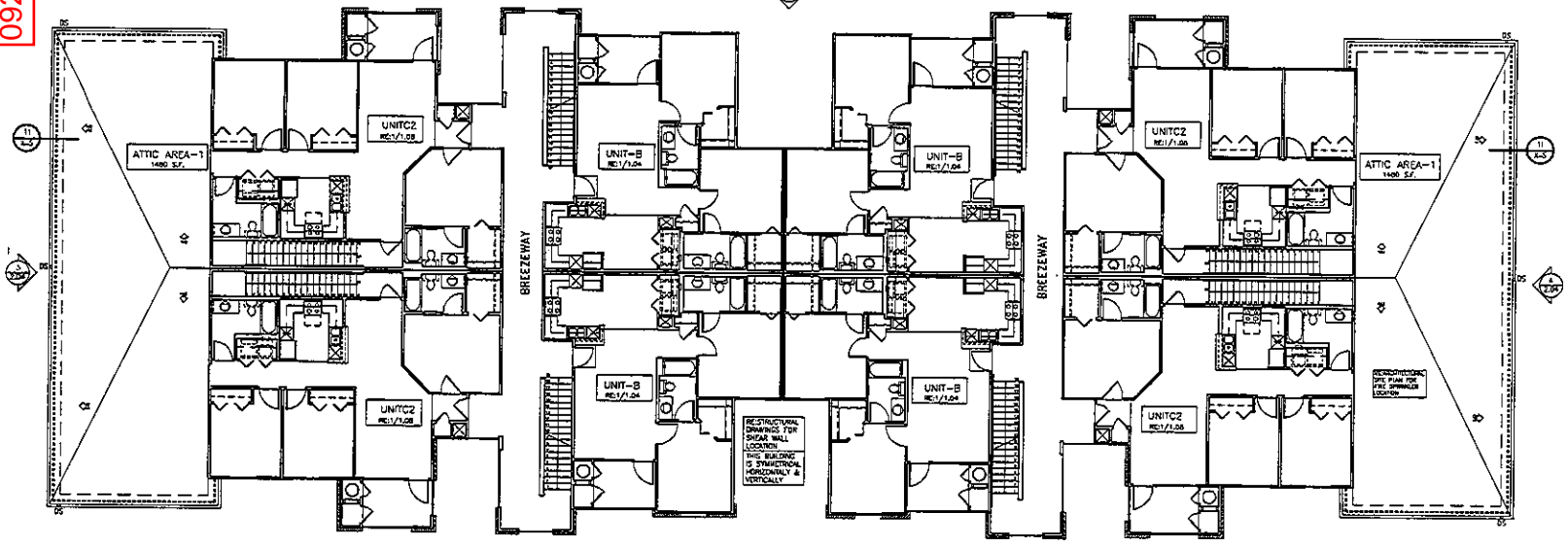


SHEET
2A-3
 BUILDING PLANS
 TYPE III
 BLDG #9

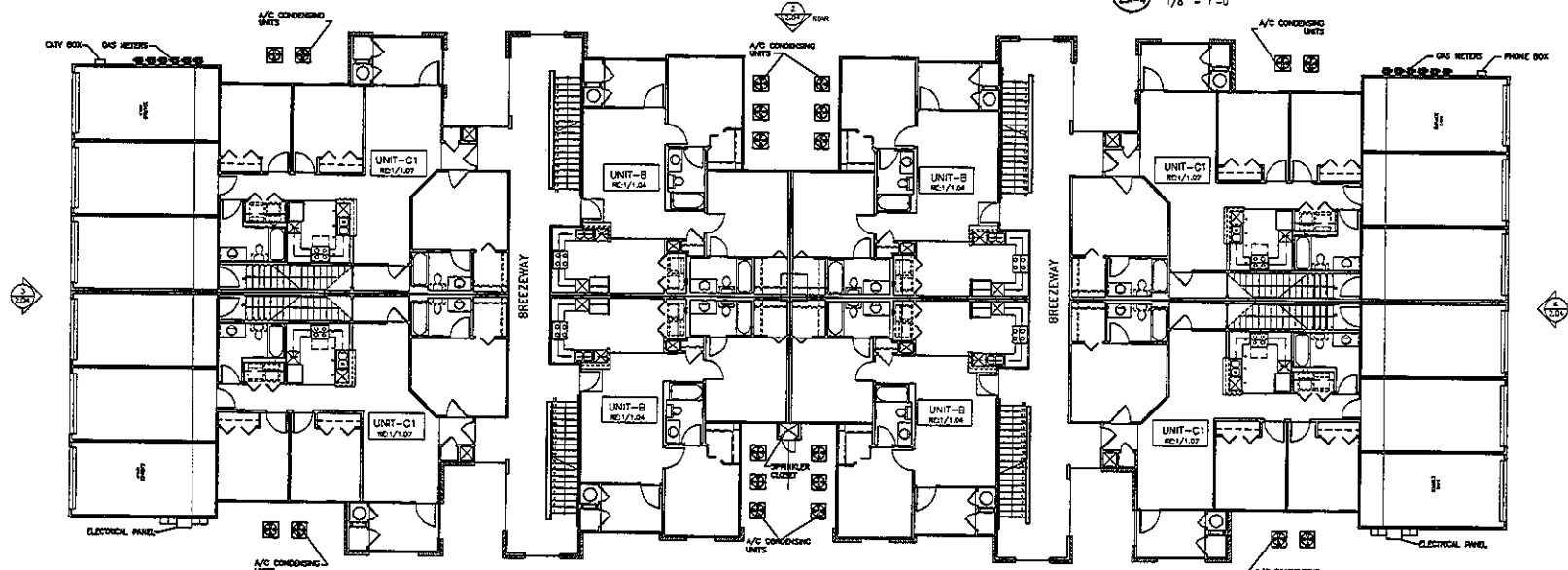
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Amendment

09270



2 BUILDING TYPE IV - SECOND FLOOR PLAN
1/8" = 1'-0"



1 BUILDING TYPE IV - FIRST FLOOR PLAN
1/8" = 1'-0"

THIS PROJECT IS DESIGNED IN CONFORMANCE WITH THE FAIR HOUSING ACT. COMPLIANCE IS MAINTAINED.

NORTHLINE APARTMENT HOMES
7211 NORTHLINE DRIVE
HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS

ISSUE DATE: 11/02/2009

PROJECT NO. 29005

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1000 WILSON BLVD. SUITE 200
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TEL: 281.486.1000 FAX: 281.486.1001
WWW.THOMPSONARCHITECTURE.COM

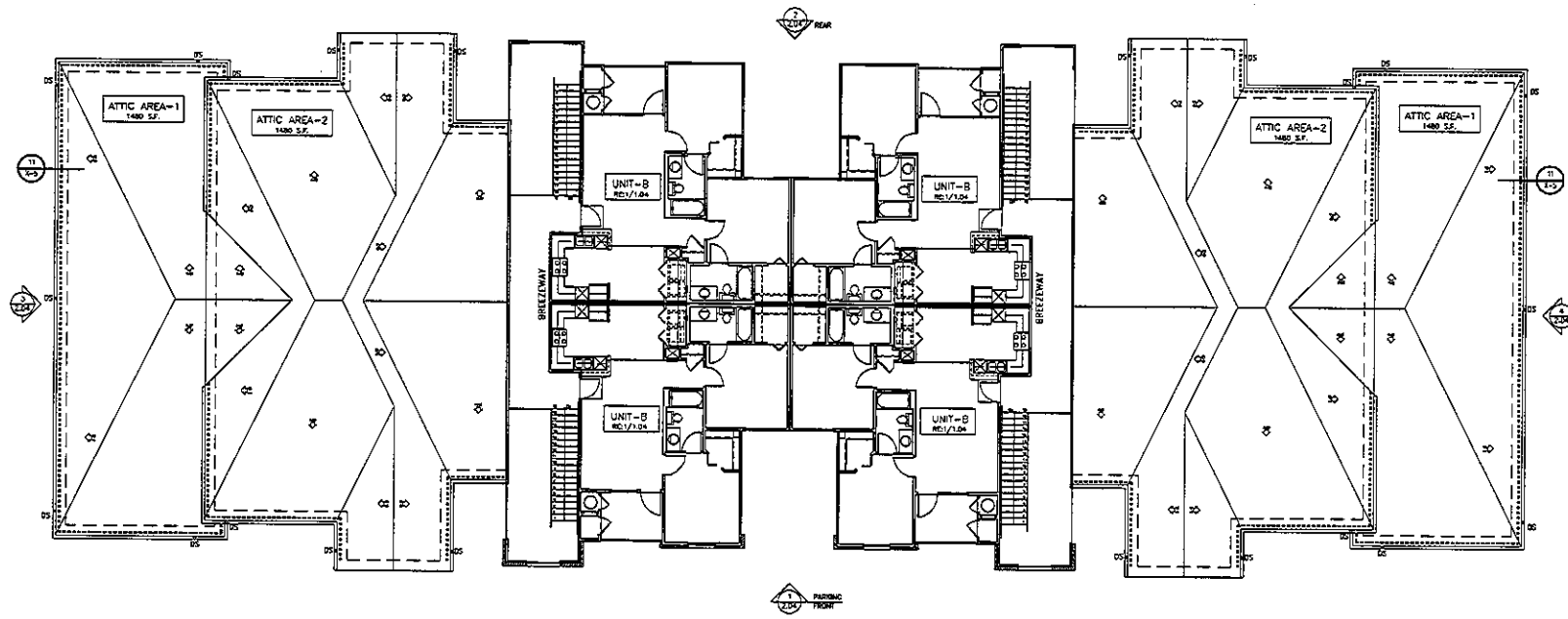


SHEET
2A-4
BUILDING PLANS
TYPE IV
BLDG. #3,6,7

OWNER: HOUSTON NORTH APARTMENTS, LP
DESIGNER: THE THOMPSON ARCHITECTURE, P.C.

09270

A amendment



1 BUILDING TYPE IV - THIRD FLOOR PLAN
 2B-4 1/8" = 1'-0"

THIS PROJECT IS DESIGNED IN CONFORMANCE WITH THE FAB HOUSING ACT. COMPLIANCE IS MANDATORY.

NORTHLINE APARTMENT HOMES
 7211 NORTHLINE DRIVE
 HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS

ISSUE DATE: 11/02/2009

PROJECT NO. 28005

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 7805 WOODWAY, SUITE 200
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 713/266-7600 FAX 713/266-8008
 Website: www.thompsonplanning.com

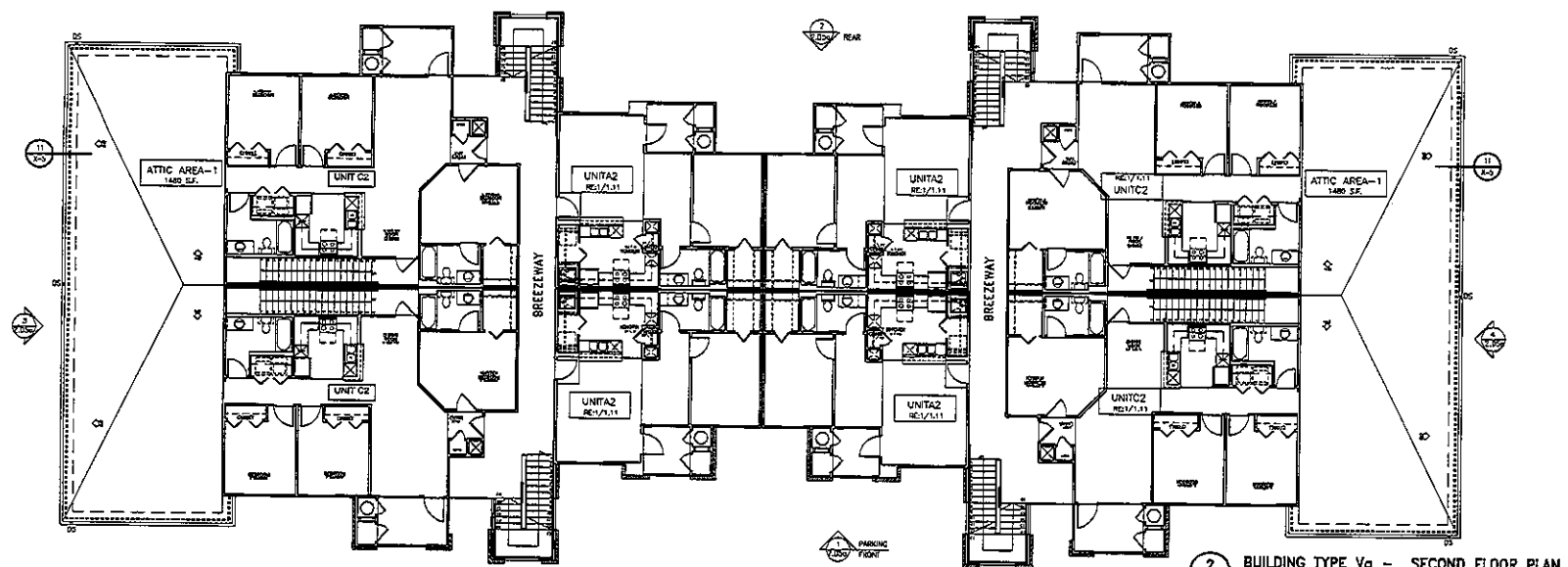


SHEET
2B-4
 BUILDING PLANS
 TYPE IV
 BLDG. #3,6,7

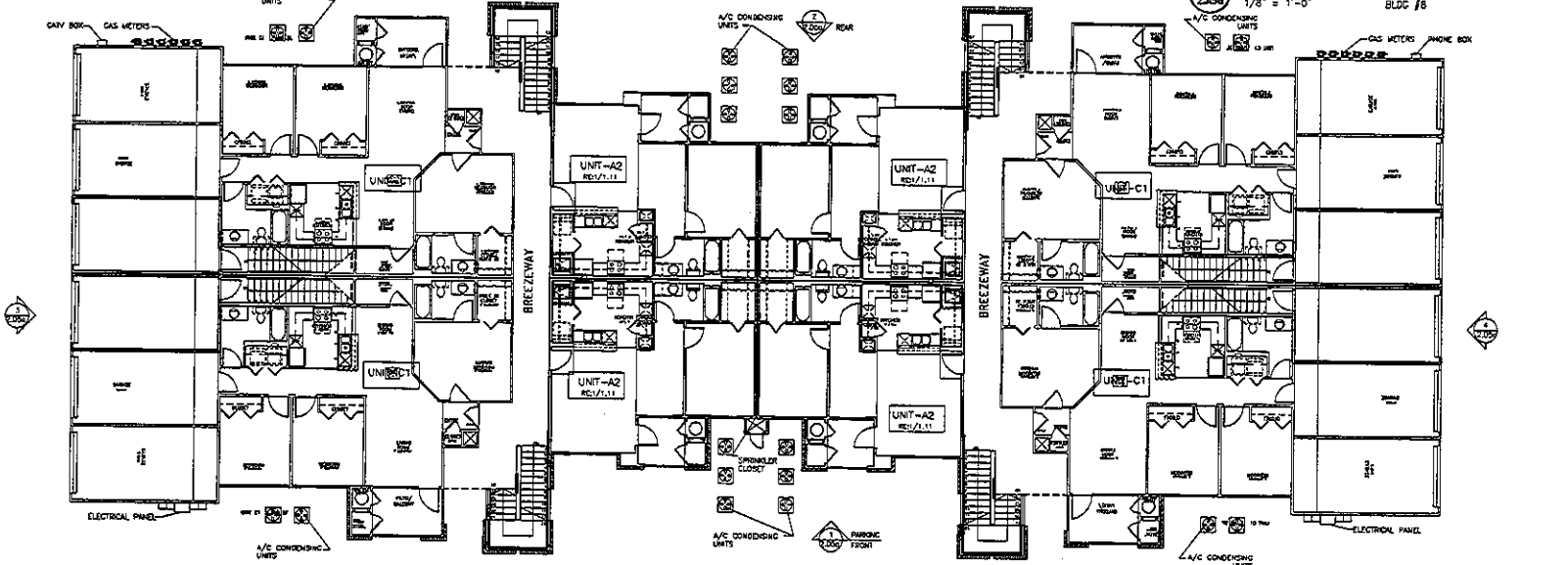
DATE: 11/02/09
 BY: GSH
 CHECKED: GSH

09270

Amendment



2 BUILDING TYPE Va - SECOND FLOOR PLAN
2A5a 1/8" = 1'-0" BLDG #8



1 BUILDING TYPE Va - FIRST FLOOR PLAN
2A5a 1/8" = 1'-0" BLDG #8

THIS PROJECT IS DESIGNED IN CONFORMANCE WITH THE FAIR HOUSING ACT. COMPLIANCE IS MAINTAINED.

NORTHLINE APARTMENT HOMES
 7211 NORTHLINE DRIVE
 HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS

ISSUE DATE: 11/02/2009

PROJECT NO. 29005

THE THOMPSON ARCHITECTURE
 10010 WESTCREEK BLVD
 HOUSTON, TEXAS 77036
 TEL: 281-416-1000
 FAX: 281-416-1001
 www.thompsonarchitect.com

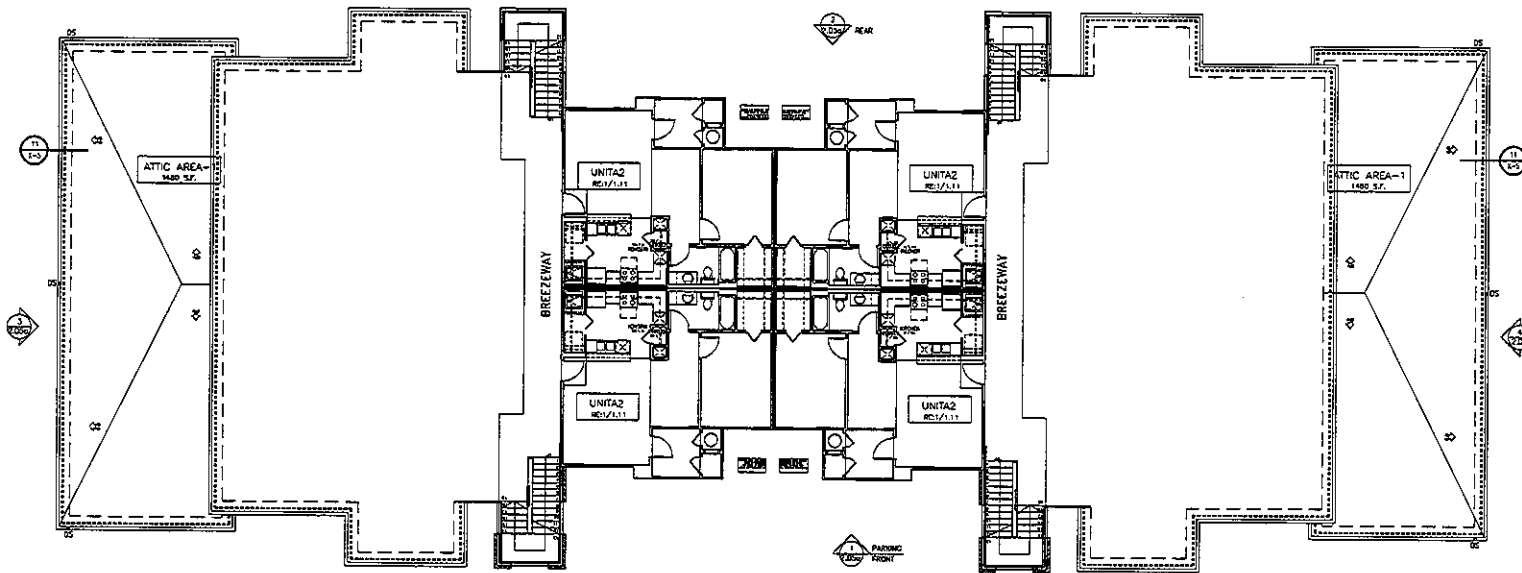


SHEET
2A-5a
 BUILDING PLANS
 TYPE V
 BLDG #8

Copyright © 2009 The Thompson Architecture, Inc.

09270

Amendment



1 BUILDING TYPE Va - THIRD FLOOR PLAN
 2.0-5a 1/8" = 1'-0" BLDG #8

THIS PROJECT IS DESIGNED IN CONFORMANCE WITH THE FAIR HOUSING ACT. COMPLIANCE IS MANDATORY.

NORTLINE APARTMENT HOMES
 7211 NORTHLINE DRIVE
 HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS

ISSUE DATE: 11/02/2009
 PROJECT NO. 28005

THE THOMPSON ARCHITECTURE
 DIVISION PLANNING
 & DESIGN
 INC.

7800 WINDMILL, SUITE 300
 HOUSTON, TEXAS 77055-2000
 TELEPHONE: 281.288.2888
 FAX: 281.288.2889
 E-MAIL: info@thompsonarch.com

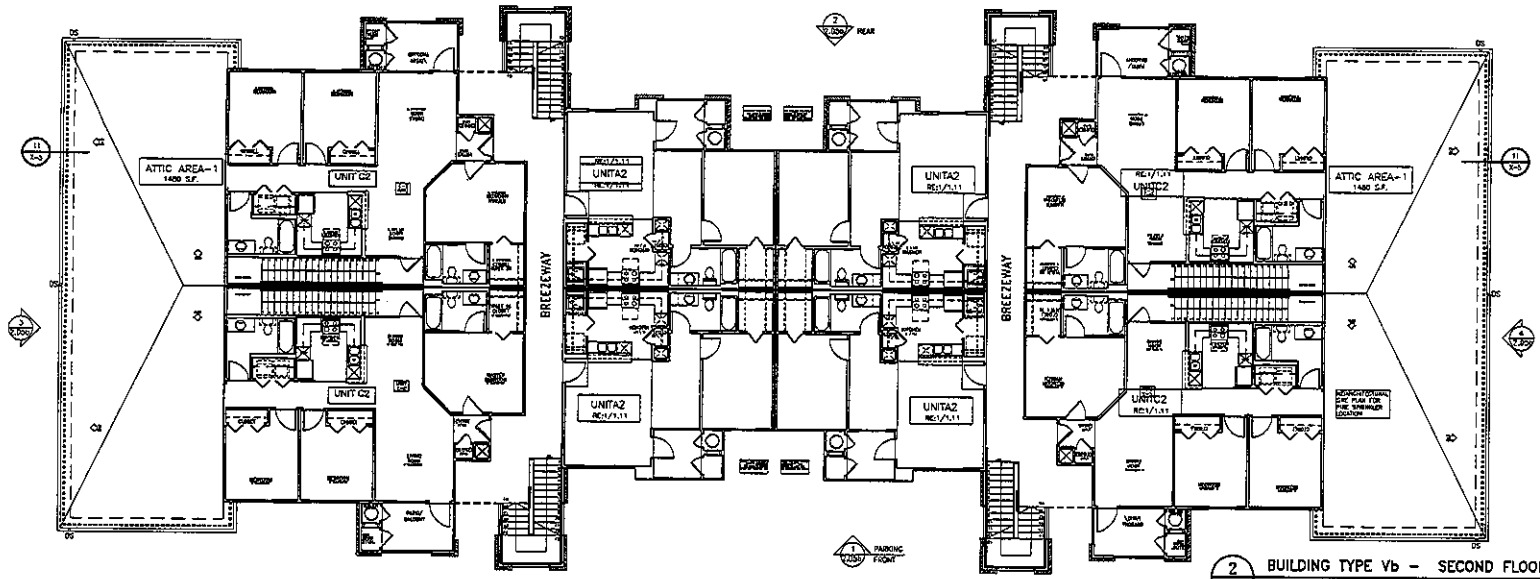


SHEET
2B-5a
 BUILDING PLANS
 TYPE V
 BLDG #8

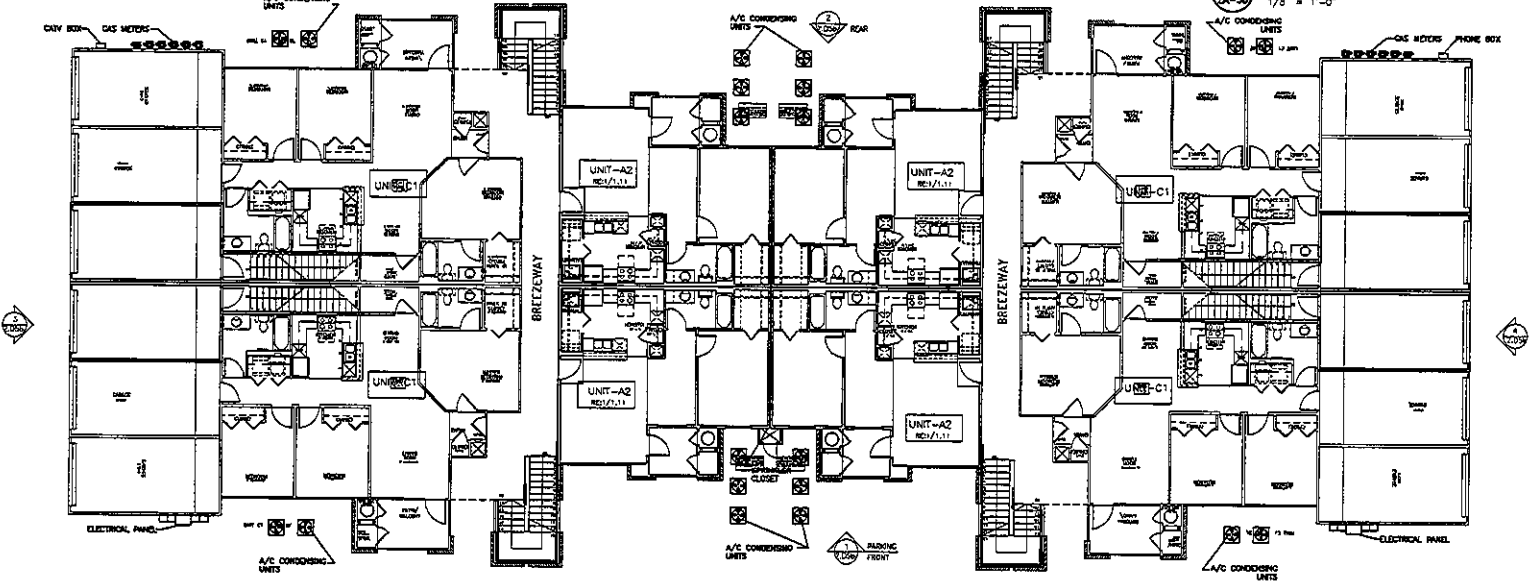
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09270

Amendment



2 BUILDING TYPE Vb - SECOND FLOOR PLAN
2A-5b 1/8" = 1'-0"



1 BUILDING TYPE Vb - FIRST FLOOR PLAN
2A-5b 1/8" = 1'-0"

THIS PROJECT IS DESIGNED IN CONFORMANCE WITH THE FAIR HOUSING ACT. COMPLIANCE IS MAINTAINED.

NORTLINE APARTMENT HOMES
 7211 NORTHLINE DRIVE
 HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS

ISSUE DATE: 11/02/2009
 PROJECT NO. 29005

THE THOMPSON ARCHITECTURE
 PROFESSIONAL PLANNING
 & DESIGN SERVICES, INC.

1900 WIDENBURY, SUITE 600
 HOUSTON, TEXAS 77056
 TEL: 713-865-1000
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 www.thompsonarch.com

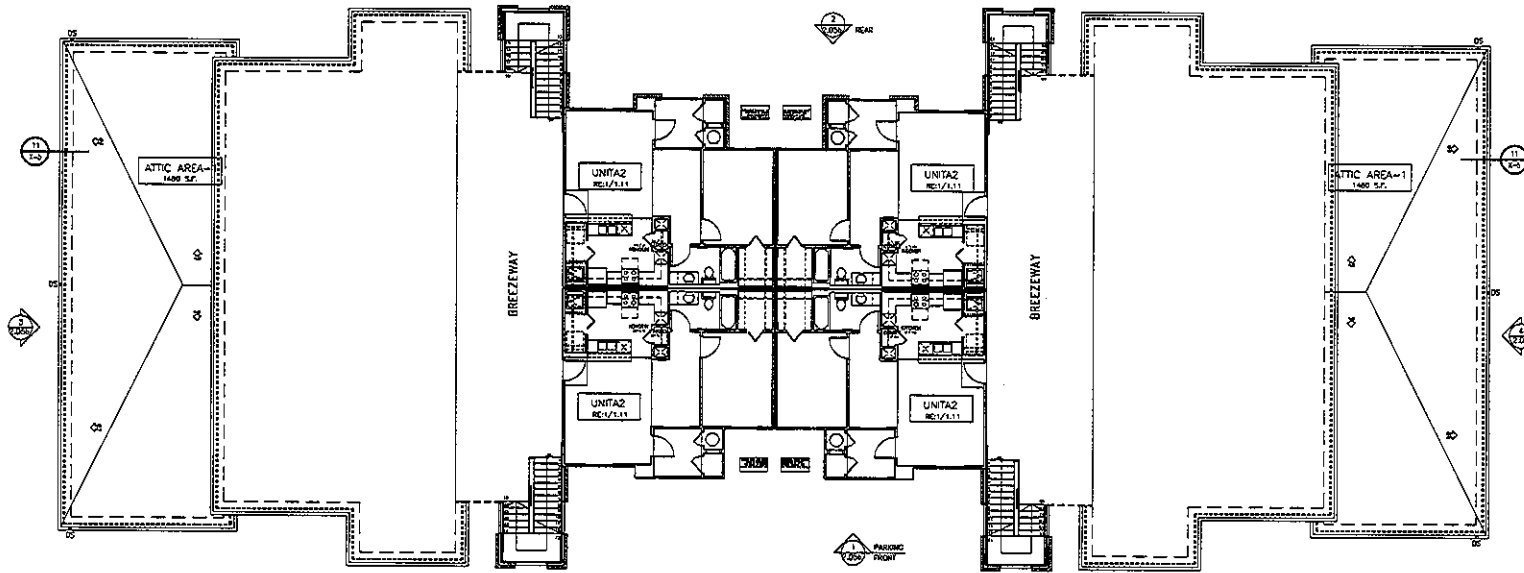


SHEET
2A-5b
 BUILDING PLANS
 TYPE V
 BLDG #4

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09270

Amendment



1 BUILDING TYPE Vb - THIRD FLOOR PLAN
 2B-5b
 1/8" = 1'-0"

THIS PROJECT IS DESIGNED IN CONFORMANCE WITH THE FAIR HOUSING ACT. COMPLIANCE IS MAANDATORY.

NORTHLINE APARTMENT HOMES
 7211 NORTHLINE DRIVE
 HOUSTON, TEXAS 77076
HOUSTON NORTH APARTMENTS, LP

REVISIONS

ISSUE DATE: 11/02/2009

PROJECT NO. 25005

THE THOMPSON ARCHITECTURE
NEELSON PLANNING
GROUP INC.
 7800 WESTWAY, SUITE 500
 HOUSTON, TEXAS 77056-1042
 TEL: 281-250-7500 FAX: 281-250-7505
 Email: info@thompsonneelson.com



SHEET
2B-5b
 BUILDING PLANS
 TYPE V
 BLDG #4

DATE: 11/02/09
 BY: [Signature]
 CHECK: [Signature]

Amendment

09270

Volume 3, Tab 1

PART B. SPECIFICATIONS AND AMENITIES

SITE ATTRIBUTES

Total Acquisition Acreage: 9.977 Development Site Acreage: 9.977 # Units per Acre: 17.24

Single Site Contiguous Multiple Sites (# Sites: 1) Scattered Sites (# Sites: 1)**

** Note: If Scattered Site, submit evidence of scattered site pursuant to ASPM behind this tab.

DEVELOPMENT ATTRIBUTES *Selections must be consistent with submitted architectural plans*

of Residential Buildings: 2 Maximum # of Floors: 3 # of Non-Residential Buildings: 10

Configuration: Duplex Fourplex Single family construction
 Townhome >4 units per building SRO (per §42(i)(3)(B))
 Transitional (per §42(i)(3)(B))

Fire Sprinkler in all residential areas # of Passenger Elevators: 0 Wt Capacity 0

EXTERIOR *Selections must be consistent with submitted architectural plans*

Subfloor

Wood
 Concrete Slab
 Other *(Describe)*

Walls

% Plywood/Hardboard
 % Vinyl or Aluminum Siding
40 % Masonry Veneer
60 % Fiber Cement Siding
 % Stucco
 % Other *(Describe)*

Parking

72 #Shed or Flat Roof Carport Spaces
52 #Detached Garage Spaces
106 #Uncovered Spaces
 #Parking Garage Spaces
80 Attached Garage Spaces

Roofs

Built-Up Tar and Gravel
 Comp. Shingle
 Comp. Roll
 Elastomeric
 Wood Shake
 Other *(Describe)*

INTERIOR *Selections must be consistent with submitted architectural plans*

Flooring

60 % Carpet
40 % Resilient Covering
 % Ceramic Tile
 % Light Concrete
 % Other *(Describe)*

Air System

Forced Air
 Furnace
 Hot Water
 Warm and Cooled Air
 Heat Pump, packaged
 Wall Units
 Other *(Describe)*

Walls

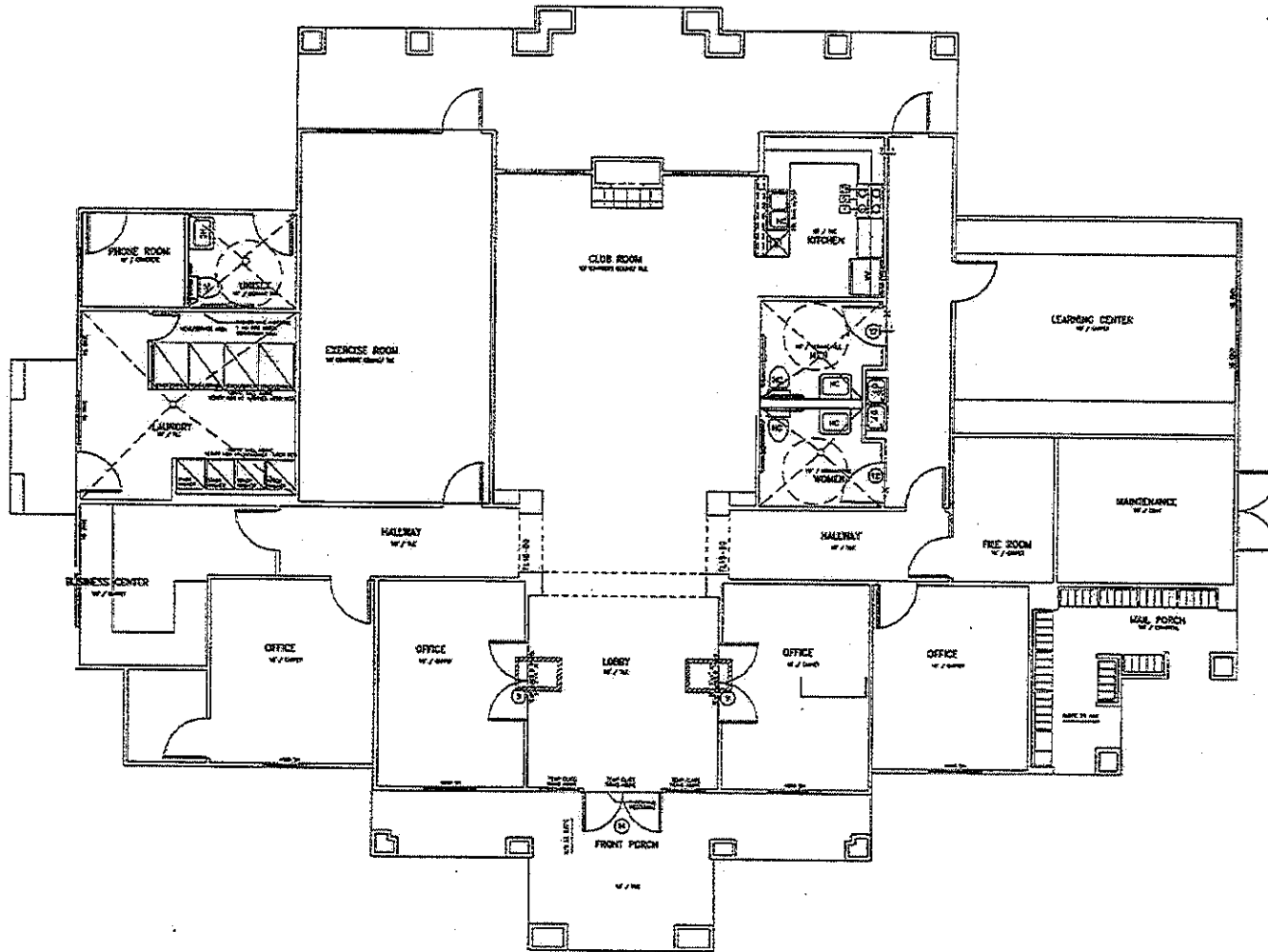
Drywall
 Plaster
 0 - Foot Ceilings

Other

Washer and Dryers onsite (# 1)
 Fireplace included in all Units
 Fireplace onsite (# 1)
 Other Washer and Dryer Connections in Units

09270

Application



1 COMMUNITY CENTER—FLOOR PLAN
 CC1 1/8" = 1'-0"

THE PROJECT IS DESIGNED IN CONFORMANCE WITH THE FAS HOUSING ACT. COMPLIANCE IS ASSURED.

NORTHLINE APARTMENT HOMES
 NORTHLINE DRIVE
 HOUSTON, TEXAS

STONEARCH DEVELOPMENT AND CONSTRUCTION

REVISIONS

ISSUE DATED 02/22/2008

PROJECT NO. 2005

THE TEXAS STATE BOARD OF ARCHITECTURE
 STATE OF TEXAS

REGISTERED ARCHITECT
 STATE OF TEXAS

SHEET

CC1
 COMMUNITY CENTER
 FLOOR PLAN

Application

09270

Volume 3, Tab 1 PART B. SPECIFICATIONS AND AMENITIES

SITE ATTRIBUTES

Total Acquisition Acreage: 10 Development Site Acreage: 10 # Units per Acre: 17.20
 Single Site Contiguous Multiple Sites (# Sites:) Scattered Sites (# Sites:)**

** Note: If Scattered Site, submit evidence of scattered site pursuant to ASPM behind this tab.

DEVELOPMENT ATTRIBUTES *Selections must be consistent with submitted architectural plans*

of Residential Buildings: 0 Maximum # of Floors: 0 # of Non-Residential Buildings: 24

Configuration: Duplex Fourplex Single family construction
 Townhome >4 units per building SRO (per §42(i)(3)(B))
 Transitional (per §42(i)(3)(B))

Fire Sprinkler in all residential areas # of Passenger Elevators: 0 Wt Capacity 0

EXTERIOR *Selections must be consistent with submitted architectural plans*

Subfloor

Wood
 Concrete Slab
 Other *(Describe)*

Walls

% Plywood/Hardboard
 % Vinyl or Aluminum Siding
30 % Masonry Veneer
70 % Fiber Cement Siding
 % Stucco
 % Other *(Describe)*

Parking

72 #Shed or Flat Roof Carport Spaces
132 #Detached Garage Spaces
97 #Uncovered Spaces
 #Parking Garage Spaces

Roofs

Built-Up Tar and Gravel
 Comp. Shingle
 Comp. Roll
 Elastomeric
 Wood Shake
 Other *(Describe)*

INTERIOR *Selections must be consistent with submitted architectural plans*

Flooring

60 % Carpet
40 % Resilient Covering
 % Ceramic Tile
 % Light Concrete
 % Other *(Describe)*

Air System

Forced Air
 Furnace
 Hot Water
 Warm and Cooled Air
 Heat Pump, packaged
 Wall Units
 Other *(Describe)*

Walls

Drywall
 Plaster
 - Foot Ceilings

Other

Washer and Dryers onsite (#)
 Fireplace included in all Units
 Fireplace onsite (#)
 Other *(Describe)*

HOME PROGRAM DIVISION

BOARD ACTION REQUEST

January 20, 2010

Requested Action

Approve as presented the 2010 HOME Rental Housing Development Program Notice of Funding Availability (NOFA) for publication in the *Texas Register* and discontinuation of the 2009 HOME Rental Housing Development NOFA.

RESOLVED, the Executive Director and his designees and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to publish the 2010 HOME Rental Housing Development Program Notice of Funding Availability in the *Texas Register* in the form presented to this meeting and in connection therewith to make such non-substantive technical corrections as they or any of them may deem necessary or advisable to effectuate the foregoing, and

FURTHER RESOLVED, that the 2009 HOME Rental Housing Development Notice of Funding Availability is hereby discontinued effective as of the date that the 2010 HOME Rental Housing Development Program NOFA is published in the *Texas Register*.

Background

In July 2009, the Board approved the revised 2009 HOME Rental Housing Development (RHD) NOFA, which made \$18,090,030 in funds available on a first-come, first-served basis through April 30, 2010. The Department received a high volume of applications for funds in response to this NOFA and currently no funding remains available under the General Set-Aside, \$2,527,136 remains available under the CHDO Set-Aside, and \$1,000,000 remains available under the Persons with Disabilities Set-Aside. The Board also utilized approximately \$6,000,000 in available and deobligated funds to fund additional applications on the waiting list. Approximately \$20.6M in funding was awarded to applications under the 2009 RHD NOFA to fund the development of over 400 units of multifamily rental housing.

Staff anticipates a continued high demand for low-interest loans for multifamily rental development through the HOME Program throughout 2010 and particularly in conjunction with the upcoming 2010 competitive 9% housing tax credit cycle. In order to help meet this demand, staff recommends that \$8,000,000 in HOME funds available for programming on the current Fund Balance Report (presented in the Board Book under Report Items today) be made available under a new 2010 RHD NOFA. A balance of \$2,209,909 in HOME funds will remain available should a natural disaster necessitate use of additional funds for disaster relief and for the other CHDO activities which will be before the Board as a separate item. Additionally, staff proposes

rolling the remaining funds from the 2009 NOFA (detailed above) into the proposed 2010 NOFA. Of the \$8,000,000 in available and deobligated funds being reprogrammed, \$5,000,000 would be made available under a General Set-Aside and \$3,000,000 would be restricted for developments sponsored, owned or developed by Community Housing Development Organizations under the CHDO Set-Aside. In total, \$11,527,136 in funds (\$5,000,000 in General Set-Aside; \$5,527,136 in CHDO Set-Aside; and \$1,000,000 in Persons with Disabilities Set-Aside) will be made available until December 31, 2010. Staff expects to bring this NOFA back to the Board for approval to add funds from the Department's 2010 allocation of HOME Program funds once the Department has executed its 2010 Grant Agreement with HUD.

Staff is proposing several changes in NOFA requirements from those of the 2009 NOFA, including: enabling the Department to enter into a separate LURA to enforce state imposed program requirements and a reduction in the maximum award amount from \$3,000,000 per application to \$2,000,000 per application. Staff also recommends transferring the pending active applications under the CHDO and Persons with Disabilities set-asides to the 2010 NOFA with the same priority. The proposed reduction in the award maximum is recommended due to the relatively modest amount of funding that is currently projected to be available in 2010 for rental housing development activities and the relatively high demand for the funds. If approved, staff recommends allowing the applications that will be transferred from the current 2009 NOFA to maintain their current request for funds provided the request continues to meet the award maximum of \$3,000,000 under the 2009 NOFA.

The availability and use of these funds are subject to the Department's HOME Program Rule (10 TAC Chapter 53), the federal regulations governing the HOME Program (24 CFR Part 92), and the Department's Real Estate Analysis Rules and Guidelines (10 TAC §§1.32-1.37). An open application cycle will be used to process applications received in response to this NOFA and the Regional Allocation Formula (RAF) does not apply to funds that are being reprogrammed.

The proposed NOFA is attached behind this action item.



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 \$11,527,136 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 of the 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 programmed for rental housing development activities involving new construction, rehabilitation, acquisition and rehabilitation of affordable housing. The funds made available under this NOFA are subject to the following set-asides.
 - i) **CHDO Set-Aside.** At least \$5,527,136 in funds are set-aside to eligible Community Housing Development Organizations (CHDOs) meeting the requirements of 10 TAC §53.50 and this NOFA.
 - ii) **Persons with Disabilities Set-Aside.** \$1,000,000 in funds are set-aside to fund Applications proposing all of their HOME units to be restricted for persons with disabilities and are subject to the Department’s Integrated Housing Rule at 10 TAC §1.15. Funds requested and awarded under this set-aside may be located in any area of the state including within other Participating Jurisdictions. Funds requested and awarded under this set-aside are subject to a \$500,000 per Application funding limit.
 - iii) **General Set-Aside.** The remaining \$5,000,000 in funds shall be available to all other Applications proposing Rental Housing Development that meet the requirements of this NOFA, the HOME Program Rule, and the Federal HOME regulations.
 - iv) An Applicant may have only one active Application at a time and may only apply under one set-aside at a time. Additionally, the following processes will be followed for the review and award of Applications:
 - (1) Once all funds from the CHDO Set-Aside have been awarded, all pending Applications remaining in this set-aside will be considered for funds under the General Set-Aside;

- (2) Once all funds from the Persons with Disabilities Set-Aside have been awarded, pending Applications under this set-aside must reapply to be considered under the General or other set-asides due to the different statutory and NOFA requirements for these Applications; and
- (3) The Department may complete the CHDO Certification process for Applications that originally applied under the CHDO Set-Aside but receiving funds from the General Set-Aside in order to meet the Department's future obligations to award funds for CHDO activities.

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 will not be subject to a Regional Allocation Formula (RAF).

- b) 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. **December 31, 2010**. 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. Project funds awards are limited to no more than **\$2,000,000** per Application except for Applications receiving funds from the Persons with Disabilities set-aside as provided in §(2)(a)(iii) of this NOFA. In addition, applications carried over from the previous 2009 NOFA under the CHDO set-aside will be limited to a project funds award of **\$3,000,000** per Application.
 - c) 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 (2) 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) 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).
- 3) Eligible and Prohibited Activities.**
- a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR §92.205, and 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) except for Applications receiving funds under the Persons with Disabilities Set-Aside.

- d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five (5) 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 will be ineligible for funding if they meet any of the criteria listed in 10 TAC §53.42 or as provided in 10 TAC §50.5(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. 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) Affordability Requirements.

- a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. Unless further restricted, 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 to be structured as follows:
 - i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is twenty (20) years. For rehabilitation or acquisition of existing housing, the term is five (5) years if the HOME investment is less than \$15,000 per unit; ten (10) years if the HOME investment is \$15,000 to \$40,000 per unit; and fifteen (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 thirty (30) years or the term of the loan agreement. For example, the second tier of affordability on a ten (10) year federal affordability term is twenty (20) additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.
- c) All Applicants will be required to enter into a contract with the Department and 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. Additionally, the Department may require a separate LURA for non-federal restrictions that are required under state law, 10 TAC Chapter 50, and this NOFA or otherwise committed in the Application.

- d) Applications receiving funds from the Persons with Disabilities Set-Aside will be required to designate all HOME units as “fixed HOME units” as provided in 24 CFR §92.252(j). All other Applications are required to designate all HOME units as “floating HOME units” as provided in 24 CFR §92.252(j).

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). All multifamily rehabilitation developments are subject to a Uniform Physical Conditions Standards inspection. All deficiencies identified in that inspection must be corrected before final retainage is released.
- c) Housing developments 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). Multifamily housing developments must meet the design and construction requirements at the Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) 10 TAC §§60.201-211). Covered multifamily dwellings, as defined at 24 CFR §100.201 as well as common use facilities in developments with covered dwellings must meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. §§3601–3619) and the design and construction requirements of the Fair Housing Act Design Manual. Additionally, pursuant to the 2009 Qualified Allocation Plan (QAP), 10 TAC §50.9(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 design and construction requirements of the Fair Housing Act Design Manual, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A compliance 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 of the Texas Government Code.
- d) 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 as reflected in §(7)(c) of this NOFA. 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.

- e) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186 of the Texas Government Code, and as further described in 10 TAC §1.37, pursuant to 10 TAC §53.45(c).
- f) 10 TAC §50.6 of the Qualified Allocation Plan and Rules apply, except for subsections (d), (f), (g), (h), and (k).
- g) 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) Public Notification Requirements. Evidence in the form of a certification of all of the notifications described in the subsections of this section is required. Such notices must be prepared in accordance with the "Public Notifications" certification provided in the Application.

- a) Neighborhood Organizations Request. Evidence in the form of a certification that the Applicant met the requirements and deadlines identified in the clauses of this subsection and proof thereof is required. Notifications must not be older than three (3) months prior to the date the Application is submitted. The Applicant must request a list of Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site from local elected officials as follows:
 - i) Not later than fourteen (14) days prior to submission of the Application, the Applicant must e-mail, fax or mail with registered receipt a completed "Neighborhood Organization Request" letter as provided in the 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 submission of the Application, then the Applicant must certify to that fact in the "Application Notification Certification Form" provided in the Application materials;
 - iii) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as outlined by the local elected officials, or that the Applicant has knowledge of as of the submission of the Application, in the "Application Notification Certification Form" provided in the Application.
- b) Written Notification. Not later than the date the Application is submitted, Applicants are required to provide written notification by e-mail, fax or mail with registered receipt return or similar tracking mechanism in the format required in the "Application Notification Template" provided in the Application materials to each of the following persons or entities. Failure to provide written

notifications not later than the date the Application is submitted, at a minimum, will cause an Application to be terminated. Applicants must provide notifications to:

- i) Neighborhood Organizations on record with the state or county whose boundaries include the proposed Development Site as identified in §(8)(a) of this NOFA;
 - 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 the Governing Body 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 senator of the district containing the Development; and
 - ix) State representative of the district containing the Development.
- c) 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 HOME funds with the Texas Department of Housing and Community Affairs;
 - iv) Statement of whether the Development proposes New Construction, reconstruction, Adaptive Reuse or Rehabilitation;
 - v) The type of Development being proposed (single family homes, duplex, apartments, townhomes, high-rise 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 approximate percentage of Units that are market rate;
 - 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 Application, which are subject to change as annual changes in the area median income occur;
 - ix) The expected completion date if funds are awarded; and
 - x) Any other information required in the ASPM or 10 TAC §50.9(h)(8) of the Qualified Allocation Plan and Rules (QAP).
- d) Signage on Property or Alternative. A Public Notification Sign shall be installed on the Development Site prior to the date the Application is submitted unless prohibited by local ordinance or code. Scattered site Developments must install a sign on each non-contiguous Development Site. Evidence submitted with the Application must include photographs of the site with the installed sign. The sign must be at least 4 feet by 8 feet in size and located within 20 feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day that the 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 materials. 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 those addresses described in either §(8)(d)(i) or (ii) of this NOFA. This written notification must include the information otherwise required for the sign as provided in the Application materials. The Application must include a map of the proposed Development Site and mark the distance required by §(8)(d)(i) or (ii) of this NOFA, up to 1,000 feet, 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. If Public Notification Sign is prohibited by local ordinance or code, evidence of the applicable ordinance or code must be submitted in the Application.

- i) All addresses required for notification by local zoning notification requirements. For example, if the local zoning notification requirement is notification to all those addresses within 200 feet, then that would be the distance used for this purpose; or
 - ii) For Developments located in communities that do not have zoning, communities that do not require a zoning notification or those located outside of a municipality, all addresses located within 1,000 feet of any part of the proposed Development Site.
- e) If any of the Units in the Development are occupied at the time of Application, then the Applicant must certify that it has notified each tenant at the Development of all the information otherwise required on the sign, including the Department's public hearing schedule for comment on submitted Applications, if applicable.
- 9) **Threshold Criteria.** The following Threshold Criteria listed in this section are mandatory requirements at the time of Application submission unless specifically indicated otherwise.
- a) **Uniform Requirements.** All the Threshold requirements in 10 TAC §50.9(h) of the Qualified Allocation Plan and Rules (QAP) in effect at the time of Application submission are requirements except as provided herein. For the purposes of receiving funds under this NOFA, the definition of Application Acceptance Period in the QAP shall be the date that the Application is submitted. For the purposes of receiving funds under this NOFA, the following subsections of 10 TAC §50.9(h) are not required:
 - i) §50.9(h)(4)(J) regarding General Contractor requirements for tax credit Applications;
 - ii) §50.9(h)(11) regarding nonprofit set-aside requirements for tax credit Applications;
 - iii) §50.9(h)(12) regarding acquisition tax credits;
 - iv) §50.9(h)(14)(G) regarding third-party report deadlines for tax credit Applications; and
 - v) §50.9(h)(15) regarding self scoring for competitive cycle tax credit Applications.
 - b) **Unit Restrictions.** 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. Additionally, each Application must meet the following requirements:
 - i) All Applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.
 - ii) 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 these minimum target requirements.
 - iii) All units targeting Extremely Low Income households at 30% or 40% 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 but will not limit the amount of any rental assistance unless required by Federal law.
 - iv) Applications requesting funds under the Persons with Disabilities Set-Aside are exempt from §(9)(b)(ii) of this NOFA, but must restrict 5% of the HOME units set-aside for persons with

disabilities at 30% of AMI and 100% of the HOME units set aside for persons with disabilities at 50% of AMI.

- c) **Loan Terms.** All project funds awarded to eligible Applications under this NOFA will be structured as a loan(s), will be supported by documents required by 10 TAC §53.80, and will meet the following requirements at the time of Application and as underwritten:
- i) The interest rate may be as low as 0% and may be adjusted by the Real Estate Analysis division in accordance with 10 TAC §1.32(d)(4);
 - ii) The Loan term will be no less than fifteen (15) years and no greater than forty (40) years and the amortization period will be no less than twenty (20) years and no greater than forty (40) years;
 - iii) The Loan(s) will be structured with a regular payment due monthly based on the amortization period. Loan(s) will not be structured with contingent payments except as allowable for Applications meeting §(2)(c)(vi) of this NOFA or 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, including being underwritten at a minimum DCR of 1.15 inclusive of the funds requested under this NOFA;
 - iv) The lien position of the Department’s loan(s) shall generally be based on the amount of the Department’s loan(s) in relation to the other sources of debt. However, the Department may require a superior position to sources that are greater than the Department’s funds if the lender is a related party to any member of the development team or if the other source of debt is structured with a contingent payment or without any regular payment;
 - v) The Department’s loan(s) must close within six (6) months of execution of the contract and each loan shall be structured with an eighteen (18) month development period. An extension to these timeframes may be requested as allowed in 10 TAC §53.74; and
 - vi) 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 up to 50% of the total HOME award to be structured as a deferred forgivable loan with a term equal to the affordability period. 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.
- d) **Leveraging of Other Public or Private Resources.** 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. The maximum award may not exceed 90% of the Total Development Costs (“TDC”) unless a resolution of support for the development is made by the local unit of government in which the proposed development resides and/or the proposed development is located in an area where the HUD Fair Market Rents are equal to the respective HOME Rent Limit for a one-bedroom unit but will be limited per Table 3, as follows:

Table 3. Maximum HOME Award as a Percentage of Total Development Cost (“TDC”)

Rent	Resolution from Local Government	Max award as % of TDC	% of TDC from other sources

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 equal to High Home	No	93%	7%
FMR equal to High Home	Yes	95%	5%
FMR equal to Low Home	No	96%	4%
FMR 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 twenty (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 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 and 1.35 maximum.

- e) **Funding Limits.** In addition to the limits per Application described in §§(2)(a)(ii) and (2)(b) of this NOFA, Applicant awards will be limited as follows:
- i) The Department will determine the maximum amount of HOME funds or minimum number of HOME units by pro-rating the total HOME eligible development costs of the project in accordance with 24 CFR 92.205(d). The total HOME funds as a percentage of total HOME eligible development costs may not exceed the total HOME restricted units as a percentage of the total units (For example: [total HOME funds / total HOME eligible cost] may not exceed [total HOME units / total units]). Applicants are encouraged to review "HOME eligible costs" in the HOME Final Rule, 24 CFR §§92.205 and 92.206;
 - ii) The total HOME funding may not exceed the per-unit dollar limitations established under section 221(d)(3) of the National Housing Act (12 U.S.C. 17151(d)(3)), which are applicable to the area in which the development is located, and as published by HUD; and
 - iii) Funds awarded under this NOFA shall meet all other subsidy and funding limits required in the HOME Rule at 24 CFR Part 92.
- f) **Financial Capacity.** If the Department's loan(s) amount to more than 50% of the total development cost, except for developments also financed through the USDA-515 program, the Application will include:
- i) A letter from a third party CPA verifying the capacity of the owner or developer to provide at least 10% of the total development cost as a short term loan for development; and
 - ii) A letter from the developer's or owner's bank(s) confirming funds amounting to 10% of the total development cost are available; or
 - iii) Evidence of a line of credit or equivalent tool equal to at least 10% of the total development cost from a financial institution that is available for use during the proposed development activities.
- g) **Affirmative Marketing.** Documentation of compliance with the Affirmative Marketing requirements in the Fair Housing Act and the Department's Compliance Rules at 10 TAC §60.112(d). Applicants will be required to use HUD form 935.2a to meet these requirements.
- h) **Site and Neighborhood.** For Applications proposing new construction, documentation sufficient to meet the Site and Neighborhood Standards required in 24 CFR §92.202 and as required in the Final Application and Submission Procedures Manual (ASPM).

- i) **Application Certifications.** All Applicants will be required to certify to compliance with the following:
 - i) Davis-Bacon Act (24 CFR §92.354);
 - ii) Environmental standards (24 CFR Parts 50 & 58);
 - iii) Uniform Relocation Act (49 CFR Part 24); and
 - iv) Lead Safe Housing Rule (24 CFR Part 35).
 - v) Other certifications may be required as specifically stated in the ASPM current at the time of Application.
 - vi) Audit Certification. 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).
 - vii) In accordance with 10 TAC §53.44(c), all entities receiving funds of \$25,000 or more must be registered in the federal Central Contractor Registration (CCR) and have a current Data Universal Numbering System (DUNS) number.

- j) **CHDO Certification.** Requirements under this subsection must only be met for Applications considered for an award of funds from the CHDO Set-Aside. CHDO Certification will be awarded in accordance with the rules and procedures as set forth by 10 TAC §53.50, Community Housing Development Organization (CHDO) Certification. CHDO Certification Applications must meet the requirements of 10 TAC §53.50 at the time of Application submission. Additionally, the following apply:
 - i) 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;
 - ii) A separate Application process is required for CHDO Certification and to meet the CHDO Set-Aside requirements. 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; and
 - iii) 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. The CHDO Application package will be available with all other Application materials on the Department's website.

10) 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.
 - i) 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 forty-five (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.
- ii) 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 10 TAC §1.32. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies within forty-five (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.
 - iii) 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 thirty (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 from the CHDO Set-Aside and 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.
- b) 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.
- c) 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, the Application 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.

- d) 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.
- e) 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.
- f) In accordance with §2306.082 of the 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 of 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. 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.

11) Administration.

- a) All Applicants receiving an award under this NOFA will be required to enter into a contract with the Department and will be subject to the contract requirements in 10 TAC Chapter 53; Subchapters F and G.
- b) When Department funds 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 or equivalent guarantee in the sole determination of the Department. Such assurance of completion will run to the Department as obligee and must be documented prior to closing. Applications also utilizing the USDA 515 program are exempt from this requirement but must meet the alternative requirements set forth by USDA.

12) Tie Breaker Factors. In the event that two or more Applications receive the same priority based upon the provisions of §10 of this NOFA in any given Set-Aside category and are both practicable and economically feasible, the Department will utilize the factors in this section, in the order they are presented, to determine which Development will receive a preference in consideration for an awarded of funds.

- a) Applications involving any Rehabilitation or Reconstruction of existing Units will win this first tier tie breaker over Applications involving solely New Construction or Adaptive Reuse.

- b) The Application with the least amount of HOME funds per HOME restricted unit will win this second tier tie breaker.

13) Application Submission

- a) All Applications submitted under this NOFA must be received on or before **5:00 p.m. on December 31, 2010**. 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 an 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 for the respective set-aside. An Application qualifying for the abbreviated Application process may be considered by staff to have already met the threshold requirements in §§(8) and (9)(a) of this NOFA without additional review unless staff determines additional documentation is required in accordance with §(13)(h) of this NOFA.
- h) The requirements of the abbreviated Application will be reflected in the Application Submission Procedures Manual (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.

- 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.
- 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 §(13)(g) of this NOFA and that have an existing HOME Contract with the Department. The Application fee is not a reimbursable cost under the HOME Program.
- k) Applications must be sent via overnight delivery to:

**HOME Division
Texas Department of Housing and Community Affairs
Attn: Chris Law
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: Chris Law
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.*

HOME PROGRAM DIVISION
BOARD ACTION REQUEST
January 20, 2010

Requested Action

Approve HOME Program Award Recommendations, involving the award of seven (7) applications, totaling \$2,593,000 in project funds and \$103,720 in administrative funds, which will result in assistance for 44 low income households.

RESOLVED, that the award of contracts to Village of Vinton, City of DeKalb, City of Muleshoe, Crane County, City of Atlanta, Town of Van Horn, and Temple Housing Authority, totaling \$2,593,000 in project funds and \$103,720 in administrative funds, resulting in assistance for 44 low income households, be and they hereby are approved in the form presented to this meeting.

Background

Staff is recommending for award the following eligible applications received in response to the 2009 Single Family Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs Notice of Funding Availability (NOFA). The award recommendations total \$2,593,000 in project funds and \$103,720 in administrative funds to assist 44 households for the following seven (7) applications:

Village of Vinton
City of DeKalb

Each applicant will receive \$320,000 in project funds which will be used to provide up to \$80,000 per household for the rehabilitation or reconstruction of 4 homes owned by low-income households that are in significant disrepair.

City of Muleshoe
Crane County
Town of Van Horn

Each applicant will receive \$432,000 in project funds which will be used to provide up to \$80,000 per household for the rehabilitation or reconstruction of 5 homes owned by low-income households that are in significant disrepair.

City of Atlanta

Applicant will receive \$432,000 in project funds which will be used to provide up to \$80,000 per household for the rehabilitation or reconstruction of 6 homes owned by low-income households that are in significant disrepair.

Temple Housing Authority

Applicant will receive \$225,000 in project funds to provide up to \$20,000 in homebuyer assistance for 15 low-income first time homebuyers.

The Board has previously approved funding for 17 applications totaling \$6,614,079 in project funds and \$312,561 in administrative funds under the 2009 HOME Program Single Family

Owner-Occupied Housing Assistance (OCC), Tenant-Based Rental Assistance (TBRA), and Homebuyer Assistance (HBA) Programs Notice of Funding Availability (NOFA). In addition to the 7 applications being recommended for funding, 7 applications requesting a total of \$2,260,593 in project funds are still under review.

This NOFA, which was approved on July 16, 2009, made available \$25,923,970 in HOME funds originally restricted in set-asides for each activity and by region. As of December 1, 2009, any funds not awarded or requested were made available statewide for any eligible HOME Program Activity specified in the NOFA until all funds are awarded or April 30, 2010. If the attached award recommendations are approved, a total of \$16,716,890 will remain in the NOFA.

All applications being recommended for funding have been reviewed by the Compliance and Asset Oversight Division, and no issues of material non-compliance, unresolved audit findings or questioned or disallowed costs have been identified.

Attached are the Application and Award Recommendations Logs.

2009 SF Application Log Final Collapse

Sorted by date/time received

Total NOFA Amount - \$25,923,970

Total Amount Available: \$19,309,890

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
2009-0019 2009 OCC	8/17/2009	1:45 PM	City of Cooper	4	\$432,693	\$17,307	5	\$432,693	\$17,307	5	Awarded 10/15/2009
2009-0021 2009 TBRA	8/19/2009	3:27 PM	Ellis Community Resources Inc.	9	\$300,000	\$36,000	27				Withdrawn
2009-0022 2009 OCC	8/28/2009	2:06 PM	City of Weimar	6	\$432,000	\$17,280	6	\$432,000	\$17,280	6	Awarded 10/15/2009
2009-0026 2009 HBA	8/31/2009		Community Development Corporation of Brownsville	11	\$300,000	\$12,000	30				Terminated
2009-0030 2009 OCC	8/31/2009	2:55 PM	City of Martindale	7	\$432,000	\$17,280	6	\$432,000	\$17,280	6	Awarded 11/9/2009
2009-0024 2009 OCC	8/31/2009	4:00 PM	City of Huntsville	6	\$432,000	\$17,280	6	\$432,000	\$17,280	6	Awarded 10/15/2009
2009-0025 2009 OCC	8/31/2009	4:00 PM	Community Development Corporation of Brownsville	11	\$432,000	\$17,280	10	\$432,000	\$17,280	10	Awarded 10/15/2009
2009-0023 2009 OCC	8/31/2009	4:00 PM	City of Bloomburg	4	\$240,000	\$9,600	3	\$240,000	\$9,600	3	Awarded 10/15/2009
2009-0031 2009 TBRA	9/2/2009	1:17 PM	Buckner Children & Family Services, Inc. dba Buckner Family Place	6	\$162,624	\$22,176	11				Terminated
2009-0033 2009 TBRA	9/2/2009	2:22 PM	Buckner Children & Family Services, Inc. dba Buckner Family Place	5	\$133,056	\$18,144	11				Terminated

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
2009-0028 2009 OCC	9/2/2009	4:38 PM	City of Commerce	3	\$432,693	\$17,307	5	\$432,693	\$17,307	5	Awarded 11/9/2009
2009-0032 2009 OCC	9/3/2009	4:31 PM	City of Gatesville	8	\$432,000	\$17,280	5	\$432,000	\$17,280	5	Awarded 10/15/2009
2009-0034 2009 HBA	9/18/2009	4:13 PM	City of Waxahachie	3	\$220,000	\$8,800	11	\$220,000	\$8,800	11	Awarded 11/9/2009
2009-0035 2009 TBRA	9/24/2009	2:43 PM	Housing Authority of New Braunfels	9	\$300,000	\$36,000	27	\$300,000	\$36,000	27	Awarded 11/9/2009
2009-0036 2009 OCC	9/29/2009	9:59 AM	City of Belton	8	\$400,000	\$16,000	5	\$0	\$0	5	Withdrawn
2009-0037 2009 TBRA	9/29/2009	10:00 AM	Affordable Caring Housing, Inc.	4	\$118,104	\$4,724	10				Withdrawn
2009-0039 2009 OCC	10/2/2009	12:07 PM	City of Lorenzo	1	\$432,000	\$17,280	5	\$432,000	\$17,280	5	Awarded 12/17/2009
2009-0038 2009 OCC	10/2/2009	12:08 PM	City of Floydada	1	\$432,000	\$17,280	5	\$432,000	\$17,280	5	Awarded 12/17/2009
2009-0040 2009 OCC	10/8/2009	4:15 PM	City of Sulphur Springs	4	\$432,693	\$17,307	5	\$432,693	\$17,307	5	Awarded 11/9/2009
2009-0044 2009 TBRA	10/12/2009	2:15 PM	Ellis Community Resources Inc.	9	\$300,000	\$36,000	27	\$300,000	\$36,000	27	Awarded 11/9/2009
2009-0041 2009 OCC	10/14/2009	9:21 AM	Town of Van Horn	13	\$432,000	\$18,000	5				Withdrawn
2009-0042 2009 OCC	10/15/2009	11:39 AM	City of Bowie	2	\$400,000	\$16,000	5	\$400,000	\$16,000	5	Awarded 12/17/2009

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
2009-0043 2009 TBRA	10/15/2009	4:31 PM	Catholic Charities of Corpus Christi, Inc	10	\$300,000	\$36,000	10				Withdrawn
2009-0050 2009 HBA	11/2/2009	11:50 AM	Town of Combes	11	\$300,000	\$12,000	15				Under Review
2009-0047 2009 OCC	11/2/2009	4:49 PM	City of Belton	8	\$400,000	\$16,000	5	\$400,000	\$16,000	5	Awarded 12/17/2009
2009-0048 2009 OCC	11/4/2009	5:08 PM	City of Olton	1	\$432,000	\$17,280	5	\$432,000	\$17,280	5	Awarded 12/17/2009
2009-0051 2009 OCC	11/10/2009	3:44 PM	Village of Vinton	13	\$320,000	\$12,800	4	\$320,000	\$12,800	4	Pending Award
2009-0054 2009 OCC	11/24/2009	12:00 PM	City of Muleshoe	1	\$432,000	\$17,280	5	\$432,000	\$17,280	5	Pending Award
2009-0053 2009 OCC	11/25/2009		City of Atlanta	4	\$432,000	\$17,280	6	\$432,000	\$17,280	6	Pending Award
2009-0052 2009 OCC	11/25/2009	12:36 PM	City of DeKalb	4	\$320,000	\$12,800	4	\$320,000	\$12,800	4	Pending Award
2009-0058 2009 HBA	11/25/2009	12:58 PM	Southeast Texas HFC	6	\$500,000	\$20,000	50				Under Review
2009-0057 2009 HBA	11/30/2009	5:33 PM	Temple Housing Authority	8	\$225,000	\$9,000	15	\$225,000	\$9,000	15	Pending Award
2009-0055 2009 HBA	12/1/2009	12:39 PM	Midland Neighborhood Housing Services, Inc.	12	\$300,000	\$12,000	24				Withdrawn
2009-0056 2009 OCC	12/9/2009	5:24 PM	County of Crane	12	\$432,000	\$17,280	5	\$432,000	\$17,280	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
2009-0059 2009 HBA	12/21/2009	4:04 PM	City of Hillsboro	8	\$300,000	\$12,000	15				Under Review
2009-0060 2009 OCC	12/27/2009	5:36 PM	City of Albany	2	\$432,000	\$17,280	5				Under Review
2009-0061 2009 OCC	12/28/2009	12:27 PM	Town of Van Horn	13	\$432,000	\$17,280	5	\$432,000	\$17,280	5	Pending Award
2009-0062 2009 OCC	12/28/2009	12:28 PM	City of Edgewood	4	\$432,693	\$17,307	5				Under Review
2009-0064 2009 HBA	12/28/2009	12:29 PM	The Nehemiah Foundation	4	\$200,000	\$8,000	10				Under Review
2009-0063 2009 HBA	12/28/2009	5:21 PM	City of Carrollton	3	\$96,000	\$4,000	5				Under Review
Totals:					\$13,913,556	\$681,912	423	\$9,207,079	\$416,281	190	

2009 HOME SF NOFA (2009 OCC) - Award Recommendations Log

January 11, 2010

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	\$25,923,971
OCC Set-Aside Amount:	\$18,146,779
Total Recommended:	\$2,368,000
Total Apps. Recommended:	6

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
2009-0051	11/10/2009	3:44 PM	Village of Vinton	13	\$320,000	\$12,800	4	\$320,000	\$12,800	4	Pending Award
2009-0054	11/24/2009	12:00 PM	City of Muleshoe	1	\$432,000	\$17,280	5	\$432,000	\$17,280	5	Pending Award
2009-0053	11/25/2009		City of Atlanta	4	\$432,000	\$17,280	6	\$432,000	\$17,280	6	Pending Award
2009-0052	11/25/2009	12:36 PM	City of DeKalb	4	\$320,000	\$12,800	4	\$320,000	\$12,800	4	Pending Award
2009-0056	12/9/2009	5:24 PM	County of Crane	12	\$432,000	\$17,280	5	\$432,000	\$17,280	5	Pending Award
2009-0061	12/28/2009	12:27 PM	Town of Van Horn	13	\$432,000	\$17,280	5	\$432,000	\$17,280	5	Pending Award
Totals:					\$2,368,000	\$94,720	29	\$2,368,000	\$94,720	29	

2009 HOME SF NOFA (2009 HBA) - Award Recommendations Log

January 11, 2010

Sorted by Date and Time Received

Statewide Summary	Totals
SF NOFA Amount:	\$25,923,971
HBA Set-Aside Amount:	\$3,888,595
Total Recommended:	\$225,000
Total Apps. Recommended:	1

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
2009-0057	11/30/2009	5:33 PM	Temple Housing Authority	8	\$225,000	\$9,000	15	\$225,000	\$9,000	15	Pending Award
Totals:					\$225,000	\$9,000	15	\$225,000	\$9,000	15	

Housing Resource Center

**BOARD ACTION ITEM
January 20, 2010**

Recommended Action

Staff recommends that the Board authorize staff to move forward with the procurement of a provider to perform an Analysis of Impediments to Fair Housing Choice for the State of Texas.

WHEREAS, the State of Texas as a recipient of federal appropriations from the U.S. Department of Housing and Urban Development is required to have a current analysis of impediments to fair housing choice;

WHEREAS, the Department, as the state agency statutorily directed to administer most state and federal housing programs, has been tasked with the responsibility of ensuring that the required analysis is performed;

WHEREAS, the Department anticipates that the U.S. Department of Housing and Urban Development will soon issue updated guidance on the requirements and obligations of entities receiving federal funds to provide a current and updated Analysis of Impediments;

WHEREAS, this Board desires that the Department move as expeditiously as possible to update its Analysis of Impediments and ensure that it is thorough and comprehensive analysis; and

WHEREAS, this Board demands compliance with all applicable legal requirements and strongly supports developing a well-prepared and thoroughly documented analysis of impediments to fair housing choice

It is hereby:

RESOLVED, that the Executive Director and his designees and each of them be and they hereby are authorized and empowered, for and on behalf of this Department, to procure a qualified third party to perform an Analysis of Impediments to Fair Housing Choice as required by the Department of Housing and Urban Development; and

FURTHER RESOLVED, in order to effectuate the foregoing the Executive Director, his designees, and each of them are authorized and empowered, for and on behalf of the Department, to take such actions; prepare and circulate such requests for proposal, bids, or similar procurement documents; execute and deliver such other contracts, documents, instruments, and writings; and perform such other acts and deeds as they or any of them may deem necessary or advisable to effectuate the foregoing; PROVIDED, however, that if the Executive Director at any time deems it not to be in the best interest of the Department to pursue such procurements or execute such contracts, he may decline to proceed, and

FURTHER RESOLVED, that the Executive director shall provide the Board with updates on any action taken with regard to the foregoing; and

FURTHER RESOLVED, that the Executive Director is hereby requested to bring to this Board any necessary recommendations for adjustments to the Department's operating budget to provide for the funding of such procurement.

Background

As part of the Consolidated Planning process, the U.S. Department of Housing and Urban Development (HUD) requires the State to certify that it will affirmatively further fair housing. This includes the preparation of an Analysis of Impediments to Fair Housing (AI), taking appropriate actions to overcome the effects of any impediments identified through the analysis, and maintaining records reflecting the analysis and actions. (CFR Part 91.225)

The Analysis of Impediments is a review of impediments to fair housing choice. The analysis covers public and private policies, practices, and procedures affecting housing choice. Impediments to fair housing choice include, but are not limited to:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin that restrict housing choices or the availability of housing choice; and
- Any actions, omissions, or decisions that have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin.

The Analysis of Impediments serves as the basis for fair housing planning, provides essential information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates, and assists in building public support for fair housing efforts.

Previously, the Analysis of Impediments was conducted in-house and took significant time to develop and approve. The issue of the current status of the Analysis of Impediments has come forward in the Hurricane Ike/Dolly Action Plan approval process. A complaint filed with HUD regarding the proposed Methods of Distribution for the disaster recovery funds has raised the issue of how the Analysis of Impediments relates to other forms of HUD financing, not just disaster recovery funds. HUD has been conducting national meetings in which many groups have requested that HUD do more to Affirmatively Further Fair Housing by providing more detailed guidance on the Analysis of Impediments process.

The Department submitted the *2010-2014 State of Texas Consolidated Plan* to HUD in December 2009. Annual updates to the Consolidated Plan and annual performance reports are incorporated in the Consolidated Planning process. The Department last revised the Analysis of Impediments to Fair Housing in January 2003 and needs to produce a new Analysis of Impediments for submission to HUD. At this time HUD has indicated that it will be releasing new guidance on how the AI should be performed. TDHCA is awaiting this guidance so that it can proceed with procuring a provider to perform the AI.

TDHCA will release a Request for Proposals, consistent with the latest HUD guidance, seeking a qualified firm with which to contract for the preparation of an Analysis of Impediments.

TEXAS NEIGHBORHOOD STABILIZATION PROGRAM

BOARD ACTION REQUEST

January 20, 2010

Recommended Action

Approve publishing a draft of proposed rules for the Texas Neighborhood Stabilization Program, 10 TAC, Part 1, Chapter 9, for comment in the *Texas Register*.

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the draft Neighborhood Stabilization Program rules, in the form presented to this meeting, to be published in the *Texas Register* for public comment and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

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 (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 arresting declining property values as a result of excessive foreclosures. Program funds have been obligated to subrecipients. The purpose of the action item is to initiate the process for the development of first-time program rules for the NSP, a new program.

Program rules are necessary to effectively monitor the activities under the NSP, to ensure that program benchmarks are achieved and NSP funds are expended in a timely manner. The contracts between the Department and NSP Subrecipients already include performance benchmarks; however, the Department will be better able to enforce contract performance under the rules. Furthermore, the proposed rules contain mechanisms for program administration and contract changes including the method for deobligation and reobligation/reallocation of funds that were not discussed in the Notice of Funding Availability – the current regulatory document for the Texas NSP. Publishing the rules in the Texas Register opens the period for public comment. The Board will address the final rules after public comment is received and compiled for presentation.

Recommendation

Staff recommends that the Board approve the draft NSP rules for publication in the Texas Register to begin the public comment period.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 9 TEXAS NEIGHBORHOOD STABILIZATION PROGRAM

§9.1. Purpose.

This chapter clarifies the administration of the Texas Neighborhood Stabilization Program (Texas NSP). Texas NSP funds are administered by the Texas Department of Housing and Community Affairs (Department) in partnership with the Texas Department of Rural Affairs (TDRA). The Texas NSP awards funding to Subrecipients to acquire foreclosed or abandoned property in order to redevelop that property to prevent it from otherwise becoming a source of blight and a contributor to declining property values.

§9.2. Definitions.

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

- (1) Department--The Texas Department of Housing and Community Affairs.
- (2) Executive Director--Executive Directors of either the Texas Department of Housing and Community Affairs or the Texas Department of Rural Affairs.
- (3) Expended--For the purposes of contract benchmarks, Expended means that a complete drawdown request is submitted with back-up documentation adequate to process a draw; it is not necessary for staff to have processed a draw to meet a benchmark. For all other purposes, Expended means that an eligible cost was incurred and staff has processed a draw to reimburse the expense with Texas NSP funds.
- (4) Board--The Governing Board of the Department.
- (5) HUD--U.S. Department of Housing and Urban Development.
- (6) Land Bank--A governmental or nongovernmental nonprofit organization established, at least in part, to assemble, temporarily manage and dispose of vacant land for the purposes of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property.
- (7) NOFA--Notice of Funding Availability.

(8) Obligated--When NSP funding has been encumbered through contracts for goods, services or acquisition of property or other forms of similar transactions requiring payment that have been determined by the Department to meet NSP requirements.

(9) Subrecipient--Units of General Local Government and nonprofit organizations with whom the Department contracts and provides funding in order to undertake activities eligible for such assistance.

(10) TDRA--Texas Department of Rural Affairs.

(11) Texas NSP--Texas Neighborhood Stabilization Program.

(12) The "State"--Collectively refers to either or both the Texas Department of Housing and Community Affairs and the Texas Department of Rural Affairs.

§9.3. General Provisions.

(a) The contract term is based upon varying types of activities included in the contract between the state and the state's subrecipient. Exhibit C, Project Implementation Schedule, of the contract, provides an outline of activity-specific timelines, milestones and thresholds.

(1) Milestones. Performance under the contract will be evaluated according to the following benchmarks from the contract begin date:

(A) Three-month milestone. If performing a tiered environmental review, the broad portion of the tiered review, (necessary to receive general environmental clearance) must be submitted to the state;

(B) Six-month milestone. Funds designated in Exhibit B, Budget, as acquisition funds must be 100% obligated through purchase contract offers; site-specific environmental reviews must be submitted to the State; addresses (activities) must be set-up in the Department's Housing Contract System; a complete environmental assessment must submitted to the state (if not performing a tiered review).

(C) Nine-month milestone. All contract funds must be 100% obligated.

(D) Twelve-month milestone. All rehabilitation, reconstruction and/or new construction activities must be initiated. If Davis-Bacon Labor Standards (§§40 U.S.C. 3141 et seq.) are required for construction activities, a Start of Construction form evidences compliance. If Labor Standards are not required, an adequately documented drawdown request for construction expenses evidences compliance.

(E) Twenty-four-month milestone. All rehabilitation, reconstruction and/or new construction activities must be completed and in final NSP-eligible use; loan repayment to the Department must be initiated or completed.

(F) Thirty-six-month milestone. Repayment to the Department for Eligible Use E, Redevelopment, activities must be complete.

(G) One hundred-twenty-month milestone. All land banked properties must be in final NSP-eligible use. Repayment to TDHCA for Land Bank activities must be complete.

(2) Thresholds. Expenditures of funds as budgeted in Exhibit B, Budget of the contract, will be controlled according to the following benchmarks from the contract begin date:

(A) Nine-month threshold. This threshold applies only to contracts performing financing mechanisms without acquisition of property or demolition of blighted structures. Financing mechanisms only and/or demolition activities must be 30% expended.

(B) Twelve-month threshold. Contract must be 30% expended.

(C) Fifteen-month threshold. This threshold applies only to contracts performing financing mechanisms without acquisition of property or demolition of blighted structures. Financing mechanisms only and/or demolition activities must be 100% expended.

(D) Eighteen-month threshold. Contract must be 70% expended.

(E) Twenty-four-month threshold. Contract must be 100% expended less any administrative funds designated for ongoing support of Land Bank activities, the administrative retainage and any other reservations of administrative funds approved by the state on contract close-out documents.

(F) Forty-three-month Threshold. All administrative funds for ongoing support of Land Bank activities must be expended less the required administrative retainage.

(b) Administrative Threshold.

Administrative draw requests are funded from the administration line item in Exhibit B, Budget, of the contract. Reimbursement of eligible administrative expenses is regulated as follows:

(1) Threshold 1. The initial administrative draw request allows up to 10% of the administration line item to be drawn down prior to the start of any project activity included in the performance statement of the contract (provided that all pre-draw requirements, as described in the contract, for administration have been met). Subsequent administrative expenditures will be reimbursed in the percentage amounts indicated, provided that all contract benchmark requirements have been met, as identified in subsection (a)(1) – (2) of this section.

(2) Threshold 2. Subsequent administrative draw requests are allowed in proportion to the direct project funds drawn on the contract; up to 90% of the total administrative line item. The cumulative total percentage of administrative funds requested may not exceed the cumulative total percentage of project funds expended for hard and soft costs directly attributable to activities under the contract.

(3) Threshold 3. The final 10% of the administrative line item is the administrative retainage. Half of the retainage or, in other words, an additional 5% (95% of the total), may be drawn down after submission of complete contract close-out documents.

(4) Threshold 4. The final 5% (100% of the total), less any administrative funds reserved for audit costs as noted on the Project Completion Report, may be drawn down following receipt of the programmatic contract close-out letter issued by the state.

(5) Threshold 5. Any funds reserved for audit costs will be released upon completion and submission of an acceptable audit and a documented drawdown request for the expenses. Only the portion of audit expenses reasonably attributable to the contract is eligible.

(c) Forbearances. Contract expenditure thresholds and milestones are included in Exhibit C, Project Implementation Schedule, of the contract; violations of which will subject the subrecipient to the requirements found in §9.5 of this chapter (relating to Sanctions/Deobligation). At the Department's discretion, forbearances of thresholds and milestones may be granted upon request and documentation of extenuating circumstances.

(1) The Nine-month Milestone is a contract benchmark established to ensure that the State will meet the eighteen-month requirement placed upon the state by the U. S. Department of Housing and Urban Development (HUD) through the grant agreement to obligate 100% of NSP funds. The eighteen-month obligation requirement started when the grant agreement was executed by HUD on March 3, 2009 and is due to be met on September 3, 2010.

(A) Failure to meet the nine-month benchmark will subject the subrecipient to the requirements found in §9.5 of this chapter (relating to Sanctions/Deobligation).

(d) Waivers. Program administrative regulations set in the Texas NSP Notice of Funding Availability (NOFA), published in the *Texas Register* [34 TexReg 2174], by the Department's

Governing Board or terms in the contract may be waived by the Department, acting by and through its Executive Director or his/her designee, up to the limits of Texas NSP regulations and guidance as previously established, periodically updated or updated in the future by HUD.

(1) Purchase Discount Waiver. The Executive Director or his/her designee may waive the Texas NSP Purchase Discount to the limits of the Purchase Discount as allowed by the NSP Bridge Notice. The Texas NSP NOFA and the NSP *Federal Register* Notice, [Docket No. FR-5255-N-01] published in the Federal Register at 73 FR 58330, require a minimum discount of 5% for any individual property and 15% for a portfolio of properties to be acquired utilizing Texas NSP funds. (If only acquiring one property, the one property constitutes a portfolio). The NSP Bridge Notice allows for up to a 1% discount for individual properties and portfolios.

§9.4. Amendments.

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

(1) Contract Time Extensions. Initial one-time extensions of up to one (1) year may be granted due to extenuating circumstances demonstrated by the subrecipient.

(2) Contract Modifications and Amendments. Modifications or amendments to the Exhibits of the contract may be approved provided that the changes do not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department.

(3) Award Increase. Up to a 25% increase in individual contracts may be added to the funding originally awarded by the Department's Governing Board. Requests for increases in funding will be evaluated by staff on a first-come, first-served basis to assess the administrative capacity to manage additional funding, the demonstrated need for additional funding in the designated service areas and the ability of the increase in funding to contribute to the stabilization of neighborhoods. The minimum requirement for an increase in funding will be adherence to Contract benchmarks and reporting requirements. Qualifying requests will be recommended to the Executive Director.

(4) Any amendments requests exceeding the above parameters may be taken to a regularly scheduled meeting of the Department's Governing Board for consideration.

§9.5. Sanctions/Deobligation.

The Department will apply §1.19 of this title (relating to Deobligated Funds), if applicable. Funds deobligated from Texas NSP contracts must be reassigned to NSP-eligible uses.

§9.6. Reassignment of Funds.

(a) Funds deobligated prior to and due to the requirements of the nine-month milestone will be reassigned to existing Contracts following the Amendment procedure.

(b) Funds deobligated after the nine-month milestone may either be reassigned utilizing the Amendment procedure or be subject to redistribution through a methodology to be approved by the TDHCA Governing Board.

HOUSING TRUST FUND DIVISION

BOARD ACTION REQUEST

January 20, 2010

Action Item

Presentation, Discussion, and Possible Approval for publication in the *Texas Register* a repeal of 10 TAC Chapter 51, Housing Trust Fund Rule, and a proposed new 10 TAC Chapter 51, Housing Trust Fund Rule, for comment in the *Texas Register*.

Requested Action

Approve, Deny or Approve with Amendments the publication in the *Texas Register* a repeal of 10 TAC Chapter 51, Housing Trust Fund Rule, and a proposed new 10 TAC Chapter 51, Housing Trust Fund Rule, for comment in the *Texas Register*.

Background

Attached behind this Board Action Item is the Draft Housing Trust Fund Rule which reflects staff's recommendations for revisions. This draft rule ensures compliance with all statutory requirements, incorporates public input from the recent Housing Trust Fund Program Roundtable, formalizes existing policy and guidelines contained in the Housing Trust Fund program manuals and includes recommendations for revisions of necessary policy and administrative changes to further enhance operations. The rule, upon publication, will be made available for public comment and a hearing held. The final rule will be presented for Board approval at the May Board meeting.

Summary of Significant Changes

This section outlines some of the most significant staff recommendations. Other more operational or procedural revisions, details of revisions, formatting adjustments, and streamlining are not summarized, however, they are reflected in the attached Draft Housing Trust Fund Rule.

1. *§51.1 Purpose*

§51.5 Allocation of Housing Trust Funds was consolidated into revised *§51.1 Purpose and Use of the Housing Trust Fund*. The Texas Government Code Chapter 2306 referenced when appropriate. The following sections were moved to the revised section, *§51.1 Purpose and Use of the Housing Trust Fund* in whole or part:

- *§51.5((a)-(c))* moved to *§51.1(a)* with an edit that references 2306.
- *§51.1* introductory text and *§51.6(b)* were combined and moved to section *§51.1(b)* to be more concise.
- *§51.5(d)* moved in its entirety to *§51.1(c)* with the addition of a section title.

- *§51.6 Basic Eligible Activities, Subsection (a)* was moved to *§51.1(d)* with added language to reflect revisions to 2306 in accordance with SB 679, 81st Legislature.
- *§51.5(g)* moved to *§51.1(e)* with added language to establish practice consistent with current programmatic guidelines.

2. *§51.2 Definitions*

Language was added to clarify that definitions specifically apply to Housing Trust Fund Applications, Awards, Contracts and/or Activities.

Definitions, as noted in the draft attached, were added, modified or deleted in order to be consistent with definitions previously established in Housing Trust Fund NOFAs, contracts, program manuals, and/or forms.

3. *§51.3 Notice of Receipt of Application or Proposed Application*

This section was removed, as it does not apply to the Department's Housing Trust Fund program. Subsequent sections were renumbered accordingly.

4. *§51.4. Loan Closing Is Required Prior to Construction*

This section was deleted and the language captured in new section *§51.10(d)(8)(A)*.

5. *§51.5. Allocation of Housing Trust Funds*

- *§51.5((a)-(d))* and *(g)* were moved in their entirety to revised section *§51.1 Purpose and Use of the Housing Trust Fund*, as further detailed above.
- *§51.5(e)* was removed. The Department may choose to capture this requirement in specific NOFAs.
- *§51.5(f)* was removed, as requirements are captured in 2306.

6. *§51.6 Basic Eligible Activities*

- *§51.6(a)* and *(b)* were moved to revised section *§51.1 Purpose and Use of the Housing Trust Fund* with edits to ensure consistency with SB 679, as further detailed above.
- *§51.6(c)* was removed, as requirements are captured in the Bootstrap Statute 2306.754.

7. *§51.7 Basic Eligible Activities*

This section was moved to *§51.3(c)* with the addition of language to establish practice consistent with Housing Trust Fund contracts and program manuals.

8. *§51.8 Application Procedures and Requirements*

- *§51.8(a)* moved to *§51.5 General Application Procedures and Requirements, Subsection (a)* with added language to ensure clarity.
- *§51.8(b)* was moved to a new section *§51.4(a)* with section titles added.
- *§51.8((c)-(d))* was moved to section *§51.3* and renumbered to *§51.3(a)* and *(b)* respectively. Language was updated to establish practice consistent with Housing Trust Fund programmatic guidelines.

- §51.8(d)(9) was moved to a new section, §51.6(b) *Material Deficiencies* with edits to ensure clarity.
 - §51.8(e) *Noncompliance* was moved to §51.3(b)(1) *Ineligible Applications, Activities, and Restrictions* with edits to ensure clarity.
 - §51.8(f)-(h) were moved to §51.5 *General Application Procedures and Requirements* with edits to ensure clarity.
9. §51.9 *Single Family Housing Programs*
This section removed due to redundancy.
10. §51.10 *Multifamily Development Application Requirements*
This section was consolidated with §51.11 and moved to new section, §51.9 *Additional Requirements for Development and Development Applications, Subsection (c)*.
11. §51.11 *Multifamily Development Applicants Requesting Additional Funding from Other Housing Finance Programs*
This section was consolidated with §51.10 and moved to new section, §51.9 *Additional Requirements for Development and Development Applications, Subsections (a) and (b)* respectively.
12. §51.12 *Application Review Process* was renumbered to §51.6 *Application Review Process* with the following changes:
- §51.8(d)(9) was moved to this new section, as reflected above.
 - §51.12(a) and §51.12 (b) were combined for clarity
 - §51.12(a)(3) was edited to establish practice consistent with current programmatic guidelines.
 - §51.12(c) was renumbered to §51.6(a) with edits to ensure clarity.
13. §51.13 *Criteria for Funding*
- This section was renumbered to §51.7 and language was added to ensure consistency with 2306 and establish practice consistent with programmatic guidelines.
 - §51.13(c) *Criteria for Funding* was moved to new section, §51.14 *Amendments, Subsection (a)* with language added to establish practice reflected in previous NOFAs and program manuals.
14. §51.14 *Process for Awards*
This section was renumbered to new section, §51.8 *General Process for Awards* with edits to ensure consistency.
15. §51.15 *Contract Required after Award*
This section removed because language was captured in new section, §51.10 *Contract Administration Requirements, Subsection (a)*.
16. §51.16 *Documents Supporting Mortgage Loans*

This section was renumbered to §51.11 *Mortgage Loans and Loan Support* with language added to establish practice reflected in previous NOFAs, program manuals and/or forms.

17. §51.17 *Amendments*

This section renumbered to §51.14, *Amendments, Subsection (b)* with language added to establish practice reflected in previous NOFAs, program manuals and/or forms.

18. §51.18 *General Contract Administration* was moved to new section §51.10 *Contract Administration Requirements, Subsection (d)* with edits made to ensure consistency and language added to establish practice reflected in previous NOFAs, program manuals and/or forms.

19. §51.19 *Other Program Requirements* was moved and renumbered to §51.12 *Other Program Requirements* with edits to ensure consistency with the proposed Amended Rule.

- §51.19(a) was removed as the Department may choose to establish this requirement in future NOFAs.

20. §51.20 *Citizen Participation* was renumbered to §51.16.

21. §51.21 *Records to be Maintained* was removed as guidelines are established in Chapter 1 of this title.

22. §51.22 *Waiver* was removed per Legal opinion.

Recommendation

Staff recommends Board approval of the publication in the *Texas Register* a repeal of 10 TAC Chapter 51, Housing Trust Fund Rule, and a proposed new 10 TAC Chapter 51, Housing Trust Fund Rule, for comment in the *Texas Register*.

The Texas Department of Housing and Community Affairs proposes the repeal of 10 TAC Chapter 51, §§51.1 – 51.22, concerning the Housing Trust Fund. This repeal is proposed in order to update, consolidate and simplify the existing rules for the Housing Trust Fund program.

Mr. Michael Gerber, Executive Director, has determined that for the first five-year period the repeal is in effect there will be no fiscal implications for state or local governments as a result of enforcing or administering the repeal.

Mr. Gerber has also determined that for each year of the first five-years the repeal is in effect the public benefit anticipated as a result of enforcing the repeals will be to permit the adoption of new rules to enhance the State's ability to provide decent, safe and sanitary housing administered by the Department. There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with the repeal as proposed.

The proposed repeal is proposed 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.

No other statutes, articles, or codes are affected by this proposed repeal.

§51.1. Purpose.

§51.2. Definitions.

§51.3. Notice of Receipt of Application or Proposed Application.

§51.4. Loan Closing is Required Prior to Construction.

§51.5. Allocation of Housing Trust Funds.

§51.6. Basic Eligible Activities.

§51.7. Prohibited Activities.

§51.8. Application Procedures and Requirements.

§51.9. Single Family Housing Programs.

§51.10. Multifamily Development Application Requirements.

§51.11. Multifamily Development Applicants Requesting Additional Funding from Other Housing Finance Programs.

§51.12. Application Review Process.

§51.13. Criteria for Funding.

§51.14. Process for Awards.

§51.15. Contract Required after Award.

§51.16. Documents Supporting Mortgage Loans.

§51.17. Amendments.

§51.18. General Contract Administration.

§51.19. Other Program Requirements.

§51.20. Citizen Participation.

§51.21. Records to be Maintained.

§51.22. Waiver.



**Texas Department of Housing and Community Affairs
“Housing Trust Fund Rule”**

TITLE 10, Part 1, Chapter 51, Texas Administrative Code

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§51.1. Purpose and Use of the Housing Trust Fund.

~~This Chapter clarifies the use and administration of the Housing Trust Fund. The Department shall use the Housing Trust Fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, for profit entities, nonprofit organizations, income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing. The fund is created pursuant to §2306.201, Texas Government Code. The use of the Housing Trust Fund is limited to activities pursuant to §2306.202, Texas Government Code:~~

- (a) Purpose.** The Housing Trust Fund is created pursuant to §2306.201, Texas Government Code. This Chapter clarifies the use and administration of the Housing Trust Fund. ~~The~~ In accordance with to §2306.202(a), the Department shall use the Housing Trust Fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, ~~for profit entities,~~ nonprofit organizations, income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing. ~~Pursuant to §2306.201(a), Texas Government Code the Housing Trust Fund is administered by the Department and placed with the Texas Treasury Safekeeping Trust Company.~~
- (b) Use of the Housing Trust Fund.** Pursuant to §2306.202(b) Texas Government Code, use of the Housing Trust Fund is limited to providing:
- (1) Assistance for individuals and families of low and very low income;
 - (2) Technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low and very low income; and
 - (3) Security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income; ~~and~~
 - (4) Subject to the limitations in §2306.251, Texas Government Code, the Department may also use the fund to acquire property to endow the fund.
- (c) Regional Allocation.** Funds shall be allocated to achieve broad geographic dispersion by awarding funds in accordance with §2306.111(d) and (g), Texas Government Code.
- (d) Set-Asides.** In accordance with to §2306.202(a), Texas Government Code and program guidelines:
- (1) In each biennium the first \$2.6 million available through the Housing Trust Fund for loans, grants, or other comparable forms of assistance shall be set aside and made available exclusively for ~~Units of General Local~~ Units of Government, Public Housing Authorities, and Nonprofit organizations.
 - (2) Any additional funds may also be made available to for-profit organizations so long as provided that at least 45 percent of available funds, as determined on September 1 of each

state fiscal year, in excess of the first \$2.6 million shall be made available to nonprofit organizations.

(3) The remaining portion shall be ~~competed for by~~ distributed to nonprofit organizations, for-profit organizations, and other eligible entities, pursuant to §2306.202, Texas Government Code.

(e) **Texas Bootstrap Loan Program**. Housing Trust Funds may also be allocated to the Texas Bootstrap Loan Program and will be awarded in accordance with §2306, Subchapter FF, Texas Government Code. Applicants combining other Housing Trust Fund funding with the Texas Bootstrap Loan Program funds must meet the requirements of both programs, such as, but not limited to 10 TAC Chapter 2.

§51.2. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, when applied to Housing Trust Fund Applications, Awards, Contracts and/or Activities: ~~unless the context clearly indicates otherwise.~~

~~(1) Administrative Deficiencies--The absence of information or a document from the application as required in this rule or applicable NOFA.~~

(1) ~~(2) Administrator--The Person responsible for performing under a Contract with the Department.~~
A unit of government, non-profit entity or other party who has a written signed Agreement or Contract with the Department committing the Department to provide funds upon the completion of certain actions called for in the Agreement.

(2) ~~(3) Affiliate--An individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other Person, and specifically shall include parents or subsidiaries. Affiliates also include all General Partners, Special Limited Partners and Principals with an ownership interest.~~

(3) ~~(4) Affiliated Party--A Person in a relationship with the Administrator on a Contract with the Department.~~

(4) **Annual Income-- Pursuant to 10 TAC §60.108, for all programs administered by the Department, annual income shall be determined consistent with the Section 8 Program, using the definitions of annual income described in HUD Handbook 4350, as amended by HUD.**

(5) **Applicant--A person Person** who has submitted an Application for Department funds or other assistance.

- (6) **Application**--A request for funds submitted to the Department in a form prescribed by the Department, including any exhibits or other supporting material.
- (7) **Application Acceptance Period**--The period of time that Applications may be submitted to the Department as more fully described in the applicable NOFA.
- (8) **Application Deficiency**-- information requested by the Department that is required to change or supplement an Application. An Application Deficiency is a deficiency or inconsistency, which in the Department's reasonable judgment, may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application.
- (9) ~~(8)~~ **Application Guide** Submission Procedures Manual ("ASPM")--The manual which sets forth the procedures, forms and instructions for the completion and submission of an Application to the Department. For the Housing Trust Fund, in general, Application Guides are specific to and separate for the individual programs of the Fund.
- (10) **Area Median Family Income ("AMFI")**--The income estimated and determined by HUD as the median family income with adjustments for family size and geographic locations.
- ~~(10) **Articles of Incorporation** The document that sets forth the basic terms for a corporation's existence and is the official recognition of the corporation's existence.~~
- (11) **Board**--The governing board of the Department-(\$2306.004). ~~Texas Department of Housing and Community Affairs~~
- ~~(12) **Bylaws** A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the Articles of Incorporation. Bylaws and amendments to Bylaws must be formally adopted in the manner prescribed by current Bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend Bylaws.~~
- ~~(13) **Capacity Building** Educational and organizational support assistance to promote the ability of community housing development organizations and nonprofit organizations to maintain, rehabilitate and construct housing for low, very low, and extremely low income persons and families. This activity may include:~~
- ~~(A) organizational support to cover expenses for housing development or management related training, technical and other assistance to the board of directors, staff, and members of the nonprofit organizations or community housing development organizations;~~
- ~~(B) technical assistance and training related to housing development, housing management, or other subjects related to the provision of housing or housing services; or~~

~~(C) studies and analyses of housing needs.~~

- (12) ~~(14)~~**Chapter 2306**--The enabling statute for the Department found in Title 10 of the Texas Government Code, Chapter 2306.
- (13) ~~(15)~~**Colonia**--A geographic area that is located in a county some part of which is within 150 miles of the international border of this state that 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 that:
- (A) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under §17.921, Texas Water Code; or
- (B) has the physical and economic characteristics of a colonia, as determined by the Department .
- (14) ~~(16)~~**Competitive Application Cycle**--A defined deadline ~~period of time that~~ **by which** Applications ~~may~~ **must** be submitted according to a published Notice of Funding Availability (NOFA). **Competitive** Applications will be reviewed **for scoring criteria** in accordance with the rules for application review published in the NOFA, and the **ASPM Application Guide**.
- (15) ~~(17)~~**Contract**--The executed written agreement between the Department and an Administrator performing an activity related to a program that outlines performance requirements and responsibilities assigned by the document.
- (16) **Contract Administrator (CA)**--A sub-recipient organization or entity which enters into a contractual agreement (HTF Contract) with the Department to administer funds received through the Housing Trust Fund. May also be referred to as “Administrator”.
- (17) **Contract Administrator (CA) Representative**--An individual authorized by the CA to have access to the online TDHCA Contract Database (CDB) System. A minimum of two CA Representatives must be appointed.
- (18) **Contract Administrator (CA) Signatory**-- The individual designated by the CA to sign the HTF Contract.
- (19) **Contract Period**--The length of time between the Contract’s Effective Date (starting date) through its ending date. Any work performed or expense incurred on an activity must take place within the HTF Contract period.
- (20) ~~(18)~~**Control**--The possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership or voting securities, by contract or otherwise, including specifically ownership of more than 50 percent of the

General Partner interest in a limited partnership, or designation as a managing General Partner of a limited liability company.

~~(19) **Council of Governments (COG)**--A regional body which serves an area of several counties to address regional planning including but not limited to transportation planning, economic and community development, information gathering and processing, hazard mitigation and emergency preparedness, and water and environmental planning.~~

(21) **Deferred Forgivable Loan**--A Loan whose principal and/or interest installments are postponed and forgiven periodically, as defined in the Contract, over the contractually specified period of time, provided that all other contractual obligations are met.

~~(22) **(20)Deobligated Funds**--The funds released by an Administrator or Contractor or recovered by the Department canceling a Contract or award involving some or all of a contractual financial obligation between the Department and an Administrator or Development Owner.~~

~~(23) **(21)Department**--The Texas Department of Housing and Community Affairs or any successor agency (§2306.004).~~

~~(24) **(22)Developer**--Any Person entering into a contract with the Development Owner to provide development services with respect to the Development and receiving a fee for such services and any other Person receiving any portion of such fee, whether by subcontract or otherwise.~~

~~(25) **(23)Development**--A Property or work or a project, building, structure, facility, or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards required by the Department and that is financed under the provisions of Chapter 2306, Texas Government Code. A Project that has a construction component, either in the form of New Construction or the Rehabilitation of multi-unit or single family residential housing that meet the affordability requirements.~~

~~(26) **(24)Development Funding (§2306.004)**--~~

~~(A) a loan or grant; or~~

~~(B)an in-kind contribution, including a donation of real property, a fee waiver for a building permit or for water or sewer service, or a similar contribution that:~~

~~(i) provides an economic benefit; and~~

~~(ii) results in a quantifiable cost reduction for the applicable development.~~

~~(27) **(25)Development Owner**--Any Person, General Partner, or Affiliate of a Person who owns or proposes a Development or expects to acquire Control of a Development under a purchase contract approved by the Department.~~

~~(26) **Development Site** The area, or if scattered site areas, for which the Development is proposed to be located and is to be under the Development Owner's Control.~~

(28) **Effective Date**--The date on which all applicable parties (i.e. CA Signatory and TDHCA Executive Director) have signed the HTF Contract.

(29) ~~(27)~~ **Executive Award and Review Advisory Committee** ("The Committee")--The Department committee that will develop funding priorities and make funding and allocation recommendations to the Board based upon the evaluation of an Application in accordance with the housing priorities as set forth in Chapter 2306, Texas Government Code, and as set forth herein, and the ability of an Applicant to meet those priorities.

(30) **Executive Director**--The person hired by the Governing Board with administrative duties to manage the affairs of the Department as provided under Texas Government Code §2306.036.

(31) **Expenditure**--Approved expense evidenced by documentation submitted by the Administrator or Contractor to the Department for purposes of drawing funds for work completed, inspected and certified as complete, and as otherwise required by the Department.

~~(28) **General Contractor** One who contracts for the construction or Rehabilitation of an entire Development, rather than a portion of the work. The General Contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors.~~

~~(29) **General Partner** The partner, or collective of partners, identified as the general partner of the partnership that is the Development Owner and that has general liability for the partnership. In addition, unless the context shall clearly indicate the contrary, if the Development Owner in question is a limited liability company, the term "General Partner" shall also mean the managing member or other party with management responsibility for the limited liability company.~~

(32) ~~(30)~~ **Grant**--Financial assistance that is awarded in the form of money to a housing sponsor for a specific purpose, and that is not required to be repaid. For purposes of this chapter, a A Grant includes a forgivable Hloan.

(33) ~~(31)~~ **Household**--One or more persons occupying a housing unit.

(34) **Housing Trust Fund**--The fund created under Texas Government Code §2306.201 and governed by these Rules, found at 10 Texas Administrative Code §51.1 et seq.

~~(32) **Housing Development Costs** The total of all costs incurred, or to be incurred, by the Development Owner in acquiring, constructing, rehabilitating and financing a Development as determined by the Department based on the information contained in the Application. Such costs include reserves and any expenses attributable to commercial areas.~~

(35) ~~(33)HUD--the United States Department of Housing and Urban Development or its successor.~~

~~(34)Income Eligible Households--~~

~~(A)Low Income Households--Households whose annual incomes do not exceed 80 percent of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.~~

~~(B)Very Low Income Households--Households whose annual incomes do not exceed 60 percent of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.~~

~~(C)Extremely Low Income Households--Households whose annual incomes do not exceed 30 percent of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.~~

(36) ~~(34)(A)~~ Individuals and families of Low-Income Households--individuals and families earning not more than 80 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231. Households whose annual incomes do not exceed 80 percent of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size. (2306.004)

(37) ~~(34)(B)~~ Individuals and families of Very Low-Income Households--individuals and families earning not more than 60 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231. Households whose annual incomes do not exceed 60 percent of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size. (2306.004)

(38) ~~(34)(C)~~ Individuals and families of Extremely Low Income Households--individuals and families earning not more than 30 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231. Households whose annual incomes do not exceed 30 percent of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size. (2306.004)

(39) Income and Rent Limits--Limits in place for maximum allowable incomes and rents for specific programs administered by the Department, as made available by the Department.

~~35) Intergenerational Housing--Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:~~

~~(D) (A) have separate and specific buildings exclusively for the age restricted units;~~

- ~~(E) (B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;~~
- ~~(F) (C) have separate and specific entrances, and other appropriate security measures for the age restricted units;~~
- ~~(G) (D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;~~
- ~~(H) (E) share the same Development site;~~
- ~~(I) (F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and~~
- ~~(J) (G) meet the requirements of the federal Fair Housing Act.~~

(40) **In-kind Contribution**--Contributions such as donation of land, tax exemptions, or waivers of fees such as building permits, water and sewer tap fees, or similar contributions. Donated land must be under the control of the Applicant. Contributions in the form of tax exemptions or abatements may only count if the contribution is in addition to any tax exemption or abatement required by law.

(41) ~~(36)~~ **Land Use Restriction Agreement ("LURA")**--An agreement between the Department and a Person related to a specific property, or properties, which is filed with the responsible recording authority.

(42) ~~(37)~~ **Loan**--Financial assistance that is awarded in the form of money and in an executed agreement between the Department and Person for a specific purpose and that is required to be repaid.

(43) **Local government**-- A county, municipality, special district, or any other political subdivision of the state, a public, nonprofit housing finance corporation created under Chapter 394, Local Government Code, or a combination of those entities. (2306.004).

(44) ~~(38)~~ **Material Noncompliance**--As is defined in Chapter 60, Subchapter A of this title

(45) ~~(39)~~ **Manufactured Housing Unit (MHU)**--As defined by HUD is a structure transportable in one or more sections which, in traveling mode, is 8 body-feet or more in width or 40 body-feet or more in length, or when erected on site, is 320 square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required facilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. MHUs must comply with Texas Manufactured Housing Standards Act, §19(1).

- (46) **Material Deficiency**--Any individual Application administrative Deficiency or group of Application administrative Deficiencies which, if addressed, would require, in the Department's reasonable judgment, a substantial reassessment or re-evaluation of the Application or which, are so numerous and pervasive that they indicate a failure by the Applicant to submit a substantively complete and accurate Application. Omissions constituting a Material Deficiency include, but are not limited to omissions of uniform application forms and attachments or supplements such as financial records or audits, activity or project budget, and program design; application threshold criteria; and documentation required by the NOFA.
- (40) ~~Memorandum of Understanding (MOU) A written agreement detailing the understanding between the parties.~~
- (47) ~~(41)~~**Modular Housing**--As defined by HUD is a home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.
- (48) **Mortgage**--Obligation, including a mortgage, mortgage deed, bond, note, deed of trust, or other instrument, that is a lien:
(A) On real property; or
(B) On a leasehold under a lease having a remaining term that, at the time the lien is acquired, does not expire until after the maturity date of the obligation secured by the lien. (§2306.004)
- (49) ~~(42)~~**Mortgagor ("Borrower")**--The Person who borrows money and uses his or her real property as collateral and security for the payment of the debt.
- (43) ~~New Construction Any Development not meeting the definition of Rehabilitation or Reconstruction.~~
- (50) ~~(44)~~**NOFA**--Notice of Funding Availability, published in the *Texas Register*.
- (51) ~~(45)~~**Nonprofit Organization**--A public or private organization that:
- (A) ~~is organized under state or local laws;~~
 - (B) ~~has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;~~
 - (A)-(C) Has evidence of a current tax exemption ruling from the Internal Revenue Service (IRS) under §501(c)(3), a charitable, nonprofit corporation, or §501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or ~~classification as a subordinate of a central organization nonprofit under the Internal Revenue Code, as evidenced by a current group exemption letter~~ from the IRS; that is dated 1986 or later, ~~from the IRS that includes~~ reflects the Applicant classified as a subordinate of a central

non-profit organization under the Internal Revenue Code. The group exemption letter must specifically list the Applicant; ~~and;~~

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

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

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

(52) ~~(46)~~**Open Application Cycle**--A defined period during which applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed- or until the NOFA is closed, whichever is earlier.

(53) ~~(47)~~**Person**--Any individual, partnership, corporation, association, local unit of government, community action agency, or public or private organization of any character.

(54) ~~(48)~~**Persons with Disabilities**--A Household composed of one or more persons, at least one of whom is a Person, who has a disability that is a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. §15002).

(55) ~~(49)~~**Person with Special Needs**--Individuals or categories of individuals determined by the Department to have unmet housing needs:

(A) consistent with 42 USC §§12701 et seq. and as provided in the Consolidated Plan and may include any households composed of one or more persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, elderly, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers, and public housing residents.

(B) Housing Trust Funds may also be awarded through Persons legally responsible for caring for a Person with Special Needs, pursuant to §2306.511, Texas Government Code.

~~(50) Predevelopment Costs--Reimbursable costs related to a specific eligible housing project including:~~

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

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

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

~~(51) Principal--Any Person that does or will exercise Control over a partnership, corporation, limited liability company, trust or any other private entity. In the case of:~~

~~(A) Partnerships, Principals include all General Partners, Special Limited Partners and Principals with ownership interest;~~

~~(B) Corporations, Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer and all other executive officers, and each stock holder having a ten percent or more interest in the corporation; and~~

~~(C) Limited liability companies, Principals include all managing members, members having a ten percent or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.~~

(56) ~~(52)~~**Principal Residence**--The primary housing unit a Person or Household inhabits.

(57) ~~(53)~~**Project**--A site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing.

(58) ~~(54)~~**Property**--The real estate and all improvements thereon which are the subject of the Application whether currently existing or proposed to be built thereon in connection with the Application.

(59) ~~(55)~~**Public Housing Authority**--A housing authority established under the Texas Local Government Code, Chapter 392.

~~(56) Qualified Elderly Development--A Development which meets the requirements of the federal Fair Housing Act and:~~

~~—(A) is intended for, and solely occupied by, individuals sixty-two (62) years of age or older; or~~

~~—(B) is intended and operated for occupancy by at least one individual fifty five (55) years of age or older per unit, where at least 80 percent of the total housing units are occupied by at least one individual who is fifty five (55) years of age or older; and where the Development Owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals fifty five (55) years of age or older.~~

(60) ~~(57)~~**Received Date**--The date and time at which an Application is actually received by the Department.

(61) ~~(58)~~**Rehabilitation**--The improvement or modification of an existing residential development through an alteration, addition, or enhancement. The term includes the demolition of an existing residential development and the reconstruction of any development units, but does not include the improvement or modification of an existing residential development for the purpose of an adaptive reuse of the development. ~~Rehabilitation also includes replacing and existing substandard MHU with a new MHU.~~

(62) ~~(59)~~**Resolution**--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of Person or Persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate Bylaws.

(63) ~~(60)~~**Rural Area**--An area that is located ([per §2306.004](#)):

- (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 the Texas Rural Development Office of the United States Department of Agriculture, other than an area that is located in a municipality with a population of more than 50,000.

(64) ~~(61)~~**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.

(65) ~~(62)~~**Service Area**--The city(ies), county(ies) and/or place(s) identified in the Contract that the Administrator will serve.

(66) **Subprime Loan**--A loan that is originated by a lender designated as a subprime lender on the subprime lender list maintained by the United States Department of Housing and Urban

Development or identified as a lender primarily engaged in subprime lending under §2306.143. (§2306.004)

(67) ~~(63) TAC--Texas Administrative Code.~~

~~(64) **Third Party**—A Person who is not:~~

~~(A) an Applicant, General Partner, Developer, or General Contractor, or~~

~~(B) an Affiliate or a Related Party to the Applicant, General Partner, Developer or General Contractor, or~~

~~(C) a Person(s) receiving any portion of the contractor fee or developer fee.~~

(68) **Title Commitment**--A document from a title company showing the status of a property's ownership and pledging to issue a title insurance policy when the requirements shown therein are met.

~~(65) **Unit of General Local Government**—A city, town, county, or other general purpose political subdivision of the State.~~

(69) ~~(66) **Urban Area**--The area that is located within the boundaries of a primary metropolitan statistical area other than an area described by §2306.004(28-a)(B), Texas Government Code, or eligible for funding as described by §2306.004(28-a)(C).~~

§51.3. Eligible and Ineligible Applicants and Applications

(a) **Eligible Applicants.** In accordance with 2306.0002, The following organizations or entities are eligible to apply for Program Activities:

- (1) Nonprofit organizations;
- (2) ~~Units of General Local Governments;~~
- (3) For-profit entities organizations and sole proprietors; and
- (4) Public Housing Authorities; and
- (5) Other eligible entities.

(b) **Ineligible Applications, Activities, and Restrictions.** The following conditions will cause an Applicant, and any Applications they have submitted, to be ineligible:

- (1) ~~(e)~~ Noncompliance and Unresolved Compliance or Single Audit Issues. Each Application will be reviewed for its compliance history by the Department, consistent with Chapter 60, Subchapter A of this title. Applications containing Persons found to be in Material Noncompliance, having unresolved compliance or single audit issues, or otherwise violating the compliance rules of the Department at the time of application and prior to contract

execution are ineligible for funding and will be terminated without being processed as a deficiency.

- (2) ~~(1)~~The Applicant, Development Owner, or Developer is an Administrator of any previously funded Contract for which Department funds have been partially or fully de-obligated due to failure to meet contractual obligations during the 12 months prior to application submission date, unless the deobligation was voluntary, less than 25% of the total initial award and finalized prior to the contract term expiration date, or was the remainder on a completed Contract.
- (3) The Applicant, Development Owner, or Developer is an Administrator of any active Contract in any Community Affairs Division funded program for which the Department has placed the funds on “reimbursement only” status due to failure to meet contractual obligations and the “reimbursement only” status remains as of the application submission date.
- (4) The Applicant, Development Owner, or Developer is an Administrator of any previously funded Contract for the same Housing Trust Fund activity and is not currently meeting all current contract benchmarks and requirements unless the Applicant, Development Owner, or Developer has received a waiver of this requirement from the Executive Director.
- (5) ~~(2)~~The Applicant, Development Owner, or Developer has failed to submit or is delinquent in a response to provide an explanation, evidence of corrective action or a payment of disallowed costs or fees as a result of a monitoring review- by the Department.
- (6) ~~(3)~~The Applicant, Development Owner, or Developer has failed to make timely payment or is delinquent on any loans or fee commitments made with the Department on the date of the Application submission or prior to Board Approval.
- (7) ~~(4)~~ The Applicant, Development Owner, or Developer has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement of Non-procurement Programs or has otherwise been debarred by HUD or the Department.
- (8) ~~(5)~~The Applicant, Development Owner, or Developer has violated the State's revolving door policy.
- (9) ~~(6)~~The Applicant, Development Owner, or Developer has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline.
- (10) ~~(7)~~The Applicant, Development Owner, or Developer at the time of Application submission is: subject to an enforcement or disciplinary action under state or federal securities law or by

the ~~NASD~~ Financial Industry Regulatory Authority (FINRA) is subject to a federal tax lien; or is the subject of an enforcement proceeding with any governmental entity.

- (11) ~~(8)~~ The Applicant, Development Owner, or Developer with any past due audits has not submitted those past due audits to the Department in a satisfactory format on or before the Application submission date in accordance with §1.3 of this title.
- (12) ~~(10)~~ The Applicant, Development Owner, or Developer or anyone that has Controlling ownership interest in the Development Owner or Developer that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA.
- (13) ~~(11)~~ The Application is a joint venture Application for which one of the parties has submitted a separate ~~sole source~~ Application for the same program activity and including all or a portion of the same service area.
- (14) ~~(12)~~ Any Application that includes financial participation by a Person who, during the five-year period preceding the date of the bid or award, has been convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricanes Rita or Katrina or any other disaster occurring after September 25, 2005, or was assessed a federal civil or administrative penalty in relation to such a contract.
- (15) ~~(13)~~ Applications which propose the refinancing or rehabilitation of properties constructed within the past 5 years and previously funded by the Department are not eligible.
- (16) ~~(14)~~ ~~Displacement of Existing Affordable Housing.~~ Any Application that includes an activity that would result in the permanent displacement of existing affordable housing. Housing Trust Funds shall not be utilized on a development that has the effect of permanently displacing low, very low, and extremely low income persons and families. Low-Income persons who may be temporarily displaced by the rehabilitation of affordable housing may be eligible for compensation of moving and relocation expenses. If a Housing Trust Fund recipient violates the dislocation provision of this paragraph, that recipient risks loss of Housing Trust Funds and the landlord/developer must pay the affected tenant's costs and all moving expenses.

(c) Prohibited Use of Housing Trust Funds. Department Housing Trust Funds awards may not be used to:

- (1) assist Persons who ~~owe payments identified by the Comptroller of Texas as relevant that~~ have been as identified by the Comptroller of Texas as delinquent in relevant payments, such as taxes, child support payments, or student loans; or
- (2) assist Households whose Property has current tax liens and/or judgments to the State of Texas against it; or

- (3) provide Rehabilitation assistance on a housing unit without prior written consent of all Persons who have a valid lien or ownership interest in the Property accept as otherwise provided in the NOFA.

§51.4. Communication with Department Employees.

Pursuant to §2306.111, Texas Government Code, the following communication requirements apply to applications and proposed applications for funding through the Housing Trust Fund:

(a) Ex Parte Communications (§2306.1113)

- (1) During the period beginning on the date Applications are filed in response to a NOFA and ending on the date the Board makes a final decision with respect to the approval of any Application for that NOFA, a member of the Board may not communicate with the following persons:
 - (A) An Applicant or a Related Party, as defined by state law, including board rules, and federal law; and
 - (B) Any Person who is:
 - (i) Active in the construction, Rehabilitation, ownership, or Control of the proposed Project, including:
 - (a) A General Partner or Contractor; and
 - (b) A Principal or Affiliate of a General Partner or Contractor; or
 - (ii) Employed as a consultant, lobbyist, or attorney by an Applicant or a Related Party.
- (2) Subject to paragraph (1) of this subsection, during the period beginning on the Applications are filed in response to a NOFA and ending on the date the Board makes a final decision with respect to the approval of any Application for that NOFA, an employee of the Department may communicate about the Application with Persons identified in paragraph (1) of this subsection.
- (3) A communication under paragraph (2) of this subsection may be oral or in any written form, including electronic communication through the internet, and must satisfy the following conditions:
 - (A) The communication must be restricted to technical or administrative matters directly affecting the Application;
 - (B) The communication must occur or be received on the premises of the Department during established business hours; and
 - (C) A record of the communication must be maintained and included with the Application for purposes of Board review and must contain the following information:
 - (i) The date, time, and means of communication;
 - (ii) The names and position titles of the Persons involved in the communication and, if applicable, the Person's relationship to the Applicant;
 - (iii) The subject matter of the communication; and
 - (iv) A summary of any action taken as a result of the communication.

- (b) **Public Hearings.** Notwithstanding paragraphs (1), (2) or (3) above, a Board member or Department employee may communicate without restriction with a Person listed in paragraphs (1) or (2) of ~~this subsection~~ Subsection (a) above during any Board meeting or public hearing held with respect to the Application, but not during a recess or other non-record portion of the meeting or hearing.
- (c) **Social Events.** Paragraph (1) above does not prohibit the Board from participating in social events at which a Person with whom communications are prohibited may or will be present, provided that all matters related to Applications to be considered by the Board will not be discussed.

§51.5. General Application Procedures and Requirements.

- (a) **Open and Competitive Application Cycles.** ~~All NOFAs will be presented to the Board. The Department will declare state~~ within a NOFA whether the application cycle will be a Competitive or Open Cycle and will provide the submission guidelines therein. The Department may limit the eligibility of Applications in the NOFA as described in 51.6(c) and 51.6(d).
- (b) ~~(f)~~ **Application Form and Materials.** The Department will develop and publish on its website for each program an Application and Application Guide that, if completed and submitted properly, would satisfy the requirements for requesting funds from the Department.
- (c) **Application Requirements.** Threshold and scoring criteria and any other Application or contractual requirements will be specified in the NOFA. Applications that do not meet minimum threshold criteria will not be considered for funding.
- (d) ~~(g)~~ **Application Deadline General Application Requirements.** Applicants must submit an Application by the deadline date specified in the NOFA using the Application ~~and ASPM,~~ Application Guide and forms required by the Department. All Applications must be received during business hours (8:00 a.m. to 5:00 p.m. Central ~~Standard~~ Time) on any business day. Completion and submission of the Application includes the entire Uniform Application and any other supplemental forms which may be required by the Department. (§2306.1111). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.
- (e) ~~(h)~~ **Application and Award Limitations.**
 - (1) The Contract award amount, including administrative costs, shall not exceed the established amount in the NOFA unless otherwise approved as an Amendment per 51.14 of this Chapter or as approved by the Board.
 - (2) The Department reserves the right to reduce the amount requested in an Application based on activity or Project feasibility, underwriting analysis, or availability of funds.

(f) Reprogramming of Funds. If a NOFA is undersubscribed or funds not utilized within 180 days of the release of the NOFA, remaining funds may be reprogrammed at the discretion of the Department.

~~§51.3. 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.~~

~~(b) The notice provided under subsection (a) of this section must include the following information:~~

~~(1) the relevant dates affecting the Application, including:~~

~~(A) the date on which the Application was filed;~~

~~(B) the date or dates on which any hearings on the Application will be held; and~~

~~(C) the date by which a decision on the Application will be made;~~

~~(2) a summary of relevant facts associated with the development;~~

~~(3) a summary of any public benefits provided as a result of the Development, including rent subsidies and tenant services; and~~

~~(4) the name and contact information of the employee of the Department designated by the director to act as the information officer and liaison with the public regarding the Application.~~

~~§51.4. Loan Closing Is Required Prior to Construction.~~

~~Administrators and Development Owners must not proceed or allow a contractor to proceed with construction, including demolition, on any Activity, Project or Development without first completing the Loan closing, if required, with the Department.~~

~~§51.5. Allocation of Housing Trust Funds.~~

~~(a) Pursuant to §2306.201, Texas Government Code, the Housing Trust Fund is a fund administered by the Department, and placed with the Texas Treasury Safekeeping Trust Company.~~

~~(b) Uses of the Housing Trust Fund will be limited to those defined by §2306.202, Texas Government Code.~~

~~(c) Each biennium the first \$2.6 million available through the housing trust fund for loans, grants, or other comparable forms of assistance shall be set aside and made available exclusively for local units of government, public housing authorities, and nonprofit organizations. Any additional funds may also be made available to for-profit organizations so long as at least 45 percent of available funds in excess of the first \$2.6 million shall be made available to nonprofit organizations. The remaining portion shall be competed for by nonprofit organizations, for-profit organizations, and other eligible entities, pursuant to §2306.202, Texas Government Code.~~

~~(d) Funds shall be allocated to achieve broad geographic dispersion by awarding funds in accordance with §2306.111(d) and (g), Texas Government Code.~~

~~(e) The Department shall require that Applicants target at least 50% of those units served by housing trust funds to individuals and families earning less than 60% of AMFI.~~

~~(f) Bond indenture requirements governing expenditure of bond proceeds deposited in the housing trust fund shall govern and prevail over all other allocation requirements established in this Section. However, the Department shall distribute these funds in accordance with the requirements of this Section to the extent possible.~~

~~(g) Housing Trust Funds may also be allocated to the Texas Bootstrap Loan Program and will be awarded in accordance with §2306.753, Texas Government Code.~~

~~§51.6. Basic Eligible Activities.~~

~~(a) Pursuant to §2306.202, Texas Government Code, the Department, through the housing finance division, shall use the housing trust fund to provide Loans, Grants, or other comparable forms of assistance to Units of General Local Government, Public Housing Authorities, for profit entities, Nonprofit organizations, and Income Eligible individuals, families, and Households to finance, acquire, Rehabilitate, and Develop decent, safe, and sanitary housing. In each biennium the first \$2.6 million available through the housing trust fund for Loans, Grants, or other comparable forms of assistance shall be set aside and made available exclusively for Units of General Local Government, Public Housing Authorities, and Nonprofit organizations. Any additional funds may also be made available to for profit organizations so long as at least 45 percent of available funds in excess of the first \$2.6 million shall be made available to Nonprofit organizations for the purpose of acquiring, Rehabilitating, and Developing decent, safe, and sanitary housing. The remaining portion shall be competed for by nonprofit organizations, for profit organizations, and other eligible entities. Notwithstanding any other section of this chapter, but subject to the limitations in §2306.251(c), the Department may also use the fund to acquire property to endow the fund.~~

~~(b) Use of the fund is limited to providing:~~

- ~~(1) assistance for individuals and families of low and very low income;~~
- ~~(2) technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low and very low income; and~~
- ~~(3) security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income.~~

~~(c) Pursuant to §2306.754, Applicants combining other Housing Trust Fund funding with the Texas Bootstrap Loan Program funds must limit total Department loans to \$30,000.~~

~~§51.7. Prohibited Activities.~~

~~Department awards may not be used to:~~

- ~~(1) assist Persons who owe payments identified by the Comptroller of Texas as relevant;~~
- ~~(2) assist Households whose Property has current tax liens and/or judgments to the State of Texas against it; or~~

~~(3) provide Rehabilitation on a housing unit without prior written consent of all Persons who have a valid lien or ownership interest in the Property.~~

~~§51.8. Application Procedures and Requirements.~~

~~(a) Competitive and Open Application Cycles. All NOFAs will be presented to the Board. The Department will declare within a NOFA whether the application cycle will be a competitive or open cycle.~~

~~(b) Ex Parte Communications~~

~~(1) During the period beginning on the date Applications are filed in response to a NOFA and ending on the date the Board makes a final decision with respect to the approval of any Application for that NOFA, a member of the Board may not communicate with the following persons:~~

~~(A) an Applicant or a Related Party, as defined by state law, including board rules, and federal law; and~~

~~(B) any Person who is:~~

~~(i) active in the construction, Rehabilitation, ownership, or Control of the proposed Project, including:~~

~~(ii) a General Partner or Contractor; and~~

~~(iii) a Principal or Affiliate of a General Partner or Contractor; or~~

~~(iv) employed as a consultant, lobbyist, or attorney by an Applicant or a Related Party.~~

~~(2) Subject to paragraph (1) of this subsection, during the period beginning on the Applications are filed in response to a NOFA and ending on the date the Board makes a final decision with respect to the approval of any Application for that NOFA, an employee of the Department may communicate about the Application with the following Persons:~~

~~(A) the Applicant or a Related Party, as defined by state law, including board rules, and federal law; and~~

~~(B) any Person who is:~~

~~(i) active in the construction, rehabilitation, ownership, or control of the proposed project including:~~

~~(ii) a General Partner or Contractor; and~~

~~(iii) a Principal or Affiliate of a General Partner or contractor; or~~

~~(iv) employed as a consultant, lobbyist or attorney by the Applicant or a Related Party.~~

~~(3) A communication under paragraph (2) of this subsection may be oral or in any written form, including electronic communication through the internet, and must satisfy the following conditions:~~

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

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

~~(C) a record of the communication must be maintained and included with the Application for purposes of Board review and must contain the following information:~~

~~(i) the date, time, and means of communication;~~

~~(ii) the names and position titles of the Persons involved in the communication and, if applicable, the Person's relationship to the Applicant;~~

~~(iii) the subject matter of the communication; and~~

~~(iv) a summary of any action taken as a result of the communication.~~

~~(4) Notwithstanding paragraphs (1), (2) or (3) of this subsection, a Board member or Department employee may communicate without restriction with a Person listed in paragraphs (1) or (2) of this subsection during any Board meeting or public hearing held with respect to the Application, but not during a recess or other nonrecord portion of the meeting or hearing.~~

~~(5) Paragraph (1) of this subsection does not prohibit the Board from participating in social events at which a Person with whom communications are prohibited may or will be present, provided that all matters related to Applications to be considered by the Board will not be discussed.~~

~~(e) Eligible Applicants. The following organizations or entities are eligible to apply for Program Activities:~~

- (1) Nonprofit organizations;
- (2) Units of General Local Government;
- (3) for-profit entities and sole proprietors; and
- (4) Public Housing Agencies.

~~(d) Ineligible Applications, Activities, and Restrictions. The following conditions will cause an Applicant, and any applications they have submitted, to be ineligible:~~

~~(1) The Applicant, Development Owner, or Developer is an Administrator of a previously funded Contract for which Department funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to application submission date, unless the deobligation was voluntary and prior to the contract term expiration date, or was the remainder on a completed Contract.~~

~~(2) The Applicant, Development Owner, or Developer has failed to submit or is delinquent in a response to provide an explanation, evidence of corrective action or a payment of disallowed costs or fees as a result of a monitoring review.~~

~~(3) The Applicant, Development Owner, or Developer has failed to make timely payment or is delinquent on any loans or fee commitments made with the Department on the date of the Application submission.~~

~~(4) The Applicant, Development Owner, or Developer has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement of Non-procurement Programs or has otherwise been debarred by HUD or the Department.~~

~~(5) The Applicant, Development Owner, or Developer has violated the State's revolving door policy.~~

~~(6) The Applicant, Development Owner, or Developer has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline.~~

~~(7) The Applicant, Development Owner, or Developer at the time of Application submission is: subject to an enforcement or disciplinary action under state or federal securities law or by the NASD is subject to a federal tax lien; or is the subject of an enforcement proceeding with any governmental entity.~~

~~(8) The Applicant, Development Owner, or Developer with any past due audits has not submitted those past due audits to the Department in a satisfactory format on or before the Application submission date in accordance with §1.3 of this title.~~

~~(9) The 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 can not reasonably be performed by the Department, as determined by the Department. If an Application is determined ineligible pursuant to this section, the Application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant.~~

~~(10) The Applicant, Development Owner, or Developer or anyone that has Controlling ownership interest in the Development Owner or Developer that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA.~~

~~(11) The Application is a joint venture Application for the same Program Activity to serve the same town, city, or county that is identified in the Application already submitted as a sole Application for the same Program Activity in the same town, city or county.~~

~~(12) Any Application that includes financial participation by a Person who, during the five-year period preceding the date of the bid or award, has been convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricanes Rita or Katrina or any other disaster occurring after September 25, 2005, or was assessed a federal civil or administrative penalty in relation to such a contract.~~

~~(13) Applications which propose the refinancing or rehabilitation of properties constructed within the past 5 years and previously funded by the Department are not eligible.~~

~~(14) Displacement of Existing Affordable Housing. Housing Trust Funds shall not be utilized on a development that has the effect of permanently displacing low, very low, and extremely low income persons and families. Low Income persons who may be temporarily displaced by the rehabilitation of affordable housing may be eligible for compensation of moving and relocation expenses. If a Housing Trust Fund recipient violates the dislocation provision of this paragraph, that recipient risks loss of Housing Trust Funds and the landlord/developer must pay the affected tenant's costs and all moving expenses.~~

~~(e) Noncompliance. Each Application will be reviewed for its compliance history by the Department, consistent with Chapter 60, Subchapter A of this title. Applications containing Persons found to be in~~

~~Material Noncompliance or otherwise violating the compliance rules of the Department will be terminated.~~

~~(f) Application Form and Materials. The Department will develop and publish on its website an Application and ASPM that if completed would satisfy the requirements for requesting funds from the Department. The Department may limit the eligibility of Applications in the NOFA and ASPM. Threshold and selection criteria and any other Application requirements will be specified in the NOFA approved by the Board.~~

~~(g) General Application Requirements. Applicants must submit an Application by the deadline date specified in the NOFA using the Application and ASPM forms required by the Department. All Applications must be received during business hours (8:00 a.m. to 5:00 p.m. Central Standard Time) on any business day. Completion and submission of the Application includes the entire Uniform Application and any other supplemental forms which may be required by the Department. (§2306.1111)~~

~~(h) Application Limitations. The Department reserves the right to reduce the amount requested in an Application based on activity or Project feasibility, underwriting analysis, or availability of funds.~~

~~§51.9. Single Family Housing Programs.~~

~~Eligible activities include the acquisition and/or New Construction or Rehabilitation of single family housing or rental subsidies, including security or utility deposits, and as further defined in the NOFA. Single family housing units assisted with HTF funds must comply with the required affordability requirements. In addition, housing that is Newly Constructed or Rehabilitated with HTF funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances. The NOFA will include any limitations to the maximum award amounts, the Contract terms, performance benchmarks, and cost limitations.~~

~~§51.10. Multifamily Development Application Requirements.~~

~~Rental Housing Development Site and Development Restrictions. Restrictions include all those items referred to in Chapter 2306, Texas Government Code and any additional items included in the NOFA for rental housing developments.~~

~~§51.11. Multifamily Development Applicants Requesting Additional Funding from Other Housing Finance Programs.~~

~~(a) If an Application is submitted to the Department for a Development that requests funds from two separate housing finance programs, one of which includes the Housing Trust Fund, and only one of the housing finance programs is operated as a Competitive Application Cycle, then the Application will be handled in accordance with the competitive cycle guidelines for that program. If an Application is submitted for two separate housing finance programs where both programs are either open cycle, or competitive, one of which is Housing Trust Fund, the Application will be handled in accordance with the most restrictive program rules with the approval of the Department's Executive Director. Threshold and any other rental requirements will be noted in any NOFA released.~~

~~(b) Applicants who are seeking tax credits and are also seeking funds under this Chapter for the same Development must meet the requirements under the Qualified Allocation Plan for the year in which they are applying for these funds and all of the requirements of this Chapter unless specifically waived by the Department.~~

§51.6. Application Review Process.

The following award process shall apply to programs administered by the Department's Housing Trust Fund Division and may apply to other Department programs utilizing Housing Trust Funds. Additional Application and award process requirements may be further established in the NOFA.

(a) ~~(e)~~ Administrative Application Deficiencies.

- (1) If an application contains deficiencies which, in the determination of the Department staff, require a change or supplement ~~clarification or correction~~ of information submitted at the time of the Application, the Department staff may request clarification or correction of such ~~Administrative~~ Application Deficiencies including threshold and/or selection criteria documentation and/or financial feasibility analysis.
- (2) The Department staff may request a change or supplement of information ~~clarification or correction~~ in a deficiency notice in the form of a facsimile, email ~~and a~~ or telephone call to the Applicant advising that such a request has been transmitted. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date.
- (3) An Applicant may not change or supplement any part of an Application in any manner after submission to the Department, increase their award amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Real Estate Analysis Division to remedy an ~~Administrative~~ Application Deficiency as further described in this title or by amendment of an Application after a commitment or allocation of Housing Trust Fund monies.

(b) Material Deficiencies

~~(1) The~~ If the submitted Application has ~~an entire volume of the Application missing; has excessive omissions of documentation from the threshold Criteria or uniform Application documentation;~~ a Material Deficiency as defined under §51.2(59) of this chapter, or if the submitted Application is so unclear, disjointed or incomplete that a thorough review can not reasonably be performed by the Department, as determined by the Department. ~~If an Application is determined ineligible pursuant to this section,~~ the Application will be terminated without being processed as an Administrative Deficiency further consideration and the Applicant will be notified of such termination. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant.

(2) Applicants may appeal staff's decisions regarding their Applications consistent with §1.7 of this title.

(c) Open and Competitive Cycle NOFA Application Process.

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

(1) For Applications submitted in response to an **Open Cycle NOFA**, the Department will accept and review Applications ~~on an ongoing basis, until such date when the Department makes notice to the public that an Open Application Cycle has been closed.~~ until available funds are awarded or the Application Acceptance Period ends.

(2) For Applications submitted in response to a **Competitive Cycle NOFA**, the Department will accept and review Applications on an ongoing basis until the Application Acceptance Period ends as specified in the NOFA.

(3) Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a Received Date based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in two review phases, as applicable. Applications will continue to be prioritized for funding based on its Received Date unless it does 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.

~~(4) (A)~~ Phase One Application Review. The Phase One review will begin as of the Received Date for Open Cycle NOFAs. For Competitive Cycle NOFAs, review will begin upon the end of the Application Acceptance Period. ~~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 Application Guide and will issue a notice of any Administrative Application Deficiencies.

~~(5) Applicants who are able to resolve their Administrative Deficiencies within five seven (57) business days will be forwarded into Phase Two, if applicable, and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five seven (57) business days, will be terminated and must reapply for consideration of funds, if allowed in the NOFA. Applications that have completed this Phase and do not require additional review in Phase Two, will be reviewed for recommendation to the Board by the Committee. ~~The Department will ensure review of materials required under the NOFA and Application Guide and will issue a notice of any Deficiencies.~~~~

~~(6) **(B) Phase Two Application Review.** The Phase Two review will include a comprehensive review for financial feasibility, if applicable. For Multifamily development activities, this review will produce ~~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 may issue a notice of any Administrative Application Deficiencies during this phase of review. Applications with Administrative Deficiencies not satisfied within five seven (57) business days, will be terminated and must reapply for consideration of funds. Applications that ~~have completed~~ complete this Phase will be reviewed for recommendation to the Board by the Committee based on criteria established in the NOFA.~~

~~(7) Because applications are processed in the order they are received by the Department it is possible that the Department will expend all available Housing Trust Fund funds before an application has completed all phases of review. ~~In the case that all Housing Trust Fund 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 Housing Trust Fund funds become available, Applications will continue onward with their review without losing their Received Date priority. If Housing Trust Fund 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 the NOFA, the applicant will be notified that no funds remain under the NOFA and that the application will not be processed.~~~~

~~(b) Applications received by the Department in response to a Competitive Application Cycle NOFA for housing development activities will be handled in the following manner:~~

~~(1) The Department will accept Applications on an ongoing basis during the Application Acceptance Period as specified in the NOFA.~~

~~(2) Applications submitted and accepted by the Department will be reviewed for eligibility, threshold and selection criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM. A comprehensive review of financial feasibility for Development activities will be conducted by the Real Estate Analysis (REA)~~

~~Division consistent with §1.32 of this title for all competitive applications. 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 for items reviewed. If Administrative Deficiencies are not cured to the satisfaction of the Department within five (5) business days of the deficiency notice date, then five (5) points shall be deducted from the selection score for each additional day the Administrative Deficiency remains unresolved. If Administrative Deficiencies are not clarified or corrected within seven (7) business days from the deficiency notice date, then the Application shall be terminated.~~

~~(e) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies including threshold and/or selection criteria documentation and/or financial feasibility analysis. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. An Applicant may not change or supplement any part of an Application in any manner after submission to the Department, increase their award amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Real Estate Analysis Division to remedy an Administrative Deficiency as further described in this title or by amendment of an Application after a commitment or allocation of Housing Trust Fund monies.~~

(d) The Department may decline to fund any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any Application.

~~(e) A site visit will be conducted. Applicants must receive recommendation for approval from the Department to be considered for funding by the Board.~~

(f) Applicants may appeal staff's decisions regarding their applications consistent with §1.7 of this title.

(g) Alternative Dispute Resolution Policy. Applicants may utilize the Department's Alternative Dispute Resolution process as defined by §1.17 of this title.

§1.7. Criteria for Funding.

~~(a) In considering applications for funding, the Department considers the following requirements under §2306.203, Texas Government Code, and such others as may be enumerated during the funding cycle:~~

(a) **Eligibility Criteria.** In considering applications for funding, the Department considers the following requirements under §2306.203, Texas Government Code, ~~and such others as may be enumerated during the funding cycle:~~ **Additional requirements may be established in the NOFA:**

(1) Minimum Eligibility Criteria. To be considered for funding, an Applicant must first demonstrate that it meets each of the following threshold criteria:

(A) the Application is consistent with the requirements established in this rule and the NOFA;

(B) the Applicant provides evidence of its ability to carry out the ~~proposal in the areas of financing, acquiring, Rehabilitating, Developing or managing an affordable housing Development;~~ **proposed activity and has the business capacity to responsibly administer the Contract.**

(C) the ~~proposal~~ **proposed activity** addresses and identifies a housing need. This assessment will be based on statistical data, surveys ~~and~~ **or** other indicators of need as appropriate; ~~and~~

(D) any outstanding Housing Trust Fund ~~Pre-Development~~ loans for the same proposed Development Site must be paid in full at the time of Loan closing for the current requested funds-; **and**

(E) meet the requirement that funds may not be made available for a proposed activity that permanently and involuntarily displaces individuals and families of low income.

(2) Evaluation Factors. Pursuant to §2306.203(e), Texas Government Code, the criteria used to evaluate ~~applications~~ **a proposed activity**, as more fully reflected in the NOFA, will include at a minimum the:

(A) leveraging of ~~federal funds~~ **resources** ~~including the extent to which the project will leverage State funds with other resources, including federal resources, and private sector funds;~~

(B) cost-effectiveness of a proposed ~~development~~ **activity**; and

(C) extent to which individuals and families of very low income and extremely low income are served by the ~~development~~ **proposed activity**;

(D) Need of the Board to allocate funds to achieve a broad geographical distribution with:

(i) Special emphasis on equitably serving rural and non-metropolitan areas; and

(ii) Consideration of the number and percentage of income-qualified families in different geographical areas; and

(iii) That multifamily housing developed or rehabilitated through the fund remains affordable to income-qualified households for at least 20 years.

(3) Eligible Applicant Waiver. In the case of an Applicant who is an Administrator of a previously funded Contract at the time of Application, the Executive Director may waive the requirement that in order to be considered an eligible Applicant, an Applicant, Development Owner, or Developer must be meeting the requirements and benchmarks of the previously funded Contract.

(b) Approval Required. The Board has final approval on all recommendations for funding.

§51.8. General Process for Awards.

(a) All recommendations for awards will be presented to the Committee before presentation to the Board. All Applications must comply with all applicable program requirements or regulations.

(b) Applicants applying in response to an Open Application Cycle will be prioritized for recommendation to the Board based on the process described in §51.426 of this Chapter and as otherwise specified in the NOFA.

(c) Applicants applying in response to a Competitive Application Cycle will be ranked by highest score ~~per Uniform State Service Region per Area Type unless otherwise~~ as specified in the NOFA.

(d) In event of a tie between two or more Applicants, the Department reserves the right to determine which Application will receive a recommendation for funding. This decision will be based on §51.7(a)(2) and may include housing need factors and feasibility of the proposed ~~Project~~ activity identified in the Application. Tied Applicants may ~~also~~ receive a partial recommendation for funding.

(e) If sufficient qualified Applications are not received for a Uniform State Service Region ~~or Area Type~~, the funds will may be awarded to Applicants in other regions ~~redirected to the next Uniform State Service Region that had a higher number of qualified Applicants unless otherwise~~ as specified in the NOFA.

(f) Applicants may ~~also~~ receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility.

(g) When the remainder of the allocation within a Uniform State Service Region is insufficient to completely fund the next ranked Application in the Uniform State Service Region, it is within the discretion of the Department to:

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

(2) make necessary adjustments to fully fund the Application; or

(3) Transfer the remaining funds to another Uniform State Service Region.

- (h) Applications receiving a favorable staff recommendation are presented to the Board for approval, pending the availability of ~~Housing Trust Fund~~ funds.
- (i) Applicants may appeal staff's decision regarding their Applications in accordance with §1.7 of this title.
- (j) Even after Board approval of the award of any Housing Trust Fund funds, acquisition or construction activities will be conditional upon a completed Loan closing, if required, and any other conditions deemed necessary by the Department.

~~§51.15. Contract Required after Award.~~

~~Any activity funded under this program will be governed by a written Contract that identifies the terms and conditions related to the awarded funds. The Contract will not be effective until executed by all parties to the Contract. Any amendments must be in writing and are subject to the requirements of this Chapter.~~

§51.9. Additional Requirements for Development and Development Applications.

In addition to requirements as stated in this Rule, the following requirements apply to Developments:

- (a) **Layered Applications.** If an Application is submitted to the Department for a ~~Development~~ a proposed activity that requests funds from two separate housing finance programs, one of which includes the Housing Trust Fund, and only one of the housing finance programs is operated as a Competitive Application Cycle, then the Application will be handled in accordance with the competitive cycle guidelines for that program. If an Application is submitted for two separate housing finance programs where both programs are either open cycle, or competitive, one of which is Housing Trust Fund, the Application will be handled in accordance with the most restrictive program rules with the approval of the Department's Executive Director. Threshold and any other rental requirements will be noted in any NOFA released.
- (b) **Housing Tax Credits.** Applicants who are seeking housing tax credits and are also seeking funds under this Chapter for the same Development must meet the requirements under the Qualified Allocation Plan for the year in which they are applying for these funds and all of the requirements of this Chapter ~~unless specifically waived by the Department.~~

(c) **Rental Housing Development Site and Development Restrictions.** For rental housing developments, restrictions include all those items referred to in Chapter 2306, Texas Government Code and any additional items included in the NOFA.

§51.10. General Contract Administration Requirements .

This section applies to programs administered by the Housing Trust Fund Division. Programs funded with Housing Trust Fund funds but administered by other Department Divisions, i.e. Office of Colonia Initiatives and Disaster Recovery, may have different contract administration requirements.

(a) **Contract Required.** Any activity funded under this program will be governed by a written Contract that identifies the terms and conditions related to the awarded funds. The Contract will not be effective until executed by all parties to the Contract. Any amendments must be in writing and are subject to the requirements of this Chapter. ~~(26)~~ Administrators must complete the terms of the Contract.

(b) Contact Information. The Contract Administrator must make available the updated contact information, including the direct phone number, email address, mailing address and fax number, for the awarded organization or entity and CA Signatory on file at the Department.

(c) Staffing Requirements. Housing Trust Fund programs require a minimum of two staff from the Contract Administrator to manage the HTF Contract and to respond to Department requests or inquiries. Each CA Representative can either enter or approve activity set-ups and draw requests, but the same individual may not both enter and approve the same activity set-up or draw request.

(d) Program and Contract Administration Requirements. In addition to the requirements outlined in the Contract, Administrators must meet the following requirements:

(1) ~~General Contract Administration~~ Requirements.

(A) ~~Administrators and Development Owners~~ must use the forms provided on the Department's website and comply with the Department's procedural and documentation requirements as outlined in ~~the Program Manual and in~~ this section including, the Application, and Application Guide.

(B) ~~(4)~~ Administrators must ensure that all contracts and forms are executed by all ~~authorized parties authorized~~ and required to sign.

(C) ~~(2)~~ Attend training as required by the Department. Training must be completed by the Persons identified as the administrators of the program activity. At a minimum, participants shall include persons who perform or may perform the duties of submitting and/or approving setups or draws.

(D) ~~(5)~~ Complete all applicable Department Contract System access request forms and ensure requirements are met.

(E) Administrators may not retain any income generated through the operation of any Housing Trust Fund program or activity. Any income that is generated through the

operation of any Housing Trust Fund program or activity must be submitted within ten days of its receipt to the Financial Services Division of TDHCA.

- (F) ~~(14)~~ Administrators must ensure compliance with applicable audit certification requirements.
- (2) ~~(9)~~ Affirmative marketing procedures. Administrators must develop and comply with written affirmative marketing procedures.
- (A) The procedures and requirements shall be prepared in accordance with the-NOFA.
- (B) Procedures must include the designation of an individual who will be responsible for marketing the project and establishing a clear application screening plan and the maintenance of documentation and records to evidence affirmative marketing procedures have been implemented.
- (3) Application intake requirements for Contract Administrators.
- (A) ~~(11)~~ To ensure compliance with the Texas Comptroller of Public Accounts requirements, ~~Contract~~ Administrators are required to ensure the applicant Household does not owe a debt to the State of Texas including tax liens, child support liens, or student loan delinquencies.
- (B) ~~(12)~~ To Administrators must ensure that no Conflict of Interest exists between Households to be assisted and Persons designated to receive applications, ~~or~~ assist with the application intake process, or who are officers or employees of the Administrator.
- (C) ~~(13)~~ Administrators must document and verify all income and asset eligibility requirements for the Household to be assisted.
- (4) ~~(8)~~ Applicant selection criteria. Administrators must develop and comply with written applicant intake and selection criteria to ensure program eligibility, which must include, but ~~is~~ are not limited to:
- (A) Homeownership, if applicable;
- (B) Income eligibility;
- (C) Assisted Households must be located within the Administrator's Service Area, as defined by in the Contract;
- (D) Property taxes are current, if applicable; and
- (E) Assist Special Needs Households, if applicable.
- (5) ~~(10) Complete applicant intake and applicant selection.~~ Administrators must notify ~~Notify~~ each applicant Household in writing of either acceptance or denial of assistance within sixty (60) days following receipt of the application.
- (6) Tenant-Based Rental Assistance Programs. Administrators shall ensure the following:
- (A) Tenants certify that they have been advised that they may select and use assistance for any eligible unit of their choice located within the Administrator's Service Area;
- (B) Assistance to the household is not provided prior to the date that household is eligible for assistance, the setup is approved by TDHCA, required inspections are completed and the lease is fully executed;

- (C) Utility allowances are accurate and calculated based on information from the local housing authority, or by any of the methodologies indicated in 10 TAC 60 Compliance Rules. An Owner may not change utility allowance methods without written approval from the Department. Any such request must include the Utility Allowance Questionnaire found on the Department's website;
 - (D) Pet deposits, duplicate subsidies and other disallowed costs are not paid using Housing Trust Fund funds; and
 - (E) The assisted household's income is re-certified and the unit re-inspected annually to ensure compliance with program requirements and guidelines.
- (7) ~~(3)~~ Administrators must develop and comply with written procurement selection criteria and committees. ~~(4)~~ Administrators may procure consultants, if applicable. Consultants may not participate in or direct any part of the process for procuring consultants.
- (8) Demolition and Construction. The Administrator shall:
- (A) ~~(6)~~ Perform Loan closing, if required, prior to performing any construction activities, including demolition.
 - (B) Ensure that, if Rehabilitation assistance on a housing unit requires that a subordinate lien be placed on the housing unit, no Rehabilitation occurs without prior written consent of all Persons who have a valid lien or ownership interest in the Property.
 - (C) ~~(15)~~ 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. ~~(19)~~ Ensure that the demolition of any housing unit does not occur less than six (6) months prior to the Contract end date.
 - (D) ~~(18)~~ Provide building construction contractor oversight and ensure builder's risk coverage is provided.
 - (E) ~~(21)~~ Conduct appropriate property inspections and documentation in accordance with applicable program requirements. ~~Ensure compliance with the Texas Residential Construction Commission inspection requirements under Title 16 of the Texas Property Code.~~
 - (F) ~~(20)~~ Ensure compliance with applicable construction or property standards, lead-based paint notification and other applicable Federal requirements.
- (9) Recordkeeping. ~~(7)~~ Administrators must develop and comply with written accounting, reporting, filing, and documentation procedures.
- (10) Submission of documentation for project setups and disbursement requests.
- (A) The Administrator must identify at least two individuals to submit and approve draws and setups in the TDHCA Housing Contract System using the Contract System Access Request Form. In no instance shall the same individual both enter and approve setup or disbursement requests.
 - (B) Required documentation must be submitted electronically through the TDHCA Housing Contract System in order to proceed unless otherwise pre-approved by the Department.

- (C) ~~(23)~~ The Administrator must ensure that ~~Submit all~~ support documentation for ~~Project~~ project setups and disbursement requests is received by the Department within thirty (30) days of ~~electronic submission to the Department~~ entering the setup or disbursement request in the TDHCA Housing Contract System.
- (D) ~~(24)~~ The Administrator must submit all Project setups and support documentation for Households to be assisted ~~by~~ no later than ninety (90) days prior to the Contract end date. In the event that a loan closing is required for single family Rehabilitation, ~~non-development activities,~~ all Project setups and support documentation must be submitted ~~by~~ no later than one hundred eighty (180) days prior to the Contract end date.
- (E) ~~(25)~~ The Administrator must submit required documentation for Project completion reports and Certificate of Contract Completion by no later than sixty (60) days from the Contract end date.

§51.1611. Mortgage Loans and Loan Support Documentation ~~Documents Supporting Mortgage Loans.~~

- (a) A mortgage Loan shall be evidenced by a mortgage or deed of trust note or bond and by a mortgage that creates a lien on the housing development and on all real property that constitutes the site of or that relates to the housing development.
- (b) A note or bond and a mortgage or deed of trust:
 - (1) Must contain provisions satisfactory to the Department;
 - (2) Must be in a form satisfactory to the Department; and
 - (3) May contain exculpatory provisions relieving the Borrower or its Principal from personal liability if the Department agrees.
- ~~(c) For each Loan made for the Development of multifamily housing with Housing Trust Fund funds provided to the State, the Department shall obtain a mortgagee's title policy in the amount of the loan. The Department may not designate a specific title insurance company to provide the mortgagee title policy or require the borrower to provide the policy from a specific title insurance company. The borrower shall select the title insurance company to close the Loan and to provide the mortgagee title policy.~~
- ~~(d) For each Loan made for the acquisition, New Construction, and/or Rehabilitation of single family housing with Housing Trust Fund funds provided to the State, the Department shall specify the requirements in the associated program manual and/or NOFA. This may include, but not be limited to, any title documents, appraisals, property tax status, surveys or life event documentation.~~
- (c) ~~(e)~~ For Loans that provide down payment, gap financing and/or closing cost assistance, the Administrator must submit to the Department the original recorded deed of trust and transfer of lien, if applicable. Failure to submit these documents within ninety (90) days after the Loan closing date may result in the Department withholding payment for disbursement requests.

(d) The following Loan requirements, at a minimum, must be met and shall be verified by a loan transmittal summary (HUD form 1008) or equivalent document approved by the Department:

(1) Loan Type. No adjustable rate mortgages (ARMs) or Subprime Loans are allowed.

(2) Home Value. No mortgages with a loan to value equal to or greater than 100% are allowed and the appraised value of the home may not exceed HUD 221(d)(3) limits.

(3) Lender and Loan Fees.

(A) The interest rate may not exceed 2% above the applicable FHA rate at the time of closing;

(B) The lender may not include "points" to buy down or pre-pay the interest; and

(C) The annual percentage rate (APR) may not be greater than 1% above the interest rate.

(4) Maximum Debt.

(A) The monthly mortgage payment-to-monthly gross income ratio ("front-end ratio") for maximum housing expense shall not exceed thirty percent (30%); and

(B) The total monthly long term debt-to-gross monthly income ratio ("back-end income ratio") may not exceed forty-five percent (45%). Debt calculations shall include long term (more than ten months of payments remaining) reoccurring debt such as payments for automobile loans, student loans, child support, alimony, legal judgments, credit card debt, federal or state tax lien repayment plans, personal loans and installment loans.

(e) In instances where the assistance will require that a subordinate lien be placed on a home, Administrators must ensure clear title prior to proceeding with any type of construction, including rehabilitation, as evidenced by a title policy or title commitment. For the purposes of this section, documents and submissions such as a title report, title abstract, and attorney's opinion of title are not sufficient evidence of clear title.

(f) 10% Retainage Required. Administrators must hold at least 10% retainage and submit the Request for Release of Retainage no earlier than 30 days following the completion of construction as verified by inspection forms and a certificate of construction completion, as applicable. The Department will not release retainage before the 31st day following construction completion.

§51.1912. Other Program Requirements.

~~(a) Employment Opportunities. In connection with the planning and operation of any project assisted under the Housing Trust Fund, to the greatest extent feasible, opportunities for training and employment shall be given to low, very low, and extremely low-income persons who meet position requirements and residing within the area in which the project is located.~~

(a) ~~(b)~~ **Conflict of Interest.**

- (1) Conflict Prohibited. No person described in paragraph (2) of this subsection who exercises or has exercised any functions or responsibilities with respect to Housing Trust Fund activities under the Statute or who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from a Housing Trust Fund assisted activity, or have an interest in any Housing Trust Fund contract, subcontract or agreement or the proceeds hereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.
- (2) Persons Covered. The conflict of interest provisions of paragraph (1) of this subsection apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of the Administrator ~~or Development Owner~~.
- (3) Administrators will maintain a written code of standards of conduct governing the performance of their board of directors and employees engaged in the award and administration of contracts. No employee, officer or agent of the Administrator shall participate in selection, or in the award or administration of a contract supported by HTF funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:
 - (A) the employee, officer or agent,
 - (B) any member of his or her immediate family,
 - (C) his or her partner, or
 - (D) an organization which employs, or is about to employ, any of the above,
 - (E) has a financial or other interest in the firm selected for award.
- (4) The ~~grantee's or sub-grantee's~~ officers, employees or agents of the Administrator will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. ~~Grantee and sub-grantees~~ Administrators may set minimum rules where the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the ~~grantee's and sub-grantee's~~ officers, employees, or agents of the Administrator, or by contractors or their agents. The awarding agency may in regulation provide additional prohibitions relative to real, apparent, or potential conflicts of interest.

- (b) ~~(c)~~ **Grant Funds Management and Procurement.** Except as specifically modified by law or the provisions of this Chapter, the Administrator must comply with the rules promulgated by the Office of the Governor under the Uniform Grant Management Act (Texas. Government Code, Title 7, Chapter 783 and 1 TAC Chapter 5) to administer the Housing Trust Fund Programs, ~~which may not include the Texas Bootstrap Loan Program or other Department Programs that receive Housing Trust Funds~~. Administrator must comply with all applicable state, and local laws, regulations, and ordinances for making procurements with Housing Trust Fund funds monies. ~~Administrator or~~

~~Development Owner must ensure compliance with the requirements of the Texas Government Code, Chapter 2254.~~

(c) ~~(d)~~ Multifamily Housing units assisted with HTF.

- (1) Multifamily Housing units developed or rehabilitated with HTF funds must remain affordable to income-qualified households for at least twenty (20) years.
- (2) An Applicant that receives funds for multifamily rental properties must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in §1.37 of this title.
- (3) These requirements will be enforced as part of a required Land Use Restriction Agreement between the ~~Contract Administrator~~ ~~Development Owner~~ and the Department.

(d) ~~(e)~~ Right to Inspect and Monitor.

- (1) The Department may, at any time, inspect and monitor the records and the work of the Project so as to ascertain the level of Project completion, quality of work performed, inventory levels of stored material, compliance with the approval plans and specifications, property standards, and program rules and requirements.
- (2) Any unsatisfactory findings in the inspection may result in a reduction in the amount of funds requested or termination of funding.
- (3) Within forty-five (45) days of completion of any construction, and before the release of any retainage funds, ~~Administrators and Development Owners~~ are required to notify the Department of the completion by submitting a certificate of completion and any other documents required by program guidelines, including, but not limited to, the following:
 - (A) Architect's ~~c~~Certification of ~~s~~Substantial ~~c~~Compliance;
 - (B) Administrator's ~~s~~S or Development Owner's ~~c~~Certificate of ~~s~~Substantial ~~c~~Completion; and
 - (C) Administrator's ~~s~~S or Development Owner's and ~~s~~Supplier's ~~r~~Release of ~~L~~Lien and warrantee.
- (4) The Department may perform a final close-out visit and assist owners in preparing for long-term compliance requirements upon completion of project development.

(e) ~~(d)~~ Compliance.

- (1) ~~Contract~~ Administrators ~~Recipient~~ must maintain compliance with each of its Contracts with the Department.
- (2) Restrictions are stated and enforced through a regulatory agreement.
- (3) These restrictions include, but are not limited to the following:
 - (A) Rent restrictions;

- (B) Record keeping and reporting; and
- (C) Income targeting of tenants.

(4) The Department monitors compliance with project restrictions and any other covenants by Recipient in any Housing Trust Fund agreement. An annual per unit compliance fee of \$25.00 may be charged for this review.

§51.21-13. Records to be Maintained.

- (a) Administrators are required, at least on an annual basis throughout the compliance period, to submit to the Department information required under Chapter 1 of this title, which may include, but is not limited to:
 - (1) such information as may be necessary to determine whether a project is benefiting Low, Very Low, and Extremely Low-Income Persons and families;
 - (2) the monthly rent or mortgage payment for each dwelling unit in each structure assisted;
 - (3) such information as may be necessary to determine whether Administrators ~~and Development Owners~~ have carried out their housing activities in accordance with the requirements and primary objectives of the Housing Trust Fund and implementing regulations;
 - (4) the size and income of the household for each unit occupied by a low, very low, or extremely low-income person or family;
 - (5) data on the extent to which each racial and ethnic group and households have applied for and benefited from any project or activity funded in whole or in part with funds made available under Texas Government Code, Chapter 2306. This data shall be updated annually; and
 - (6) A final statement of accounting upon completion of the Project.
- (b) Administrator shall maintain records pertinent to the tenant's files for a period of at least three years.
- (c) Administrator shall maintain records pertinent to funding awards including but not limited to project costs and certification work papers for a period of at least five years.
- (d) Administrator shall maintain records in an accessible location.

§51.1714. Amendments.

- (a) Adherence to Obligations. All representations, undertakings and commitments made by an Applicant in the Application, whether with respect to threshold and scoring criteria, program design, or otherwise, shall be deemed to be a condition to the Contract; the violation of which may be cause for termination of such Contract by the Department. Eligible Applicants that have been approved for funding and that require a material change in the project as described in the

Application must provide a written request for the material change to the Department prior to implementing the change.

- (1) A material change may include, but is not limited to, the following:
 - (A) Change in project site or eligible activities;
 - (B) Change in the number of units or set asides; ~~and~~
 - (C) An increase in funding that is not permitted ~~under §51.18~~ in this Chapter.
 - (D) Change in service area;
 - (E) Change in the maximum amount of assistance per household;
- (3) Failure to comply with this subsection ~~may result in the termination of funding to Applicant~~ or operate the proposed activity as represented in the Application without a contract amendment prior to execution of such amendment may result in termination of the contract, deobligation of funds, and/or disallowed costs.

(b) Amendment requests to be approved by the Executive Director are allowable under the following circumstances:

- (1) **Time extensions.** The Executive Director may collectively provide up to one six month extension to the end date of any Contract. Any additional time extension granted by the Executive Director shall include a statement by the Executive Director relating to unusual, non-foreseeable or extenuating circumstances. If the extension is longer than six months and the Executive Director determines that a statement related to unusual, non-foreseeable, or extenuating circumstances cannot be issued, it will be presented to the Governing Board for approval, approval with modifications, or denial of the requested extension.;
- (2) **Changes in Area Median Family Income (AMFI) levels.** The Executive Director may grant approval of a modification or amendment to the AMFI levels of the households to be served under said contract, if ~~Contract~~ Administrator provides a statement relating to unusual, non-foreseeable or extenuating circumstances that warrant such a request to be granted and the Executive Director determines that such request does not violate Department rules. In the case that the Executive Director determines that such request is not warranted and/ or violates Department rules, the request will be presented to the Board for approval.;
- (3) **Changes to Services Area.** The Executive Director may grant approval of the modification or amendment to the Service Area being served under said contract, if ~~Contract~~ Administrator provides a statement relating to unusual, non-foreseeable or extenuating circumstances that warrant such a request to be granted and the Executive Director determines that does not violate Department rules. In the case that the Executive Director determines that such request is not warranted and/or violates Department rules, the request will be presented to the Board for approval.;
- (4) **Changes in number of Households to serve.** The Executive Director may grant approval of the modification or amendment to the reduction in the number of the Households to be served

under said Contract, if ~~Contract~~ Administrator provides a statement relating to unusual, non-foreseeable or extenuating circumstances that warrant such request to be granted and the Executive Director determines that such request does not violate Department rules. In the case the Executive Director determines that such request is not warranted and/or violates Department rules, the request will be presented to the Board for approval; ~~or~~.

- (5) **Increase in funds.** In the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25 percent of the original award or \$50,000, whichever is greater. Modifications and/or amendments that increase the dollar amount by more than 25 percent of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.

(c) All amendment and waiver requests must be accompanied by documentation justifying the amendment or waiver.

(1) Administrator must ensure they are in compliance with all monitoring and auditing requirements for all programs administered by TDHCA prior to submission of the amendment request.

(2) The authorized CA Signatory must sign and submit a written amendment request.

(3) The amendment request must include the following at a minimum:

(A) A written request for the specified change to the HTF Contract, signed by the organization's executive director and/or Person with authorized signature authority;

(B) Clear explanation and justification for the request;

(C) Description of extenuating, unusual, and non-foreseeable circumstances and/or explanation of compelling reasons for necessity of request;

(D) "Pipeline" report indicating number (and names, if known) of Households awaiting assistance or anticipated to be assisted;

(E) A schedule of completion from the Building Contractor (if applicable); and

(F) A schedule indicating percentage of completion for construction currently underway (if applicable).

(d) The Department shall have the sole discretion to determine whether the amendment is justified, subject to appeal under 10 Texas Administrative Code §1.7.

(e) ~~(b)~~ If the Administrator or ~~Development Owner~~ fails to meet a benchmark requirement and does not seek, or is not granted, an extension of a benchmark, the awarded funds related to the lack of performance may be entirely or partially deobligated at the Department's sole discretion.

(f) ~~(e)~~ **Additional Funds.** In the event the Department receives additional funds, the Department, with Board approval, may elect to distribute funds to ~~other~~ existing currently funded Administrators ~~or~~ Development Owners.

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

~~(h)~~ ~~(e)~~ **Individual benchmarks.** Each benchmark is an individual term and subject to the amendment processes. An interim milestone extension may or may not extend the entire Contract at the Department's discretion.

§51.15. Events Creating Deobligation of Housing Trust Funds.

(a) When the Department and the applicant execute a Contract, the Department will obligate funds to cover the amount of the approved award. The recipient will be expected to carry out the activity(ies) as proposed in the Application. The Department may Deobligate all or a portion of the awarded amount if such amount is not expended in a timely manner, the activity(ies) proposed in the Application are not provided in accordance with the approved Application, or in the event of any one of the following circumstances:

- (1) Department has notified Administrator of any outstanding compliance matter(s) and the Administrator has failed to either resolve the matter(s) or take sufficient action to correct the matter(s);
- (2) Department has notified Administrator that they have failed to meet required timelines and/or benchmarks, including Expenditure of funds, per the Contract and Administrator has not sufficiently corrected the deficiency;
- (3) The Department provides notice of default to Administrator on any Contract by and between Administrator and Department and the default has not been cured within the required time frame;
- (4) Applicant materially misrepresents facts to the Department during an Application process, award of Contract, request for amendment, or administration of any Contract;
- (5) Department has notified Administrator of Administrator's inability to provide adequate financial support to administer the Contract as called for in the Agreement or meet any other material conditions and the Administrator has failed to sufficiently correct the matter;
- (6) Department has notified Administrator of Administrator's inadequate or insufficient management controls and the Administrator has failed to sufficiently correct the matter;
- (7) Administrator declines funds;
- (8) Administrator fails to expend all funds awarded and voluntarily releases the funds;
- (9) The Department receives Program income and elects to use those funds in lieu of awarded contract funds; or
- (10) Other circumstances approved by the Board as warranting Deobligation.

(b) The Department shall have the sole discretion to determine whether sufficient progress or correction has been made under paragraph (1)(A)--(C), (E) and (F) of this subsection and the sole discretion to determine what constitutes materiality in paragraph (1)(D) of this subsection, subject to appeal under 10 Texas Administrative Code §1.7.

(c) The Department shall not take any action resulting in Deobligated Funds until an appeal, as provided for under 10 TAC §1.7, has been completed. The Department may suspend reimbursement of funds during the appeal. If an appeal has not been requested, the Department may take action as allowed under this policy.

§51.18. General Contract Administration.

~~All Administrators and Development Owners must use the forms provided on the Department's website and comply with the Department's procedural and documentation requirements as outlined in the Program Manual and in this section including:~~

- ~~(1) Contract must be signed and executed by all appropriate authorized parties.~~
- ~~(2) Attend training as required by the Department.~~
- ~~(3) Develop and comply with written procurement selection criteria and committees.~~
- ~~(4) Procure consultants, if applicable. Consultants may not participate in or direct any part of the process for procuring consultants.~~
- ~~(5) Complete all applicable Department Contract System access request forms and requirements.~~
- ~~(6) Perform Loan closing, if required, prior to performing any construction activities, including demolition.~~
- ~~(7) Develop and comply with written accounting, reporting, filing, and documentation procedures.~~
- ~~(8) Develop and comply with written applicant intake and selection criteria and ensure program eligibility which must include, but is not limited to:
 - ~~(A) Homeownership, if applicable;~~
 - ~~(B) Income eligibility;~~~~

~~(C) Assisted Households must be located within the Administrator's Service Area, as defined by the Contract;~~

~~(D) Property taxes are current, if applicable; and~~

~~(E) Assist Special Needs Households, if applicable.~~

~~(9) Develop and comply with affirmative marketing procedures.~~

~~(10) Complete applicant intake and applicant selection. Notify each applicant Household in writing of either acceptance or denial of assistance within sixty (60) days following receipt of the intake application.~~

~~(11) To ensure compliance with the Texas Comptroller of Public Accounts requirements, Contract Administrators are required to ensure the applicant Household does not owe a debt to the State of Texas including tax liens, child support liens, or student loan delinquencies.~~

~~(12) Ensure that no Conflict of Interest exists between Households to be assisted and Persons designated to receive or assist with the application intake process.~~

~~(13) Document and verify all income and asset eligibility requirements for the Household to be assisted.~~

~~(14) Ensure compliance with applicable audit certification requirements.~~

~~(15) 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.~~

~~(16) 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.~~

~~(17) 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.~~

~~(18) Provide building construction contractor oversight and ensure builder's risk coverage is provided.~~

~~(19) Ensure that the demolition of any housing unit does not occur less than six (6) months prior to the Contract end date.~~

~~(20) Ensure compliance with applicable construction or property standards and lead-based paint requirements.~~

~~(21) Conduct appropriate property inspections and documentation in accordance with applicable program requirements. Ensure compliance with the Texas Residential Construction Commission inspection requirements under Title 16 of the Texas Property Code.~~

~~(22) Submit required documentation and electronic requests for Project setups and disbursement requests to the Department.~~

~~(23) Submit support documentation for Project setups and disbursement requests within thirty (30) days of electronic submission to the Department.~~

~~(24) Submit all Project setups and support documentation for Households to be assisted no later than ninety (90) days prior to the Contract end date. In the event that a loan closing is required for single family Rehabilitation or Reconstruction, non-development activities, all Project setups and support documentation must be submitted no later than one hundred eighty (180) days prior to the Contract end date.~~

~~(25) Submit required documentation for Project completion reports and certificate of Contract Completion no later than sixty (60) days from the Contract end date.~~

~~(26) Complete the terms of the Contract.~~

~~§51.19. Other Program Requirements.~~

~~(a) Employment opportunities. In connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, opportunities for training and employment shall be given to low, very low, and extremely low income persons who meet position requirements residing within the area in which the project is located.~~

~~(b) Conflict of Interest.~~

~~(1) Conflict Prohibited. No person described in paragraph (2) of this subsection who exercises or has exercised any functions or responsibilities with respect to Housing Trust Fund activities under the Statute or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from a Housing Trust Fund assisted activity, or have an interest in any Housing Trust Fund contract, subcontract or agreement or the proceeds hereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.~~

~~(2) Persons Covered. The conflict of interest provisions of paragraph (1) of this subsection apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of the Administrator or Development Owner.~~

~~(c) Grant funds management and procurement. Except as specifically modified by law or the provision of this Chapter, Contract Administrator or Development Owner must comply with the rules promulgated by the Office of the Governor under the Uniform Grant Management Act (Texas Government Code, Chapter 783 and 1 TAC Chapter 5) to administer the Housing Trust Fund. Contract Administrator or Development Owner must comply with all applicable state, and local laws, regulations, and ordinances for making procurements with Housing Trust Fund monies. Contract Administrator or Development Owner must ensure compliance with the requirements of the Texas Government Code, Chapter 2254.~~

~~(d) **Right to Inspect and Monitor.**~~

~~(1) The Department may, at any time, inspect and monitor the records and the work of the Project so as to ascertain the level of Project completion, quality of work performed, inventory levels of stored material, compliance with the approval plans and specifications, property standards, and program rules and requirements.~~

~~(2) Any unsatisfactory findings in the inspection may result in a reduction in the amount of funds requested or termination of funding.~~

~~(3) Within forty five (45) days of completion of any construction, and before the release of any retainage funds, Administrators and Development Owners are required to notify the Department of the completion by submitting a certificate of completion and any other documents required by program guidelines, including, but not limited to, the following:~~

~~(A) Architect's Certification of Substantial Compliance;~~

~~(B) Administrator or Development Owner's Certificate of Substantial Completion; and~~

~~(C) Administrator or Development Owner's and Supplier's Release of Lien and warrantee.~~

~~(4) The Department performs a final close out visit and assists owners in preparing for long-term compliance requirements upon completion of project development.~~

~~(e) **Compliance.**~~

~~(1) Recipient must maintain compliance with each of its Contracts with the Department.~~

~~(2) Restrictions are stated and enforced through a regulatory agreement.~~

~~(3) These restrictions include, but are not limited to the following:~~

~~(A) Rent restrictions;~~

~~(B) Record keeping and reporting; and~~

~~(C) Income targeting of tenants.~~

~~(4) The Department monitors compliance with project restrictions and any other covenants by Recipient in any Housing Trust Fund agreement. An annual per unit compliance fee of \$25.00 may be charged for this review.~~

~~(f) For funds being used for multifamily rental properties, the Recipient must establish a reserve account consistent with §2306.186 of the Texas Government Code, and as further described in §1.37 of this title.~~

§51.2016. Citizen Participation.

~~(a) The Department holds at least one public hearing annually, and additional public hearings prior to consideration of any proposed significant changes to these rules, to solicit comments from the public, eligible applicants, and Administrators and Development Owner on the Department's rules, guidelines, and procedures for the Housing Trust Fund.~~

~~(b) The Department considers the comments it receives at public hearings. The Board annually reviews the performance, administration, and implementation of the Housing Trust Fund in light of the comments it receives. The Board also reviews funding goals and set-asides relating to Allocation of Housing Trust Funds.~~

~~(c) Unless the request is made during a Competitive Application Cycle, Applications for Housing Trust Funds are public information and the Department shall afford the public an opportunity to comment on proposed housing applications prior to making awards.~~

~~(d) Complaints will be handled in accordance with the Department's complaint procedures of §1.2 of this title.~~

§51.21. Records to be Maintained.

~~(a) Administrator or Development Owners are required, at least on an annual basis, to submit to the Department information required under Chapter 1 of this title, which may include, but is not limited to:~~

~~(1) such information as may be necessary to determine whether a project is benefiting low, very low, and extremely low income persons and families;~~

~~(2) the monthly rent or mortgage payment for each dwelling unit in each structure assisted;~~

~~(3) such information as may be necessary to determine whether Administrators and Development Owners has carried out their housing activities in accordance with the requirements and primary objectives of the Housing Trust Fund and implementing regulations;~~

~~(4) the size and income of the household for each unit occupied by a low, very low, or extremely low income person or family;~~

~~(5) data on the extent to which each racial and ethnic group and households have applied for and benefited from any project or activity funded in whole or in part with funds made available under Texas Government Code, Chapter 2306. This data shall be updated annually; and~~

~~(6) A final statement of accounting upon completion of the Project.~~

~~(b) Administrator or Development Owners shall maintain records pertinent to the tenant's files for a period of at least three years.~~

~~(c) Administrator or Development Owners shall maintain records pertinent to funding awards including but not limited to project costs and certification work papers for a period of at least five years.~~

~~(d) Administrator or Development Owners shall maintain records in an accessible location.~~

§51.22. Waiver.

~~The Board may, in its discretion, waive any one or more of the rules set forth in this chapter to accomplish its legislative mandates or for other compelling circumstances.~~

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
January 20, 2010

Recommended Action

Authorize and direct the proposal of a draft rule, to be published in the *Texas Register* to be released for public comment, relating to the American Recovery and Reinvestment Act (ARRA) Weatherization Assistance Program (WAP) funds specifically regarding the deobligation and subsequent reobligation/reallocation of contract funds.

WHEREAS, staff has identified to this Board an urgent need to develop a rule to cover the de-obligation and subsequent re-obligation or reallocation of weatherization assistance program funds; and

WHEREAS, this Board will not meet again until March 2010; and

WHEREAS, this Board is assigned the statutory responsibility for establishing the policy by which the Department operates, a principal aspect of which is the adoption of rules; and

WHEREAS, this Board has, under the authority of TEX. GOV'T. CODE, §2306.052(b)(6), the ability to assign specific functions to the Executive Director.

It is hereby

RESOLVED, that the Executive Director be and he hereby is directed to cause to be drafted and published for comment a rule to establish a policy for the de-obligation and subsequent re-obligation or re-allocation of weatherization assistance program funds consistent with the policy parameters presented to and considered by this Board, to-wit:

1. the criteria to be use by the Department to de-obligated funds which may include:
 - a. lack of achieving unit production targets
 - b. lack of achieving fund expenditure targets
 - c. recurrent poor quality of construction on units
 - d. monitoring findings/recommendations
 - e. overall ability to proceed with the balance of the contract
 - f. other factors or considerations identified by the round table or DOE;
2. the notification process and opportunity for remedy upon notification of de-obligation of funds;
3. whether de-obligations of funds are partial (leaving some funds for that contract) or full (termination of the contract); and
4. The parameters for re-obligation which may include contract performance, geographic proximity, ability to expend funds;

and

FURTHER RESOLVED, that the Executive Director be and he hereby is directed to convene one or more roundtables at which members of the public may provide input for the development and refinement of such proposed rule; and

FURTHER RESOLVED, that once the proposed rule has received the due consideration required by TEX. GOV'T. CODE , Chapter 2001, the Executive Director is directed to cause such proposed rules, together with a summary of each comment thereon and the results of any roundtables, back to this Board for formal consideration and possible adoption by order of this Board.

Background

In an effort to ensure that ARRA WAP funds are fully expended statewide and that no funds are returned to the U.S. Department of Energy, it is necessary for the Department to specifically identify those circumstances in which ARRA WAP funds will be deobligated from existing contracts, and the method for redistribution of those funds. The Department wants to ensure that this is handled transparently through the rule making process and wants to provide ARRA WAP contractors sufficient notice of these standards well in advance of their initial contract benchmarks.

The Department still needs to discuss details for these considerations with the Department of Energy (DOE) and the expanded ARRA WAP contract network via a stakeholder roundtable. While those dialogues will both occur prior to the release of a draft rule to the *Texas Register*, unfortunately there is not sufficient time to perform these steps prior to the January Board meeting and staff does not believe that it is prudent to delay this draft rule submission until the March Board meeting. Upon submission to the *Texas Register* as a draft, the rule will receive public comment, and then require final Board approval. Therefore, staff is recommending that the Board direct the Executive Director to draft and release a rule for public comment, based on discussions with Department of Energy and the round table with the weatherization network, and that will be subsequently presented to the Board for final approval. The US Department of Energy has requested that states draft policies to address the reprogramming of ARRA WAP funds when necessary.

The draft rule, to be further clarified through the above-noted discussions and roundtable, will include:

1. the criteria to be use by the Department to deobligated funds which may include:
 - a. lack of achieving unit production targets
 - b. lack of achieving fund expenditure targets
 - c. recurrent poor quality of construction on units
 - d. monitoring findings/recommendations
 - e. overall ability to proceed with the balance of the contract
 - f. other factors or considerations identified by the round table or DOE
2. the notification process and opportunity for remedy upon notification of deobligation of funds;
- 3 whether de-obligations of funds are partial (leaving some funds for that contract) or full (termination of the contract); and
4. The parameters for reobligation which may include contract performance, geographic proximity, ability to expend funds.

**DISASTER RECOVERY DIVISION
BOARD ACTION REQUEST
January 20, 2010**

Recommended Action

Approve for publication in the *Texas Register* a withdrawal of 10 TAC Chapter 54, concerning the Disaster Recovery Rules and a proposed new 10 TAC Chapter 54, concerning the Disaster Recovery Rules.

RESOLVED, that proposed Disaster Recovery Rules, 10 TAC Chapter 54, be withdrawn and

FURTHER RESOLVED, that the Executive Director and his designees are hereby authorized, empowered, and directed, for and on behalf of the Department, to cause the draft Disaster Recovery Rule, in the form presented to this meeting, to be published in the *Texas Register* for public comment and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

Background

The Texas Department of Housing and Community Affairs receives funding from the federal government to provide disaster assistance in Texas following natural disasters. Rules are necessary to effectively monitor the activities under disaster assistance and to ensure program benchmarks are achieved and disaster funds spent timely. On July 16, 2009, the Board gave approval to publish a draft of proposed rules for Disaster Recovery programs, 10 TAC §§54.1-54.2, for comment in the *Texas Register*. Comments received requested rules to affirmatively further fair housing and the inclusion of programmatic definitions. The additions to the rules call for additional public comment, therefore staff recommends the previous draft rules be withdrawn and that the Board approve the re-starting of this process by authorizing the publication of these proposed rules for public comment.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 54. DISASTER RECOVERY

§54.1. Definitions.

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

- (1) CDBG--Community Development Block Grant.
- (2) Good cause--Verifiable events beyond the control of the TDHCA and the Subrecipient such as unavailability of records from third parties, impediments due to coordination with other governmental entities, delays due to inclement weather or other acts of God, funding delays, wide-spread shortage of labor or other significant resources.
- (3) NOFA--Notice of Funding Availability.
- (4) RFP--Request for Proposal.
- (5) TDHCA--Texas Department of Housing and Community Affairs.
- (6) Applicant--An entity which is preparing to submit or has submitted an application for Community Development Block Grant Disaster Recovery funds to the Department.
- (7) Application--A written request for Community Development Block Grant Disaster Recovery (CDBG DR) funds in the format required by TDHCA.
- (8) Community Development Block Grant --The funds awarded to the State of Texas pursuant to the Housing and Community Development Act of 1974, Title I, as amended (42 United States Code §§5301 et seq.), and the regulations promulgated thereunder in 24 Code of Federal Regulations Part 570.
- (9) Contract--A written agreement, including all amendments thereto, executed by the TDHCA, and Subrecipient which is funded with community development block grant funds.
- (10) Subrecipient-- Cities, Counties, Indian Tribes, local governmental agencies (including COGs), private non-profits (including faith-based organizations), or a for-profit entity authorized under 570.201(o) with which the TDHCA has executed a contract. The definition of Subrecipient does not include procured contractors

providing supplies, equipment, construction, or services, and may be further restricted by program rules.

(11) Low-and moderate-income person--A member of a family which earns less than 80% of the area median family income, as defined under the United States Department of Housing and Urban Development §8 Assisted Housing Program.

(12) Poverty--The current official poverty line established by the Director of the Federal Office of Management and Budget.

(13) Primary beneficiary--A low or moderate income person.

(14) Slum or blighted area--An area which has been designated a state enterprise zone, or an area within a municipality or county that is detrimental to the public health, safety, morals, and welfare of the municipality or county because the area:

(A) has a predominance of buildings or other improvements that are dilapidated, deteriorated, or obsolete due to age or other reasons;

(B) is prone to high population densities and overcrowding due to inadequate provision for open space;

(C) is composed of open land that, because of its location within municipal or county limits, is necessary for sound community growth through replatting, planning, and development for predominantly residential uses; or

(D) has conditions that exist due to any of the causes enumerated in subparagraphs (A) – (C) of this paragraph or any combination of those causes that:

(i) endanger life or property by fire or other causes; or

(ii) are conducive to:

(I) the ill health of the residents;

(II) disease transmission;

(III) abnormally high rates of infant mortality;

(IV) abnormally high rates of juvenile delinquency and crime; or

(V) disorderly development because of inadequate or improper platting for adequate residential development of lots, streets, and public utilities.

(15) Slum or blight, spot basis--A building which has been declared as a slum or blight and has multiple and unattended building code violations, and qualifies as slum or blighted on a spot basis under local law.

§54.2. General Provisions.

(a) The contract term for Subrecipient administered awards will not exceed twenty-four (24) months. Contracts will contain provisions for collecting and tracking appropriate demographic information. Performance under the Contract will be evaluated with the following benchmarks:

(1) Community Development Block Grant (CDBG) Disaster Homeowner Assistance Activities. The Contract term will not exceed twenty-four (24) months. Performance under the Contract will be based on the following benchmarks from the Contract begin date:

(A) Six (6) months--Pool of applicants identified, eligibility assessment begun including site specific environmental on a minimum of 10% of applicants;

(B) Eight (8) months--Procurement complete for contractors used for rehabilitation and reconstruction activities, 25% of the households to be assisted environmentally cleared;

(C) Twelve (12) months--Eligibility determined on 100% of the households receiving assistance under Homeowner Assistance Programs, 50% of the funds committed to eligible households, and 10% of the project funds drawn;

(D) Eighteen (18) months--100% of the project funds must be committed to the households receiving assistance, 50% of the homes must be under construction or rehabilitation, and 25% of the project funds drawn;

(E) Twenty-two (22) months--100% of the construction for all homes must be complete, 75% of the project funds drawn; and

(F) Twenty-four (24) months--85% of project funds are drawn, close out must be complete within sixty (60) days of end of contract.

(2) CDBG Rental Activities. The Contract term will not exceed twenty-four (24) months. Performance under the Contract will be based on the following benchmarks from the Contract begin date:

(A) Six (6) months--The RFP or NOFA, as applicable, must be published;

(B) Eight (8) months--Developments must be selected under rental programs and environmentally cleared;

(C) Twelve (12) months--Loan closing must be closed for any rental components and 10% of project funds drawn;

(D) Eighteen (18) months--50% of project funds drawn;

(E) Twenty-two (22) months--75% of the project funds drawn; and

(F) Twenty-four (24) months--100% of construction complete, certificates of occupancy issued, 95% of funds drawn. Close out must be complete within sixty (60) days of end of contract.

(3) CDBG Affordable Rental Housing Stock Restoration Program- The contract term for the State administered Affordable Rental Housing Stock Restoration Program will not exceed 24 months. Performance under the Contract term will be based on benchmarks established in the Contract and specific to the Development. Repayment of Loans or affordability periods will extend beyond the Contract end date depending on Texas Government Code, Chapter 2306 requirements.

(4) CDBG Disaster Downpayment Homeownership Assistance Activities. The Contract term will not exceed twenty-four (24) months. Performance under the Contract will be based on the following benchmarks from the Contract begin date:

(A) Six (6) months--Pool of applicants identified, eligibility assessment begun including site specific environmental on a minimum of 25% of applicants;

(B) Twelve (12) months--Eligibility determination made on 100% of applicants, 25% of the project funds drawn;

(C) Eighteen (18) months--50% of the applicants assisted, 45% of project funds drawn; and

(D) Twenty-four (24) months--100% of the applicants assisted, 75% of project funds drawn. Close out must be complete within sixty (60) days of end of contract.

(b) Each applicant must comply with the requirement to affirmatively further fair housing. Within 6 months of the effective date of the contract the Subrecipient must:

(1) have an affirmative marketing plan in place;

(2) establish clear policies in regard to serving people, as required under the Civil Rights Act of 1964 and subsequent amendments;

(3) adopt a formal complaint process; and

(4) adopt appropriate programmatic activities to address identified conditions specific to the area, such as relocation from flood plains, areas of slum and blight, and areas with environmental hazards.

(c) The Executive Director of the TDHCA may grant one extension to revise benchmarks and/or lower percentages, due to good cause. Any additional extension requests must be approved by the Board.

None at this time

None at this time

None at this time

None at this time

None at this time

None at this time

**Housing Tax Credit Program
Board Action Request
January 20, 2010**

Action Item

Request review and board determination of one (1) four percent (4%) tax credit application with another issuer for a tax-exempt bond transaction.

Recommendation

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **another issuer** for the tax exempt bond transaction known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
10400	Elm Ridge Apartments	Austin	City of Austin HFC	130	130	\$10,465,014	\$5,200,000	\$308,596	\$296,913

**MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST**

January 20, 2010

Requested Action

Approve the Issuance of a Determination Notice for Housing Tax Credits associated with Mortgage Revenue Bond Transactions with Other Issuers for Elm Ridge Apartments, #10400.

RESOLVED, that the Executive Director be and hereby is authorized, empowered and directed, for and on behalf of the Department to issue a Determination Notice Relating to Application No. 10400 (Elm Ridge Apartments) as presented at this meeting. Staff notes that should the Board approve the Determination Notice; the issuance of such Notice is conditioned upon the Department's thorough review of the LURA's for the Hillcrest Apartments and Aspen Park Apartments, both of which are associated properties in their portfolio, as further described below. Additionally, staff notes that there are outstanding administration and compliance fees for multiple properties that total \$103,105. If these fees have not been resolved by the date of this Board meeting the application will be pulled from the agenda.

Summary of the Transaction

Background and General Information: The application was received on October 20, 2009. The Issuer for this transaction is the City of Austin Housing Finance Corporation with a reservation of allocation that expires on June 6, 2010. The development is the acquisition and rehabilitation of 130 total units targeting the general population. This transaction is a Priority 2 in which the applicant proposes 100% of the units restricted at 60% Area Median Family Income (AMFI). The proposed development will be located in Austin, Travis County and the site is currently zoned for such a development.

Organizational Structure and Compliance: The Borrower is Elm Ridge Affordable Partners, Ltd. and the General Partner is Elm Ridge GP, Inc. which includes the members of the Non-Profit Neighborhood Housing Development Corporation. The Compliance Status Summary completed on January 8, 2010 reveals that the principals of the general partner have received nine (9) multifamily awards that have been monitored by the Department. Two of these properties, Hillcrest Apartments and Aspen Park Apartments, were identified by the Department as being in material non-compliance because the LURA for the properties were not submitted properly by the required deadline. At the time of this Board posting the Department has received the LURA for one of the properties; however, a thorough review of the document has not been performed and the other LURA still remains outstanding. Should the Board approve this transaction, the issuance of the Determination Notice is conditioned upon the Department's review of the LURA's for the Hillcrest Apartments and Aspen Park Apartments.

Additionally, staff notes that there are outstanding administration and compliance fees for multiple properties that total \$103,105. If these fees have not been resolved by the date of this Board meeting the application will be pulled from the agenda.

Census Demographics: The development is to be located at 1161 Harvey Lane in Austin, Travis County. Demographics for the census tract (8.02) include AMFI of \$20,392; the total population is 3,356; the percent of population that is minority is 96.66%; the percent of population that is below the poverty line is 50.00%; the number of owner occupied units is 405; the number of renter units is 697 and the number of vacant units is 69. (Census information from FFIEC Geocoding for 2009).

Public Comment: The Department has received no letters of support and no letters of opposition.



MULTIFAMILY FINANCE PRODUCTION DIVISION
January 20, 2010
Development Information, Public Input and Board Summary
Elm Ridge Apartments, TDHCA Number 10400

BASIC DEVELOPMENT INFORMATION

Site Address: 1161 Harvey Lane Development #: 10400
 City: Austin Region: 7 Population Served: General
 County: Travis Zip Code: 78702 Allocation: Urban
 HOME Set Asides: CHDO Preservation General Purpose/Activity: ACQ/R
 Bond Issuer: Austin Housing Finance Corporation
 HTF

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner: Elm Ridge Affordable Partners, Ltd.
 Owner Contact and Phone: Tom Champion, 3349544458
 Developer: Summit Housing Partners Management
 Housing General Contractor: Penco, Inc.
 Architect: The Hill Firm
 Market Analyst: Novagradac
 Syndicator: Summit Tax Credit Fund II
 Supportive Services: N/A
 Consultant: N/A

UNIT/BUILDING INFORMATION

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>80%</u>	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	Total Restricted Units:	130
0	0	0	130	0	0	68	48	14	0	0	Market Rate Units:	0
Type of Building: <input checked="" type="checkbox"/> 4 units or more per building											Owner/Employee Units:	0
<input type="checkbox"/> Duplex											Total Development Units:	130
<input type="checkbox"/> Triplex											Total Development Cost:	\$10,465,014
<input type="checkbox"/> Fourplex											Number of Residential Buildings:	14
<input type="checkbox"/> Detached Residence											HOME High Total Units:	0
<input type="checkbox"/> Single Room Occupancy											HOME Low Total Units:	0
<input type="checkbox"/> Transitional												
<input type="checkbox"/> Townhome												

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
4% Housing Tax Credits with Bonds:	\$308,596	\$296,913	0	0	0%
TDHCA Bond Allocation Amount:	\$0	\$0	0	0	0%
HOME Activity Fund Amount:	\$0	\$0	0	0	0%
HOME CHDO Operating Grant Amount:	\$0	\$0			
HTF Rental Production Funds:	\$0	\$0			



MULTIFAMILY FINANCE PRODUCTION DIVISION
January 20, 2010
Development Information, Public Input and Board Summary
Elm Ridge Apartments, TDHCA Number 10400

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:	Credit Amount:	\$296,913
Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed \$296,913 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:	Bond Amount:	\$0
Recommendation:		
HOME Activity Funds:	Loan Amount:	\$0
HOME CHDO Operating Expense Grant:	Grant Amount:	\$0
Recommendation:		
HTF Rental Production Funds:	Loan Amount:	\$0
Recommendation:		



REPORT DATE: 01/13/10 PROGRAM: 4% HTC FILE NUMBER: 10400

DEVELOPMENT

Elm Ridge Apartments

Location: 1161 Harvey Lane Region: 7
 City: Austin County: Travis Zip: 78702 OCT DDA
 Key Attributes: Acquisition / Rehabilitation, Family, Urban, Multifamily

ALLOCATION

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$308,596			\$296,913		

CONDITIONS

- 1 Receipt, review, and acceptance, by cost certification, of evidence that all recommendations of the ESA have been fully implemented.
- 2 Receipt, review, and acceptance, by cost certification, of an addendum to the ESA addressing the issue of excessive environmental noise as specified in the REA rules.
- 3 Receipt, review, and acceptance, by cost certification, of formal approval of the proposed increase to the HAP contract rents. If the contract rents ultimately approved differ from those proposed here, the underwriting analysis must be re-evaluated.
- 4 Should the terms and rates of the proposed financing 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
60% of AMI	60% of AMI	130

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE

W. Daniel Hughes, Jr. Principal Owner. See application file for complete ownership structure.

CONTACT

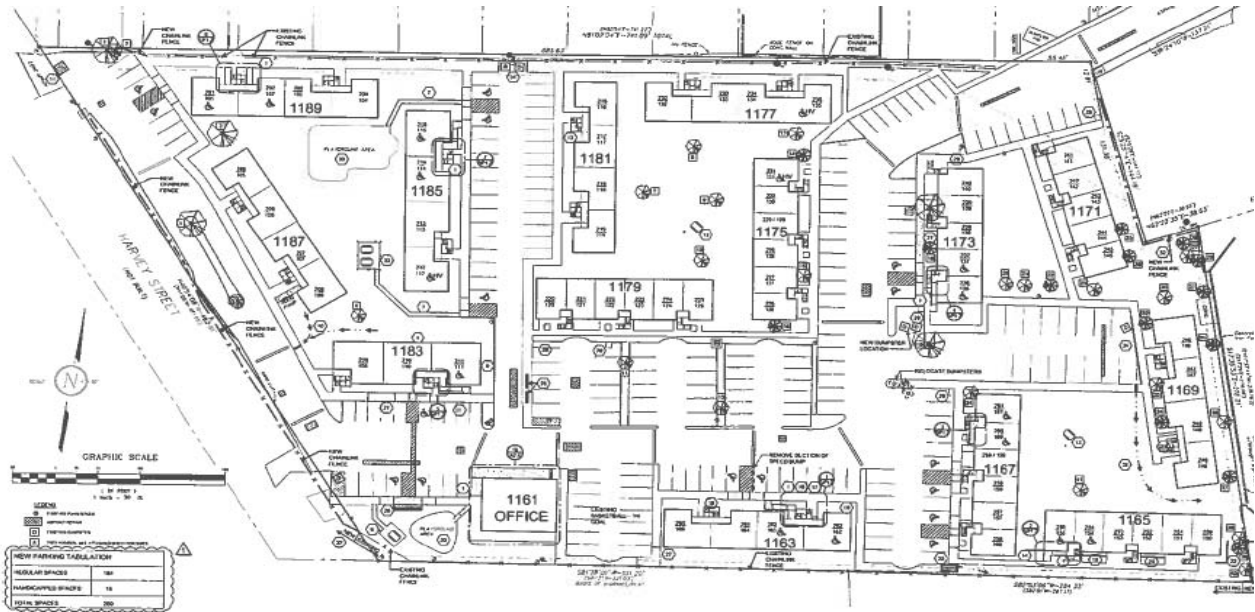
Contact: Tom Champion Phone: (334) 954-4458 Fax: (334) 954-4496
 Email: tchampion@summithousingpartners

IDENTITIES of INTEREST

- o The Applicant, Developer, Property Manager, and Tax credit Syndicator are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D	E							Total Buildings
Floors/Stories	2	2	2	2	2							
Number	6	4	2	1	1							14

BR/BA	SF	Units										Total Units	Total SF
1 / 1	572		12	10								68	38,896
2 / 1	744	8										48	35,712
3 / 1	890				6	8						14	12,460
Units per Building		8	12	10	6	8						130	87,068

The multi-family property has fourteen 2-story apartment buildings containing a total of 130 rental apartment units and a 1-story rental office building on a site of approximately 6.27 acres. The residential property was built in 1972 and is approximately 37 years old.

The Applicant provided a Project Capital Needs Assessment provided by EMG Corp. The assessment quantifies \$2.2 million of recommended rehabilitation work; the work is categorized under Code Compliance and Accessibility; Site Improvements; Building Architectural and Structural Systems; Building Mechanical and Electrical Systems; Dwelling Units; and Other Structures.

SITE ISSUES

Total Size:	<u>6.414</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Flood Zone:	<u>X</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Zoning:	<u>MF-3-NP</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> N/A

TDHCA SITE INSPECTION

Inspector: TDHCA Staff Date: 11/11/2009

Overall Assessment:

Excellent Acceptable Questionable Poor Unacceptable

Surrounding Uses:

North:	<u>Houses</u>	East:	<u>Stores & Loop 111</u>
South:	<u>Empty Lot</u>	West:	<u>Houses</u>

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Dominion Due Diligence Group Date: 11/13/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- This assessment has revealed no evidence of recognized environmental conditions in connection with the subject property.
- The subject property was constructed in 1970; sampling has identified the presence of asbestos-containing materials (ACMs) and lead-based paint (LBP). Based on the date of construction, there is also the possibility of lead contamination in the drinking water.

Comments:

- D3G recommends that the identified ACMs be managed under a site specific Operations and Maintenance (O&M) Program. In addition, compliance with 40 CFR 61 Subpart M is recommended prior to any renovation or demolition activities at the subject property.
- D3G recommends that LBP should be managed under a site specific Operations and Maintenance (O&M) Program. Any rehabilitation/demolition activities impacting painted surfaces should be conducted in accordance with OSHA Lead in Construction Standard (29 CFR 199662). In addition, D3G recommends all generated LBP debris to be appropriately disposed of in accordance with applicable EPA RCRA requirements.
- Because the subject property is located in an area of elevation radon gas levels, in accordance with TDHCA protocols, D3G recommends that radon gas testing be conducted at the subject property.
- In accordance with TDHCA protocols, D3G recommends conducting lead in drinking water testing within the subject property's structures to determine if elevated levels of lead in drinking water is present at the subject property.

MARKET HIGHLIGHTS

Provider: Novogradac Date: 8/6/2009

Contact: H. Blair Kincer Phone: (512) 340-0420 Fax: (512) 340-0421

Number of Revisions: 1 Date of Last Applicant Revision: 12/9/2009

Primary Market Area (PMA): 17 sq. miles 2 mile equivalent radius

The Primary Market Area is defined by Interstate 35 to the west, US 290 to the north, US 183 to the east, and Lady Bird Lake to the south.

Secondary Market Area (SMA):

The Market Study states that the Austin-Round Rock MSA will serve as a Secondary Market Area; however, no analysis is presented to support demand from the SMA.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS				
PMA				SMA
Name	File #	Total Units	Comp Units	
a Vista de Guadalup	060101	22	0	
M Station	09130	150	135	
Wildflower Terrace	09268	201	senior	

INCOME LIMITS						
Travis						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$15,400	\$17,600	\$19,800	\$22,000	\$23,750	\$25,500
40	\$20,520	\$23,440	\$26,400	\$29,320	\$31,680	\$34,000
50	\$25,650	\$29,300	\$33,000	\$36,650	\$39,600	\$42,500
60	\$30,780	\$35,160	\$39,600	\$43,980	\$47,520	\$51,000

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 / 60%				578	68	0	12%
2 BR / 60%				490	48	0	10%
3 BR / 60%				322	14	0	4%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/60%	1,123	62	0	1,185	68	29	8%
2 BR/60%	860	20	0	880	48	54	12%
3 BR/60%	941	-22	0	919	14	52	7%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER turnover							
Market Analyst p.						30%	417
Underwriter	100% 26,596	91% 24,122	60% 14,593	53% 7,752	30%	2,325	
PMA DEMAND from GROWTH growth							
Market Analyst p.							32
Underwriter	100% 404	91% 366	60% 221	53% 118	100%	118	

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	130	0	0	130	449	29%
Underwriter	130	135	0	265	2,443	11%

Unstabilized, Under Construction, and Proposed Comparable Supply:

The Market Analyst states that there are no unstabilized tax credit units in the Subject's PMA, and does not include any in the capture rate calculations. However, the Underwriter confirmed that there are two developments from the 2009 cycle that have received tax credit allocations as forward commitments. Wildflower Terrace (#09268) target seniors, and is therefore not considered comparable; M Station (#09130) is a 150-unit development targeting families, and will be considered in the capture rate calculations. M Station includes units restricted at 30%, 50%, and 60% of AMI, as well as 15 market rate units. The subject units are all listed as 60% units; however, all the subject units are covered by a HAP agreement. As a result, the households targeted by the 30% and 50% units at M Station are also eligible tenants for the subject. Therefore, all the restricted units at M Station will be included.

The most recently completed comparable property in the PMA, La Vista de Guadalupe, was a 2006 application with 22 units. This property has achieved stabilized occupancy and is not included in the demand analysis.

Demand Analysis:

The Market Analyst has limited demand to the typical income-eligibility criteria; minimum incomes are based on 35% of household income applied to rent, and maximum incomes are defined by 60% of AMI. The Market Analyst calculates demand for 417 units due to household turnover, and demand for 32 units due to household growth. This results in an inclusive capture rate of 29% for the 130 subject units. The Market Analyst acknowledges that this result exceeds the 25% limit for urban family developments; however, the Real Estate Analysis rules provide an exception to the capture rate limits for existing affordable housing that is at least 80% occupied and will provide a leasing preference for existing tenants. The subject qualifies as existing affordable housing by virtue of the Section 8 HAP contract covering all units, as well as the fact that it received a tax credit award in 1989; and only limited on-site relocation is anticipated during the rehabilitation, with no tenants being permanently displaced. The subject therefore satisfies the exception to the capture rate limit.

The underwriting analysis identifies significantly more demand because, due to the HAP contract, all households below the 60% maximum income are eligible tenants. This analysis identifies demand for 2,325 units due to household turnover, and demand for 118 units due to household growth. Considering a total supply of 265 units (130 at the subject and 135 at M Station), this results in an inclusive capture rate of 11%. This is below the 25% maximum capture.

Primary Market Occupancy Rates:

Based on a survey of nine properties in the PMA (five market rate and four mixed LIHTC/market) with a total of 1,620 units, the Market Analyst reports that "The overall vacancy is approximately 7.7 percent, which is slightly higher than the overall vacancy reported in May 2009. There are ten more vacancies reported in August 2009 when compared to May 2009. The average vacancy rate for the LIHTC and mixed income properties is 6.1 percent while the average vacancy rate for the market rate properties is 9.1 percent. It should be noted that the mixed income properties reported the majority of their vacancies located in the market rate units."

Absorption Projections:

"None of the comparable properties were recently constructed or significantly renovated. Therefore, none of the property managers could comment on absorption rates in the market. The Subject property is currently 100 percent occupied, which management stated is typical for the property. The Subject also maintains a waiting list of 100 households. Renovations at the Subject will take place with the tenants in place and thus, an absorption analysis is moot."

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR	572 SF	60%	\$604	\$650	\$650	\$650	\$46
2 BR	744 SF	60%	\$751	\$800	\$800	\$800	\$49
3 BR	890 SF	60%	\$901	\$960	\$960	\$960	\$59

Market Rents:

The original market study dated August 2009 listed Achievable Market Rents "as Proposed" of \$685 for the one-bedroom units, \$810 for the two bedrooms, and \$965 for the three-bedrooms. The Applicant included these rents on the rent schedule with the expectation that the HAP rents would be increased to these levels. However, Southwest Housing Compliance Corp., who administers the HAP contract for HUD, requested an updated Rent Comparability Study in November. The updated RCS, dated Dec 3, indicates Achievable Market Rents "as Renovated" of \$650, \$800, and \$960. The Applicant has subsequently reduced the proposed rents to these levels.

Market Impact:

"There are only two comparable LIHTC properties in the PMA. The Timbers and Villas on 6th Street, which are both reporting vacancy rates of 3.3 percent or less. The Subject currently has a zero percent vacancy rate and maintains an extensive waiting list of 100 households for the one and two-bedroom units and 50 households for the three-bedroom units, which is typical for the property. We anticipate the renovations will be completed in place and there will be minimal turnover resulting from the conversion to LIHTC. Thus, we do not anticipate the existing LIHTC properties in the PMA to be adversely impacted by the Subject property."

Comments:

The market study provides sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 1/12/2010

All units at the subject are covered by a Section 8 HAP contract. The Applicant's rent schedule is based on proposed increases to the current contract rents. As discussed in the Market Analysis section, the Applicant revised the proposed rents down based on current market information. The underwriting analysis uses the Applicant's revised proposed rents; however, any recommendation will be subject to formal approval of the proposed contract rents. If the contract rents ultimately approved differ from those proposed here, the underwriting analysis must be re-evaluated.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 1/12/2010

The Applicant's proposed annual operating expenses are \$5,200 per unit. This is 2% less than the underwriting estimate of \$5,303. The overall total is higher than typical, owing largely to the fact that the property pays all utility and water expenses for the tenants. The underwriting estimates are based primarily on audited expenses for the subject property. The estimate for general & administrative expense has been adjusted based on information provided by the Applicant; the estimate for property insurance is based on a quote from the Applicant's insurance agent. The underwriting estimate includes \$377 per unit per year for reserve for replacement, based on the long-term capital needs projected in the Property Condition Assessment.

Conclusion:

The Applicant's proposed income, expenses, and net operating income are each within 5% of the underwriting estimates; therefore, the Applicant's projections are used to determine the development's debt capacity and financial feasibility. The Applicant's projections and proposed financing structure provide a first-year debt coverage ratio of 1.24, within the guideline limits of 1.15 to 1.35.

Feasibility:

The Applicant's projections are used to create a 30-year operating pro forma, applying a 2% growth factor to income and 3% to expenses. This analysis indicates continued positive cash flow and debt coverage that remains above 1.15; the development is therefore characterized as financially feasible.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 8/6/2009
Number of Revisions: none Date of Last Applicant Revision: N/A
Land Only: 6.4 acres \$690,000 As of: 5/1/2009
Existing Buildings: (as-is) \$3,710,000 As of: 8/6/2009
Total Development: (as-is) \$4,400,000
Comments:

ASSESSED VALUE

Land Only: 6.4 acres \$1,394,466 Tax Year: 2009
Existing Buildings: \$2,118,234 Valuation by: Travis CAD
Total Assessed Value: \$3,512,700 Tax Rate: 2.1787

EVIDENCE of PROPERTY CONTROL

Type: Purchase and Sale Agreement Acreage: 6.41
Contract Expiration: 3/1/2010 Valid Through Board Date? [X] Yes [] No
Acquisition Cost: \$5,085,000 Other:
Seller: Elm Ridge Apartments, LP Related to Development Team? [] Yes [X] No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 Date of Last Applicant Revision: 1/13/2010

Acquisition Value:

The Applicant claims total acquisition cost of \$5,262,625. This is allocated as \$690,000 for the land (based on the submitted appraisal), \$177,625 in closing costs, and \$4,395,000 for the improvements, which the Applicant has used as the eligible basis to calculate acquisition tax credits.

The purchase agreement for the acquisition indicates a sale price of \$4,910,000, plus a \$75,000 prepayment penalty and \$100,000 broker fee both paid by the buyer, for a total cost of \$5,085,000. The Travis County Appraisal District's 2009 certified assessed value for the subject site indicates a land value of \$1,394,466. The REA rules state that "In the case where the land value indicated by either the appraisal or tax assessment is greater than the prorata land value attributed to the sales price ... the greater of the land value in the appraisal or tax assessment is deducted from the sales price to determine the acquisition basis". Therefore, the underwriting analysis deducts \$1,394,466 from \$5,085,000 to conclude an acquisition basis of \$3,690,534. This amount is \$704,466 lower than the acquisition basis claimed by the Applicant, and will result in a lower tax credit allocation.

Sitework Cost:

As a rehabilitation project, site work costs are minimal. The Applicant's development cost schedule indicates \$156K, or \$1,209 per unit. The Property condition assessment indicates \$112K, or \$865 per unit. The underwriting estimate reflects the costs indicated in the PCA.

Direct Construction Cost:

The Applicant's development cost schedule indicates \$2,075,073 in direct construction cost. This amount is 2% lower than the \$2,119,733 indicated by the PCA. The underwriting estimate reflects the costs indicated in the PCA.

Interim Interest Expense:

The Applicant has not claimed any eligible interest from interim financing.

Contingency & Fees:

As explained above, the acquisition basis as determined by the Underwriter is \$704K lower than that claimed by the Applicant. As a result, the eligible developer fee attributable to the acquisition basis is reduced by \$100K.

Conclusion:

The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant and particularly the revised PCA. Any deviations from the Applicant's or PCA estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule has been used to determine the development's need for permanent funds and to calculate eligible basis.

The eligible basis has been calculated to be \$7,542,467 (\$4,244,114 acquisition basis, including developer fee, plus \$3,298,353 rehabilitation basis). This supports a tax credit allocation of \$296,913. This amount will be compared to the Applicant's request, and the amount determined by the gap in financing, to determine any recommended allocation.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 1/13/2010

Issuer: Austin Housing Finance Corporation

Source: Rockport Mortgage Corporation Type: Interim to Permanent Bond Financing

Taxable: _____ Interest Rate: _____ Fixed Amort: _____ months

Tax-Exempt: \$5,200,000 Interest Rate: 6.09% Fixed Amort: 480 months

Source: Austin Housing Finance Corporation Type: Forgivable Loan

Principal: \$2,500,000 Conditions: _____

Comments:

Affordable Housing General Obligation Bond proceeds, 99 years at 0%, deferred yearly, and forgiven at maturity, contingent on compliance with loan agreement.

Source:	<u>Summit Housing Partners, LLC</u>	Type:	<u>Syndication</u>
Proceeds:	<u>\$2,464,987</u>	Syndication Rate:	<u>\$0.80</u>
Comments:		Anticipated HTC:	<u>\$ 308,154</u>
Amount:	<u>\$392,937</u>	Type:	<u>Deferred Developer Fees</u>

CONCLUSIONS

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$5,200,000 and the additional \$2,500,000 provided by Austin Housing Finance indicates the need for \$2,765,014 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$345,661 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Tax credit allocation determined by eligible basis:	\$296,913
Tax credit allocation requested by Applicant:	\$308,596
Tax credit allocation determined by gap in financing:	\$345,661

The tax credit allocation determined by eligible basis is recommended. At the submitted syndication terms, an allocation of 296,913 will result in \$2,375,065 in equity proceeds.

The Underwriter's recommended financing structure indicates the need for \$389,949 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

Underwriter:	<u>Thomas Cavanagh</u>	Date:	<u>January 13, 2010</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>	Date:	<u>January 13, 2010</u>

MULTIFAMILY COMPARATIVE ANALYSIS

Elm Ridge Apartments, Austin, 4% HTC #10400

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 60%	68	1	1	572	\$824	\$650	\$44,200	\$1.14	\$76	\$51
TC 60%	48	2	1	744	\$990	\$800	\$38,400	\$1.08	\$96	\$61
TC 60%	14	3	1	890	\$1,143	\$960	\$13,440	\$1.08	\$119	\$92
TOTAL:	130		AVERAGE:	670		\$739	\$96,040	\$1.10	\$88.02	\$59.11

INCOME				Total Net Rentable Sq Ft:	87,068	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT						\$1,152,480	\$1,152,480	Travis	Austin	7
Secondary Income		Per Unit Per Month:	\$7.04			10,980	10,980	\$7.04	Per Unit Per Month	
Other Support Income:						0		\$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME						\$1,163,460	\$1,163,460			
Vacancy & Collection Loss		% of Potential Gross Income:	-5.00%			(58,173)	(58,176)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions						0				
EFFECTIVE GROSS INCOME						\$1,105,287	\$1,105,284			
EXPENSES				% OF EGI	PER UNIT	PER SQ FT		PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.34%	\$284	0.42		\$36,945	\$28,500	\$0.33	\$219	2.58%
Management		3.66%	311	0.46		40,448	43,794	0.50	337	3.96%
Payroll & Payroll Tax		13.32%	1,133	1.69		147,237	147,190	1.69	1,132	13.32%
Repairs & Maintenance		5.92%	503	0.75		65,435	58,000	0.67	446	5.25%
Utilities		11.28%	959	1.43		124,696	124,000	1.42	954	11.22%
Water, Sewer, & Trash		8.19%	696	1.04		90,521	92,000	1.06	708	8.32%
Property Insurance		1.64%	139	0.21		18,127	18,127	0.21	139	1.64%
Property Tax	2.1787	6.92%	589	0.88		76,531	84,969	0.98	654	7.69%
Reserve for Replacements		4.44%	377	0.56		49,059	39,000	0.45	300	3.53%
TDHCA Compliance Fees		0.47%	40	0.06		5,200	5,200	0.06	40	0.47%
supp svcs, security, bond fees		3.18%	270	0.40		35,160	35,160	0.40	270	3.18%
TOTAL EXPENSES		62.37%	\$5,303	\$7.92		\$689,359	\$675,940	\$7.76	\$5,200	61.16%
NET OPERATING INC		37.63%	\$3,199	\$4.78		\$415,928	\$429,344	\$4.93	\$3,303	38.84%
DEBT SERVICE										
Rockport Mortgage		31.42%	\$2,671	\$3.99		\$347,256	\$347,243	\$3.99	\$2,671	31.42%
Austin Housing Finance Corp		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		6.21%	\$528	\$0.79		\$68,672	\$82,101	\$0.94	\$632	7.43%
AGGREGATE DEBT COVERAGE RATIO						1.20	1.24			
RECOMMENDED DEBT COVERAGE RATIO							1.24			

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)		50.29%	\$40,482	\$60.44	\$5,262,625	\$5,262,625	\$60.44	\$40,482	49.83%	
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%	
Sitework		1.07%	865	1.29	112,396	156,528	1.80	1,204	1.48%	
Direct Construction		20.26%	16,306	24.35	2,119,733	2,075,073	23.83	15,962	19.65%	
Contingency	4.63%	0.99%	796	1.19	103,421	103,421	1.19	796	0.98%	
Contractor's Fees	14.00%	2.99%	2,403	3.59	312,424	312,424	3.59	2,403	2.96%	
Indirect Construction		1.41%	1,132	1.69	147,214	147,214	1.69	1,132	1.39%	
Ineligible Costs		11.27%	9,076	13.55	1,179,925	1,179,925	13.55	9,076	11.17%	
Developer's Fees	15.00%	9.40%	7,568	11.30	983,800	1,080,772	12.41	8,314	10.23%	
Interim Financing		0.70%	561	0.84	72,945	72,945	0.84	561	0.69%	
Reserves		1.63%	1,312	1.96	170,531	170,531	1.96	1,312	1.61%	
TOTAL COST		100.00%	\$80,500	\$120.19	\$10,465,014	\$10,561,458	\$121.30	\$81,242	100.00%	
Construction Cost Recap		25.30%	\$20,369	\$30.41	\$2,647,974	\$2,647,446	\$30.41	\$20,365	25.07%	

SOURCES OF FUNDS										
					TDHCA	APPLICANT	RECOMMENDED			
Rockport Mortgage		49.69%	\$40,000	\$59.72	\$5,200,000	\$5,200,000	\$5,200,000		Developer Fee Available	
Austin Housing Finance Corp		23.89%	\$19,231	\$28.71	2,500,000	2,500,000	2,500,000		\$1,080,772	
HTC Syndication Proceeds		23.59%	\$18,989	\$28.35	2,468,521	2,468,521	2,375,065		% of Dev. Fee Deferred	
Deferred Developer Fees		3.75%	\$3,023	\$4.51	392,937	392,937	389,949		36%	
Additional (Excess) Funds Req'd		-0.92%	(\$742)	(\$1.11)	(96,444)	0	0		15-Yr Cumulative Cash Flow	
TOTAL SOURCES					\$10,465,014	\$10,561,458	\$10,465,014		\$1,382,801	

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Elm Ridge Apartments, Austin, 4% HTC #10400

PAYMENT COMPUTATION

Primary	\$5,200,000	Amort	480
Int Rate	6.09%	DCR	1.20

Secondary	\$2,500,000	Amort	
Int Rate		Subtotal DCR	1.20

Additional	\$2,468,521	Amort	
Int Rate		Aggregate DCR	1.20

RECOMMENDED FINANCING STRUCTURE

APPLICANT'S NOI:

Primary Debt Service	\$347,256
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$82,088

Primary	\$5,200,000	Amort	480
Int Rate	6.09%	DCR	1.24

Secondary	\$2,500,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.24

Additional	\$2,468,521	Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

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

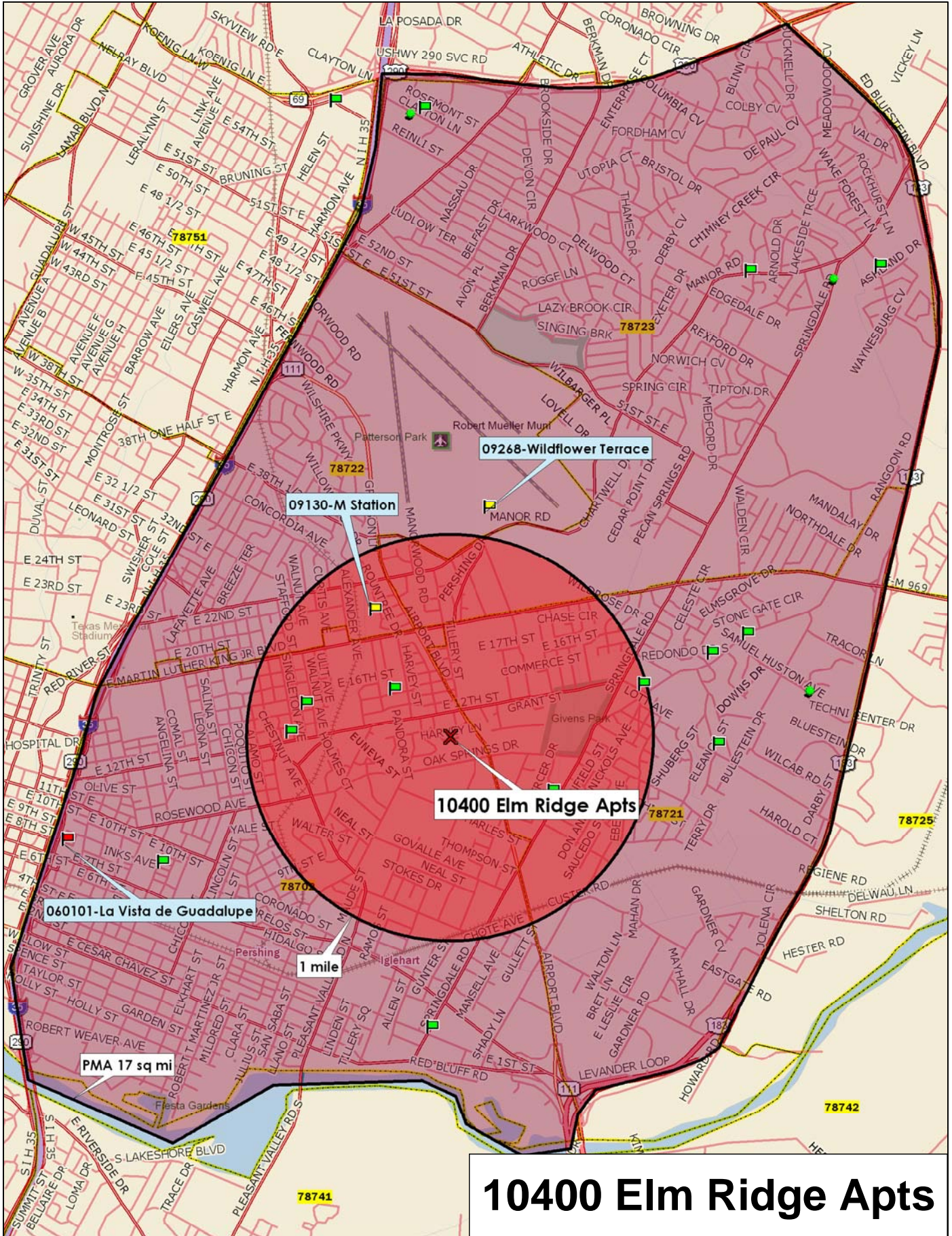
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,152,480	\$1,175,530	\$1,199,040	\$1,223,021	\$1,247,481	\$1,377,320	\$1,520,673	\$1,678,946	\$2,046,625
Secondary Income	10,980	11,200	11,424	11,652	11,885	13,122	14,488	15,996	19,499
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,163,460	1,186,729	1,210,464	1,234,673	1,259,367	1,390,442	1,535,161	1,694,942	2,066,124
Vacancy & Collection Loss	(58,176)	(59,336)	(60,523)	(61,734)	(62,968)	(69,522)	(76,758)	(84,747)	(103,306)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,105,284	\$1,127,393	\$1,149,941	\$1,172,939	\$1,196,398	\$1,320,920	\$1,458,403	\$1,610,194	\$1,962,818
EXPENSES at 3.00%									
General & Administrative	\$28,500	\$29,355	\$30,236	\$31,143	\$32,077	\$37,186	\$43,109	\$49,975	\$67,162
Management	43,794	44,670	45,563	46,475	47,404	52,338	57,785	63,800	77,772
Payroll & Payroll Tax	147,190	151,606	156,154	160,838	165,664	192,050	222,638	258,099	346,863
Repairs & Maintenance	58,000	59,740	61,532	63,378	65,280	75,677	87,730	101,703	136,681
Utilities	124,000	127,720	131,552	135,498	139,563	161,792	187,561	217,435	292,214
Water, Sewer & Trash	92,000	94,760	97,603	100,531	103,547	120,039	139,158	161,323	216,804
Insurance	18,127	18,671	19,231	19,808	20,402	23,652	27,419	31,786	42,717
Property Tax	84,969	87,518	90,144	92,848	95,633	110,865	128,523	148,994	200,235
Reserve for Replacements	39,000	40,170	41,375	42,616	43,895	50,886	58,991	68,387	91,906
Other	40,360	41,571	42,818	44,102	45,426	52,661	61,048	70,772	95,111
TOTAL EXPENSES	\$675,940	\$695,780	\$716,207	\$737,238	\$758,890	\$877,145	\$1,013,963	\$1,172,272	\$1,567,465
NET OPERATING INCOME	\$429,344	\$431,612	\$433,734	\$435,702	\$437,508	\$443,775	\$444,440	\$437,923	\$395,353
DEBT SERVICE									
First Lien Financing	\$347,256	\$347,256	\$347,256	\$347,256	\$347,256	\$347,256	\$347,256	\$347,256	\$347,256
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	\$82,088	\$84,356	\$86,477	\$88,445	\$90,252	\$96,519	\$97,184	\$90,667	\$48,097
DEBT COVERAGE RATIO	1.24	1.24	1.25	1.25	1.26	1.28	1.28	1.26	1.14

HTC ALLOCATION ANALYSIS -Elm Ridge Apartments, Austin, 4% HTC #10400

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
Acquisition Cost						
Purchase of land	\$867,625	\$1,572,091				
Purchase of buildings	\$4,395,000	\$3,690,534	\$4,395,000	\$3,690,534		
Off-Site Improvements						
Sitework	\$156,528	\$112,396			\$156,528	\$112,396
Construction Hard Costs	\$2,075,073	\$2,119,733			\$2,075,073	\$2,119,733
Contractor Fees	\$312,424	\$312,424			\$312,424	\$312,424
Contingencies	\$103,421	\$103,421			\$103,421	\$103,421
Eligible Indirect Fees	\$147,214	\$147,214			\$147,214	\$147,214
Eligible Financing Fees	\$72,945	\$72,945			\$72,945	\$72,945
All Ineligible Costs	\$1,179,925	\$1,179,925				
Developer Fees				\$553,580		\$430,220
Developer Fees	\$1,080,772	\$983,800	\$654,034		\$426,738	
Development Reserves	\$170,531	\$170,531				
TOTAL DEVELOPMENT COSTS	\$10,561,458	\$10,465,014	\$5,049,034	\$4,244,114	\$3,294,343	\$3,298,353

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			\$5,049,034	\$4,244,114	\$3,294,343	\$3,298,353
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			\$5,049,034	\$4,244,114	\$4,282,645	\$4,287,859
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			\$5,049,034	\$4,244,114	\$4,282,645	\$4,287,859
Applicable Percentage			3.48%	3.48%	3.48%	3.48%
TOTAL AMOUNT OF TAX CREDITS			\$175,706	\$147,695	\$149,036	\$149,217

Syndication Proceeds	0.7999	\$1,405,511	\$1,181,444	\$1,192,170	\$1,193,621
Total Tax Credits (Eligible Basis Method)				\$324,742	\$296,913
Syndication Proceeds				\$2,597,681	\$2,375,065
Requested Tax Credits				\$308,596	
Syndication Proceeds				\$2,468,523	
Gap of Syndication Proceeds Needed					\$2,765,014
Total Tax Credits (Gap Method)					\$345,661

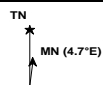


10400 Elm Ridge Apts

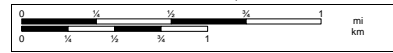
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Scale 1 : 40,625



1" = 3,385.4 ft Data Zoom 12-3



Rebuilding Texas: Disaster Recovery from Hurricanes Rita and Katrina

Hurricane Rita First Supplemental (\$74.5 million) - Public Law 109-148

Referred to Round I, these funds represent the first of two awards to help restore and rebuild in areas of the State most directly impacted by Hurricane Rita. These funds are administered by regional Council of Governments.

Construction Activities as of January 11, 2011

- 515 single family homes rehabilitated or reconstructed
- 20 single family homes remain to be reconstructed, which will be completed by May 2010.

Financial Summary

	Current Budget	Admin \$ Drawn To Date	Project \$ Drawn To Date	Total Drawn	% of Funds Drawn
DETCOG	\$6,674,546.00	\$674,361.18	\$6,000,185.00	\$6,674,546.18	100.00%
H-GAC	\$7,015,706.00	\$925,718.53	\$5,314,868.64	\$6,216,488.47	88.95%
SETRPC	\$27,198,536.00	\$2,977,536.94	\$21,720,450.94	\$23,066,609.29	90.81%
Totals	\$40,888,788.00	\$4,577,616.65	\$33,035,504.58	\$36,972,433.06	91.99%

Hurricanes Rita and Katrina 2nd Supplemental (\$428.6 million) - Public Law 109-234

The 2nd Supplemental is referred to as Round II and is the second allocation of CDBG funding to help restore and rebuild in areas of the State most directly impacted by Hurricane Rita. These funds also address needs of Katrina evacuees in Houston and Harris County.

Construction Activities as of January 11, 2011

Homeowner Program

- 845 homes rehabilitated or reconstructed
- 391 homes currently under construction

Rental Program

- 1,111 rental units have been rehabilitated or reconstructed
- 1,027 rental units are currently under construction

Financial Summary

	Current Budget	Cumulative Expenditures	Balance Remaining	Percentage Expended
Homeowner Assistance Program (HAP)	\$ 210,371,273.00	\$ 81,590,204.86	\$ 128,781,068.14	38.78%
Sabine Pass Restoration Program (SPRP)	\$ 12,000,000.00	\$ 6,355,233.23	\$ 5,644,766.77	52.96%
Rental Housing Program (RHSRP)	\$ 82,779,333.00	\$ 62,812,795.83	\$ 19,966,537.17	75.88%
City of Houston	\$ 41,500,000.00	\$ 29,139,188.88	\$ 12,360,811.12	70.21%
Harris County	\$ 20,000,000.00	\$ 4,540,765.84	\$ 15,459,234.16	22.70%
Restoration of Critical Infrastructure Program (TDRA)	\$ 42,000,000.00	\$ 23,102,299.65	\$ 18,897,700.35	55.01%
State Administrative Funds (Admin Funds)	\$ 19,933,592.00	\$ 9,175,847.85	\$ 10,757,744.15	46.03%
	\$ 428,584,198.00	\$ 216,716,336.14	\$ 211,867,861.86	50.57%

Rebuilding Texas: Disaster Recovery from Hurricanes Ike and Dolly

Hurricane Ike and Dolly First Supplemental Appropriation (\$1.3 billion) Public Law 110-329

The Texas Department of Housing and Community Affairs (Department/TDHCA) has awarded \$621,448,377 for housing activities related to CDBG Disaster Recovery Funding in the hurricane impacted areas with reported housing damage. This funding is comprised of \$562,642,822 that has been awarded to 18 Subrecipients identified through the Council of Government Method of Distribution process. The 18 CDBG Disaster Recovery awardees include 13 Subrecipients in the Ike impacted region and five in the Dolly impacted region that have been awarded the full \$562,642,822 available for housing activities. The full list of Subrecipients and their funding amounts are on the following page. Over 80% of these funds are dedicated to assist low-to-moderate income households.

Summary of Activities

- \$58 million has been awarded to 11 multifamily developments in the hurricane impacted area.
- To date, approximately \$569,000 has been expended related to payroll and travel expenses of the approximately \$32,700,000 reserved for TDHCA administrative expenses.
- 18 awardees of CDBG Disaster Recovery funding including 13 in the Ike impacted region and 5 in the Dolly impacted region have been awarded the full \$562,642,822 available for housing activities
- A little over 80% of the funds are dedicated to low-to-moderate income households
- Over 4,700 households are anticipated to be assisted with rehab, reconstruction assistance of owner-occupied housing, and 4,000 of those families are anticipated to be LMI
- 1,365 rental units are anticipated to be rehabilitated or reconstructed by the Ike awardees (doesn't include TDHCA's affordable rental set-aside); no rental activities were proposed in the Dolly area
- At least a dozen buy-outs along the upper coast are anticipated

Staff conducted site visits during the fall to each of the 18 Subrecipients to assist with program start up and assessment. The awardees are at different phases of program development however several in the Ike impacted area have begun to accept applications from program clients.

TDHCA has worked with the Texas Department of Rural Affairs (TDRA) on issues involving the second \$1.7 billion allocation of funds from the US Department of Housing and Urban Development. TDRA has the responsibility for developing a fair method by which to distribute these funds and TDHCA is working with TDRA to assist in questions regarding housing programs. TDHCA is the lead agency for all housing and housing related activities associated with hurricane recovery.

Rebuilding Texas: Disaster Recovery from Hurricanes Ike and Dolly

**First Supplemental Appropriation (\$1.3 billion)
Public Law 110-329**

Subrecipient	Allocation	Start Date
Brazos Valley Council of Governments	N/A	
Brazos Valley Affordable Housing Corporation	\$948,929	10/1/2009
Deep East Texas Council of Governments	\$5,931,070	9/11/2009
East Texas Council of Governments	\$415,117	9/11/2009
Houston-Galveston Area Council *	\$11,076,980	9/11/2009
Galveston	\$160,432,233	9/11/2009
Galveston County	\$99,503,498	9/11/2009
Harris County	\$56,277,229	9/1/2009
Houston	\$87,256,565	8/3/2009
Chambers County	\$20,921,582	10/1/2009
Liberty County	\$8,878,923	10/1/2009
Fort Bend County	\$1,582,107	9/11/2009
Montgomery County	\$6,909,237	9/11/2009
Lower Rio Grande Valley Development Council	N/A	
Brownsville	\$1,635,318	10/1/2009
Cameron County	\$3,093,750	9/11/2009
Mission	\$209,638	9/11/2009
Hidalgo County	\$2,000,000	9/11/2009
Willacy County	\$ 541,287	10/1/2009
South East Texas Regional Planning Commission	\$95,000,000	9/11/2009
TOTAL	\$562,613,463	
Rental NOFA	\$58,834,914	All funds awarded Dec 17, 2009
TOTAL HOUSING	\$621,448,377	

Emergency Housing Programs

FEMA Alternative Housing Pilot Program

The Disaster Recovery Division is responsible for administration of the Federal Emergency Management Agency (FEMA) award of \$16,471,725 for the Alternative Housing Pilot Program (AHPP). The purpose of the AHPP is multi-faceted; including testing alternative housing types that can be quickly constructed in areas of disaster, exploring housing types that readily accepted in communities and testing the energy efficiency components. The AHPP program provides assistance to those with on-going housing needs due to Hurricane Katrina or Rita. A one-time exemption to the Stafford Act, AHPP permits the use of FEMA funding to study alternatives 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.

On July 31, 2009, TDHCA issued a notice of contract termination to the Heston Group for failure to provide sufficient responses to the requests outlined in the default notices issued on May 12, 2009 and June 25, 2009. The Department is currently working with the Heston Group as well as with their legal representation to build a transition to close out the contract. As a result of the contract termination, the Department has posted a Request for Proposal (RFP) for a contractor to complete the remaining portion of the program. Responses to the RFP are due February 11, 2010.

TDHCA staff is working closely with the City of Houston on a group site to address the renter population that relocated from East Texas due to Hurricane Rita. The current proposed group site is under Environmental Review by FEMA's contracted Environmental firm.

On January 5, 2010, FEMA granted TDHCA an extension to the program close date. The end of the program period of performance was extended to July 31, 2012. The new program close date will allow TDHCA time to procure a new contractor to administer the program for the City of Houston group site, as well as allow more time to finalize a project plan, budget, contract, and location for the group site.

**DISASTER RECOVERY DIVISION
BOARD REPORT ITEM
January 20, 2010**

REPORT ITEM ONLY

Presentation and report on homes considered and reviewed by the Executive Director for services that exceed municipal requirements and the established cap of \$10,000.

BACKGROUND

Application Number	City	Requirement	Total
1060	Buna	Well (\$8,500), Septic (\$8,000)	\$16,500.00
1421	Broaddus	Well (\$5,850), Septic (\$8,500)	\$14,350.00
1672	Huntington	Well (\$8,500), Septic (\$8,000)	\$16,500.00
2140	Magnolia Springs	Well (\$5,692), Septic (\$8,500)	\$14,192.00
5555	Fred	Water Tap & Meter (\$2,035), 100 ft Water Line (\$1,225), Septic (\$8,500)	\$11,760.00
7423	Vidor	Well (\$8,200), Septic (\$6,500)	\$14,700.00
7597	VIDOR	Well Repairs (\$2,795), Septic-Drip System (\$11,000)	\$13,795.00
7627	JASPER	Water Connection Fee (\$1,211.83), Water Line-330' (\$2,772), Septic (\$7,350)	\$11,333.83

OFFICE OF RECOVERY ACT ACCOUNTABILITY AND OVERSIGHT

BOARD ACTION REQUEST

January 20, 2010

Action Item

Presentation and Discussion on a Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act).

Required Action

None required.

Background

This item provides an update on the status of the activity relating to each of the Recovery Act programs.

Program Amount Fed Agency	Eligible Activities	Program Status	Allocation or Commitment of Funds	Timeline / Contract Period
Weatherization Assistance Program (WAP) \$326,975,732 Dept. of Energy	Minor home repair to increase energy efficiency, \$6,500 per household. Households at or below 200% of poverty.	The DOE approved the Department's WAP Plan and approved the first 50% of funds, \$163.4 million, on July 10, 2009. Amended DOE WAP Plan to be submitted in January 2010. The TDHCA Board approved allocations to subrecipients on July 30, 2009. Contracts executed for 47% of funds, subrecipients drawing funds. Remainder to be awarded to allocated subrecipients based on performance. Training Academy courses ongoing. Subrecipients have drawn \$2,932,356 as of January 6, 2010.	Total Allocation of Funds: <ul style="list-style-type: none"> • \$14,349,967 for State Administration • \$21,253,423 for Training and Technical Assistance (T&TA) for State and Subgrantees • \$291,372,343 Subrecipient Allocation 	Obligation required by September 30, 2010. Recipients will be required to expend all funds within a two year contract period. Federal funding expiration date is March 31, 2012.
Homelessness Prevention and Rapid Re-Housing (HPRP) \$41,472,772 HUD	Rental assistance; housing search assistance, credit repair, deposits, moving cost assistance, and case management. Persons at or below 50% AMI.	On June 26, 2009 HUD approved the Department's HPRP Substantial Amendment to the Consolidated Plan. Awards to subrecipients were made July 30, 2009. All contracts executed and subrecipients currently drawing funds. Pre-monitoring visits ongoing. Subrecipients have drawn \$3,375,096 as of January 6, 2010.	Total Allocation of Funds: <ul style="list-style-type: none"> • \$1,036,819 (2.5%) for State Administration • \$2,073,639 (5%) for Pilot Projects • \$38,362,314 Subrecipient Allocation 	HUD requires 60% of funds expended in 2 years; 100% in 3 years. Recipients will be required to expend all funds within a two year contract period.
Community Services Block Grant (CSBG) \$48,148,071 HHS	Assists existing CSBG network of Community Action Agencies with essential services. Persons at or below 200% of poverty.	The CSBG Plan was submitted to HHS by May 29, 2009 and the Notice of Grant Award was dated April 14, 2009. All contracts executed and subrecipients currently drawing funds. Subrecipients have drawn \$6,652,550 as of January 6, 2010.	Total Allocation of Funds: <ul style="list-style-type: none"> • \$481,481 for Benefit Enrollment / Coordination activities • \$47,666,590 Community Action Network Allocation The existing CSBG formula was applied. There are no	Obligation required by September 30, 2010. Recipients will be required to expend all funds within a one year contract period.

Program Amount Fed Agency	Eligible Activities	Program Status	Allocation or Commitment of Funds	Timeline / Contract Period
			administrative and no discretionary funds.	
Homebuyer Tax Credit MAP: \$ 2.5M Statewide: \$5M	Home purchases through December 1, 2009 for first time homebuyers. Low/moderate income.	<i>Mortgage Advantage Program:</i> Mortgage Assistance Program (in conjunction with Department's MCC and MRB Programs): \$2.5 million. Tax credit advance loan to MCC & MRB borrower's up to \$6,000; loan is interest free for the initial 120 days; thereafter, 5 years at 7% interest. <ul style="list-style-type: none"> 102 loans totaling \$ 551,882. <i>90- Day Down Payment Assistance Program:</i> Tax credit advance loan for stand-alone borrower's up to \$7,000; loan is interest free for the initial 90 days; thereafter, 2 years at 10% interest. <ul style="list-style-type: none"> 767 loans totaling \$4,099,753. As of January 4, 2010.	Both Programs: Contracts are with one of our 115 participating lenders; funds are first come-first serve for households within that network of lenders. Loan repayments will be recycled for use to eligible households.	Not applicable.
Tax Credit Assistance Program (TCAP) \$148,354,769 HUD	Provides gap assistance for 2007, 2008 or 2009 HTC awarded developments. Household income up to 60% AMI.	On September 3, 2009 the Board conditionally approved \$78.2 million in awards for 28 2007 and 2008 HTC recipients. On November 9, 2009 the Board conditionally approved \$66.5 million for 25 2009 HTC recipients. All funds have been conditionally awarded by the Department. Written agreements executed for eleven awards as of January 13, 2010. Fifty executed contracts are anticipated within the next 30 days. One loan has closed and 15 more closings are anticipated within the next 30 days.	Available to 2007, 2008 and 2009 Housing Tax Credits awardees. Funds are to be allocated regionally as show in the TCAP Policy Supplement.	Property owners must expend 75% of funds by Feb 17, 2011. Owners must expend 100% of funds by February 17, 2012.
Housing Tax Credit Exchange \$586,286,563 Treasury	Provides assistance to 2007, 2008 or 2009 HTC awarded developments. Household income up to 60% AMI.	On November 9, the Board conditionally approved the award of \$586,286,563 for 86 awards. These figures are subject to change as applicants make final decisions regarding the use of either TCAP or Exchange. Application submitted to Treasury for \$333,226,792 for 2007 and 2008 HTC awards. Written agreement executed for one award and the remainder are in the process of execution.	Available to 2007, 2008 and 2009 Housing Tax Credits awardees. Funds are to be allocated regionally.	Unused funds to be returned by December 2011.

Compliance and Asset Oversight

BOARD ACTION REQUEST

January 20, 2010

Recommended Action

Approve the execution of an agreed order assessing administrative penalties for noncompliance at Blue Lake at Marine Creek.

WHEREAS, the application of United Housing Foundation for assistance in the 2009 cycle was terminated due to the material noncompliance of Blue Lake at Marine Creek, as identified in a previous participation review, and

WHEREAS, at its December meeting the Board approved the reinstatement of United Housing Foundation's application but imposed the requirement that staff pursue administrative penalties against Blue Lake at Marine Creek, and

WHEREAS, staff has entered into negotiations with Blue Lake at Marine Creek and arrived at the terms of an agreed order which is presented to this meeting for adoption, and

WHEREAS, the Board finds that the terms and provisions of the proposed form of agreed order presented to this meeting reflect an assessment of administrative penalties consistent with this Board's rules.

It is hereby

RESOLVED, that the agreed order assessing administrative penalties against Blue Lake at Marine Creek be and it hereby is adopted in the form presented to this meeting, and

FURTHER RESOLVED, that the Executive Director and his designees be each of them hereby are authorized, empowered, and directed, for and on behalf of the Department to take such actions as they or any of them may deem necessary or advisable to effectuate the foregoing.

Background

Blue Lake at Marine Creek is owned by United Housing Foundation (UHF). The property is in Material Noncompliance. United Housing Foundation applied for funding in the 2009 cycle. Their application was terminated due to the material noncompliance at Blue Lake at Marine Creek. At the December 17, 2009 Board meeting UHF requested reinstatement, which the Board granted, conditioned on the assessment of administrative penalties.

Consistent with direction from the Department's Enforcement and Administrative Penalty Committee an administrative penalty of \$12,000 is recommended. The penalty addresses UPCS violations, social services, affirmative marketing plan, gross rent violations, student occupants, and household income above limit, all of which have been addressed. This penalty reflects a reduction from the maximum penalty for physical condition issues which were identified and promptly addressed.

Blue Lake's counsel has participated in the negotiation of this agreed resolution.

IN THE MATTER
OF
BLUE LAKE AT MARINE CREEK
APARTMENTS

§
§
§
§
§

BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND COMMUNITY
AFFAIRS

AGREED FINAL ORDER

On this _____, day of _____, 2010, the Texas Department of Housing and Community Affairs (“TDHCA”) considered the matter of violations at Blue Lake at Marine Creek Apartments aka Terraces of Marine Creek Apartments, a 186 unit property located at 4700 Huffines Blvd in Fort Worth, Tarrant County, Texas, owned by BLUE LAKE AT MARINE CREEK LP, a Texas limited partnership (“Owner”).

This Agreed Order is executed pursuant to the authority of the Texas Government Code, Chapter 2306, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Governing Board of TDHCA (the “Board”) and Owner agree to resolve this matter by this Agreed Final Order. The Owner agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon investigation and recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this order:

FINDINGS OF FACT

Jurisdiction:

1. The Blue Lake at Marine Creek Apartments aka Terraces of Marine Creek Apartments, owned by BLUE LAKE AT MARINE CREEK LP, a Texas limited partnership, is subject to a Land Use Restriction Agreement (“LURA”) signed and filed by TDHCA in consideration for an allocation of \$474,683.00 annually in Low Income Housing Tax Credits to BLUE LAKE AT MARINE CREEK LP, a Texas limited partnership, in 2005.
2. On October 30, 2008, an on-site monitoring review was conducted to determine whether the Blue Lake at Marine Creek Apartments aka Terraces of Marine Creek Apartments were in compliance with LURA requirements to lease the units to low income households and maintain records demonstrating eligibility. Notification of noncompliance was sent February 17, 2009 and a corrective action deadline of May 18, 2009 was established to submit required records to correct the following issues of noncompliance:
 - a. Development substantially changed the scope of services presented at initial application without prior department approval, a violation of 10 TAC §60.114 and the LURA which requires that a “Learning Center with Computers, English as a

Second Language, Financial Assistance Program” be provided throughout the compliance period;

- b. Development failed to provide documentation that household incomes were within prescribed limits upon initial occupancy, a violation of 10 TAC §60.108 and the LURA;
- c. Development’s gross rents exceeded income limits, a violation of the IRS Guide for Completing Form 8823, which allows application fees to be charged to cover the actual cost of checking a prospective tenant’s income, credit history and landlord references. The fee is limited to recovery of the actual out-of-pocket costs;
- d. Low-income units occupied by nonqualified full-time students, a violation of IRS guidelines; and
- e. Development failed to provide special outreach efforts as part of an affirmative marketing plan, a violation of 10 TAC §60.112.

Forms 8823 were executed by TDHCA on November 17, 2009 reporting corrected noncompliance to the Internal Revenue Service.

3. A Uniform Physical Condition Standards inspection of Blue Lake at Marine Creek Apartments aka Terraces of Marine Creek Apartments was conducted on December 8, 2008. The inspection report showed numerous serious property condition violations, a violation of 10 TAC §60.116 and §42 of the Internal Revenue Code, as amended, as interpreted by Treasury regulations and publications. A list of these violations is attached as Exhibit A. A copy of the inspection report was mailed to Owner by the Compliance and Asset Oversight Division (“Compliance”) on January 5, 2009. In conformance with 10 TAC §60.117, this notice established a 90 day corrective action deadline of April 5, 2009, providing Owner a reasonable opportunity to respond to the report and bring the property into compliance. Corrective action materials were sent on April 6, 2009. Forms 8823 were executed by TDHCA on May 6, 2009 reporting corrected noncompliance to the Internal Revenue Service. A copy of the inspection report is attached hereto as Exhibit A.

CONCLUSIONS OF LAW

1. Tex. Gov’t. Code §2306.041 through .0503, and 10 TAC, Chapter 60 provide for the enforcement and assessment of administrative penalties against persons responsible for the operation of properties funded by TDHCA, including properties funded in whole or in part with low income housing tax credits, that are not kept in a condition that is decent, safe, sanitary and in good repair. Penalties may also be assessed for failure to comply with TDHCA reporting, inspection and/or financial requirements and a reduced penalty may be assessed for corrected issues of noncompliance.
2. BLUE LAKE AT MARINE CREEK LP, Owner, is subject to the jurisdiction of this Board and is required to comply with TDHCA Rules and the LURA.

3. Failure to comply with TDHCA property condition standards, annual reporting, inspection and/or financial requirements is a violation of TDHCA Rules, in particular, 10 TAC §60.108, 10 TAC §60.111, 10 TAC §60.112, 10 TAC §60.114 and 10 TAC §60.116.

NOW, THEREFORE, the Texas Department of Housing and Community Affairs, acting by and through its Governing Board, hereby ORDERS that:

1. Administrative penalties in the amount of \$12,000.00, as prescribed by 10 TAC §60.309, are hereby assessed against Blue Lake at Marine Creek LP. A payment of Twelve Thousand and No/100 Dollars (\$12,000.00) shall be made by cashier's check payable to the Texas Department of Housing and Community Affairs and shall be received no later than February 12, 2010.
2. The terms of this Agreed Order will be published on the TDHCA website under Board Resolutions.
3. In approving this Agreed Order the Board specifically acknowledges and agrees that the prior instances of noncompliance made the subject hereof shall not serve as the basis for causing any affiliate of the Owner to be ineligible for or have an application terminated with respect to any funds or assistance administered by the Board.
4. Upon approval by the Board, the Chair of the Board and the Secretary of the Board are authorized to sign this order.

By signing and entering into this Agreed Final Order, Owner:

1. represents and warrants to TDHCA that they have been represented and advised by legal counsel of their choosing and is entering into this Agreed Final Order voluntarily and knowingly;
2. agrees to the terms of this Agreed Final Order, acknowledges understanding of it and agrees that they will satisfactorily comply with the mandates of this Order in a timely manner or be subject to appropriate disciplinary action by TDHCA, including the imposition of full administrative penalties as set forth herein; and
3. waives their right to any and all formal hearings, rights of appeal, and any right to judicial review of this Order and agrees that this Agreed Final order shall, upon execution by the parties, become a final and non-appealable order of TDHCA.

I, _____ [NAME], _____
_____ [TITLE], AS AUTHORIZED REPRESENTATIVE OF BLUE LAKE AT
MARINE CREEK LP, A TEXAS LIMITED PARTNERSHIP, HAVE READ AND
UNDERSTAND THE FOREGOING AGREED FINAL ORDER. I UNDERSTAND THAT BY
SIGNING THIS AGREED FINAL ORDER, I WAIVE CERTAIN RIGHTS. I SIGN IT
VOLUNTARILY, WILLINGLY, AND KNOWINGLY. I UNDERSTAND THIS AGREED
FINAL ORDER CONTAINS THE ENTIRE AGREEMENT AND THERE IS NO OTHER
AGREEMENT OF ANY KIND, VERBAL, WRITTEN OR OTHERWISE.

Dated this ____ day of _____, 20__

OWNER:

BLUE LAKE AT MARINE CREEK LP, a Texas limited partnership

By: United Housing of Marine Creek, LLC, General Partner

By: United Housing Foundation, Inc., sole member of General Partner

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

Before me, the undersigned notary public, on this _____ day of _____, 20____, personally appeared _____ [name], _____ [title], on behalf of Blue Lake at Marine Creek LP, a Texas Limited Partnership, proved to me through _____ [description of identity card or other document] to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

Approved by a majority of the Governing Board of TDHCA on _____, 2010.

By: _____
Name: C. Kent Conine
Title: Chair of the Board of TDHCA

By: _____
Name: Timothy K. Irvine
Title: Secretary of the Board of TDHCA

Exhibit A:

UPCS Violations – 12/08/2008 inspection



Physical Assessment of Terrace of Marine Creek - #03464

In Compliance with UPCS

Inspection Date: December 8, 2008

Report Date: December 12, 2008

Property Profile	
Building Type	Mid/High-Rise
Building Occupancy	Family
Total number of units	186
Number of units offline, vacant or lock	32
Total number of units inspected	38
Total number of buildings	17
Number of buildings offline or vacant	0
Total number of buildings inspected	17

Certificates	
Boilers	N/A
Elevator	N/A
Fire Alarm	Yes
Lead Based Paint Disclosure Form	N/A
Lead Based Paint Inspection Report	N/A
Sprinkler System	Yes
Dimensional Take-offs for Site	Furnished
Total sf of parking lots / driveways	125,750
Total sf of pedestrian walkways	11,500

Inspectable Area	Score
Site	12.7
Building Exterior	18.3
Building Systems	11.4
Building Common Areas	.0
Units	26.3
	69

Submitted by: _____
Lisa Longval, Inspection Program Manager



100 Crescent Road
Needham, MA 02494
(781) 433-1404
FAX: (781) 444-5352

Scoring



100 Crescent Road
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Texas Department of Housing and Community Affairs
REAC Scoring for Terraces of Marine Creek
 4700 Huffines Blvd. forth Worth, TX 76135

Printed on: December 15, 2008

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Scoring Summary		
Area	Possible Points	Points Scored
Site	20.4	12.7
Building Exteriors	19.9	18.3
Building Systems	13.2	11.4
Building Common Areas	.8	.0
Units	45.7	26.3
Inspection Total	100	69

Site

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
7.700		Grounds	Erosion/Rutting Areas	12.5%	3	1

Bldg Exterior

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.059	Bldg 1	Roofs	Missing/Damaged Components from Downspout/Gutter	16%	2.25	0.25
0.118	Bldg 2	Roofs	Missing/Damaged Components from Downspout/Gutter	16%	2.25	0.5
0.059	Bldg 3	Roofs	Missing/Damaged Components from Downspout/Gutter	16%	2.25	0.25
0.059	Bldg 4	Roofs	Missing/Damaged Components from Downspout/Gutter	16%	2.25	0.25
0.059	Bldg 6	Roofs	Missing/Damaged Components from Downspout/Gutter	16%	2.25	0.25
0.118	Bldg 7	Roofs	Missing/Damaged Components from Downspout/Gutter	16%	2.25	0.5
0.526	Garage-4702 Catamaran	Doors	Missing Door	16%	5	1
0.316	Garage-4702 Catamaran	Doors	Damaged Surface (Holes/Paint/Rusting)	16%	3	1
0.048	Garage-4704 Catamaran	Walls	Stained/Peeling/Needs Paint	13%	2.25	0.25
0.237	Office	Doors	Damaged Hardware/Locks	16%	2.25	1

Bldg Systems

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.314	Bldg 7	Sanitary System	Missing Drain/Cleanout/Manhole Covers	15.5%	2.25	1
0.698	Bldg 9	Electrical System	Missing Covers	15.5%	5	1
0.698	Office	Health & Safety	Electrical Hazards - Exposed Wires/Open Panels	15.5%	5	1
0.090	Office	Emergency Power	Auxiliary Lighting Inoperable	2%	5	1

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Basement/Garage/Carport

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.034	Bldg 4	Ceiling	Holes/Missing Tiles/Panels/Cracks	5%	3	0.5
0.017	Bldg 9	Ceiling	Holes/Missing Tiles/Panels/Cracks	5%	3	0.25

Closet/Utility/Mechanical

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.034	Bldg 4	Lighting	Missing/Inoperable Fixture	5%	3	0.5
0.007	Bldg 4	Walls	Water Stains/Water Damage/Mold/Mildew	5%	1.25	0.25
0.034	Bldg 5	Lighting	Missing/Inoperable Fixture	5%	3	0.5
0.014	Bldg 6	Ceiling	Water Stains/Water Damage/Mold/Mildew	5%	1.25	0.5
0.014	Bldg 6	Walls	Water Stains/Water Damage/Mold/Mildew	5%	1.25	0.5
0.034	Bldg 7	Lighting	Missing/Inoperable Fixture	5%	3	0.5

Halls/Corridors/Stairs

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.034	Bldg 2		Graffiti	10%	3	0.25
0.006	Bldg 7	Ceiling	Needs Paint	10%	0.5	0.2

Kitchen

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.223	Office	GFI	GFI - Inoperable	10%	5	1

Restrooms/Pool Structures

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.017	Office	Plumbing	Plumbing - Leaking Faucet/Pipes	5%	3	0.25
0.007	Office	Ceiling	Water Stains/Water Damage/Mold/Mildew	5%	1.25	0.25

Storage

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.014	Garage-4702 Catamaran	Walls	Water Stains/Water Damage/Mold/Mildew	5%	1.25	0.5
0.013	Garage-4702 Catamaran	Walls	Damaged	5%	2.25	0.25

Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.846	Bldg 1 / 110	Bathroom	Water Closet - Damaged/Clogged/Missing	15%	5	
0.127	Bldg 1 / 110	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	0.25

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Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.095	Bldg 1 / 123	Kitchen	Refrigerator-Missing/Damaged/Inoperable	15%	2.25	0.25
0.846	Bldg 2 / 214-alternate for vacant 216	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1
0.846	Bldg 2 / 214-alternate for vacant 216	Bathroom	Plumbing - Clogged Drains	15%	5	1
0.564	Bldg 2 / 214-alternate for vacant 216	Electrical	GFI Inoperable	10%	5	1
0.095	Bldg 2 / 222	Kitchen	Plumbing - Leaking Faucet/Pipes	15%	2.25	0.25
0.846	Bldg 2 / 223	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1
0.564	Bldg 2 / 223	Electrical	GFI Inoperable	10%	5	1
0.127	Bldg 2 / 227	Bathroom	Shower/Tub - Damaged/Missing	15%	3	0.25
0.106	Bldg 2 / 227	Kitchen	Dishwasher/Garbage Disposal - Damaged/Inoperable	15%	1.25	0.5
0.057	Bldg 2 / 227	Doors	Damaged Hardware/Locks	4.5%	2.25	0.5
0.846	Bldg 3 / 314	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1
0.564	Bldg 3 / 314	Electrical	GFI Inoperable	10%	5	1
0.564	Bldg 3 / 316	Electrical	GFI Inoperable	10%	5	1
0.127	Bldg 3 / 316	Bathroom	Shower/Tub - Damaged/Missing	15%	3	0.25
0.106	Bldg 3 / 316	Kitchen	Dishwasher/Garbage Disposal - Damaged/Inoperable	15%	1.25	0.5
0.381	Bldg 3 / 323	Health & Safety	Infestation - Insects	15%	2.25	1
0.106	Bldg 3 / 326	Kitchen	Dishwasher/Garbage Disposal - Damaged/Inoperable	15%	1.25	0.5
0.846	Bldg 4 / 412	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1
0.114	Bldg 4 / 424-alternate for vacant 427	Doors	Damaged Hardware/Locks	4.5%	2.25	1
0.017	Bldg 4 / 424-alternate for vacant 427	Lighting	Missing/Inoperable Fixture	2%	3	0.25
0.114	Bldg 4 / 430-alternate for vacant 432	Doors	Damaged Hardware/Locks	4.5%	2.25	1
0.212	Bldg 4 / 436	Kitchen	Sink - Damaged/Missing	15%	5	0.25
0.106	Bldg 4 / 436	Kitchen	Dishwasher/Garbage Disposal - Damaged/Inoperable	15%	1.25	0.5
0.846	Bldg 5 / 517	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1
0.846	Bldg 5 / 527	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1
0.114	Bldg 5 / 527	Doors	Damaged Hardware/Locks	4.5%	2.25	1
0.381	Bldg 5 / 528	Health & Safety	Garbage and Debris - Outdoors	15%	2.25	1
0.127	Bldg 5 / 528	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	0.25
0.102	Bldg 5 / 528	Outlets/Switches	Missing/Broken Cover Plates	4%	2.25	1
0.127	Bldg 6 / 624	Bathroom	Shower/Tub - Damaged/Missing	15%	3	0.25
0.423	Bldg 6 / 637	Bathroom	Water Closet - Damaged/Clogged/Missing	15%	5	0.5
0.114	Bldg 6 / 637	Doors	Damaged Hardware/Locks	4.5%	2.25	1
0.017	Bldg 7 / 725	Lighting	Missing/Inoperable Fixture	2%	3	0.25
0.127	Bldg 7 / 730	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	0.25
0.846	Bldg 7 / 734	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1
0.846	Bldg 8 / 810	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1
0.127	Bldg 8 / 810	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	0.25
0.106	Bldg 8 / 810	Kitchen	Cabinets - Missing/Damaged	15%	1.25	0.5
0.846	Bldg 8 / 815	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1

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Units

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.846	Bldg 8 / 824	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1
0.381	Bldg 8 / 824	Health & Safety	Hazards - Tripping	15%	2.25	1
0.212	Bldg 9 / 910	Kitchen	Sink - Damaged/Missing	15%	5	0.25
0.381	Bldg 9 / 912	Health & Safety	Garbage and Debris - Outdoors	15%	2.25	1
0.212	Bldg 9 / 912	Kitchen	Sink - Damaged/Missing	15%	5	0.25
0.114	Bldg 9 / 912	Doors	Damaged Surface (Holes/Paint/Rusting)	4.5%	2.25	1
0.095	Bldg 9 / 912	Kitchen	Refrigerator-Missing/Damaged/Inoperable	15%	2.25	0.25
0.051	Bldg 9 / 912	Laundry Area	Dryer Vent Missing/Inoperable	2%	2.25	1
0.381	Bldg 9 / 913	Health & Safety	Hazards - Tripping	15%	2.25	1
0.127	Bldg 9 / 913	Bathroom	Shower/Tub - Damaged/Missing	15%	3	0.25
0.127	Bldg 9 / 913	Bathroom	Plumbing - Leaking Faucet/Pipes	15%	3	0.25
0.025	Bldg 9 / 913	Outlets/Switches	Missing/Broken Cover Plates	4%	2.25	0.25
0.381	Bldg 9 / 921	Health & Safety	Hazards - Sharp Edges	15%	2.25	1
0.846	Bldg 9 / 922	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	15%	5	1

Health & Safety

Ded. Pts	Building/Unit Name	Inspectable Item	Deficiency	Item Weight	Criticality Level	Severity Level
0.050	Bldg 4	Health & Safety	Air Quality - Mold and/or Mildew Observed	10%	2.25	
0.050	Bldg 6	Health & Safety	Garbage and Debris - Indoors	10%	2.25	
0.050	Bldg 6	Health & Safety	Air Quality - Mold and/or Mildew Observed	10%	2.25	1
0.101	Bldg 7	Health & Safety	Garbage and Debris - Indoors	10%	2.25	1
0.050	Garage-4702 Catamaran	Health & Safety	Air Quality - Mold and/or Mildew Observed	10%	2.25	1

List of Deficiencies



100 Crescent Road
Needham, MA 02494
(781) 433 - 1404
FAX: (781) 444 - 5352

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

Printed On: December 12, 2008

Inspectable Area	Inspectable Item	Deficiency	L	S	C	Comments
Terraces of Marine Creek 4700 Huffines Blvd. Fort Worth, TX 76135						
Building:						
Unit:						
	Close/Utility/Mechanical					
	Ceiling	Water Stains/Water Damage/Mold/Mildew	L2			fire riser room-moisture/mold stains on ceiling
	Grounds	Erosion/Rutting Areas		L3		side grounds building 7-hole in ground wider than 8 inches and deeper than 5 inches
	Health & Safety					
	Health & Safety	Garbage and Debris - Indoors		L3		hall at 633-trash on floor
	Health & Safety	Air Quality - Mold and/or Mildew Observed		L3		fire riser room-evidence of mold on ceiling and walls
	Close/Utility/Mechanical					
	Walls	Water Stains/Water Damage/Mold/Mildew	L2			fire riser room-moisture/mold stains on walls
Building: Bldg 1						
Unit:						
	Building Exterior					
	Roofs	Missing/Damaged Components from Downspout/Gutter	L1			rear wall-downspout splash block missing
	Unit: 110					
	Bathroom	Plumbing - Leaking Faucet/Pipes	L1			hall bathroom-shower leaks at tape connection
	Bathroom	Water Closet - Damaged/Clogged/Missing		L3		master bathroom-inoperable-completely clogged
	Unit: 123					
	Kitchen	Refrigerator-Missing/Damaged/Inoperable	L1			door seal damaged
Building: Bldg 2						
Unit:						
	Halls/Corridors/Stairs					
		Graffiti	L1			hall at 226-graffiti on stairs
	Building Exterior					
	Roofs	Missing/Damaged Components from Downspout/Gutter	L2			rear wall-20 feet of downspout missing
	Unit: 214-alternate for vacant 216					
	Bathroom	Plumbing - Clogged Drains		L3		hall bathroom-tub drain completely clogged
	Electrical	GFI Inoperable		L3		kitchen-inoperable-will not reset
	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable		L3		bedroom 2-only window in room blocked with furniture-no 2nd egress from room
	Unit: 222					
	Kitchen	Plumbing - Leaking Faucet/Pipes	L1			sink faucet leaks
	Unit: 223					
	Electrical	GFI Inoperable		L3		hall bathroom-inoperable-will not reset
	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable		L3		bedroom 1-only window in room blocked with furniture-no 2nd egress from room
	Unit: 227					
	Bathroom	Shower/Tub - Damaged/Missing	L1			tub water stop missing
	Doors	Damaged Hardware/Locks	L2			bedroom-door lockset hardware does not function as designed
	Kitchen	Dishwasher/Garbage Disposal - Damaged/Inoperable	L2			disposal inoperable
Building: Bldg 3						
Unit:						
	Building Systems					
	Fire Protection	Missing Sprinkler Head		L3		unit 336-bedroom 1-sprinkler head obstructed with painters tape-removed during inspection
	Building Exterior					
	Roofs	Missing/Damaged Components from Downspout/Gutter	L1			side wall-downspout splash block damaged
	Unit: 314					
	Electrical	GFI Inoperable		L3		kitchen-inoperable-will not test
	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable		L3		bedroom 2-only window in room blocked with furniture-no 2nd egress from room
	Unit: 316					
	Bathroom	Shower/Tub - Damaged/Missing	L1			shower leaks at tape connection

20 ok

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

Printed On: December 12, 2008

Inspectable Area	Inspectable Item	Deficiency	1	2	3	Comments
	Electrical	GFI Inoperable			L3	kitchen-inoperable-will not reset
	Kitchen	Dishwasher/Garbage Disposal - Damaged/Inoperable		L2		disposal Inoperable
Unit: 323						
	Health & Safety	Infestation - Insects			X	kitchen-roaches
Unit: 326						
	Kitchen	Dishwasher/Garbage Disposal - Damaged/Inoperable		L2		disposal Inoperable
Building: Bldg 4						
Unit:						
	Basement/Garage/Carport					
	Ceiling	Holes/Missing Tiles/Panels/Cracks		L2		carport-20 feet of ceiling/roof panels missing
	Health & Safety					
	Health & Safety	Air Quality - Mold and/or Mildew Observed			X	fire riser room-evidence of mold on wall
	Closest/Utility/Mechanical					
	Lighting	Missing/Inoperable Fixture		L2		fire riser room-light fixture Inoperable
	Building Exterior					
	Roofs	Missing/Damaged Components from Downspout/Gutter	L1			front wall-downspout splash block missing-replaced during inspection
	Closest/Utility/Mechanical					
	Walls	Water Stains/Water Damage/Mold/Mildew	L1			fire riser room-moisture/mold stain on wall
Unit: 412						
	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			X	bedroom 1-only window in room blocked with furniture-no 2nd egress from room
Unit: 424-alternate for vacant 427						
	Doors	Damaged Hardware/Locks			L3	living room-balcony door privacy deadbolt lock Inoperable
	Lighting	Missing/Inoperable Fixture	L1			kitchen-ceiling light fixture Inoperable
	Smoke Detector	Missing/Inoperable			L3	living room-missing-replaced during inspection
Unit: 430-alternate for vacant 432						
	Doors	Damaged Hardware/Locks			L3	living room-balcony privacy deadbolt lock Inoperable, bedroom-door lockset hardware does not function as designed
Unit: 436						
	Kitchen	Dishwasher/Garbage Disposal - Damaged/Inoperable		L2		disposal Inoperable-repaired during inspection
	Kitchen	Sink - Damaged/Missing	L1			sink sprayer Inoperable
Building: Bldg 5						
Unit:						
	Closest/Utility/Mechanical					
	Lighting	Missing/Inoperable Fixture		L2		fire riser room-light fixture Inoperable
Unit: 517						
	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			X	bedroom-only window in room blocked with furniture-no 2nd egress from room
Unit: 527						
	Doors	Damaged Hardware/Locks			L3	entry door privacy deadbolt lock Inoperable
	Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			X	bedroom-only window in room blocked with furniture-no 2nd egress from room
Unit: 528						
	Bathroom	Plumbing - Leaking Faucet/Pipes	L1			shower leaks at tape connection
	Health & Safety	Garbage and Debris - Outdoors			X	balcony-bags of garbage
	Outlets/Switches	Missing/Broken Cover Plates			L3	dining room-switch cover damaged-exposed wires
Building: Bldg 6						
Unit:						
	Closest/Utility/Mechanical					
	Ceiling	Water Stains/Water Damage/Mold/Mildew	L2			fire riser room-moisture/mold stains on ceiling
	Health & Safety					
	Health & Safety	Air Quality - Mold and/or Mildew Observed			X	fire riser room-evidence of mold on ceiling and walls
	Health & Safety	Garbage and Debris - Indoors			X	hall at 633-trash on floor
	Building Exterior					
	Roofs	Missing/Damaged Components from Downspout/Gutter	L1			front wall-downspout splash block missing
	Closest/Utility/Mechanical					

19 other

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

Printed On: December 12, 2008

Inspectable Area	Deficiency	1	2	3	Comments
Unit: 624 Walls	Water Stains/Water Damage/Mold/Mildew		L2		fire riser room-molsture/mold stains on walls
Unit: 637 Bathroom	Shower/Tub - Damaged/Missing		L1		hall bathroom-tub water stop missing
Unit: 637 Bathroom	Water Closet - Damaged/Clogged/Missing		L2		toilet seat cover missing
Unit: 637 Doors	Damaged Hardware/Locks			L3	bathroom door lockset hardware does not function as designed
Building: Bldg 7					
Unit:					
Halls/Corridors/Stairs Ceiling	Needs Paint		L1		stairs-paint pseling/missing on ceiling
Building Systems Fire Protection	Missing Sprinkler Head			L3	unit 730-dining room-paint on sprinkler head
Building Exterior Health & Safety	Hazards - Other			X	side wall-gfl inoperable-will not reset
Health & Safety Health & Safety	Garbage and Debris - Indoors			X	hall at 734-trah and debris
Close/Utility/Mechanical Lighting	Missing/Inoperable Fixture		L2		fire riser room-light fixture inoperable
Building Exterior Roofs	Missing/Damaged Components from Downspout/Gutter		L2		front wall-downspout elbow missing
Building Systems Sanitary System	Missing Drain/Cleanout/Manhole Covers			L3	side grounds-cleanout cover missing
Unit: 725 Lighting	Missing/Inoperable Fixture		L1		bedroom 1-closet light fixture inoperable
Unit: 730 Bathroom	Plumbing - Leaking Faucet/Pipes		L1		shower leaks at tape connection
Unit: 734 Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			X	bedroom 2-only window in room blocked with furniture-no 2nd egress from room
Building: Bldg 8					
Unit: 810					
Bathroom	Plumbing - Leaking Faucet/Pipes		L1		tub faucet leaking
Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			X	bedroom-only window in room blocked with furniture-no 2nd egress from room
Kitchen	Cabinets - Missing/Damaged		L2		1 drawer front missing
Unit: 815 Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			X	bedrooms 2 and 3-only window in room blocked with furniture-no 2nd egress from room
Unit: 824 Health & Safety	Hazards - Tripping			X	bedroom 1-iv cable presents trip hazard
Unit: 824 Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			X	bedrooms 1 and 2-only window in room blocked with furniture-no 2nd egress from room
Building: Bldg 9					
Unit:					
Basement/Garage/Carport Ceiling	Holes/Missing Tiles/Panels/Cracks		L1		ceiling panel damaged
Building Systems Electrical System	Missing Covers			L3	side exterior wall-main circuit panel cover missing-secured during inspection
Unit: 910 Kitchen	Sink - Damaged/Missing		L1		sink sprayer inoperable
Unit: 912 Doors	Damaged Surface (Holes/Paint/Rustling)			L3	bedroom 2-hole in door larger than 1 inch
Health & Safety	Garbage and Debris - Outdoors			X	patio-bags of garbage
Kitchen	Sink - Damaged/Missing		L1		sink sprayer inoperable
Kitchen	Refrigerator-Missing/Damaged/Inoperable		L1		door seal damaged
Laundry Area	Dryer Vent Missing/Inoperable			L3	dryer not vented
Unit: 913 Bathroom	Shower/Tub - Damaged/Missing		L1		hall bathroom-tub water stop missing
Unit: 913 Bathroom	Plumbing - Leaking Faucet/Pipes		L1		master bathroom-shower leaks at tape connection

22 other

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

Printed On: December 12, 2008

Inspectable Area Inspectable Item	Deficiency	1	2	3	Comments
Unit: 921 Health & Safety Outlets/Switches	Hazards - Tripping Missing/Broken Cover Plates	L1		3	living room-tv cable presents trip hazard bedroom 2-outlet cover damaged
Unit: 922 Health & Safety	Hazards - Sharp Edges			3	balcony-broken mirror presents sharp edges
Health & Safety	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable			3	bedroom 2-door hardware reversed with lock on hall side of door-no 2nd egress from room
Building: Garage-4702 Catamaran Unit:					
Building Exterior Doors	Damaged Surface (Holes/Paint/Rusting)			L3	S13 entry door-significant damage-does not function as designed
Doors	Missing Door			L3	S14 and S17 entry doors missing
Health & Safety Health & Safety	Air Quality - Mold and/or Mildew Observed			3	S14 and S17-evidence of mold on walls
Storage Walls Walls	Damaged Water Stains/Water Damage/Mold/Mildew	L1			S17-holes in wall larger than 1 Inch S14 and S17-moisture/mold stains on walls
Building: Garage-4704 Catamaran Unit:					
Building Exterior Walls	Stained/Peeling/Needs Paint			L1	front wall-paint peeling on fascia board
Building: Office Unit:					
Restrooms/Pool Structures Ceiling	Water Stains/Water Damage/Mold/Mildew			L1	women restroom-moisture stain on ceiling
Building Exterior Doors	Damaged Hardware/Locks			L3	main entry door closure/locksat hardware does not function as designed
Building Systems Emergency Power	Auxiliary Lighting Inoperable			L3	hall and leasing office-auxiliary light fixture inoperable
Kitchen GFI	GFI - Inoperable			L3	inoperable-will not reset
Building Systems Health & Safety	Electrical Hazards - Exposed Wires/Open Panels			3	utility closet-exposed wires in central water tank timer box-secured during inspection
Restrooms/Pool Structures Plumbing	Plumbing - Leaking Faucet/Pipes			L1	men restroom-urinal flush valve leaking

11 other -

Exhibit B:

Issues of Noncompliance Report – 12/18/2009

Issues of Noncompliance

Blue Lake at Marine Creek	Score	36
Fort Worth		
ID 03464	Total Units	186
	Last Audit Date	10/30/2008

<i>BIN # With NC</i>	<i>NC Date</i>	<i>Corrected Date</i>	<i>Issue Corrected?</i>	<i>Date 8823 Executed</i>	<i>Event Score</i>
<i>Development substantially changed the scope of services presented at initial application without prior department approval.</i>					
All Bins-03464	10/30/2008	5/14/2009	Yes	7/24/2009	3
<i>Household income above income limit upon initial occupancy.</i>					
TX0346402	7/12/2008	7/24/2009	Yes	7/24/2009	1
TX0346404	12/7/2007	11/13/2009	Yes	7/24/2009	1
TX0346405	7/26/2008	6/15/2009	Yes	7/24/2009	1
TX0346406	7/21/2008	11/10/2009	Yes	7/24/2009	1
TX0346408	7/19/2008	7/19/2009	Yes	7/24/2009	1
<i>Major violations of the Uniform Physical Condition Standards or local health, safety, and building codes.</i>					
All Bins-03464	12/8/2008	3/30/2009	Yes	4/29/2009	10
<i>Pattern of minor violations of the Uniform Physical Condition Standards or local health, safety, and building codes.</i>					
All Bins-03464	12/8/2008	3/30/2009	Yes	4/29/2009	5

Issues of Noncompliance

Blue Lake at Marine Creek		Score	36
Fort Worth			
ID 03464	Total Units 186	Last Audit Date	10/30/2008

<i>BIN # With NC</i>	<i>NC Date</i>	<i>Corrected Date</i>	<i>Issue Corrected?</i>	<i>Date 8823 Executed</i>	<i>Event Score</i>
<i>Gross rent(s) exceed tax credit limits.</i>					
TX0346401	9/23/2007	1/1/2009	Yes	7/24/2009	1
TX0346407	9/15/2007	1/1/2009	Yes	7/24/2009	1
TX0346409	5/27/2008	1/1/2009	Yes	7/24/2009	1
TX0346408	9/15/2007	1/1/2009	Yes	7/24/2009	1
TX0346406	9/12/2007	1/1/2009	Yes	7/24/2009	1
TX0346402	9/11/2007	1/1/2009	Yes	7/24/2009	1
TX0346403	10/8/2007	1/1/2009	Yes	7/24/2009	1
TX0346405	9/19/2007	1/1/2009	Yes	7/24/2009	1
TX0346404	9/15/2007	1/1/2009	Yes	7/24/2009	1
<i>Low-income units occupied by nonqualified full-time students.</i>					
TX0346405	7/6/2008	5/6/2009	Yes	7/24/2009	1
<i>Failure to provide Affirmative Marketing Plan.</i>					
All Bins-03464	10/30/2008	5/20/2009	Yes	7/24/2009	3

BOND FINANCE DIVISION

BOARD ACTION REQUEST

January 20, 2010

Requested Action

Presentation, Discussion and Possible Approval of Resolution No. 10-012 authorizing application to the Texas Bond Review Board for reservation of the 2009 Carryforward and H.R. 3221 single family private activity bond authority and presentation, discussion and possible approval of the Single Family Residential Mortgage Revenue Bonds Underwriting Team for Program 77.

Background

As part of the Obama Administration's comprehensive plan to stabilize the U.S housing market, on October 19, 2009 the Homeowner Affordability and Stability Plan was announced for state and local housing finance agencies (HFAs) that will help support low mortgage rates and expand resources for low and middle income borrowers to purchase or rent homes that are affordable over the long term. As part of this initiative, the New Issue Bond Program (NIBP) was created to support new lending by HFAs with the issuance of bonds at below market rates.

Resolution 10-012 is requesting the Board to authorize issuing bonds to refund its outstanding bonds under this new initiative. At the beginning of each new TDHCA single family bond issuance, our Board petitions the Texas Bond Review Board to start the process in the form of a resolution authorizing an application to issue bonds. Staff at this time is not seeking nor is the Board giving final approval of Bond Program 77 with respect to target mortgage rates.

Bond Finance is requesting to draw down \$120 million of 2009 volume cap along with \$30 million of H.R. 3221 volume cap for our Single Family Residential Mortgage Revenue Bond Program 77.

At the November 9, 2009 Board Meeting, Resolution 10-006 was approved to issue \$300 million in principal amount of new money taxable residential mortgage revenue bonds to be placed with Fannie Mae and Freddie Mac under the New Issue Bond Program. The Bonds were settled on December 23, 2009 with a temporary variable interest note that will reset up to three times in 2010 at which time that bond or a portion of the bond will be re-issued as tax exempt bonds and setting a mortgage rate that is competitive to conventional mortgage rates including down payment assistance. At the time of re-issuance TDHCA is required to sell to the private market an amount of shorter-term bonds in a ratio equal to 40% of aggregate bond proceeds, with the other 60% of bonds represented by the bonds purchased through the New Issue Bond Program.

Staff is also seeking approval of the Underwriting Team for Program 77. At the September 3, 2009 Board meeting, the Board approved our current pool of Senior Underwriters and Staff is requesting that Morgan Keegan be assigned Book-running Senior Managing Underwriter for Program 77, JPMorgan be assigned as Co-Senior Managing Underwriter, George K. Baum and Morgan Stanley be assigned as Senior Managers and Piper Jaffray, Fidelity Capital and First Southwest be assigned as Co-Managers.

Resolution No. 10-012

RESOLUTION AUTHORIZING THE FILING OF APPLICATIONS FOR RESERVATION WITH TEXAS BOND REVIEW BOARD WITH RESPECT TO QUALIFIED MORTGAGE BONDS; APPROVING UNDERWRITING TEAM FOR PROGRAM 77; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and

WHEREAS, Section 146(a) of the Code requires that certain “private activity bonds” (as defined in Section 141(a) of the Code) must come within the issuing authority’s private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond “State ceiling” (as defined in Section 146(d) of the Code) applicable to the State is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the “Allocation Act”); and

WHEREAS, pursuant to Section 3021 of the Housing and Economic Recovery Act of 2008, additional private activity bond volume cap for qualified mortgage bonds and qualified residential rental projects became available to the State (the “Emergency Housing Volume Cap”); and

WHEREAS, in order to reserve a portion of the Emergency Housing Volume Cap for bonds, and to satisfy the requirements of Section 146(a) of the Code, the Department filed an application for

reservation of Emergency Housing Volume Cap for qualified mortgage bonds with the Texas Bond Review Board (the "Bond Review Board"), in the manner authorized by Section 146(e) of the Code, and on November 25, 2008 the Department received a reservation of Emergency Housing Volume Cap for qualified mortgage bonds in the amount of \$120,000,000 (the "Emergency Reservation"); and

WHEREAS, in order to reserve a portion of the State ceiling and a portion of its Emergency Reservation for qualified mortgage bonds (each, a "Reservation") and to satisfy the requirements of Section 146(a) of the Code, the Department is required to file separate applications for reservation (each, an "Application for Reservation") with the Bond Review Board, stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds; and

WHEREAS, the Allocation Act and the rules promulgated thereunder by the Bond Review Board (the "Allocation Rules") require that an Application for Reservation be accompanied by a copy of the certified resolution of the issuer authorizing the filing of the Application for Reservation; and

WHEREAS, the Board has determined to authorize the filing of the Applications for Reservation with respect to qualified mortgage bonds; and

WHEREAS, the Board further desires to approve an underwriting team for the Single Family Residential Mortgage Revenue Bonds for Bond Program 77;

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

Section 1 - Applications for Reservation. The Board hereby authorizes Vinson & Elkins L.L.P., as Bond Counsel to the Department, to file on its behalf with the Bond Review Board Applications for Reservation for qualified mortgage bonds to be issued and delivered within 180 days after receipt of a "reservation date," as defined in the Allocation Rules, in the maximum amount of (i) \$120,000,000 with respect to private activity bond volume cap available under the State Ceiling and (ii) \$30,000,000 with respect to the Department's Emergency Reservation, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of the Reservations.

Section 2 - Authorization of Certain Actions. The Board authorizes the Executive Director, the staff of the Department, as designated by the Executive Director, and Bond Counsel to take such actions on its behalf as may be necessary to carry out the purposes of this Resolution.

Section 3 - Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the qualified mortgage bonds will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 4 - Mortgage Credit Certificate Authority. The Department reserves the right, upon receipt of a Reservation, to convert all or any part of its authority to issue qualified mortgage bonds to mortgage credit certificates.

Section 5 - Approval of Underwriting Team for Program 77. From the approved current pool of senior underwriters, the Board assigns Morgan Keegan & Company, Inc. as the Book-running Senior Managing Underwriter for Program 77, J.P. Morgan Securities Inc. as Co-Senior Managing Underwriter, George K. Baum & Company and Morgan Stanley & Co. as Senior Managers and Piper Jaffray & Co., Fidelity Capital and First Southwest Company as Co-Managers.

Section 6 - Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 7 - 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 20th day of January, 2010.

Chairman, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

REPORT ITEMS

Compliance and Asset Oversight

BOARD REPORT ITEM

January 20, 2010

Report Item

Release of Land Use Restriction Agreement (LURA) for East Main Apartments

Background

At the October 15, 2009 Board meeting, a policy regarding the voluntary early termination of Land Use Restriction Agreements was adopted. The policy allows for the release of a HOME or Housing Trust Fund LURA if the following conditions are met:

1. The owner has been unsuccessful in using the property for affordable housing;
2. It does not appear that the affordable housing purpose can be accomplished without significant additional funding and
3. Either:
 - a) The Department will have no residual liability to HUD or anyone else or
 - b) The owner will pay the Department an amount sufficient to cover any potential liability the Department might have.

Community Action of Nacogdoches was granted \$48,000 in Housing Trust Funds in 1993 for the rehabilitation of a 5 unit property. On November 20, 2009, the Department received a full repayment and request for release from the LURA. Staff finds that the property meets the other criteria. The LURA was released on December 18, 2009.

HOME PROGRAM DIVISION

REPORT ITEM

January 20, 2010

Report 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 that are not yet committed in HUD's accounting system of record. 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 means that when the Fund Balance Report bottom line exceeds roughly \$6 million, the department, by rule, must update the funding plan to re-program excess funds. Deobligations and expired Notices of Funding Availability (NOFAs) that are undersubscribed are the biggest reason for reprogramming funds. 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 process of deobligated funds was updated in September 2007 and introduced 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 accounting system known as Integrated Disbursement Information System (IDIS). This total includes funds that have not been committed to a Contract Administrator, which includes funds that are still available in active NOFAs, deobligated funds and program income received. The top section of the report 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 IDIS 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 which requires that the Department spend a minimum of 15% of its funds with CHDOs. The use of non-CHDO funds would be curtailed if this 15% minimum is not met, therefore staff must ensure an over-commitment of CHDO funds and a pipeline of committed CHDO awards.

The CHDO and non-CHDO categories are further segmented into federal and programmatic set-asides and active NOFAs reflecting how they are currently programmed. Some deobligated funds are required to be reserved to be reprogrammed for specific set-asides, namely CHDO (required by HUD), Disaster, Persons with Disabilities, American Dream Downpayment Initiative (ADDI) and Contract for Deed Conversion set-asides and these are reflected in a separate column.

Finally, the Fund Balance Report provides a grand total of HOME funds available for programming after the mandated set-asides, Board-approved but not yet committed awards (awards that do not have executed contracts or commitments in IDIS), and funds set aside in active NOFA's have been considered. The current report reflects \$10,209,909 available for programming at this time. To actively manage the Department's funds and to ensure that HUD funding levels and deadlines are met, staff has analyzed the subscription rate of various active NOFAs and is making recommendations for the programming of a portion of this balance in an action item today.

HOME FUND BALANCE REPORT

As of December 16, 2009

	Total
Total Available Balance in IDIS on November 16, 2009 ¹	\$60,200,879.40
Committed since last report	(\$5,136,000.00)
Program Income received since last report	\$355,997.06
Deobligated since last report	\$790,837.00
Total Available Balance in IDIS on December 16, 2009 ¹	\$56,211,713.46

CHDO (Community Housing Development Organization) Funds

	Uncommitted	Reserved Deobligated	Total
Available Balance in IDIS	\$1,190,029.50		\$1,190,029.50
Programmatic Set-Asides:			
All funds are currently available in open NOFA's			
Open Notices of Funding Availability (NOFA's):			
Awards approved by the Board but not committed in IDIS yet	\$0.00		\$0.00
2009 Open Cycle RHD NOFA \$5.9 Million CHDO Set Aside (approved by the board July 30, 2009 and expires April 30, 2010)	(\$2,527,135.50)		(\$2,527,135.50)
2009 Open Cycle Colonia Model Subdivision and Single-Family Development NOFA (approved by the board July 16, 2009 and expires January 29, 2010)	(\$3,000,000.00)		(\$3,000,000.00)
Total CHDO Funds Available for Programming:	(\$4,337,106.00)		(\$4,337,106.00)

Non-CHDO (Community Housing Development Organization) Funds

	Uncommitted	Reserved Deobligated	Total
Available Balance in IDIS	\$52,027,516.96	\$2,994,167.00	\$55,021,683.96
Programmatic Set-Asides:			
Disaster Set-Aside	(\$250,000.00)	(\$2,150,000.00)	(\$2,400,000.00)
2008 CHDO Operating Funds ²	(\$198,324.00)		(\$198,324.00)
2009 CHDO Operating Funds ²	(\$279,501.00)		(\$279,501.00)
2009 Reservation for Contract for Deed over subscription	(\$2,000,000.00)		(\$2,000,000.00)
American Dream Downpayment Initiative (ADDI)	(\$219,137.00)	\$0.00	(\$219,137.00)
Persons with Disabilities Set-Aside	\$0.00	\$ (844,167.00)	(\$844,167.00)
Open Notices of Funding Availability (NOFA's)/Board-Approved Awards:			
Awards approved by the Board but not committed in IDIS yet	(\$8,364,112.00)		(\$8,364,112.00)
Amendment approved by board but not committed in IDIS yet	\$0.00		\$0.00
2009 Contract for Deed NOFA \$2 Million (approved by Board July 30, 2009 and expires May 28, 2010)	(\$2,000,000.00)		(\$2,000,000.00)
2009 RHD General Set-Aside NOFA \$11.5 Million (approved by board July 30, 2009 and expires April 30, 2010)	\$0.00		\$0.00
2009 RHD PWD Set-Aside NOFA \$1 Million (approved by board July 30, 2009 and expires April 30, 2010)	(\$1,000,000.00)		(\$1,000,000.00)
2009 Single Family Persons with Disabilities NOFA \$1.7 Million (approved by board July 30, 2009 and expires May 28, 2010; \$429,659 is non-PJ)	(\$1,763,538.00)		(\$1,763,538.00)
2009 Single Family NOFA \$25.9 million (approved by board July 30, 2009 and expires April 30, 2010)	(\$21,405,890.00)		(\$21,405,890.00)
Total Non-CHDO Funds Available for Programming:	\$14,547,014.96		\$14,547,014.96

Grand Total of HOME Funds Available for Programming:	\$10,209,908.96	\$10,209,908.96
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¹ Of the available balance, the cumulative program income to-date is \$28,676,224.16.

² CHDO Operating funds are non-CHDO funds used for CHDO projects.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Michael Gerber
From: Gordon Anderson
cc: Tim Irvine, Michael Lyttle
Date: January 13, 2010
Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for December 2009. The information provided focuses primarily on activities Executive and staff have taken on voluntarily; however, also included are mandated activities such as TEFRA and tax credit public hearings. This list may not account for every activity undertaken by staff, as there may be a limited number of events not brought to my attention.

For brevity sake, the chart provides the name of the event, its location, the date of the event, division(s) participating in the event, and an explanation of what role staff played in the event. Should you wish to obtain additional details regarding these events, I will be happy to provide you with this information.

TDHCA Outreach Activities, December 2009

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
2011 Housing Trust Fund/Rental Housing Development Fund for Unique Housing Needs NOFA Roundtable	Austin	December 2	Housing Trust Fund	Roundtable Hearing
2011 Housing Trust Fund/Rental Housing Development Fund for Rural Housing Expansion Program NOFA Roundtable	Austin	December 2	Housing Trust Fund	Roundtable Hearing
First Thursday Eligibility Training Workshop	Austin	December 3	Compliance and Asset Oversight	Training
Farm Worker Housing Summit	Austin	December 3-4	Housing Resource Center	Participant