BOARD BOOK OF JULY 14, 2016

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

J. Paul Oxer, Chair
Juan Muñoz, Vice-Chair
Leslie Bingham Escareño, Member
T. Tolbert Chisum, Member
Tom H. Gann, Member
J. B. Goodwin, Member

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

AGENDA
9:00 AM
July 14, 2016

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

CALL TO ORDER
ROLL CALL
CERTIFICATION OF QUORUM

J. Paul Oxer, Chairman

Pledge of Allegiance - ***I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.***

Texas Allegiance - ***Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.***

CONSENT AGENDA

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

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

811 PROGRAM

a) Presentation, Discussion, and Possible Action Authorizing the Department to Enter into a contract with the Department of State Health Services ("DSHS") to Assist DSHS in the Operation of a Program that Provides Housing Assistance to Certain Clients who Participate in DSHS' Home and Community-Based Services-Adult Mental Health ("HCBS-AMH") Program

Spencer Duran
Manager

COMMUNITY AFFAIRS

b) Presentation, Discussion, and Possible Action Authorizing the Department to Issue a Request for Proposals for one or more entities to Provide Organizational Assessments and Possible Associated Technical Assistance to awardees of programs funded through the Community Affairs Division programs

Michael DeYoung
Director

MULTIFAMILY FINANCE

c) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

Marni Holloway
Director

16409	Sansom Ridge Apartments	Sansom Park
16415	Songhai at Westgate Apartments	Austin
16416	Fairway Landings at Plum Creek	Kyle

d) Presentation, Discussion, and Possible Action on Inducement Resolution No. 16-019 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2016 Waiting List for Sunrise Orchard Apartments

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

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

Monica Galuski
Director, Bond Finance

b) Report on recent Bond Finance activity

c) TDHCA Outreach Activities, June 2016

Michael Lyttle
Chief, External Affairs

ACTION ITEMS

ITEM 3: POLICY & PUBLIC AFFAIRS

Presentation, Discussion, and Possible Action regarding the Legislative Appropriations Request for State Fiscal Years 2018-19

Michael Lyttle
Chief

ITEM 4: ASSET MANAGEMENT

Presentation, Discussion and Possible Action regarding Waiver and Material Amendment to Housing Tax Credit Application

Raquel Morales
Director

15306	Altura Heights	Houston

ITEM 5: COMMUNITY AFFAIRS

Presentation, Discussion, and Possible Action on Timely Filed Scoring Appeals under the Department's 2016 Emergency Solutions Grant ("ESG") Program Notice of Funding Availability ("NOFA")

Michael DeYoung
Director

TX-607COD	City of Denton
TX-607SCL	Lubbock Regional MHMR Center DBA StarCare Speciality Health System-VetStar Program

ITEM 6: MULTIFAMILY FINANCE

a) Report and Possible Action regarding Third Party Requests for Administrative Deficiency

Marni Holloway
Director

16118	The Standard on the Creek	Houston
16380	Sierra Vista	Lopezville CDP

b) Presentation, Discussion, and Possible Action on Timely Filed Scoring Notice Appeals under the Department's Multifamily Program Rules

16387	Cantabria Estates Apartments	Brownsville

c) Presentation, Discussion and Possible Action on Staff Determinations regarding 10 TAC §10.101(a)(3) related to Undesirable Site Features and 10 TAC §10.101(a)(4) related to Applicant Disclosure of Undesirable Neighborhood Characteristics

16200	Kirby Park Villas	San Angelo
16274	Rockview Manor	Fort Hancock

d) Presentation, Discussion and Possible Action on Staff Determinations regarding Application Disclosures under 10 TAC §10.101(a)(4) related to Applicant Disclosure of Undesirable Neighborhood Characteristics

Sharon Gamble
Competitive HTC
Program Administrator

16108	Timber Ridge Apartments	Chandler
16214	Heritage Pines	Texarkana
16237	Hawks Landing	Iowa Park
16246	Gala at Four Corners	Four Corners
16251	Provision at Clodine Road	Houston
16317	Blue Line Lofts	Rowlett

e) Staff will present a summary of Determinations under 10 TAC §11.10 of the 2016 Qualified Allocation Plan related to

16130	Cottages at San Saba	San Saba
16168	Stonebridge of Whitehouse	Whitehouse

f) Presentation, Discussion and Possible Action on the draft 2016 State of Texas National Housing Trust Fund Allocation Plan and directing that it be published in the *Texas Register*

Andrew Sinnott
Loan Programs
Administrator

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS

EXECUTIVE SESSION

J. Paul Oxer
Chairman

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

1. The Board may go into Executive Session Pursuant to Tex. Gov't Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee;
2. Pursuant to Tex. Gov't Code §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer;
3. Pursuant to Tex. Gov't Code §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code Chapter 551; including seeking legal advice in connection with a posted agenda item;
4. Pursuant to Tex. Gov't Code §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person; and/or-
5. Pursuant to Tex. Gov't Code §2306.039(c) the Department's internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

OPEN SESSION

If there is an Executive Session, the Board will reconvene in Open Session. Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session.

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information.

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

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989, at least three (3) days before the meeting so that appropriate arrangements can be made.

Non-English speaking individuals who require interpreters for this meeting should contact Elena Peinado, 512-475-3814, at least three (3) days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Elena Peinado al siguiente número 512-475-3814 por lo menos tres días antes de la junta para hacer los preparativos apropiados.

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

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

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

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

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

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

CONSENT AGENDA

1a

BOARD ACTION REQUEST
811 PROGRAM
JULY 14, 2016

Presentation, Discussion, and Possible Action Authorizing the Department to Enter into a contract with the Department of State Health Services ("DSHS") to Assist DSHS in the Operation of a Program that Provides Housing Assistance to Certain Clients who Participate in DSHS' Home and Community-Based Services-Adult Mental Health ("HCBS-AMH") Program

RECOMMENDED ACTION

WHEREAS, DSHS has requested cooperation and assistance from the Department in performing certain operational work associated with providing rental assistance payments to certain clients participating in DSHS' HCBS-AMH program;

WHEREAS, the Department, through its Section 8 and Section 811 Programs, has the appropriate expertise and systems to perform such work in connection with the housing assistance portion of DSHS' HCBS-AM program; and

WHEREAS, the Department has advised DSHS of the resources that would be required from a staffing and financial perspective to perform such work and DSHS has expressed a desire to proceed with developing an appropriate contract;

NOW, therefore, it is hereby

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 negotiate and enter into a contract specifying the staffing and other resources that the Department will provide to aid DSHS in administering the HCBS-AMH program and the appropriate compensation to the Department to support the delivery of this support.

BACKGROUND

In October 2015 DSHS established the Home and Community-Based Services-Adult Mental Health Program ("HCBS-AMH") which is designed to provide home and community-based services to adults with extended tenure in mental health facilities. The HCBS-AMH program provides an array of services, appropriate to each individuals' needs to enable these individuals to live and experience successful tenure in their community and support long term recovery from mental illness. The program was first funded by the 83rd Legislature and is currently funded through the General Appropriations Act, 84th Texas Legislature, Regular Session, Article II, with general revenue under Rider 61.

Eligibility in the HCBS-AMH Program, which is determined by DSHS, requires that the individual must be 18 years of age or older, have a diagnosis of a serious mental illness ("SMI"), have extended tenure (three or more cumulative or consecutive years) in an inpatient psychiatric hospital during the five years prior to enrollment, meet functional and financial eligibility, and be eligible for Medicaid (150% of Federal Poverty Line or below). Individuals are not eligible if participating in any other HCBS program. An individual can be referred to HCBS-AMH from a State Mental Health Facility ("SMHF") or the Local Mental Health Authority ("LMHA"). Once an individual is determined to be eligible by DSHS, assistance with various services are provided including seeking HCBS residential settings that allow the individual to be integrated into the community and encourage freedom and privacy for that individual. Assistance is identified based on the individual's needs and resources available, and for which the setting chosen takes into account the health and safety of the individual and the greater community.

DSHS has sought assistance from TDHCA for processing rental assistance payments for several of the HCBS-AMH residential activities. Not all HCBS-AMH clients are assisted through these activity types.

The program funds transferred to TDHCA will be for two general uses: Rental Assistance (including utility reimbursements) which will include payments on behalf of assisted individuals ("clients"), and Administrative Funds that will cover the operating expenses of TDHCA to perform such assistance including hiring one fulltime equivalent ("FTE") and contractors, if needed, to perform the associated duties of the activity. The Program is anticipated to be overseen by the Manager of the 811 Program, Spencer Duran. The TDHCA FTE and associated costs will have an annual budget currently estimated to be $98,183 (but which may be subject to change as the agreement is negotiated) for the first Fiscal Year ("FY") to be authorized through August 31, 2017, and for each FY thereafter for which the program is authorized.

It is the general intent of DSHS and TDHCA that this program at TDHCA will operate as long as the HCBS-AMH continues to be funded by the Legislature and appropriated to DSHS, so that the individuals assisted, who may not be able to remain in the community without ongoing financial assistance, can rely on rental assistance for more than the first year.

1b

THIS ITEM HAS BEEN PULLED FROM THE AGENDA

1c

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 14, 2016

Presentation, Discussion, and Possible Action on a Determination Notice for Housing Tax Credits with another Issuer (#16409 Sansom Ridge, Sansom Park)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Sansom Ridge Apartments, sponsored by the Development Corporation of Tarrant County, was submitted to the Department on February 12, 2016;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on March 2, 2016, and will expire on July 30, 2016;

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

WHEREAS, pursuant to 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, applicants are required to disclose to the Department the existence of certain characteristics of a proposed development site;

WHEREAS, the elementary school for the attendance zone of the proposed development did not achieve the Met Standard rating based on the 2015 Accountability Ratings by the Texas Education Agency ("TEA"); and

WHEREAS, based on the information in the Campus Improvement Plan as supplemented by a letter from Lake Worth ISD indicating the efforts underway to increase student performance, staff does not believe the concerns should render the site ineligible under 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules.

NOW, therefore, it is hereby

FURTHER RESOLVED, that the issuance of a Determination Notice of $642,725 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for Sansom Ridge Apartments is hereby approved as presented to this meeting.

BACKGROUND

General Information: Sansom Ridge Apartments, proposed to be located at FM 1220 Road and La Junta Street in Sansom Park, Tarrant County, involves the new construction of 100 units of which 98 will be rent and income restricted at 60% of Area Median Family Income ("AMFI") and the remaining 2 units will be income restricted at 50% AMFI. The development will serve the general population and, at the time of application, was in the process of requesting a zoning change that will allow for multifamily development.

The applicant has indicated that such approval was received. As required under the rule, documentation confirming appropriate zoning will be required to be submitted at the time of Determination Notice. The census tract (1104.02) has a median household income of $35,046, is in the fourth quartile and has a poverty rate of 33%.

Site Analysis: Sansom Ridge is proposed to be located within the Lake Worth Independent School District and Marilyn Janice Miller Elementary ("Miller") failed to achieve the 2015 Met Standard rating. From a historical perspective, Miller was Improvement Required in 2013 (missed Met Standard by five points on Index 2 relating to Student Progress); Met Standard in 2014 (exceeded target score on all four Performance Indices and earned one distinction); and was Improvement Required in 2015 (missed Met Standard by three points on index 3 relating to Closing Performance Gaps).

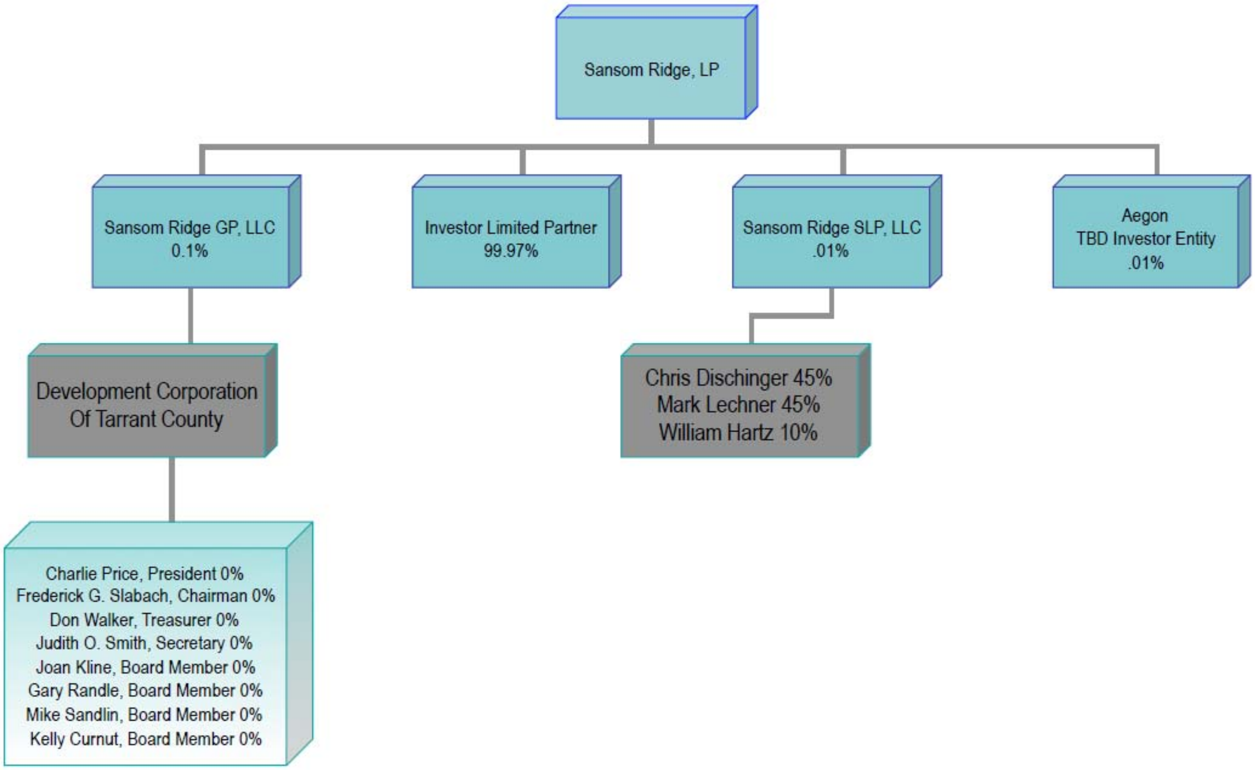
A Campus Improvement Plan ("CIP") is in place, as adopted by the school Board on October 19, 2015, and indicates that the economically disadvantaged students (90%) have the greatest impact on the campus' scores and rating. While the STAAR math scores were at or above the district average for 3rd and 4th grade, the math scores were not factored into the accountability rating for 2015. The gifted and talented students exceeded the state average on STAAR reading and writing, but the reading and writing scores for the rest of the student population were significantly below the state average. The CIP acknowledged that reading and writing scores needed to be addressed in order to achieve future success and further stated that trends have shown fluctuation in these scores over the last three years and that the inconsistency in scores is indicative of a problem that needs to be addressed at every level of the campus. Moreover, the passing rate of 4th grade reading was the same from the prior year indicating the school did not make improvement in students' transition from 3rd to 4th grade. In an effort to address this, the campus instituted a Guided Reading program and small group intervention to increase the reading levels of all students and implemented intervention (for various durations of time per day depending on the subject) at every grade level to provide struggling students with additional reading instruction.

Strengths relative to staff quality and retention revealed that Miller has a campus turnover rate that has been lower than the district and state average for the past five years. In addition to the additional training in guided reading and writing, more bilingual teachers to fulfill specific roles are needed so that the campus can keep pace with the growing number of bilingual students. To supplement the CIP, a letter from Lake Worth ISD was provided that affirmed Miller's objective to implement the Guided Reading program, along with other efforts they've undertaken to increase student performance.

Under §10.101(a)(4) of the Uniform Multifamily Rules, there is a consideration for acceptable mitigation regarding the undesirable neighborhood characteristics on the basis that there is a factual determination that such characteristic is not of such a nature or severity that it should render the development site ineligible. After reviewing the aforementioned facts relating to the school standards for Miller, combined with the Lake Worth ISD letter, staff believes it leads to a supported conclusion that the development site should be considered eligible under §10.101(a)(4) of the Uniform Multifamily Rules.

Organizational Structure and Previous Participation: The Borrower is Sansom Ridge, L.P., and includes the entities and principals as indicated in the organization chart below. The applicant is considered a Medium Category 1 portfolio and the previous participation was deemed acceptable by the EARAC without further review or discussion.

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



Sansom Ridge, LP
Sansom Ridge GP, LLC 0.1%
Investor Limited Partner 99.97%
Sansom Ridge SLP, LLC .01%
Aegon TBD Investor Entity .01%
Development Corporation Of Tarrant County
Chris Dischinger 45%
Mark Lechner 45%
William Hartz 10%
Charlie Price, President 0%
Frederick G. Slabach, Chairman 0%
Don Walker, Treasurer 0%
Judith O. Smith, Secretary 0%
Joan Kline, Board Member 0%
Gary Randle, Board Member 0%
Mike Sandlin, Board Member 0%
Kelly Curnut, Board Member 0%

APPLICATION SUMMARY

REAL ESTATE ANALYSIS DIVISION
July 7, 2016

PROPERTY IDENTIFICATION

Application #	16409
Development	Sansom Ridge Apartments
City / County	Sansom Park / Tarrant
Region/Area	3 / Urban
Population	General
Set-Aside	General
Activity	New Construction

RECOMMENDATION

TDHCA Program	**Request**	**Approved**			
LIHTC (Annual)	$663,144	$642,725	$6,427/Unit		$1.04
	Amount	**Rate**	**Amort**	**Term**	**Lien**
Private Activity Bonds					
MDLP (Repayable)					
MDLP (Cash Flow)					
CHDO Expenses					

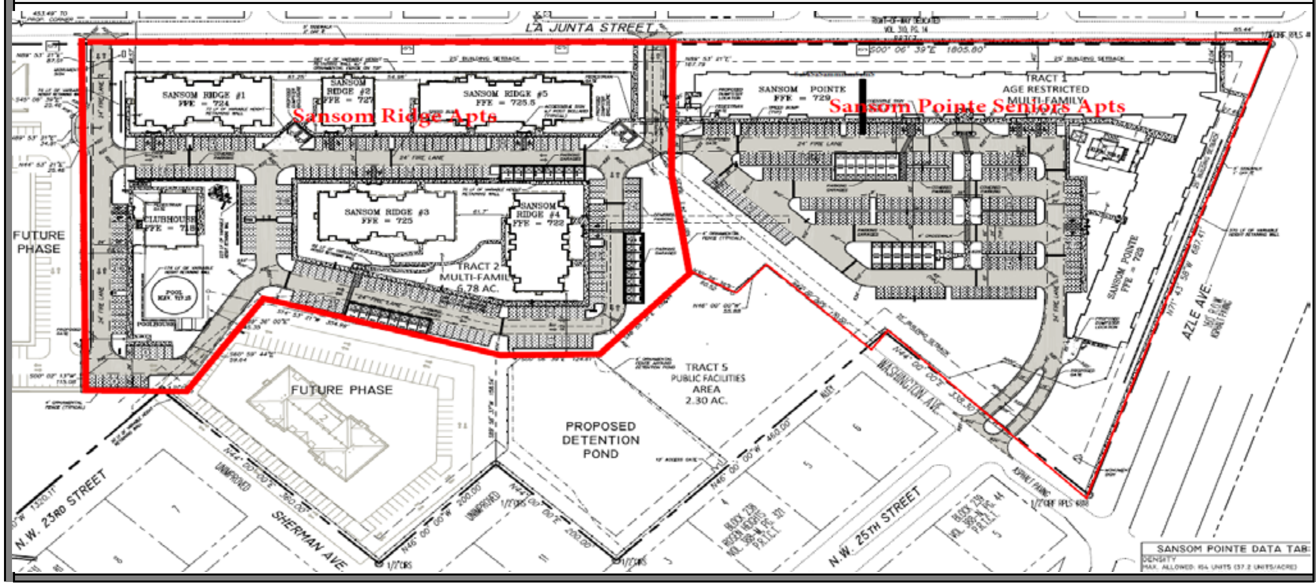
KEY PRINCIPAL / SPONSOR

LDG Multifamily
Mark Lechner
Chris Dischinger
William Hartz
Development Corp of Tarrant County

Related-Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

SITE PLAN



UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	24	24%
2	48	48%
3	16	16%
4	12	12%
TOTAL	100	100%

INCOME DISTRIBUTION

Income	# Units	% Total
30%	-	0%
40%	-	0%
50%	2	2%
60%	98	98%
MR	-	✓
TOTAL	100	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		TDHCA's Pro Forma	
Debt Coverage	⚠ 1.17	**Expense Ratio**	✓ 46.8%
Breakeven Occ.	✓ 85.4%	**Breakeven Rent**	$772
Average Rent	$838	**B/E Rent Margin**	⚠ $65
Property Taxes	$778/unit	**Exemption/PILOT**	N/A
Total Expense	$4,458/unit	**Controllable**	$2,720/unit

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	✓ 6.7%		
Highest Unit Capture Rate	⚠ 45%	2 BR/60%	48
Dominant Unit Cap. Rate	⚠ 45%	2 BR/60%	48
Premiums (↑60% Gross)	No		
Rent Assisted Units	NA	NA	

DEVELOPMENT COST SUMMARY

Costs Underwritten		TDHCA's Costs	
Avg. Unit Size	1,095 SF	**Density**	.0/acre
Acquisition		NA	Lease
Building Cost	$71.90/SF	$79K/unit	$7,873K
Hard Cost		$98K/unit	$9,798K
Total Cost		$157K/unit	$15,719K
Developer Fee	$1,943K	(16% Deferred)	Paid Year: 4
Contractor Fee	$1,372K	**30% Boost**	Yes

DEBT (Must Pay)

Source	Term	Rate	Amount	DCR
Redstone Tax Credit Funding, LLC	40/40	4.60%	$7,924,000	1.17
Development Corp of Tarrant Cou	20/0	0.00%	$800,000	1.17
TOTAL DEBT (Must Pay)			**$8,724,000**	

CASH FLOW DEBT / GRANT FUNDS

Source	Term	Rate	Amount	DCR
CASH FLOW DEBT / GRANTS			**$0**	

EQUITY / DEFERRED FEES

Source	Amount
AEGON USA	$6,682,999
AEGON USA	
AEGON USA	
LDG Multifamily, LLC	$311,855
TOTAL EQUITY SOURCES	$6,994,854
TOTAL DEBT SOURCES	$8,724,000
TOTAL CAPITALIZATION	$15,718,854

CONDITIONS

1 Receipt and acceptance before Determination Notice:
  a: Documentation that the $800K HOME loan is not forgivable by the lender, and that it is to be fully repayable.

Should any terms of the proposed capital structure change, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER

Issuer	Tarrant County HFC
Expiration Date	7/30/2016
Bond Amount	$13,000,000
BRB Priority	Priority 3
Expected Close	7/30/2016
Bond Structure	Private Placement

RISK PROFILE

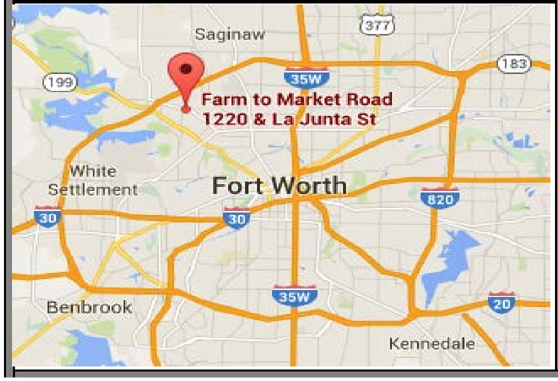
STRENGTHS/MITIGATING FACTORS

- Experienced Developer
- 95% average occupancy for Affordable Housing projects in PMA

WEAKNESSES/RISKS

- Units capture rates of one, two and three bedroom units are 43, 59 and 31, respectively.

AREA MAP



AERIAL PHOTOGRAPH(s)

Lake Worth Independent School District

6805 Telephone Road
Lake Worth, Texas 76135

Phone (817) 306-4200
Fax (817) 237-5284

April 25, 2016

To Whom It May Concern:

M. J. Miller Elementary, a campus in Lake Worth ISD, has taken many efforts during the 15-16 school year to increase student performance. First and foremost, a school-wide Guided Reading program was started in August of 2015 in order to increase the reading levels of all students. LWISD screens all students in kindergarten through fourth grade to determine their reading levels. Then, students are taught reading at their instructional level. Struggling students receive additional reading instruction through a campus intervention time. All MJ Miller Elementary teachers use the Guided Reading form of instruction to teach reading. Next, MJ Miller Elementary has implemented the use of Thinking Maps, a program to help all students think in various ways, from comparison and contrast to analogies. Students and teachers also use such maps to improve student writing through the Write from Beginning and Beyond program. In addition, district content-based assessments have been created and implemented to guide instruction for the nine-week instructional period. Assessment data is monitored and used for reteaching.

These are only a few of the changes that M J Miller implemented in order to increase student performance. Additional information is available in the Campus Improvement Plan (dated October 2015) which is available on the district website.

Please let me know if I can help you further.

Sincerely,

Cara Malone

Cara Malone
Executive Director of Teaching and Learning
Lake Worth ISD

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 14, 2016

Presentation, Discussion, and Possible Action on a Determination Notice for Housing Tax Credits with another Issuer (#16415 Songhai at Westgate, Austin)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Songhai at Westgate, sponsored by the Travis County Housing Finance Corporation, was submitted to the Department on March 29, 2016;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate was issued by the Texas Bond Review Board on January 22, 2016, and will expire on December 31, 2018;

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

WHEREAS, the Executive Award and Review Advisory Committee ("EARAC") recommends the issuance of the Determination Notice with the condition that closing occur within 120 days (on or before November 14, 2016).

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $742,439 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for Songhai at Westgate is hereby approved as presented to this meeting; and

FURTHER RESOLVED, that provided in the event the Applicant has not closed on the bond financing on or before November 14, 2016, the Board authorizes EARAC to approve or deny extension of the Determination Notice date subject to an updated previous participation review, if necessary.

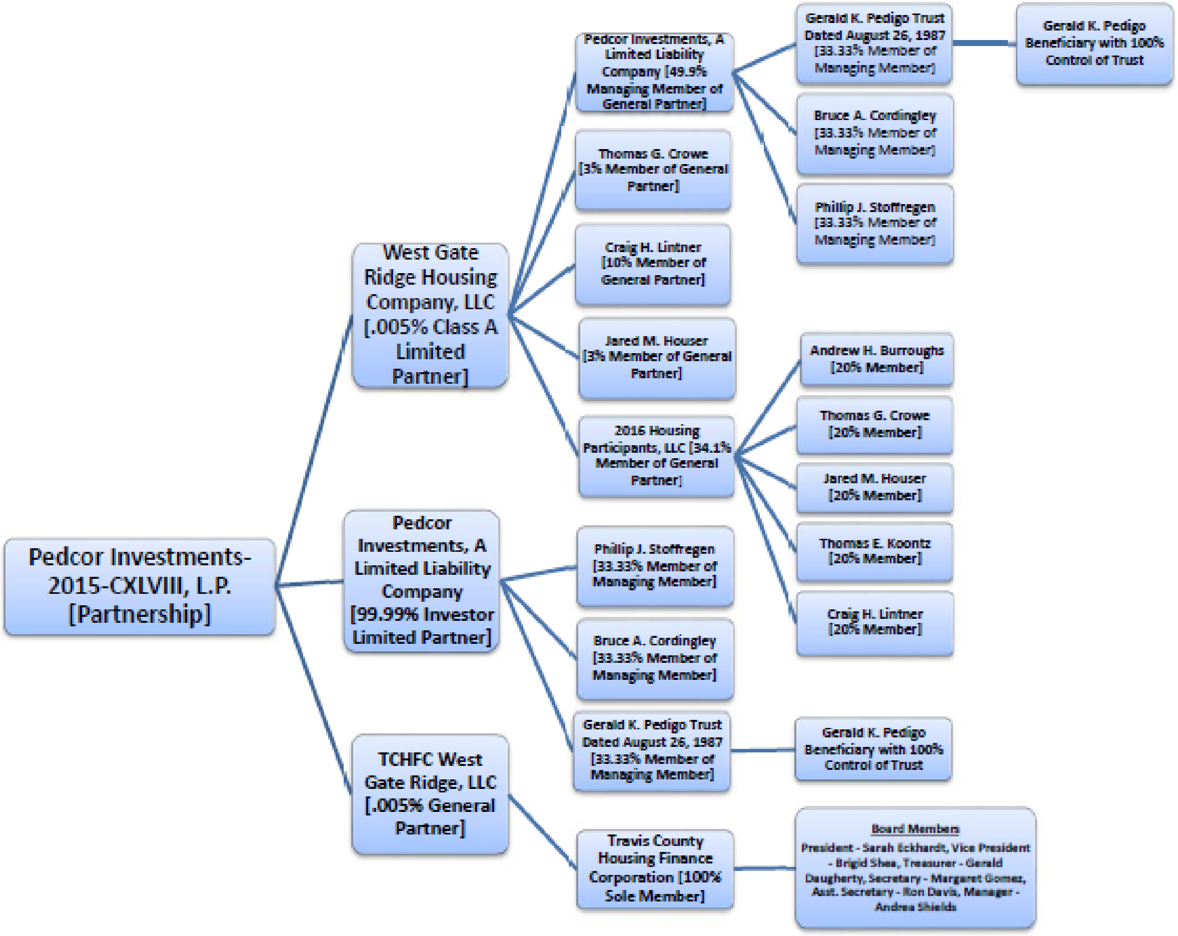
BACKGROUND

General Information: Songhai at Westgate, proposed to be located at 8700 West Gate Boulevard in Austin, Travis County, involves the new construction of 140 units, four of which will be rent and income restricted at 50% of Area Median Family Income ("AMFI") and the remaining 136 units will be rent and income restricted at 60% AMFI. While the development is considered a general development all of the units will be either one or two bedroom in size and is currently zoned appropriately. The census tract (0017.29) has a median household income of $71,000, is in the second quartile, and has a poverty rate of 8%.

Organizational Structure and Previous Participation: The Borrower is Pedcor Investments-2015-CXLVIII, L.P., and includes the entities and principals as illustrated in Exhibit A. The applicant is considered a Small Category 1 portfolio and the previous participation was deemed acceptable by the EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

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

EXHBIT A


Pedcor Investments-2015-CXLVIII, L.P. [Partnership]
West Gate Ridge Housing Company, LLC [.005% Class A Limited Partner]
Pedcor Investments, A Limited Liability Company [99.99% Investor Limited Partner]
TCHFC West Gate Ridge, LLC [.005% General Partner]
Pedcor Investments, A Limited Liability Company [49.9% Managing Member of General Partner]
Thomas G. Crowe [3% Member of General Partner]
Craig H. Lintner [10% Member of General Partner]
Jared M. Houser [3% Member of General Partner]
2016 Housing Participants, LLC [34.1% Member of General Partner]
Phillip J. Stoffregen [33.33% Member of Managing Member]
Bruce A. Cordingley [33.33% Member of Managing Member]
Gerald K. Pedigo Trust Dated August 26, 1987 [33.33% Member of Managing Member]
Travis County Housing Finance Corporation [100% Sole Member]
Gerald K. Pedigo Trust Dated August 26, 1987 [33.33% Member of Managing Member]
Bruce A. Cordingley [33.33% Member of Managing Member]
Phillip J. Stoffregen [33.33% Member of Managing Member]
Gerald K. Pedigo Beneficiary with 100% Control of Trust
Andrew H. Burroughs [20% Member]
Thomas G. Crowe [20% Member]
Jared M. Houser [20% Member]
Thomas E. Koontz [20% Member]
Craig H. Lintner [20% Member]
Gerald K. Pedigo Beneficiary with 100% Control of Trust
Board Members
President - Sarah Eckhardt, Vice President - Brigid Shea, Treasurer - Gerald Daugherty, Secretary - Margaret Gomez, Asst. Secretary - Ron Davis, Manager - Andrea Shields

APPLICATION SUMMARY

REAL ESTATE ANALYSIS DIVISION
July 7, 2016

PROPERTY IDENTIFICATION

Application #	16415
Development	Songhai at Westgate
City / County	Austin / Travis
Region/Area	7 / Urban
Population	General
Set-Aside	General
Activity	New Construction N / A

RECOMMENDATION

TDHCA Program	Request	Approved			
LIHTC (4% Credit)	$781,526	$742,439	$5,303/Unit		$1.14
	Amount	**Rate**	**Amort**	**Term**	**Lien**
Private Activity Bonds					
MDLP (Repayable)					
MDLP (Non-Repayable)					
CHDO Expenses					

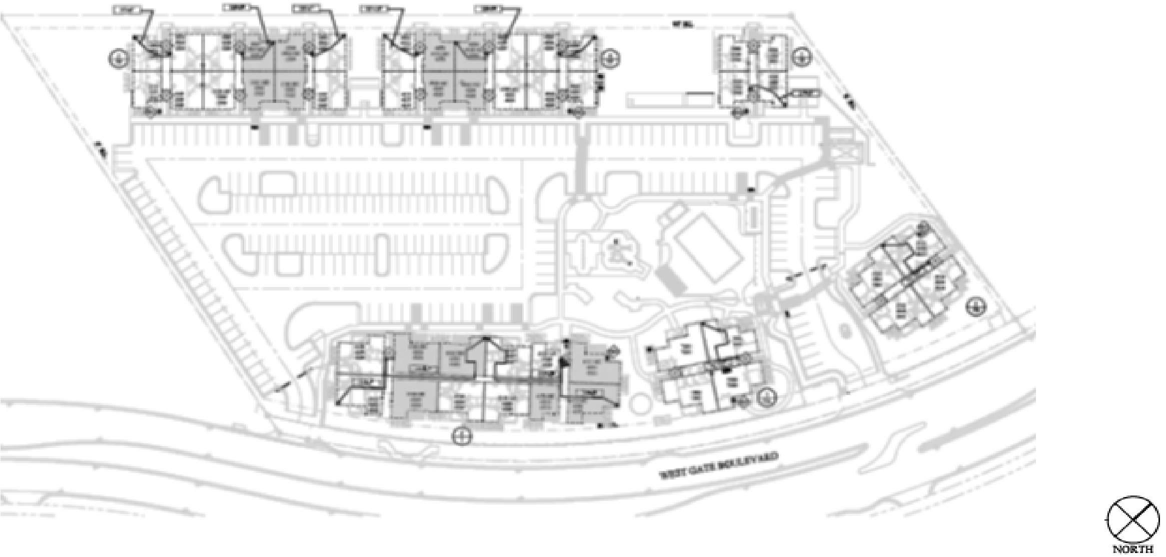
KEY PRINCIPALS / SPONSORS

Pedcor Investments, 2015 - CXLVIII, L.P.
Pedcor Development Associates, LLC
Craig Lintner, Thomas Crowe

Related-Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

SITE PLAN



UNIT DISTRIBUTION / INCOME DISTRIBUTION

# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	**30%**	-	0%
1	90	64%	**40%**	-	0%
2	50	36%	**50%**	4	3%
3	-	0%	**60%**	136	97%
4	-	0%	**MR**	-	0%
TOTAL	140	100%	TOTAL	140	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	⚠ 1.15	**Expense Ratio**	✓ 37.1%
Breakeven Occ.	✓ 84.9%	**Breakeven Rent**	$792
Average Rent	$864	**B/E Rent Margin**	✓ $73
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$3,646/unit	**Controllable**	$2,875/unit

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	✓ 6.7%		
Highest Unit Capture Rate	⚠ 26%	1 BR/60%	86
Dominant Unit Cap. Rate	⚠ 26%	1 BR/60%	86
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	TDHCA's Costs		
Avg. Unit Size	873 SF	**Density**	27.1/acre
Acquisition		$20K/unit	$2,820K
Building Cost	$83.58/SF	$73K/unit	$10,220K
Hard Cost		$102K/unit	$14,346K
Total Cost		$191K/unit	$26,787K
Developer Fee	$2,979K	(0% Deferred)	Paid Year: 1
Contractor Fee	$2,008K	**30% Boost**	No

DEBT (Must Pay)				
Source	**Term**	**Rate**	**Amount**	**DCR**
PR Mortgage and Investment Co	40/40	2.50%	$17,847,616	1.15
TOTAL DEBT (Must Pay)			$17,847,616	

CASH FLOW DEBT / GRANT FUNDS				
Source	**Term**	**Rate**	**Amount**	**DCR**
CASH FLOW DEBT / GRANTS			**$0**	

EQUITY / DEFERRED FEES	
Source	**Amount**
Pedcor Funding Corp	$8,439,454
Pedcor Development Services, Inc.	
TOTAL EQUITY SOURCES	$8,939,454
TOTAL DEBT SOURCES	$17,847,616
TOTAL CAPITALIZATION	$26,787,070

CONDITIONS

1 Receipt and acceptance by Cost Certification:

- Documentation that any management fee in excess of 3% of EGI will be subordinate to debt service.

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

BOND RESERVATION / ISSUER

Issuer	Travis County HFC
Expiration Date	12/31/2018
Bond Amount	$19,000,000
BRB Priority	N/A
Expected Close	8/1/2016
Bond Structure	Private Placement

RISK PROFILE

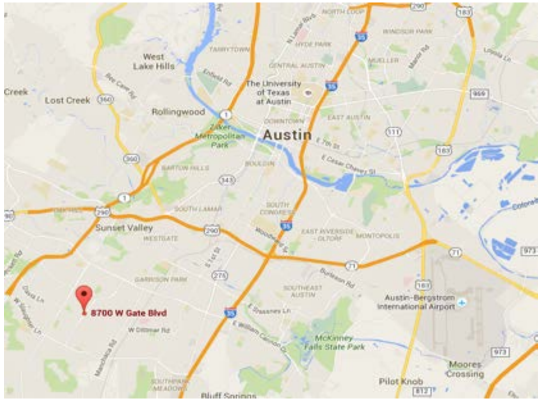
STRENGTHS/MITIGATING FACTORS

- Experienced Developer
- High traffic location
- Location has good visibility
- Affordable properties average 98% in PMA

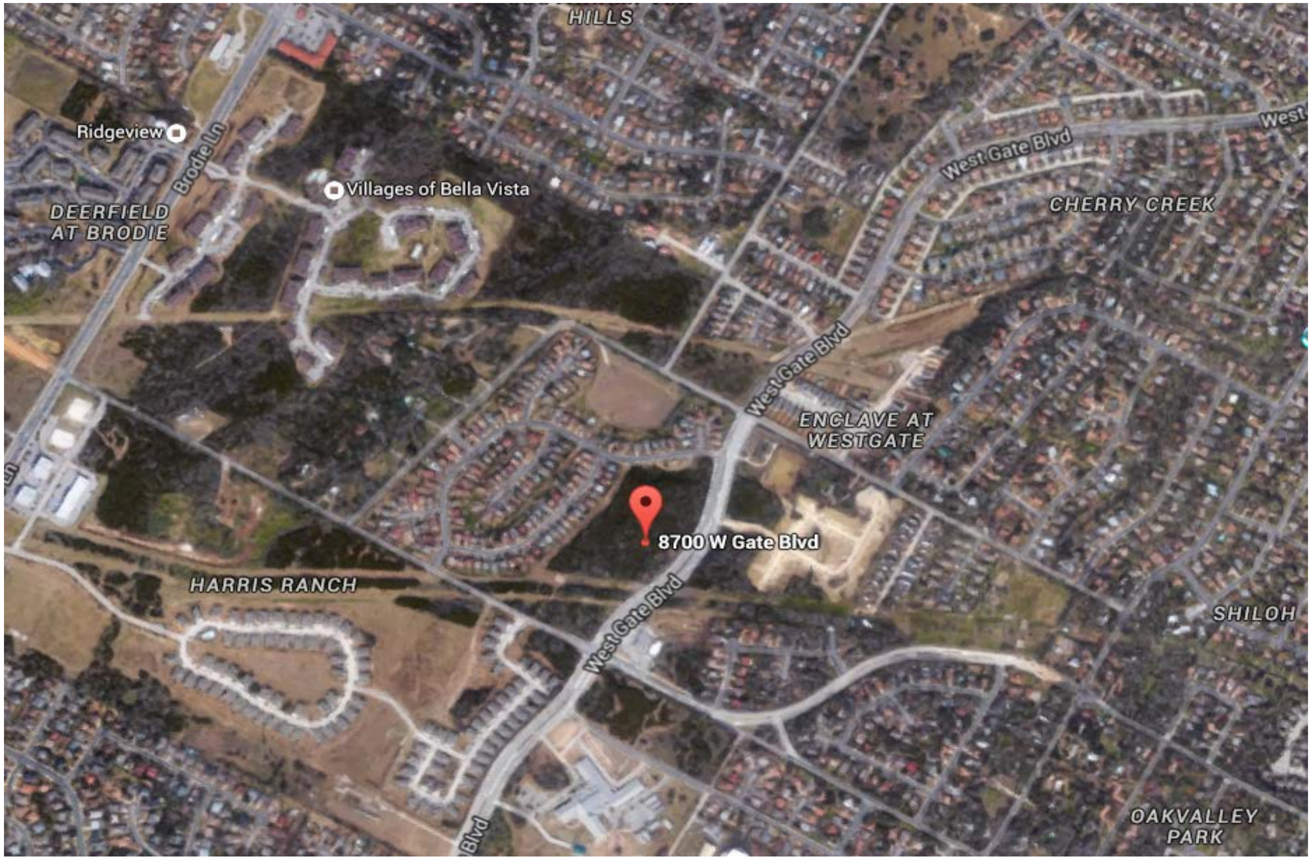
WEAKNESSES/RISKS

- Higher unit capture rates for 60% units
- Several competitive properties just outside PMA
- General family development, but has only 1 & 2 bedroom units. Unit mix with only one and two
- Debt coverage ratio

AREA MAP



AERIAL PHOTOGRAPH(s)



BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 14, 2016

Presentation, Discussion, and Possible Action on a Determination Notice for Housing Tax Credits with another Issuer (#16416 Fairway Landings at Plum Creek, Kyle)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Fairway Landings at Plum Creek, sponsored by Pedcor Investments, was submitted to the Department on March 29, 2016;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate was issued by the Texas Bond Review Board on January 15, 2016, and will expire on December 31, 2018;

WHEREAS, the proposed issuer of the bonds is the Capital Area Housing Finance Corporation; and

WHEREAS, the Executive Award and Review Advisory Committee ("EARAC") recommends the issuance of the Determination Notice with the condition that closing occur within 120 days (on or before November 14, 2016).

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $1,091,967 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for Fairway Landings at Plum Creek is hereby approved as presented to this meeting; and

FURTHER RESOLVED, that provided in the event the Applicant has not closed on the bond financing on or before November 14, 2016, the Board authorizes EARAC to approve or deny extension of the Determination Notice date subject to an updated previous participation review, if necessary.

BACKGROUND

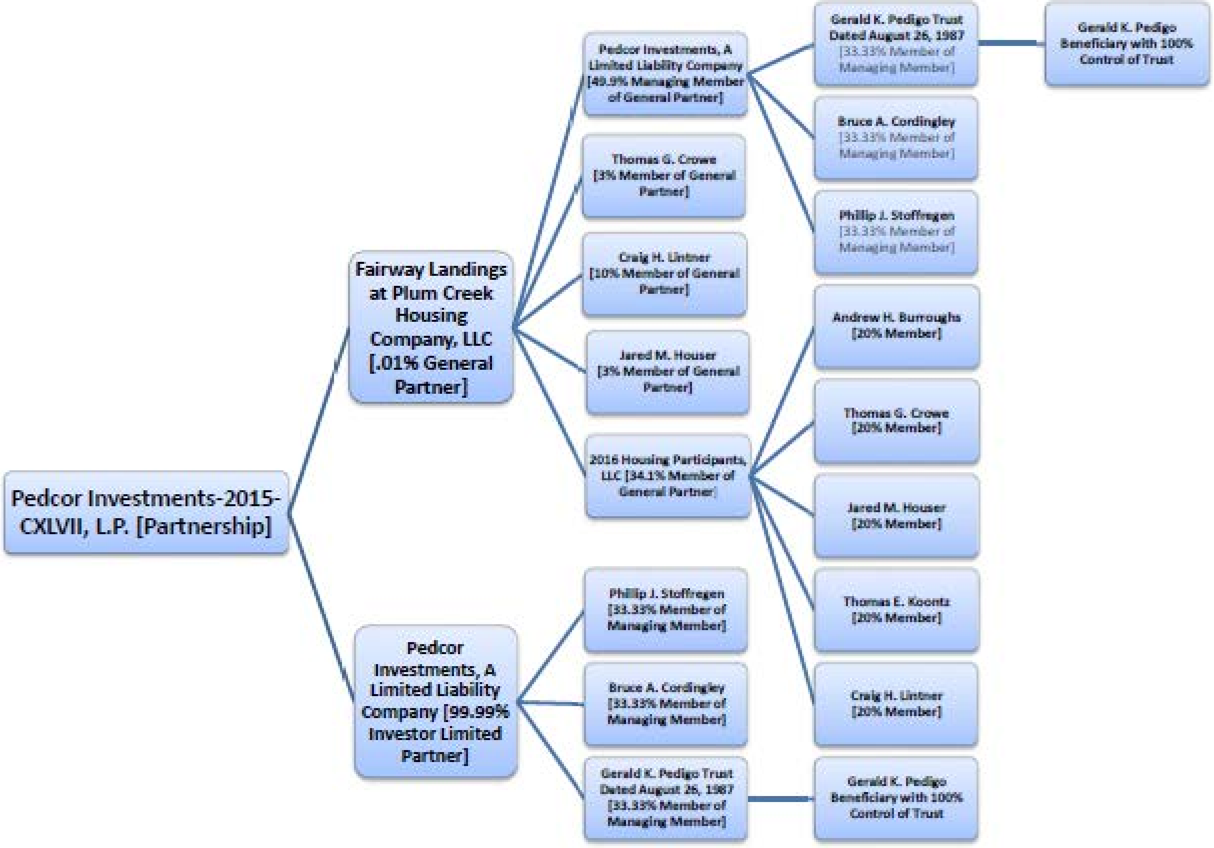
General Information: Fairway Landings at Plum Creek, proposed to be located at 510 Kohler's Crossing in Kyle, Hays County, involves the new construction of 216 units, four of which will be rent and income restricted at 50% of Area Median Family Income ("AMFI") and the remaining 212 units will be rent and income restricted at 60% AMFI. The development will serve the general population and is currently zoned appropriately. The census tract (0109.09) has a median household income of $76,635, is in the second quartile, and has a poverty rate of 2.70%.

Organizational Structure and Previous Participation: The Borrower is Pedcor Investments-2015-CXLVII, L.P., and includes the entities and principals as illustrated in Exhibit A. The applicant is considered a Small Category

1 portfolio and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

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

EXHIBIT A


Pedcor Investments-2015-CXLVII, L.P. [Partnership]
Fairway Landings at Plum Creek Housing Company, LLC [.01% General Partner]
Pedcor Investments, A Limited Liability Company [99.99% Investor Limited Partner]
Pedcor Investments, A Limited Liability Company [49.9% Managing Member of General Partner]
Thomas G. Crowe [3% Member of General Partner]
Craig H. Lintner [10% Member of General Partner]
Jared M. Houser [3% Member of General Partner]
2016 Housing Participants, LLC [34.1% Member of General Partner]
Phillip J. Stoffregen [33.33% Member of Managing Member]
Bruce A. Cordingley [33.33% Member of Managing Member]
Gerald K. Pedigo Trust Dated August 26, 1987 [33.33% Member of Managing Member]
Gerald K. Pedigo Trust Dated August 26, 1987 [33.33% Member of Managing Member]
Bruce A. Cordingley [33.33% Member of Managing Member]
Phillip J. Stoffregen [33.33% Member of Managing Member]
Andrew H. Burroughs [20% Member]
Thomas G. Crowe [20% Member]
Jared M. Houser [20% Member]
Thomas E. Koontz [20% Member]
Craig H. Lintner [20% Member]
Gerald K. Pedigo Beneficiary with 100% Control of Trust
Gerald K. Pedigo Beneficiary with 100% Control of Trust
Gerald K. Pedigo Beneficiary with 100% Control of Trust

APPLICATION SUMMARY

REAL ESTATE ANALYSIS DIVISION
July 7, 2016

PROPERTY IDENTIFICATION

Application #	16416
Development	Fairway Landings at Plum Creek
City / County	Kyle / Hays
Region/Area	7 / Urban
Population	General
Set-Aside	General
Activity	New Construction

RECOMMENDATION

TDHCA Program	**Request**	**Approved**			
LIHTC (4% Credit)	$1,091,967	$1,091,967	$5,055/Unit		$1.12
	Amount	**Rate**	**Amort**	**Term**	**Lien**
Private Activity Bonds					
MDLP (Repayable)					
MDLP (Non-Repayable)					
CHDO Expenses					

KEY PRINCIPAL / SPONSOR

General Partner(s)

Pedcor Investments - 2015 - CXLVII, L.P.
Craig Lintner, Thomas Crowe

Developer(s)

Pedcor Development Associates, LLC
Craig Lintner, Thomas Crowe

Related-Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	**# Units**	**% Total**
Eff	-	0%
1	72	33%
2	120	56%
3	24	11%
4	-	0%
TOTAL	216	100%

INCOME DISTRIBUTION

Income	**# Units**	**% Total**
30%	-	0%
40%	-	0%
50%	4	2%
60%	212	98%
MR	-	✓
TOTAL	216	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten			Applicant's Pro Forma		
Debt Coverage	⚠	1.15	**Expense Ratio**	✓	43.3%
Breakeven Occ.	✓	85.7%	**Breakeven Rent**		$839
Average Rent		$908	**B/E Rent Margin**	⚠	$69
Property Taxes		$816/unit	**Exemption/PILOT**		0%
Total Expense		$4,481/unit	**Controllable**		$2,878/unit

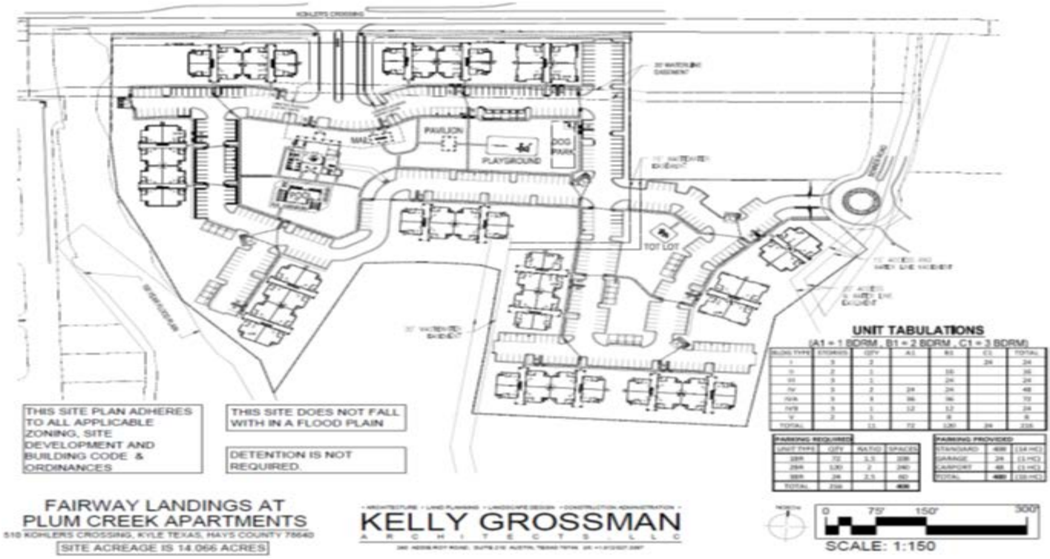
MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	✓	7.7%		
Highest Unit Capture Rate	⚠	44%	2 BR/60%	120
Dominant Unit Cap. Rate	⚠	44%	2 BR/60%	120
Premiums (↑60% Rents)		#DIV/0!		#DIV/0!
Rent Assisted Units		N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	932 SF	**Density**	15.2/acre
Acquisition		$16K/unit	$3,370K
Building Cost	$81.92/SF	$76K/unit	$16,486K
Hard Cost		$102K/unit	$22,050K
Total Cost		$187K/unit	$40,472K
Developer Fee	$4,416K	(24% Deferred)	Paid Year: 6
Contractor Fee	$3,085K	**30% Boost**	No

SITE PLAN



DEBT (Must Pay)

Source	Term	Rate	Amount	DCR
PR Mortgage and Investment Corpo	40/40	2.50%	$26,164,942	1.15
TOTAL DEBT (Must Pay)			**$26,164,942**	

CASH FLOW DEBT / GRANT FUNDS

Source	Term	Rate	Amount	DCR
CASH FLOW DEBT / GRANTS			**$0**	

EQUITY / DEFERRED FEES

Source	Amount
Pedcor Funding Corp	$12,200,000
Pedcor Development Services, Inc.	$1,072,697
TOTAL EQUITY SOURCES	$13,272,697
TOTAL DEBT SOURCES	$26,164,942
TOTAL CAPITALIZATION	$39,437,639

CONDITIONS

1 Receipt and acceptance by Cost Certification:

a: Documentation that any management fee in excess of 3% of EGI will be subordinate to debt service.

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

BOND RESERVATION / ISSUER

Issuer	Capital Area HFC
Expiration Date	12/31/2018
Bond Amount	$30,000,000
BRB Priority	N/A
Expected Close	8/1/2016
Bond Structure	Private Placement

RISK PROFILE

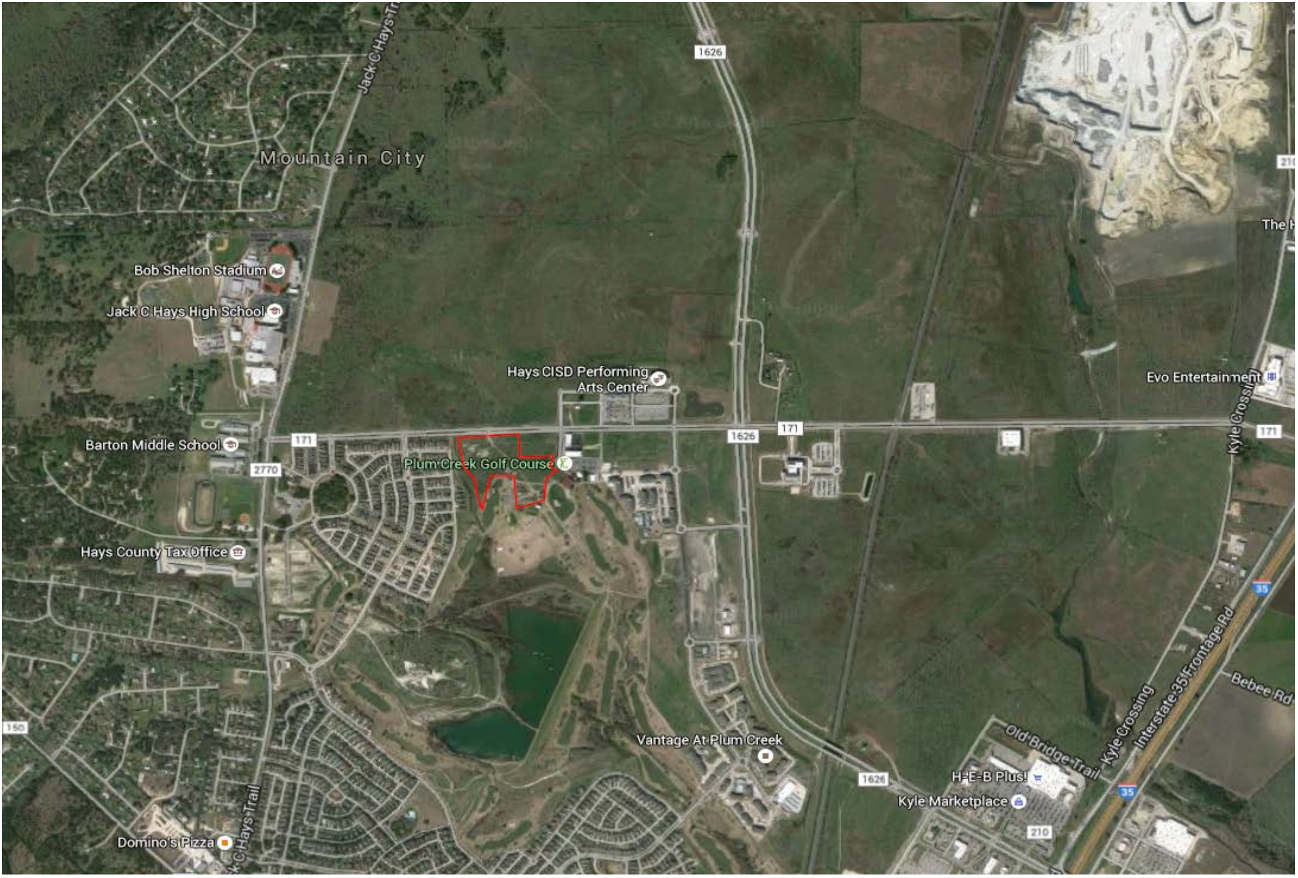
STRENGTHS/MITIGATING FACTORS

- Experienced developer
- High traffic location
- Location has good visibility
- Affordable family deals in PMA are 94% occupied

WEAKNESSES/RISKS

- 87% of unit capture rates above 40%
- Low income-qualified demand in PMA

AERIAL PHOTOGRAPH(s)



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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 14, 2016

Presentation, Discussion, and Possible Action on Inducement Resolution No. 16-019 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2016 Waiting List for Sunrise Orchard Apartments

RECOMMENDED ACTION

WHEREAS, an inducement resolution for Sunrise Orchard Apartments was previously approved by the Board at the June 30, 2015, Board meeting and a Certificate of Reservation was issued by the Bond Review Board ("BRB") on February 11, 2016, with a bond delivery deadline of June 5, 2016;

WHEREAS, a full application was submitted and is currently under review by the Department and the Certificate of Reservation has been withdrawn;

WHEREAS, due to delays associated with some of the financing, the construction cost bids, the length of time passed since the original inducement, as well as a change to the general partner entity, the inducement resolution is being updated; and

WHEREAS, approval of the inducement will allow staff to submit an application to the BRB for the issuance of another Certificate of Reservation.

NOW, therefore, it is hereby

RESOLVED, that based on the forgoing, the Inducement Resolution No. 16-019 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority from the 2016 Private Activity Bond Program for Sunrise Orchard Apartments (#16601) is hereby approved in the form presented to this meeting.

BACKGROUND

The BRB administers the state's annual private activity bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds and is required to induce an application for bonds prior to the submission to the BRB for a reservation of volume cap. Approval of the inducement resolution will allow staff to submit an application to the BRB for the issuance of another Certificate of Reservation and allow the application to continue to move forward in the review process. Once the Certificate of Reservation is issued the Applicant will have 150 days to close on the private activity bond financing.

The full application was submitted on January 19, 2016, staff has completed the initial program review and the application is currently under review by Real Estate Analysis. Staff has conducted the public hearing and the bond financing documents are currently under review by the financing participants. Sunrise Orchard includes multiple funding sources, including HOME funds from both Harris County and the City of Houston. There have been some delays associated with finalizing the requirements under those funding sources, including delays associated with the construction bids that would impact the funding sources involved. There has also been a name change to the general partner entity. Considering the length of time since the original inducement resolution was approved and the change in the general partner entity, staff is requesting that the inducement resolution be updated. Upon approval of the updated inducement resolution staff will submit the application to the BRB for another Certificate of Reservation that will include a 150-day closing deadline. Staff anticipates bringing the full application, along with the final bond resolution, to the Board meeting on August 25, 2016.

The inducement resolution is requesting authority to reserve $4,800,000 in state volume cap. Sunrise Orchard is proposed to be located at approximately 5200 Sunrise Road in Houston, Harris County, and will include the new construction of 52 units of supportive housing, serving homeless youth and youth aging out of foster care. This transaction is proposed to be Priority 3 with all of the units rent and income restricted at 50% of the Area Median Family Income ("AMFI"). It is also anticipated there will be supportive housing vouchers from the City of Houston that covers all of the units. The Department has received support letters from Dwight Boykins, Houston City Council Member for District D, Adrian Garcia, Former Harris County Sheriff, the Salvation Army, and the Foundation for Teen Health/Baylor College of Medicine Teen Health Clinics. The Department has not received any letters of opposition.

RESOLUTION NO. 16-019

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR ALLOCATION OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

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

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

WHEREAS, it is proposed that the Department issue its revenue bonds in one or more series for the purpose of providing financing for the multifamily residential rental developments (the "Developments") more fully described in Exhibit A attached hereto. The ownership of the Developments as more fully described in Exhibit A will consist of the applicable ownership entity and its principals or a related person (the "Owners") within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Owners have made payments with respect to the Developments and expect to make additional payments in the future and desire that they be reimbursed for such payments and other costs associated with the Developments from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owners have indicated their willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that the requirements of the Act and the Department will be satisfied and that the Developments will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

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

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

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

WHEREAS, the Governing Board of the Department (the "Board") approved Resolution 15-020 on June 30, 2015 (the "Original Resolution") declaring its intent to issue its multifamily revenue bonds for the purpose of providing funds to the Owners to finance the Developments on the terms and conditions hereinafter set forth and has determined to approve the subsequent change to the general partner of the Owner described in Exhibit A; NOW, THEREFORE,

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1 Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owners to provide financing for the respective Developments in an aggregate principal amount not to exceed those amounts, corresponding to the Developments, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and State law requirements regarding tenancy in the respective Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that the respective Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and State laws applicable to the issuance of such Bonds.

Section 1.2 Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 1.3 Reimbursement. The Department reasonably expects to reimburse the Owners for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto ("Costs of the Developments") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition and construction or rehabilitation of the Developments; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 1.4 Principal Amount. Based on representations of the Owners, the Department reasonably expects that the maximum principal amount of debt issued to reimburse the Owners for the Costs of the Developments will not exceed the amount set forth in Exhibit A which corresponds to the applicable Development.

Section 1.5 Limited Obligations. The Owners may commence with the acquisition and construction or rehabilitation of the Developments, which Developments will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement, on terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 1.6 The Developments. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, which are to be occupied entirely by Eligible Tenants, as determined by the Department, and which are to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 1.7 Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse the Owners for costs of its Development.

Section 1.8 Costs of Developments. The Costs of the Developments may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Developments. Without limiting the generality of the foregoing, the Costs of the Developments shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Developments, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Developments, the placing of the Developments in operation and that satisfy the Code and the Act. The Owners shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 1.9 No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owners nor any one claiming by, through or under the Owners shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10 Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by the Owners and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Bracewell LLP or other nationally recognized bond counsel acceptable to the Department ("Bond Counsel"), substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 1.11 Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments' necessary review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner.

Section 1.12 Related Persons. The Department acknowledges that financing of all or any part of the Developments may be undertaken by any company or partnership that is a "related person" to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the Owners.

Section 1.13 Declaration of Official Intent. The Original Resolution and this Resolution constitute the Department's official intent for expenditures on Costs of the Developments which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Developments may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 1.14 Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.15 Authorized Representatives. The following persons are hereby named as Authorized Representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Director of Asset Analysis and Management of the Department, the Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, the Director of Multifamily Finance of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1 Certain Findings Regarding Developments and Owners. The Board finds that:

(a) the Developments are necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;

(b) the Owners will supply, in their Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;

(c) the Owners are financially responsible;

(d) the financing of the Developments is a public purpose and will provide a public benefit; and

(e) the Developments will be undertaken within the authority granted by the Act to the Department and the Owners.

Section 2.2 No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds.

Section 2.3 Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Developments will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1 Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 3.2 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 3.3 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 14th day of July, 2016.

[SEAL]

By:____________________________________
Chair, Governing Board

ATTEST:

____
Secretary to the Governing Board

Signature Page to Intent Resolution

EXHIBIT "A"

Description of the Owner and the Development

Project Name	Owner	Principals	Amount Not to Exceed
Sunrise Orchard Apartments	Sunrise Orchard, LP, a Texas limited partnership	General Partner: Sunrise Orchard GP, LLC, a Texas limited liability company	$4,800,000.00
Costs: Construction of a 52-unit affordable, multifamily housing development to be known as Sunrise Orchard Apartments, to be located at 5300 Sunrise Road, Houston, Harris County, TX 77021.			

SHERIFF ADRIAN GARCIA

HCSO
HARRIS COUNTY SHERIFF'S OFFICE

January 14, 2015

Manuel Lopez, President/CEO
Tejano Center for Community Concerns
2950 Broadway Street
Houston, Texas 77017

RE: Sunrise Orchard Apartments
Permanent Supportive Housing

As a long-time supporter of Tejano Center's efforts to assist children in transition, I am pleased to support the proposed development of permanent supportive housing to assist homeless young adults, including those "aging out" of foster care. I understand the development will be located at 5300 Sunrise Road and will include 52 one and two bedroom apartments with community spaces that include a teaching kitchen, library, computers, and edible gardens. Easy accessibility to the new METRORail Purple Line will allow young adults to easily access educational and job training opportunities.

This long neglected population deserves a fighting chance and is certain to receive it at Tejano Center's Sunrise Orchard Apartments.

If you need any additional information please free to contact my office at 713-755-9563.

Thank you,

Adrian Garcia, Sheriff
Harris County

1200 Baker Houston, Texas 77002 713.755.6044 www.hcso.hctx.net **EXECUTIVE BUREAU**

DOING
THE MOST
GOOD℠

Major Chris Flanagan, *Area Commander*
Major Sandy Flanagan, *Coordinator of Women's Ministries*
Gerald Eckert, *Director Social Services*

November 10, 2014

Mr. Manuel Lopez
President/ CEO
Tejano Center for Community Concerns, Inc.
2950 Broadway Street
Houston, Texas 77017

RE: Permanent Supportive Housing, Transitional Aged Youth
Sunrise Orchard Apartments, 5300 Sunrise Road

Mr. Lopez,

The Salvation Army is a non-profit organization dedicated to meeting the needs of the homeless and has been working with the Tejano Center for Community Concerns as a partner in the development of 5300 Sunrise Road to help serve homeless Transitional Aged Youth who are between the ages of 18-25. Furthermore, The Salvation Army is committed to providing on-site Supportive Services in order to enhance each resident's ability to maintain stability in housing and to foster mental, emotional and physical wellness. These services may include: case management, drug and alcohol counseling, wellness services, life skills training, social activities, crisis intervention and support, support groups, education classes, and transportation.

The Salvation Army will continue to work with Tejano Center as a partner in the development and welcomes any questions regarding this matter. Please feel free to reach me at (713) 658-9205 extension 77078.

Sincerely,

Gerald Eckert, MSW
Social Services Director

The Salvation Army Social Services
2202 Main Street • Houston, TX 77002 • 713-658-9205/*phone* • 713-658-9206/*fax*
www.SalvationArmyHouston.org • www.facebook.com/SalvationArmyHouston • 1-800-725-2769/*donation line*
"...there is no reward equal to that of *doing the most good* to the most people in the most need." -*Evangeline Booth*

FOUNDATION for Teen Health
CARING FOR THEIR FUTURE BY CARING FOR THEM NOW

November 1, 2014

To Whom It May Concern,

The Tejano Center for Community Concern (TCCC) has a 40-year commitment to the Houston community which makes them well suited to expand the housing opportunities for young people aging out of foster care.

As partners with the Tejano Center for Community Concern, the Foundation for Teen Health and the Baylor College of Medicine Teen Health Clinics offer our enthusiastic support to this endeavor. We have a more than our own 40-year history of providing comprehensive medical care and social services to young men and women ages 13 to 25. Through our collaboration with TCCC we have opened a clinic on the campus of the TCCC, which is conveniently located to the site for the expanded housing development. Our mutual goals encourage this teen and young adult population to understand their responsibilities and to give them the tools to make good decisions, Teens and young adults are an often eclipsed segment of our population and it is important for the overall health of our community to give help them to be mentally and physically prepared to make the right choices in life.

We believe providing housing in a culturally sensitive and age appropriate environment with multiple layers of service and service providers, like the Baylor College of Medicine Teen Health Clinic, will secure the future for this population and enhance the quality of life for Houston.

I respectfully request you consider becoming part of this much-needed project by granting the TCCC funding request. It would be an honor for the Foundation for Teen Health and the Baylor College of Medicine Teen Health Clinic to be part of the growth of the TCCC to provide this invaluable service to the indigent young people of Houston.

Kindest Regards,

Anne Van Horn

Anne Van Horn
Executive Director
Foundation for Teen Health
Community Outreach Director
Baylor College of Medicine Teen Health Clinic

Baylor Teen Health Clinic
1504 Ben Taub Loop | Houston, Texas 77030
713.873.3601 | 713.873.3608 fax
www.foundationforteenhealth.org

DWIGHT BOYKINS
Houston City Council Member, District D

January 20, 2015

Mr. Manuel Lopez, President/CEO
Tejano Center for Community Concerns
2950 Broadway Street
Houston, Texas 77017

RE: Sunrise Orchard Apartments
Permanent Supportive Housing

Dear Mr. Lopez –

As the City Council Member for District D, it is my goal to ensure that the needs of my constituents are met and that I and my office can be of service to those who are most vulnerable within our community. I have reviewed the information and proposal from Tejano Center for Community Concerns, a long time service provider within District D, for the development of permanent supportive housing to assist homeless young adults, including those "aging out" of foster care. I understand the development will be located at 5300 Sunrise Road and will include 52 one and two bedroom apartments with edible gardens and community spaces that will be open to neighborhood residents. Easy accessibility to the new METRO Purple Line will allow young adults to easily access educational and job training opportunities. After speaking with several constituents groups, I offer my support to the development of this project. This long neglected population deserves a fighting chance and is certain to receive it at Tejano Center's Sunrise Orchard Apartments.

If you have any additional questions, please feel free to contact my office at (832) 393 – 3001.

Sincerely,

Dwight Boykins
Houston City Council
District D

Telephone (832) 393-3001 • P.O. Box 1562 • Houston, Texas 77251-1562 • 900 Bagby, 1st Floor
districtd@houstontx.gov

2a

BOARD REPORT ITEM

BOND FINANCE DIVISION

JULY 14, 2016

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

BACKGROUND

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

In accordance with the Department's Interest Rate Swap Policy, the Bond Finance Division has the day-to-day responsibility for managing the swaps. The outstanding bonds associated with each of the swaps are reduced by scheduled redemptions and maturing amounts, and by amounts representing principal and prepayments received on the mortgage-backed securities that secure each bond issue. Under State law, the notional amount of swap outstanding cannot exceed the par amount of related bonds outstanding; to avoid being overswapped, staff closely monitors the amount of swap outstanding, the related outstanding bond amount, and any upcoming bond redemptions to ensure enough swap is called to comply with State law. On March 1, 2016, $90,000 of the 2004 Series D swap was terminated to comply with State law.

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

Please see the attached report that shows the status of the Department's swaps as of June 1, 2016.

Texas Department of Housing and Community Affairs
Swap Portfolio Update
Presented July 14, 2016

Matched Amortization Swaps

Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Swap Outstanding Notional as of 6/1/2016	Bonds Outstanding 6/1/2016
2005A	JP Morgan	8/1/2005	9/1/2036	$ 100,000,000	$ 31,130,000	$ 31,130,000
2007A	JP Morgan	6/5/2007	9/1/2038	$ 143,005,000	$ 38,405,000	$ 38,405,000

Amortizing Swaps with Optionality

Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Swap Outstanding Notional as of 6/1/2016	Bonds Outstanding 6/1/2016
2004B(1)	BNY Mellon	3/1/2014	9/1/2034	$ 40,000,000	$ 33,530,000	$ 39,380,000
2004D	Goldman Sachs	1/1/2005	3/1/2035	$ 35,000,000	$ 25,700,000	$ 25,700,000

Swaps Terminated by TDHCA

Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Swap Outstanding Notional as of 6/1/2016	Bonds Outstanding 6/1/2016
2006H(2)	BNY Mellon	3/1/2014	9/1/2025	$ 36,000,000	$ -	$ -

TOTAL SWAPS	$ 354,005,000	$ 128,765,000	$ 134,615,000

(1) UBS AG was the original counterparty and the original notional at issuance was $53,000,000.

(2) Terminated October 30, 2015 in conjunction with the issuance of 2015 Series A Refunding Bonds.

2b

BOARD REPORT ITEM

BOND FINANCE DIVISION

JULY 14, 2016

Report on recent Bond Finance activity.

BACKGROUND

There are several items for which the Board has either authorized action, or may be asked to authorize action, that staff believes merit an update to the Board.

Federal Home Loan Bank of Dallas. In 1997, the Department was approved as a nonmember mortgagee of the Federal Home Loan Bank of Dallas ("FHLB") and entered into various agreements in anticipation of borrowing to facilitate single family lending. At the time, FHLB would not permit posted collateral to be held at Texas Treasury Safekeeping Trust Company, a requirement under Tex. Gov't Code §2306.119; as a result, no borrowings occurred. The Department has continued to explore with FHLB potential loan product opportunities, but each time has been unable to meet FHLB requirements with respect to the holding of collateral.

Staff, in conjunction with the Department's Financial Advisor and Bond Counsel, has reestablished discussions with FHLB regarding various products and the potential applicability to the Department's single family programs. FHLB now permits tri-party agreements for pledged collateral, allowing the Department to comply with Tex. Gov't Code §2306.119, while at the same time fulfilling FHLB's collateral requirements. Staff has worked through a myriad of issues, economic, legal, and logistical, and believes that the Department is fairly close to reaching agreement with respect to the collateral requirements and terms for short-term borrowings. Staff expects to provide specifics on the terms and benefits of this financing mechanism and may bring a request for authorization to execute the necessary agreements with FHLB as early as the Board meeting to be held July 28, 2016.

Amendment to Single Family Mortgage Revenue Bond Trust Indenture. On December 17, 2015, the Board approved the execution and delivery of the Sixty-Second Supplemental Indenture, which modifies the Single Family Mortgage Revenue Bond Trust Indenture ("Indenture") to allow for issue-related specifics such as interest payment dates, maturity dates and redemption dates to be specified in the supplemental indenture for each bond issue at the time of issuance. This amendment will permit the terms of each series of bonds to be issued under the 1980 Indenture to be established and set forth in the supplemental indenture related to those specific bonds.

Bondholder consents were received in conjunction with the issuance of the Department's 2016 Series A and 2016 Series B Bonds, and in conjunction with the mandatory tender and remarketing of the Department's variable rate bonds on May 4, 2016, when the Amended and Restated Liquidity Agreements went into effect. At this time, the Department has the 2/3 required consent for the amendment and is in the process of completing the technical requirements of the 1980 Indenture in order to make the amendment effective, which include obtaining the consent of the swap providers, bond insurers, liquidity provider, and other related parties, as well as meeting publication and rating agency requirements. The amendment is expected to be effective within the next ninety days, after all 1980 Indenture requirements have been met.

Master Servicer Request for Proposals. On March 31, 2016, the Board approved the publication of a Request for Proposal ("RFP") for a Master Servicer. The RFP was published April 1, 2016, and responses were received April 29, 2016. Staff has reviewed the proposals and is evaluating the relative merits of the proposals received. Staff expects to select the Master Servicer in mid-July and hope to inform the Board of that selection at the Board meeting to be held July 28, 2016.

2c

TDHCA Outreach Activities, June 2016

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
First Thursday Income Eligibility Training	Austin	June 2	Compliance	Training
Participating Lender Outreach	Dallas/Arlington/ Plano/Southlake/ Bedford	June 7-8	Homeownership	Outreach
HOME HRA Training/Institute for Building Technology & Safety	League City	June 10	HOME	Training
Homebuyer Fair/Affordable Homes of South Texas	McAllen	June 11	Homeownership	Exhibitor
Participating Lender Outreach	San Antonio	June 16	Homeownership	Outreach
Fair Housing Workgroup Meeting	Austin	June 22	Fair Housing, Data Mgt, & Reporting	Participant
Lender Training	Arlington	June 22	Homeownership	Training
Homebuyer Fair/Brownsville Housing Authority	Brownsville	June 25	Homeownership	Exhibitor
Homebuyer Fair/City of Arlington	Arlington	June 25	Homeownership	Exhibitor
Roundtable/Community Affairs Division Rules	Austin	June 27	Community Affairs, Compliance, Legal	Roundtable
Participating Lender Outreach	McAllen/Brownsville/ Edinburg/Harlingen	June 27-28	Homeownership	Outreach
Grand Opening/Mariposa at Elk Blvd	Burleson	June 28	Policy & Public Affairs	Remarks
Public Hearing/Draft 2017 Regional Allocation Formula Methodology	Austin	June 29	Housing Resource Center	Public Hearing

Internet Postings of Note, June 2016

A list of new or noteworthy documents posted to the Department's website

Emergency Solutions Grants Program: Program Guidance — *featuring numerous updates affecting program administration, as well as client eligibility and documentation, contract system access request form, vendor agreements, declaration of income statement form, AMFI income limits, etc.:* www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm

Housing Choice Voucher Program: Local Operators Rule Amendment — *relating to the removal of definitions, eligibility criteria, application process and requirements relating to the procurement of new Local Operators:* www.tdhca.state.tx.us/public-comment.htm

4% HTC Bond Status Log: 6/2/16 — *detailing applications seeking bond financing either from the Department or local issuer in conjunction with housing tax credits:*
www.tdhca.state.tx.us/multifamily/housing-tax-credits-4pct/index.htm;
www.tdhca.state.tx.us/multifamily/bond/index.htm

2016 Community Services Block Grant Program Subrecipient List — *updated to reflect most current list of agencies administering the Department's CSBG Program by county:*
www.tdhca.state.tx.us/community-affairs/csbg/index.htm

2016 Comprehensive Energy Assistance Program Subrecipient List — *updated to reflect most current list of agencies administering the Department's CEAP Program by county:*
www.tdhca.state.tx.us/community-affairs/ceap/index.htm

2016 Weatherization Assistance Program Subrecipient List — *updated to reflect most current list of agencies administering the Department's WAP Program by county:*
www.tdhca.state.tx.us/community-affairs/wap/index.htm

2016 Annual Weatherization Report to Texas Legislature — *meeting requirements under Rider 14 detailing weatherization efforts by the State of Texas:*
www.tdhca.state.tx.us/community-affairs/wap/index.htm

Section 811: Application Package (Español) — *Spanish language application material for qualified referral agents whose clients are seeking rental housing assistance through the Department's Section 811Program:*
www.tdhca.state.tx.us/section-811-pra/referral-agents.htm

Request for Applications to Administer the Weatherization Assistance Program — *for interested qualified organizations seeking to administer WAP services in 15 North Central counties:*
www.tdhca.state.tx.us/community-affairs/nofas.htm

Multifamily Finance: Notices of Public Hearings — *providing notice regarding a July 5 public hearing related to the proposed Skyline Place Apartments, Dallas:*
www.tdhca.state.tx.us/multifamily/communities.htm

Fair Housing: Training Presentations — *providing links to webinar videos, slides, and transcripts to a series of training sessions on the basics of Fair Housing; reasonable accommodation; and tenant selection criteria, wait list management, and affirmative marketing:*
www.tdhca.state.tx.us/fair-housing/presentations.htm

2016 Project Income and Rent Tool — *identifying maximum income and rent limits for properties participating in the Department's Housing Tax Credit, Tax Exempt Bond, HOME, Neighborhood Stabilization Program and Housing Trust Fund programs:*
www.tdhca.state.tx.us/pmcomp/irl/index.htm

Draft 2017 Regional Allocation Formula Methodology — *available for public comment and used to assist in the allocation of funding for the Department's Housing Tax Credit Program, Housing Trust Fund, and both multifamily and single-family HOME activities:*
www.tdhca.state.tx.us/housing-center/pubs-drafts.htm; www.tdhca.state.tx.us/public-comment.htm

Texas Neighborhood Stabilization Program: Homebuyer Assistance NOFA — *for developers demonstrating existing ownership or control of Land Bank properties and who are interested in working to help eligible households achieve homeownership:*
www.tdhca.state.tx.us/nsp/index.htm

Draft Report of Findings and Recommendations of the Housing and Health Services Coordination Council — *available for public comment and containing suggested revisions by Council members:*
www.tdhca.state.tx.us/hhscc/index.htm; www.tdhca.state.tx.us/public-comment.htm

2016 Community Services Block Grant Discretionary Funds NOFA — *for eligible entities seeking funding to assist Native American and Migrant Seasonal Farm Worker populations:*
www.tdhca.state.tx.us/community-affairs/nofas.htm; www.tdhca.state.tx.us/nofa.htm

National ROMA Peer-to-Peer Training Program Requirements — *providing links to training and technical assistance to CSBG subrecipients regarding the Result Oriented Management and Accountability performance-based initiative:*
www.tdhca.state.tx.us/community-affairs/csbg/guidance.htm

Multifamily Direct Loan 2016-1 NOFA — *announcing the availability of Multifamily Direct Loan funding for the development of affordable rental housing for income-eligible households:*
www.tdhca.state.tx.us/multifamily/nofas-rules.htm

2016-1 Multifamily Direct Loan NOFA Application Log: 6/9/16 — *detailing applications submitted to the Department seeking loan funds for the development of affordable rental housing, listed by set-aside and subregion:*
www.tdhca.state.tx.us/multifamily/home/index.htm

ACTION ITEMS

3

BOARD ACTION REQUEST
POLICY AND PUBLIC AFFAIRS
JULY 14, 2016

Presentation, Discussion, and Possible Action regarding the Legislative Appropriations Request for State Fiscal Years 2018-19

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") must submit to the Office of the Governor ("OOG") and the Legislative Budget Board ("LBB") a Legislative Appropriations Request ("LAR") identifying its funding needs for the 2018-19 biennium;

WHEREAS, on June 30, 2016, the OOG and the LBB have jointly issued a policy letter calling on state agencies to reduce their base General Revenue by four percent within their 2018-19 LAR;

WHEREAS Executive Staff has reviewed anticipated needs and resources and made appropriate recommendations; and,

WHEREAS Financial Administration has developed and the Board has approved an Operating Budget for State Fiscal Year 2017 that will serve as the basis of the 2018-19 LAR,

NOW, therefore, it is hereby

RESOLVED, that staff is authorized to submit the LAR for 2018-19 as presented in this meeting to the OOG and the LBB no later than August 5, 2016, the date provided in instructions posted on LBB website on June 30, 2016, and in the connection therewith to make any changes necessitated by additional direction or guidance from OOG and/or LBB to report such changes to this Board.

BACKGROUND

During the Board meeting of June 16, 2016, staff presented a Legislative Appropriations Request ("LAR") Status Report that provided background on the LAR process and timeline. On June 30, 2016, the OOG and LBB released a policy letter to state agencies along with the LAR instructions. The policy letter directed agencies to reduce their base General Revenue request by four percent. The submission date for TDHCA as found in the instructions is August 5, 2016. In addition to reflecting a four-percent General Revenue reduction, the LAR will include a request for changes to existing Appropriations Riders and a proposed Ten-Percent General Revenue Reduction Schedule that may be made after the four percent reduction reflected in the base budget. Because TDHCA's Base Reconciliation has not been certified by the OOG and LBB as of the writing of this Action Request, the final four percent base reduction recommendation and ten percent reduction schedule recommendation cannot be provided in their final form. However, they will be summarized below along with other highlights of TDHCA's proposed 2018-19 LAR; completed schedules are anticipated to be brought as a Report Item in the July 28, 2016 Board meeting.

Highlights of Proposed SFY 2018-19 LAR

Four Percent Base Reduction, Ten Percent Reduction Schedule

As explained in the LAR-related Board Report Item from the June 30, 2016 Board meeting, the basis for an agency's General Revenue reduction is the amount of General Revenue that the agency would receive if its funding for the coming biennium were level with actual funding utilized during the previous biennium; this is determined through the OOG and LBB's Base Reconciliation process.

TDHCA submitted its Base Reconciliation on June 9, 2016, to the OOG and the LBB for approval. The submitted Base Reconciliation reflected approximately $25.4 million in "base" General Revenue. The majority of this funding is associated with the Housing Trust Fund ($11.8 million) and the Homeless Housing and Services Program ($10 million). The next largest source of General Revenue is Earned Federal Funds ($3.8 million), which are characterized as federal funds that can be applied to indirect administrative services in support of federal activities. These are regarded as state General Revenue in the General Appropriations Act. The remaining funds include support for the Housing and Health Services Coordination Council, funding for the Affordable Housing Information and Research Program, and funding to provide rural Continua of Care technical assistance with which to apply for federal homeless funds. Combined, these total approximately $800,000.

Because the Base Reconciliation has yet to be finalized, TDHCA does not yet have a specific reduction target, but estimates that it will be on the order of $1 million. TDHCA staff recommends taking the approach of reducing impact on families and individuals benefitting from TDHCA programs. Towards that end, staff recommends making reductions to Earned Federal Funds and all but essential support for the Housing and Health Services Coordination Council and eliminating funding for the Affordable Housing Research and Information Program and for Balance of State Technical Assistance for rural continua of care. Additionally, the Housing Trust Fund and the Homeless Housing and Services Program would each be reduced by an estimated $63,000 over the biennium.

Within the LAR, state agencies are asked to include a supplemental schedule detailing how they would reduce their baseline General Revenue and General Revenue Dedicated Funds by an additional 10 percent. The goal is to provide policy makers with quantified options as they develop the state budget. A 10 percent reduction would reduce biennial funding for the Housing Trust Fund by an estimated $1.2 million and require a similar reduction in Homeless Housing and Services Program funding.

Increased Appropriate Receipts, Redirected FTEs

In addition to the four percent General Revenue Reduction, the TDHCA baseline funding request will reflect an increase in requested Appropriated Receipt authority reflective of one-time costs associated with the agency's Capital Rider (see below) and federally required assessments related to Affirmatively Further Fair Housing and longer term costs associated with monitoring the agency's growing multifamily portfolio. The baseline will also reflect a repurposing of FTEs over the coming biennium, with three additional FTEs dedicated to compliance activities.

Rider Change Requests

A state agency may have riders attached to its appropriations to provide additional detail on use of appropriated funds. Through the LAR, state agencies may request changes to their appropriation riders. Beyond performance measure rider and capital budget rider updates, staff recommends technical corrections to riders related to housing assistance targets and the Colonia Self-Help Center Program. (*See attached Rider Change Recommendations.)*

Capital Rider Request/Biennial Operating Project

Within the LAR, state agencies communicate their information systems needs for the coming biennium. This is done through the previously referenced Capital Budget Rider and through a separate document, the Biennial Operating Plan ("BOP"), which outlines all anticipated information technology needs, inclusive of the Capital Budget. The SFY 2018-19 Capital Rider will request approval to spend appropriations on an update of legacy systems, an upgrade of its PeopleSoft Financial systems, implementation of a number of recommendations resulting from an information security assessment offered by the Department of Information Resources, and a new system to gather household level information for Community Affairs programs in order to meet new federal reporting requirements. TDHCA will propose funding these projects through Appropriated Receipts and Federal Funds. As required in the LAR instructions, the Rider will also include PeopleSoft Financials maintenance. (*See attached Capital Rider Recommendation.)*

Attachments:

- OOG and LBB Policy Letter
- Proposed Administrator's Statement
- Proposed Rider Change Requests for SFY 2018-19 LAR Exclusive of Rider 1 (Performance Measures) and Rider 2 (Capital Budget)
- Proposed Capital Rider

STATE OF TEXAS

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JOE STRAUS
SPEAKER OF THE HOUSE
P.O. Box 2910
AUSTIN, TEXAS 78768-2910
(512) 463-3000

June 30, 2016

To: State Agency Board/Commission Chairs
State Agency Heads/Executive Directors
Appellate Court Justices and Judges
Chancellors, Presidents, and Directors of Institutions and Agencies of Higher Education

Limited government, pro-growth economic policies and sound financial planning are the key budget principles responsible for Texas' economic success. During the 84th Legislative Session, we worked together to prioritize spending and made our state even stronger and more efficient. With your help, we can restrain the size and scope of government to ensure that employers are empowered to create more jobs that benefit hardworking Texans.

An initial step in developing the 2018-19 biennial budget for the State of Texas is submission of agency and institution Legislative Appropriations Requests (LAR). Detailed instructions for the submission are posted on the websites of the Legislative Budget Board (LBB) and the Office of the Governor, including a staggered schedule of submission dates.

It is imperative that every state agency engage in a thorough review of each program and budget strategy and determine the value of each dollar spent. As the starting point for budget deliberations, we are requiring each agency to trim four percent from their base appropriation levels. These levels will be provided to each agency by the Governor's Office and LBB.

Exceptions to the baseline request limitation include amounts necessary to:

- maintain funding for the Foundation School Program under current law;
- maintain public safety resources in the border region to help secure Texas;
- satisfy debt service requirements for bond authorizations;
- maintain funding at fiscal year 2017 budgeted levels plus amounts necessary to cover the impact of payroll growth for state pension systems and employee group benefits (not including payroll contributions made by state agencies and institutions of higher education for retirement and group health insurance), though group benefit modifications may be considered;
- maintain funding for Child Protective Services;
- maintain funding for behavioral health services programs; and
- maintain current benefits and eligibility in Medicaid programs, the Children's Health Insurance Program, the foster care program, the adoption subsidies program and the permanency care assistance program. Baseline requests for these programs should include amounts sufficient for projected caseload growth.

Specific questions with respect to the treatment of the above items should be directed via email to both your Governor's Office and LBB analyst.

The reduction in the baseline request will require agencies to maximize the efficient use of state resources, and all LAR should express the agency's priorities for programs and items that are of highest value to Texas taxpayers.

Funding requests that exceed the adjusted baseline spending level may not be included in the baseline request, but these additional funding requests may be submitted as Exceptional Items. The Exceptional Items schedule now includes required fields for information on potential contract, information technology and out-year costs in order to better identify and analyze ongoing state expenses associated with requested items. Agencies that request Exceptional Items should be prepared to suggest lower-priority programs or other cost savings to help offset the increased costs associated with their requests.

Each LAR submission must include information providing the budget request by program in a format prescribed by the LBB and Governor's Office. Additionally, zero-based budget information will also be requested from agencies throughout development of the 2018-19 state budget.

Thank you for your service to the State of Texas, and we look forward to working with you in preparation for the 85th Legislative Session.

Greg Abbott Dan Patrick Joe Straus

Governor Greg Abbott Lt. Governor Dan Patrick Speaker Joe Straus

Administrator's Statement

Overview

The Texas Department of Housing and Community Affairs ("TDHCA") administers funding or other assistance for affordable housing and homeownership opportunities, weatherization, and community-based services with the help of for-profits, nonprofits, and local governments. This Legislative Appropriations Request ("LAR") involves no significant change in the way TDHCA carries out its assigned duties. However TDHCA is continuously working to enhance the effectiveness and efficiency of its activities. Recent examples include consolidation of single family lending support activities under a new Single Family Operations and Lending division to address the contracting of resources dedicated to certain activities. The scope of TDHCA' services and those they serve have not changed in any material way beyond the effects of continuing sustained growth and the impact of economic variability. However, some of TDHCA's resources have been and remain insufficient to address all demand. Although the energy sector, in particular oil exploration and production, has experienced downward pressure, the scope of TDHCA's programs and services has remained relatively stable and geographically diverse. Key trends found in this LAR include fluctuations in Federal Fund and a slight increase in Appropriated Receipts to help the agency meet Information Technology security needs, address federally required Affirmatively Furthering Fair Housing compliance, and continue to monitor TDHCA-financed affordable multifamily rental housing and other activity.

TDHCA Programs and Services

TDHCA administers a variety of housing assistance programs to serve Texans with incomes ranging from extremely low to moderate, community based programs serving primarily Texans with extremely low to low incomes, and, through and Memorandum of Understanding with its Manufactured Housing Division, licensing, inspection, and enforcement activity relating to migrant labor housing. The majority of programs the Department administers are federal, but it administers two activities funded with appropriated General Revenue: a housing trust fund and a homeless housing and services program ("HHSP") which addresses issues of homelessness in large Texas cities. The primary bodies of state law governing the Department's housing and community services activities are Texas Government Code Chapters 2306, 2105, and 1372.

The providing of housing related assistance is carried out through a variety of financing mechanisms including the issuance of federal tax credits which are, through a process commonly referred to as syndication, converted to cash to be used in developing affordable housing; issuance of tax exempt private activity bonds; awards of funds through loans or grants; origination and sale of single family home loans; and providing of rental assistance or vouchers. New home ownership has historically been financed chiefly through issuance of tax exempt bonds, but in recent years the Department has diversified its strategy to utilize bonds, packaging and sale of mortgage backed securities, and the issuance of mortgage credit certificates. In close coordination with the Texas Comptroller of Public Accounts, the Department continues to work aggressively to reduce variable rate debt and its attendant need for liquidity support, currently provided by the Comptroller. Other entities created or authorized by state law provide localized and statewide first time homebuyer mortgage loan products as well.

The providing of community based assistance is accomplished through distribution of funds, chiefly via formula, to a statewide network of entities that administer the Community Services Block Grant ("CSBG"), the Low Income Home Energy Assistance Program ("LIHEAP"), the Department of Energy

Weatherization Assistance Program ("DOE WAP"), and, through competitive awards, the Emergency Solutions Grant ("ESG"). LIHEAP is used for two primary activities, providing utility bill assistance and providing weatherization. CSBG recipients typically leverage their CSBG funds to help access other funding sources and provide a range of services. These commonly administer such programs as Head Start, school lunch programs, medical service programs, and transportation programs. Many CSBG providers also provide LIHEAP and DOE WAP. HHSP is provided, again by formula, to the eight largest cities in Texas to develop and run programs that they believe will be the most effective way for them to address local issues of homelessness. ESG is a federal program to prevent and address homelessness and is competitively awarded to local providers, often operating in consortia and forming a part of the HUD-funded continuum of care.

Programmatic activities of the Department are monitored for compliance, including physical condition and regulatory compliance, by its Compliance Division. The scope of monitoring activity is ever increasing in volume. For example the Department monitors roughly 225,000 units of affordable housing and adds another 5,000 - 6,000 units each year. Complexity of the Compliance Division's duties has increased as well with the federal adoption of a comprehensive rule on OMB requirements, the so-called Omni-circular, and expanded oversight requirements from different federal funding sources.

Approach to Four Percent Base Reduction, Ten Percent Reduction Schedule

As directed in the Policy Letter issued jointly by the Office of the Governor and the Legislative Budget Board, TDHCA's LAR reflects a four percent reduction in base General Revenue. In making this reduction, TDHCA sought to reduce the impact on families and individuals benefitting from TDHCA programs that come from a reduction in direct services. In particular, TDHCA sought to preserve to the extent possible 2018-19 funding levels for the Texas Bootstrap Program, the Amy Young Barrier Removal Program, and HHSP. The Texas Bootstrap Program and Amy Young Barrier Removal Program rely on the Housing Trust Fund ("HTF") to meet needs difficult to address through federal funding sources. Likewise, the HHSP allows the eight largest cities to leverage their other homeless funds to maximize the activities and services they can provide. Towards that end, the LAR reflects reduction to Indirect Administrative activities funded through Earned Federal Funds, reduction in all but essential support for the Housing and Health Services Coordination Council, and the elimination of funding for the Affordable Housing Research and Information Program and for the Balance of State Technical Assistance for rural continua of care. Additionally, the HTF and the HHSP would each be reduced by an estimated $63,000 over the biennium. State agencies have also been asked to include a schedule reflecting an additional ten percent reduction. Such a reduction would be taken equally from the HTF and HHSP, resulting in an estimated $1.2 million reduction for each program over the biennium. Because the statute requires at least $3 million per year for the Texas Bootstrap Program, the HTF reduction would primarily affect the Amy Young Barrier Removal Program.

Federal Funding

In recent years there has been some significant volatility in funding amounts for the Department's federal programs. Significant increases in certain programs occurred as a part of federal stimulus legislation in the 2008 and 2009 era. Although these programs have all been carried out as required, there are some residual effects. Under the Tax Credit Assistance Program, created under the American Recovery and Reinvestment Act of 2009, the Department provided developers with assistance in the form of repayable loans. As these loans repay, the Department receives an ongoing stream of funds which it is using to finance affordable housing development and to address loan workouts situations, shielding the state from the risk of having to repay the federal government for previously assisted developments that were at risk of not fulfilling their federal affordability requirements. Under the Neighborhood Stabilization Program, created by the Housing and Economic Recovery Act of 2008, the Department is receiving program income and utilizing it chiefly to finance land banking activities under the program that are still in progress.

Other volatility has occurred as a result of federal budget matters. The largest federally funded housing assistance program, the HOME Investment Partnerships Program, has seen funding decline from $38 million in 2011 to a current annual level of $24 million. Through greater efficiency and staffing realignments the Department has been able to adapt to the constraints of any reductions in funding, but local subrecipients, primarily rural communities, are feeling the pressure associated with access to fewer funds.

In 2016, Texas will receive $4.78 million in funds through the newly created National Housing Trust Fund ("NHTF"), assigned to the Department by Governor Abbott. These funds will be used chiefly to assist in the financing structure of multifamily rental housing serving extremely low income households at or below 30% of area median household income. As the funding is based on the total business volume of Fannie Mae and Freddie Mac, the Department does not anticipate consistent funding from year to year from the NHTF. Additionally, the Department has pursued and received two awards under HUD's 811 Project Rental Assistance demonstration program. TDHCA will receive $24 million to assist extremely low income persons with disabilities living in institutions, persons with serious mental illness, and youth with disabilities exiting foster care with securing permanent housing, including housing within the Department's tax credit assisted developments that have agreed to participate. Participating developments will commit to providing units over a 20-year period, with Section 811 funds providing rental assistance for the first five years. Assistance for the remaining fifteen years is contingent upon Congressional appropriations.

Other changes that will affect TDHCA funds in the coming biennium and beyond are implementation of new federal accounting protocols (20 CFR 200). The new accounting protocols, which were put in place during the current biennium, effectively reduce the amount of time by which funds must be spent by tying expenditures to specific appropriation year. This will increase the likelihood that small amounts of funds may not be timely used and may be subject to federal recapture. This is especially true for housing activities given the difficulty of precisely estimating costs and construction timelines, especially HOME funds reserved by federal law for Community Housing Development Organizations ("CHDOs"), as TDHCA HOME funds by statute serve primarily rural communities and there are limited CHDOs with capacity to administer these funds. TDHCA has made adjustments to its programs to minimize potential such losses, including performance benchmarks that will allow for rapid recommitment and expenditure of unutilized funds.

Fair Housing, Inclusive Communities Project Lawsuit, Affirmatively Furthering Fair Housing Rule

Fair Housing adds complexity to the Department's execution of its responsibilities in the administration of its programs. The Department's low income housing tax credit program is the subject of ongoing litigation in federal court in Dallas, the *Inclusive Communities Project ("ICP")* case. In ICP the United States Supreme Court has ruled that a cause of action may be established under a theory of disparate impact. The ruling was made June 25, 2015, after the close of the 84th Legislative Session. The case is currently on remand to the federal court in Dallas where the issue being considered at present is whether the plaintiff has established a *prima facie* disparate impact case against the Department. In addition the U. S. Department of Housing and Urban Development ("HUD") has promulgated a new rule regarding the affirmative furthering of fair housing ("AFFH"). Because HUD looks to the state as a whole to address AFFH, the Department has taken on a role of coordinating AFFH with other agencies that are impacted because they administer HUD funds (the Texas Department of Agriculture , which is the principal administrator of the state's award of the Community Development Block Grant ("CDBG")funds; the Texas Department of State Health Services, which administers

Housing Opportunities for Persons with AIDS; and the Texas General Land Office, which administers special federal CDBG appropriations for disaster recovery). Coordination meetings include the Texas Workforce Commission's Civil Rights Division, which oversees certain Fair Housing Act matters in Texas. The Department also takes the lead role in coordinating planning efforts under HUD requirements, including the Consolidated Plan and the One Year Action Plan.

Efforts to Increase Efficiency, Transparency, and Accountability

TDHCA is continuously pursuing measures to enhance the effectiveness and efficiency of these activities. Recent examples include consolidation of single family lending support activities under a new Single Family Operations and Lending division. TDHCA continues to increase transparency through a new *Public Comment* website. TDHCA has also expanded already significant public engagement in its policy and rule development, including hosting a series of public roundtables since January 2016 on various topics related to the Housing Tax Credit Program to help develop the 2017 rules for this program. TDHCA also uses online discussion forums to obtain input from Texans

Capital Budget

An essential element in TDHCA's efforts to administer its resources efficiently is an effective and secure information systems infrastructure. TDHCA's Capital Budget Request will fund items critical to this. The PeopleSoft Financials Upgrade will allow the Department to convert to the Centralized Accounting and Payroll/Personnel System ("CAPPS") version of PeopleSoft Financials. The current PeopleSoft Financials version in use at THDCA is over ten years old and represents a significant risk due to technology changes in those years. TDHCA is coordinating with Comptroller of Public Accounts to determine how best to implement this upgrade consistent with Section 18.03(c), Article IX, General Appropriations Act, 84th Texas Legislature. The Community Affairs ("CA") System project will result in a new system used by TDHCA to collect household level information on beneficiaries who receive funding from the Low Income Home Energy Assistance Program ("LIHEAP"), Community Services Block Grant ("CSBG"), and other CA programs. CA subrecipients across the state currently report aggregate level data to TDHCA through the CA Contract System, which was deployed in SFY 2007, but due to expanded, federally mandated reporting requirements concerning the Results Oriented Management and Accountability ("ROMA") framework, the Automated Status Verification System ("SAVE"), and LIHEAP performance measures, the Department has a need for a central system that Texas subrecipients will use for managing beneficiary data. The Legacy Systems Modernization Project will allow TDHCA to upgrade server hardware and software and network hardware that will be at end-of-life in the coming biennium as well as replace laptops that are six years or older. These upgrades will support the continued use of web-based system accessed by thousands of Texans, including nonprofit and local governing subrecipients, property managers, and people seeking assistance through TDHCA's website. Through the Cybersecurity Initiatives project, TDHCA will implement recommendations that resulted from an Information Security Assessment offered by the Department of Information Resources and conducted by the private consulting firm Gartner, Inc. The Cybersecurity Initiatives project addresses those recommendations that will have the greatest impact on lowering security risk, including implementing new controls and strengthening existing controls. As required in the LAR instructions, the Capital Budget Rider also includes PeopleSoft Financials Maintenance. Rather than seek General Revenue, TDHCA will utilize Appropriated Receipts and Federal Funds to defray associated costs.

General Revenue

A number of external parties have urged TDHCA to request additional state General Revenue for the housing trust fund it administers, chiefly to create an additional source for rental assistance targeting persons with disabilities and the elderly. At present the chief sources of such assistance are housing choice vouchers, the Section 811 project rental assistance, and tenant based rental assistance under the HOME Investments Partnerships ("HOME"), all funded by the U.S. Department of Housing and Urban Development ("HUD"). TDHCA is not making this request for the housing trust fund at his time for several reasons. First, and foremost, as TDHCA has previously shared with the legislature and its oversight offices, the need of low income Texans is significantly greater than existing resources and it seems inappropriate either to make a request that does not fully address the need or to make a request of the magnitude that would fully address the need. Second, rental assistance, although immediately impactful, is generally a resource that it used and not replaced, unlike financing the development of affordable housing which often involves a return of principal, usually with interest, and leaves a long term asset in the area served. Finally, the creation of a large scale state-funded rental assistance program would require a substantial expansion of state government. Additional staff would be needed to administer the program and provide appropriate monitoring to ensure that the quality of the housing secured.

Proposed 2018-19 Capital Rider
Capital Budget Projects: Estimated $1,945,000 over 2018-19 Biennium
Method of Finance: Appropriated Receipts, Federal Funds

PeopleSoft Financials Upgrade, SFY 18 - $500,000 SFY 19 - $200,000
The PeopleSoft Financials Upgrade will allow the Department to convert to the Centralized Accounting and Payroll/Personnel System ("CAPPS") version of PeopleSoft Financials. The current PeopleSoft Financials version in use at THDCA is over ten years old and represents a significant risk due to technology changes in those years. TDHCA is coordinating with Comptroller of Public Accounts to determine how best to implement this upgrade consistent with Section 18.03(c), Article IX, General Appropriations Act, 84th Texas Legislature.

PeopleSoft Financials Maintenance, Estimated SFY 18 - $55,000 SFY 19 - $55,000
In summer 2014, the Legislative Budget Board ("LBB") instructed agencies that make payments to the Comptroller's Office for PeopleSoft maintenance costs associated with internal accounting systems to identify these costs in their SFY 2016-2017 capital budget submissions. The Comptroller's Office centrally administers Texas' PeopleSoft maintenance contract with Oracle on behalf of these agencies. Prior to SFY 2016-2017, agencies included these costs in the Daily Operations (noncapital) budget instead. For SFY 2018-2019, LBB has instructed agencies to identify these costs in capital budget submissions again. *The Comptroller's Office has not yet provided cost estimates for SFY 2018-2019. $110,000 is a TDHCA estimate based on SFY 2016-2017 costs.*

Legacy Systems Modernization, SFY 18 - $100,000 SFY 19 - $100,000
The Legacy Systems Modernization Project will allow TDHCA to upgrade server hardware and software and network hardware that will be at end-of-life in the coming biennium as well as replace laptops that are six years or older. These upgrades will support the continued use of web-based systems accessed by thousands of Texans, including nonprofit and local governing subrecipients, property managers, and people seeking assistance through TDHCA's website.

Cybersecurity Initiatives, SFY 18 - $200,000 SFY 19 - $135,000
Through the Cybersecurity Initiatives project, TDHCA will implement recommendations that resulted from an Information Security Assessment offered by the Department of Information Resources and conducted by the private consulting firm Gartner, Inc. The Cybersecurity Initiatives project addresses those recommendations that will have the greatest impact on lowering security risk, including implementing new controls and strengthening existing controls.

Community Affairs System, SFY 18 - $600,000 SFY 19 - $0
The Community Affairs ("CA") System project will result in a new system used by TDHCA to collect household level information on beneficiaries who receive funding from the Low Income Home Energy Assistance Program ("LIHEAP"), Community Services Block Grant ("CSBG"), and other CA programs. CA subrecipients across the state currently report aggregate level data to TDHCA through the CA Contract System, which was deployed in SFY 2007, but due to expanded, federally mandated reporting requirements concerning the Results Oriented Management and Accountability ("ROMA") framework, the Automated Status Verification System ("SAVE"), and LIHEAP performance measures, the Department has a need for a central system that Texas subrecipients will use for managing beneficiary data.

Recommended Rider Change Requests for SFY 2018-19 LAR Exclusive of Rider 1 (Performance Measures) and Rider 2 (Capital Budget)

	Rider	Recommendation
3	**Low/Moderate Income Housing Construction.** Out of the funds appropriated above, no less than $500,000 each year of the biennium shall be expended on low/moderate income housing construction in enterprise zone areas.	**No change.**
4	**Appropriations Limited to Revenue Collections**. Fees, fines, and other miscellaneous revenues as authorized and generated by the agency shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal E, Manufactured Housing, the cost of the appropriations required for manufactured housing consumer claims payments according to the Occupations Code §1201, Manufactured Housing Standards Act, as well as the "other direct and indirect costs" associated with this goal, appropriated elsewhere in this Act. "Other direct and indirect costs" for Goal E, Manufactured Housing, are estimated to be $1,573,521 for fiscal year 20~~16~~18 and $1,679,040 for fiscal year 20~~17~~19. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.	Update years
5	**Housing Assistance.** To the extent allowed by state and federal program guidelines the department shall adopt an annual goal to apply no less than $30,000,000 of the funds available from the Housing Trust Fund, HOME Program, Section 8 Program, ~~and~~ Housing Tax-Credit Program and other state and federal housing programs total housing funds toward housing assistance for individuals and families earning less than 30 percent of the Area Median Family Income (AMFI). No less than 20 percent of the funds available from the Housing Trust Fund, HOME Program, Section 8 Program, ~~and~~ Housing Tax- Credit Program and other state and federal housing programs shall be spent for individuals and families earning between 31 percent and 60 percent of the area median family income. To the extent allowed by state and federal program guidelines in those counties where the area median family income is lower than the state average median family income, the department shall use the average state median income in interpreting this rider. The department shall provide an annual report to the Legislative Budget Board documenting its expenditures in each income category.	The rider refers to program in place at time it was originally written and does not capture many current TDHCA programs, such as Section 811 and the Tax Credit Assistance Program Repayment Fund. Rather than add existing program, staff recommends broad language encompassing all existing and future state and federal programs.
6	**Conversions of Executory Contracts.** a. Out of the funds appropriated above, the department shall spend not less than $4,000,000 for the biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income. It is the intent of the Legislature that the department shall make a good-faith effort to complete at least 200 contract for deed conversions by August 31, 2015. b. The Department of Housing and Community Affairs shall provide a quarterly report to the Legislative Budget Board detailing the number of, and cost for each, contract for deed conversions completed	**No change.**

7	**Colonia Set-Aside Program Allocation.** The Texas Department of Agriculture (TDA) shall allocate 2.5 percent of the yearly allocation of Community Development Block Grant (CDBG) monies to support the operation of the Colonia Self-Help Centers and shall transfer such funds to the Department of Housing and Community Affairs on September 1 each year of the biennium. Consistent with federal rules and regulations, the funds provided from TDA to the Colonia Self- Help Center in El Paso county shall be used to provide ~~internet~~ technology access, to include access to computers, to residents of targeted colonias ~~and training for parents and their children attending elementary schools in colonias, to establish technology centers within those elementary school libraries, to purchase wireless devices and laptop computers to loan out from the technology centers, and improve internet access for students and parents~~.	Staff recommends language change to make rider language consistent with requirements of Chapter 2306, Subchapter Z Texas Government Code, relating to the establishment of Colonia Self-Help Centers, which requires targeted assistance to residents of specific colonias. The change will not affect services provided.
8	**Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments.** Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund are included above in Strategy A.1.3, Housing Trust Fund, estimated to be $2,200,000 each year.	***As needed, TDHCA will update estimated interest earnings and loan repayments, using the most recent data available prior to submission of LAR.***
9	**Housing Trust Fund Deposits to the Texas Treasury Safekeeping Trust Company.** a. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund, all funds above those retained for administrative purposes in fiscal year 20~~16~~18 and fiscal year 201~~7~~19 shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year. The amounts to be transferred in fiscal years 20~~16~~18 and 201~~7~~19 include an estimated $2,200,000 in each fiscal year from interest earnings and loan repayments received, identified above in Rider 8, Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments. b. Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, for the same purpose. c. The Department of Housing and Community Affairs shall provide an annual report to the Legislative Budget Board, the House Appropriations Committee, and the Senate Finance Committee no later than October 1 detailing the agency's plan to expend funds from the Housing Trust Fund during the current fiscal year. d. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund, all funds above those retained for administrative purposes in fiscal year fiscal years 20~~16~~18 and 201~~7~~19 and above amounts required in § (a) of this rider, shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, no later than October 1 of each fiscal year. e. At the end of each fiscal year, any unexpended administrative balances appropriated under Strategy A.1.3, Housing Trust Fund, shall	**Updated years and, as needed, estimated interest earnings and loan repayments.**

	be transferred to the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306.	
10	**Mortgage Revenue Bond Program.** The Department of Housing and Community Affairs shall operate the First-Time Homebuyer Mortgage Revenue Bond Program in a manner that maximizes the creation of very low-income single family housing by ensuring that at least 30 percent of the lendable bond proceeds are set aside for a period of one year for individuals and families at 80 percent and below the area median family income (AMFT), while assuring the highest reasonable bond rating. In an effort to facilitate the origination of single family mortgage loans to individuals and families at 80 percent and below the AMFI, the department shall utilize down payment and closing cost assistance or other assistance methods.	**No changes.**
11	**Additional Appropriated Receipts.** a. Except during an emergency as defined by the Governor, no appropriation of appropriated receipts in addition to the estimated amounts above may be expended by the Department of Housing and Community Affairs unless: b. the department's governing board files a finding of fact along with a written plan outlining the source, use, and projected impact of the funds on performance measures with the Legislative Budget Board and the Governor and indicating that additional appropriations are required to maintain adequate levels of program performance; and, c. the Legislative Budget Board nor the Governor issues a written disapproval not later than: the 10th day after the date the staff of the Legislative Budget Board concludes its review of the findings of fact and forwards those findings of fact along with the conclusions or comments of the Legislative Budget Board staff to the Chair of the Housing Appropriations Committee, Chair of the Senate Finance Committee, Speaker of the House, and Lieutenant Governor; and within 10 business days of the receipt of the finding of fact by the Governor and the written plan, which would not prohibit the agency from responding in an emergency. d. This provision does not apply to appropriated receipts included in the amounts appropriated above that are collected under Object Codes 3719 and 3802. Appropriated receipts collected under these revenue object codes are governed under provisions found in Article TX, §8.03 and Article TX, §12.02.	**No changes.**
12	**Manufactured Homeowner Consumer Claims.** Included above in Goal E, Manufactured Housing, the Manufactured Housing Division of the Department of Housing and Community Affairs is appropriated an amount required for the purpose of paying manufactured housing consumer claims from Appropriated Receipts according to the Occupations Code Chapter 1201, Manufactured Housing Standards Act, from Statement of Ownership and Location (SOL) issuance fees involving manufactured housing that are collected during the ~~2016-17~~ 2018-19 biennium. No General Revenue is appropriated for the payment of these claims.	**Updated years.**

13	**Affordable Housing Research and Information Program.** Out of funds appropriated above in Strategy B.1.1, Housing Resource Center, the Department of Housing and Community Affairs shall conduct the Affordable Housing Research and Information Program with the assistance of the Texas Department Agriculture, to the extent allowed by state law, in order to avoid a duplication of effort. It is the intent of the Legislature that no funds shall be transferred between the Department of Housing and Community Affairs and the Texas Department of Agriculture for this purpose.	**No changes.**
14	**Reporting on Weatherization Efforts.** As part of its efforts to help low-income Texans eligible for weatherization to conserve energy and lower bills, Texas Department of Housing and Community Affairs (TDHCA) shall use funds appropriated above to coordinate with investor- owned utilities, from which TDHCA receives funds, and that offer energy efficiency programs for Texans meeting low-income eligibility criteria to make sure the monies available for low-income energy efficiency programs spent both through the agency and through utility programs are effectively and adequately spent. The TDHCA shall use funds appropriated above to produce an annual report with information about the number of low-income household benefiting from energy efficiency monies through state, federal and utility-funded programs, the total amount of federal, utility and state funds expended on the programs, the average amount spent per unit weatherized in each program, as well as the peak electricity demand reduction, the amount overall electric energy saved, the amount of money saved and the number of job and job years created. A copy of the annual report shall be delivered to the Lieutenant Governor, Speaker and Governor, as well as made available on TDHCA's website by March 15th of 20~~16~~18 and March 15th of 201~~7~~19.	**Update years.**
15	**Transfer of the Veterans Housing Assistance Program**. Out of funds appropriated above, in Strategy A.1.3, Housing Trust Fund, the Texas Department of Housing and Community Affairs shall establish an Interagency Contract to provide 10 percent, not to exceed $4,300,110 for the 20~~16-17~~18-19 biennium ($4,200,110 for grants and $100,000 for administration), to the appropriate fund or account with the Texas Veterans' Commission for the purpose of administering a Veterans Housing Assistance Program that will assist Texas veterans and their families in obtaining, maintaining or improving housing.	**Update years**

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BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
JULY 14, 2016

Presentation, Discussion, and Possible Action regarding a waiver of 10 TAC §10.3(a)(139) and a material amendment to the Housing Tax Credit ("HTC") Application for Altura Heights (#15306)

RECOMMENDED ACTION

WHEREAS, Altura Heights (the "Development") received a 9% Housing Tax Credit award in 2015 for the construction of 124 new multifamily units in the City of Houston;

WHEREAS, Houston DMA Housing, LLC ("Applicant") is now requesting approval of changes that trigger a material alteration to the Application under Texas Gov't Code §2306.6712(d)(1) and (5) and 10 TAC §10.405(a)(3)(A)(concerning significant modification to site plan) and (H) (concerning significant increase in development cost), requiring Board approval, and the Development Owner has complied with the amendment requirements therein;

WHEREAS, in order to achieve the required distribution of accessible units it must treat two bedroom two bath units and two bedroom two and a half bath units as a single grouping, which necessitates a waiver of the definition of Unit Type;

WHEREAS, the Applicant is seeking a waiver of the definition of Unit Type as defined in 10 TAC §10.3(a)(139) of the 2015 Uniform Multifamily Rules in conjunction with their material amendment request;

WHEREAS, alternative design modifications that would comply with the distribution of Unit Types have been presented to the Applicant, and have been rejected;

WHEREAS, the Applicant also identified the elimination of Local Political Subdivision ("LPS") funding under 10 TAC §11.9(d)(2) but such elimination occurred after the funding was secured via a firm commitment from the lender;

WHEREAS, but for the change in LPS funding the proposed changes would not have a negative impact on scoring and a re-evaluation of feasibility has been conducted by staff with the conclusion that the new cost and financing structure meets the Department's feasibility requirements;

WHEREAS, the Applicant indicates that the requested changes are a result of a change in architect due to specific design requirements from the local neighborhood groups and lower financing costs than would have been achieved utilizing the LPS funding; and

WHEREAS, the Applicant maintains that the Development will still meet the distribution and construction requirements in 10 TAC Chapter 1, Subchapter B but staff has been unable to identify how the Applicant has established that the waiver meets the requirements of the rule, being unforeseeable and being necessary to effectuate a purpose or policy of Tex Gov't. Code Chapter 2306;

NOW, therefore, it is hereby

RESOLVED, that the requested waiver is denied and the material amendment of the HTC Application for Altura Heights is approved as presented at this meeting, and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

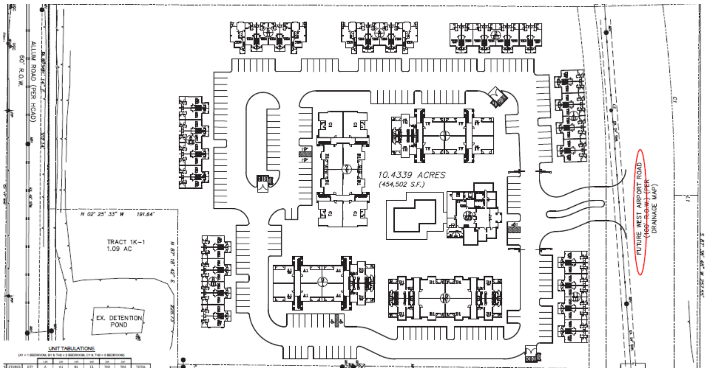
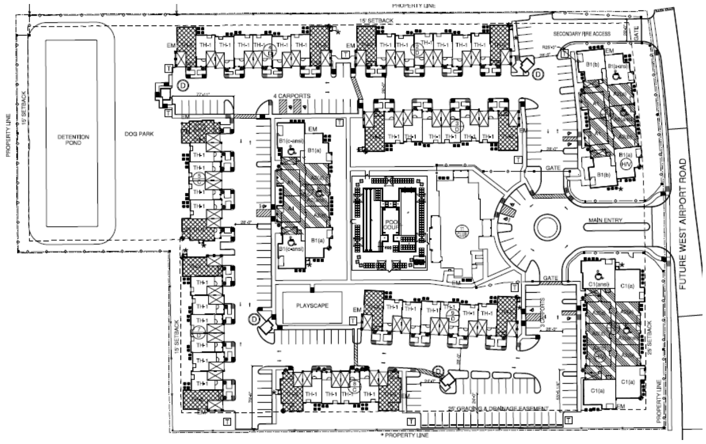
Altura Heights was approved for a 9% HTC allocation during the 2015 competitive cycle. The Applicant proposed the new construction of 124 multifamily units in the City of Houston, Harris County. The Applicant now requests approval for changes to the site plan, unit and building plans, development costs and financing structure that have occurred since Application.

Specifically, the amendment request is to reduce the number of residential buildings from 11 to 10, to increase the net rentable area from 115,904 to 130,252 square feet, and to increase the common area from 4,842 to 7,365. While the site plan and unit design has also changed, the number of units, unit mix and site amenities did not change. The site plan was slightly modified to accommodate the final design requirements of the City of Houston. Additionally, there was a small change to the site acreage from 10.4339 to 10.2377 acres. According to the Applicant, these changes have resulted in a significantly improved overall design and functionality of the Development to better serve the residents.

The changes to the Application are due to design changes required by the local neighborhood groups. During the application process, DMA Development Company and Houston Area Community Development Corporation worked closely with the local neighborhood groups to find a design that would fit into the established neighborhood and meet their standards. During the ongoing discussions, it was decided to utilize the services of a different architect than used at Application. It was determined that the new architect could better articulate the revised design plan.

A summary of the amendments is reflected in the table below.

Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(3)

Application	Amendment
Significant modification to the site plan 11 Residential Buildings 124 Units 115,904 Net Rentable SF 	10 Residential Buildings 124 Units 130,252 Net Rentable SF 

Significant increases in development costs or changes in financing that affect the Department's direct loan financing structure or result in reductions of credit

Sources and Uses of Funds					
Description	Loan/Equity Amount	Interest Rate	Amort	Term	Syndication Rate
JP Morgan Chase	$4,225,000	5.75%	30	18	
TDHCA TCAP	$1,000,000	0%	30	18	
Matching Funds-Architect	$50,000				
RBC – Equity	$14,548,545				$0.97
Deferred Developer Fee	$539,233				
TDC	**$20,362,778**				

Sources and Uses of Funds					
Description	Loan/Equity Amount	Interest Rate	Amort	Term	Syndication Rate
Capital One	$5,000,000	4.60%	30	15	
TDHCA TCAP	$800,000	3.00%	30	18	
Matching Funds-BGO	$50,000				
Redstone – Equity	$16,471,353				$1.10
Deferred Developer Fee	$295,061				
TDC	**$22,616,414**				

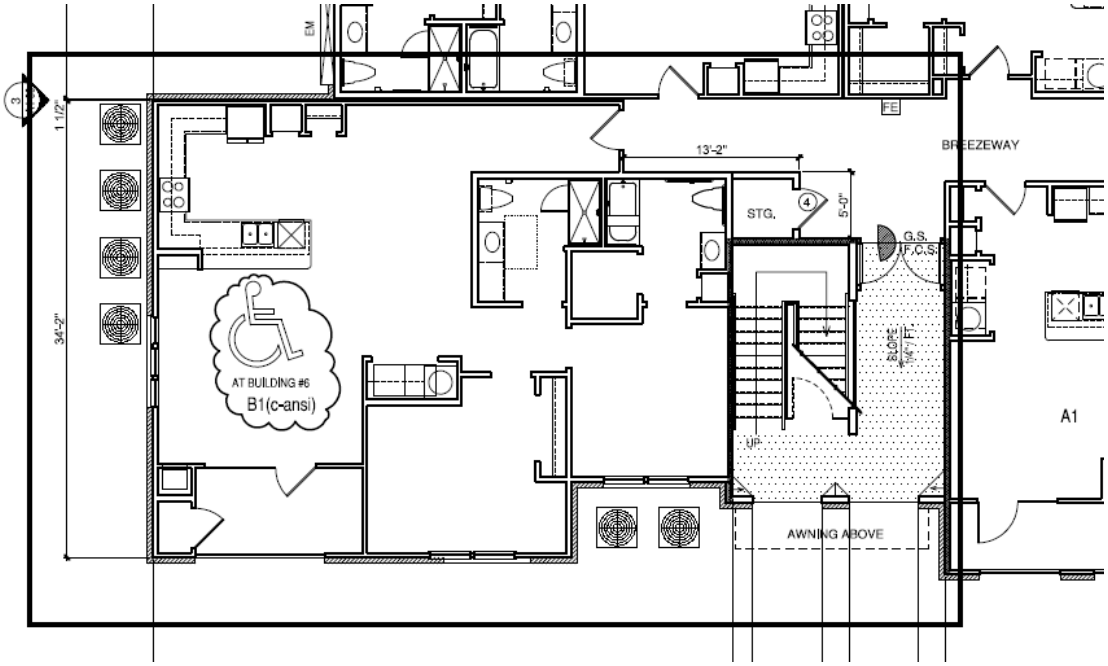
In addition the Applicant has eliminated $1.5M in interim LPS financing from the Harris County Housing Finance Corporation and replaced it with additional equity from their lender. The LPS funding was originally going to be used to temporarily fund the site acquisition and pre-development pursuit costs until the interim construction loan closed. At the time the Applicant anticipated closing the LPS funding, the equity pricing and terms were improved such that they were available to cover what would have been received in LPS funding. In addition the cost increases were not identified at that time such that the need for additional interim financing from their construction lender was not yet anticipated. The Applicant chose not to close on the LPS funding which at the time would have been higher cost financing than the additional equity funding. The Applicant met the requirement of providing a firm commitment for the LPS funding by the tax credit commitment deadline and intended to close on this financing until the Applicant recognized the cost differential.

During staff's review of the revised site plan and architectural drawings that were provided with the amendment request, it was revealed that the proposed plan did not include accessible units that were equal in size and amenities to the largest same unit type. A breakdown of the unit types proposed is provided below:

Unit Label	Bedrooms	Baths	Size	# Units
A1	1	1	731	12
A2 (a,b)	1	1	764	27
A2 - ADA	1	1	764	3
A2 (c)	1	1	764	6
B1(a)	2	2	1,026	7
B1(b)	2	2	1,055	4
B1- ADA	2	2	1,026	1
B1(c)	2	2	1,264	2
B1- ADA	2	2	1,264	2
C1(a.b)	3	2	1,307	6
C1- ADA	3	2	1,413	1
C1(c)	3	2	1,413	1
TH1	2	2.5	1,225	38
TH2	2	2	1,264	10
TH3	3	2	1,413	4

According to the Applicant's waiver request, the half bath was provided as a convenience so that residents and guests do not need to go upstairs to use the bathroom. Staff has proposed to the Applicant, among others, an alternative to resolving the conflict with accessibility and distribution requirements would be to provide one additional accessible two bedroom two bath unit and add a half bathroom to that unit.

The Applicant contends that the two accessible two-bedroom flat units do not have a half bathroom but are 39 square feet larger than the townhome units with the additional half bath. The Applicant states that the current unit mix as proposed furthers fair housing by providing an equally sized accessible unit, with a dedicated covered carport, and the same amenities as the larger townhome units, and contends that adding a fully accessible half bath to the two-bedroom, two-bath flat accessible units does not benefit the resident, but instead diminishes their livable space by 48 square feet. A snapshot of the two-bedroom, two-bath flat accessible unit floor plan is provided below:



Staff has discussed with the Applicant alternative design modifications that would address the Department's requirement related to accessibility and distribution requirements. Multiple alternatives that could resolve this issue include:

(1) Remove the half bath from the TH1 units and convert them into two bedroom two bath units similar to TH2 units;
(2) Include a lift in one of the TH1 units (two bedroom two and a half bath) to make all parts of that Unit Type accessible; or
(3) Add a half bath to one of the two bedroom two bath flat units (B1)

The Applicant further did not provide sufficient justification under the waiver provision described at 10 TAC §10.207 of the Multifamily Rules.

Staff has reviewed the original application and scored against the changes for which approval are requested in this amendment and has determined that but for the change in LPS funding, there would be no change to the Application's score. Staff believes that the higher cost of the LPS funding at the time it was eliminated provides sufficient justification to allow for the exclusion of such financing without affecting the Applicant's score.

The changes in development costs and financing as a result of this amendment have been re-evaluated by the Department's Real Estate Analysis Division, which concludes that the changes do not negatively impact the tax credit recommendation and that development remains financially feasible. The REA Addendum for this amendment is attached.

Given the alternatives to a waiver that have been proposed to the Applicant staff recommends denial of the Applicant's request for a waiver of 10 TAC §10.3(a)(139) of the 2015 Uniform Multifamily Rules and approval of the other amendments proposed.

Real Estate Analysis Division
June 28, 2016

Addendum to Underwriting Report

TDHCA Application #: **15306** Program(s): **9% HTC/TCAP**

Altura Heights

Address/Location: Approximately 12912 S. Post Oak Road

City: Houston County: Harris Zip: 77085

	APPLICATION HISTORY
Report Date	**PURPOSE**
Draft	**Amendment and TCAP Closing**
07/31/15	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
TCAP	$800,000	3.00%	30	15	**$800,000**	**3.00%**	**30**	**15**	**2**
LIHTC (Annual)	$1,500,000				**$1,500,000**				

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 Receipt and acceptance prior to TCAP loan closing or commitment of TCAP funds, whichever occurs first:

a: Documentation confirming the source of the TCAP match is eligible and conforms to all HUD and TDHCA rules and regulations.

Status: Cleared. TCAP match has been confirmed.

New Condition to be Verified at TCAP Loan Closing:

b: Permanent debt service that is senior to the TDHCA TCAP Loan is limited to $295,871. Any increase to any senior principal amount or any new debt that is senior to the TCAP loan must be re-evaluated.

2 Receipt and acceptance by Cost Certification:

- Confirmation a noise assessment was completed and, if necessary, an Architect certification that an abatement program was implemented and post construction noise levels do not exceed HUD acceptable levels.

3 Should any terms of the proposed capital structure change, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

ANALYSIS

Site Plan Changes

Prior to closing on the land, the seller asked to retain approximately 0.23 acres on the northeastern corner of the site in order to have access to property he owns adjacent to the site. This piece of land is not being used for the site, so Applicant agreed without a change to contract price since the portion of land was insignificant in size. The new property survey excludes that portion of land and the new acreage amount is now 10.203 acres. Density has increased from 11.8 units/acre to 12.15 units/acre (less than a 5% change).

Applicant had been working with several neighborhood groups in the area regarding the design of the project; they went through several iterations of designs, but ultimately they felt that the architect they were working with at application could not meet the expectations of the neighborhood group and it was decided that a change in architect was necessary.

When BGO (new architect) reviewed the previous architect's work, they noticed that some of the buildings were not drawn to scale on the original site plan. Once the buildings were sized correctly and City of Houston setbacks were factored in, it became impossible to fit 11 residential buildings on the site and they would have to redesign the buildings/units to fit 10 buildings.

Also affecting site changes is the detention. It was initially thought that they would be able to use a detention system that included parking lot and pipe storage along with a small detention pond. Once the civil engineer was fully engaged, it was determined a larger detention pond was needed for the site as the parking lot and pipe storage would not be sufficient for the site. The increased detention pond contributed to the need to decrease the number of buildings.

Unit/Building Plan Changes

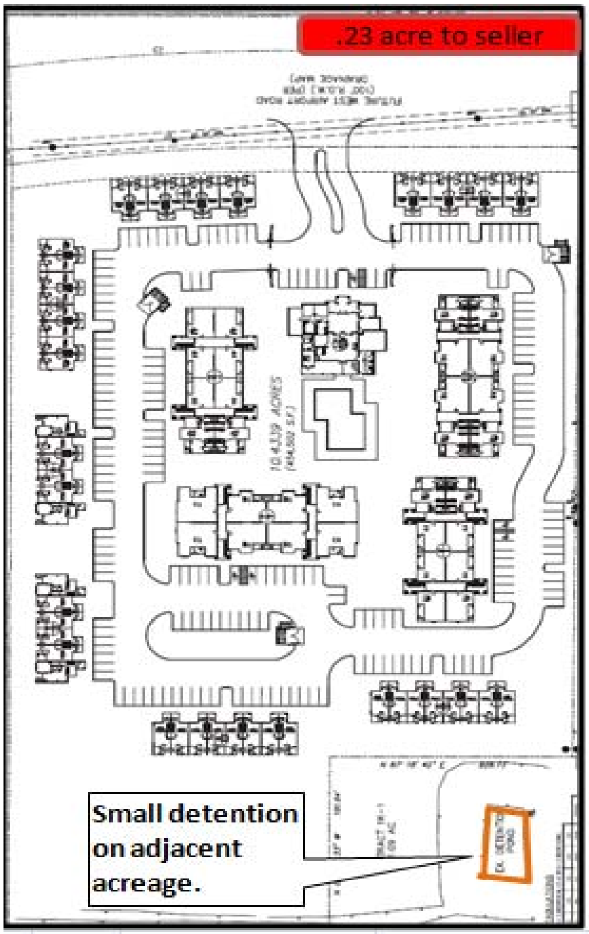
The number of units and unit mix did not change. NRA has increased from 115,904 sf to 129,270 sf while the number of residential buildings decreased from 11 to 10.

Due to input from the neighborhood associations, carports were added to the 52 townhome units, increased brick exteriors and more complicated roof lines were added to all buildings for visual appeal. Carports for comparable accessible units have also been added to the site plan.

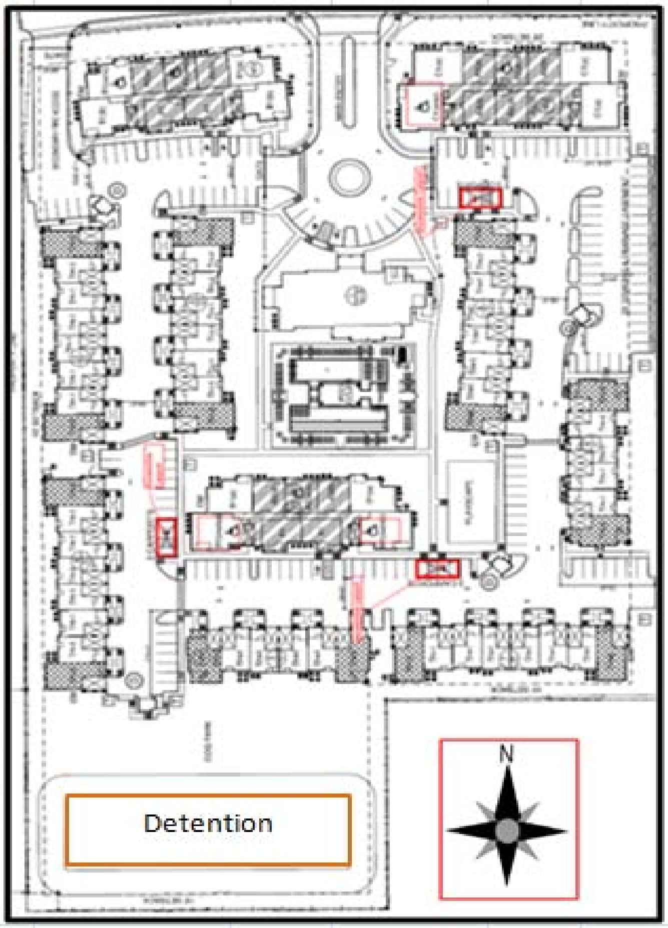
All building footprints and unit plans changed. Most units plans are slightly larger than at application and now include walk-in showers in masters. The new unit designs are more open and have more storage than the previous plans. A half bath was added to the townhome plan that previously had no restroom on the first floor. Also, the accessible units increased in size to be more comparable to the larger townhome units.

The club increased from 4,842 sf to 7,365 sf to include larger spaces and two offices for Houston Area Urban Community Development Corporation (HAUCDC), who is co-applicant and will provide supportive services to tenants. Parking increased from 194-207 spaces partially due to the attached carports for the townhomes.

Old Site Plan



New Site Plan



Operating Pro Forma

Applicant's pro forma and development costs are within 5% of Underwriter's; Applicant's numbers are used.

Applicant's annual income increased $83k by using the 2016 HTC rents, updating the utility allowance to the HUD Utility Model approved by TDHCA, and assuming a 3% increase to one and two bedroom market premiums, and a 5% decrease to three bedroom premiums. The average rent increased from $692 to $748.

Underwriter increased their assumed market rents to remain at the percentage premiums they assumed at application; these percentages take into account the increased 2016 HTC rents. Underwriter's average rent increased from $690 to $744. Applicant's income is $4k higher than Underwriter's.

Applicant's reported expenses increased 12% from application due to payroll, general & administrative, and repairs and maintenance expenses. These increases are based off lender/equity partner underwritten assumptions. Underwriter's expenses increased 8% due to payroll, R&M, and management fees and property taxes (which are driven by income).

Applicant's previous payroll was below the local comps and the amended payroll number is more in line with them; payroll increased $16k. Applicant's R&M expense increased $25k to $625/unit; Underwriter's estimate increased to $600/unit.

The expense ratio is stil low at 61.34%, but Applicant's controllable expense increased from $2,611/unit to $3,124/unit, which is above average.

Underwritten NOI increases from $387K to $403K.

Development Cost

Applicant's total development cost increased $2.25M, or 11% from application. Applicant's total development costs are within 5% of Underwriter's; Applicant's development budget is used for analysis. Amended budget is based on an unexecuted construction contract of $14,156,345.

$1.3M of increase is due to increased building cost caused by the addition of the larger club, carports, larger unit sizes, increased masonry and more complicated roof lines. Given the updated plans, Underwriter's building cost estimate increased $488k.

At application, Applicant's building cost were $74.12/sf, just below $75/sf for maximum scoring purposes. The amended building costs is $76.11/sf; at this higher cost the application would have lost one point, but would have remained competitive in the 2015 9% HTC cycle.

Even with detention changes, site work only increased $82k. Per Applicant, the current contract is based off full civil plans, whereas the application budget was not. The extension of West Airport Boulevard was less expensive than budgeted, but earthwork was more expensive.

Soft costs increased $300k due to new plans with the new architect.

Sources of Funds

Construction Financing: The Applicant replaced the $1.575M Harris County Housing Finance Corporation (HCHFC) loan and $9.94M Chase conventional loan with a $12.2M conventional loan from Capital One. As discussed below, Applicant was able to use the early released equity in pre-construction instead of closing on the HCHFC loan, which would have been more expensive overall. $50k is still being donated by the Architect.

At application, without the local political support funding from Harris County, the application would lose 11 points and not score high enough to win the tax credit award.

Permanent Financing: Applicant proposes increasing the senior debt from $4.225M (at 6.0)% with Chase to $5.0M (at 4.6%) with Capital One. This would increase the permanent debt service on the senior debt to $307,587 (from $295,871 at application).

Underwriter recommends the permanent debt service that is senior to the TDHCA TCAP Loan be limited to $295,871 (the amount previously approved). At the stated 4.60% interest rate this limits the principal amount of senior debt to $4,809,556.

With debt service held constant and increased NOI, the first year debt coverage ratio improves to 1.20 times (from 1.15 times at application).

Equity: At application, RBC Captial Markets proposed a $0.97 credit price for total equity contribution of $20.367M. The amended application has a signed LOI with Redstone for a credit price of $1.10 for a total equity contribution of $23.06M; the Applicant also selected Redstone because they provided an early release of equity to assist with the purchase of the land.

As amended, the analysis continues to support the recommended tax credit award ($1,500,000) and Multifamily Direct Loan ($800,000 at 3% interest amortized for 30 years). Maturity of the TCAP Loan is changed from 18 years to 15 years to match the senior debt.

Underwriter:	*Jeanna Rolsing*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Altura Heights, Houston, 9% HTC/TCAP #15306

LOCATION DATA

CITY:	Houston
COUNTY:	Harris
PROGRAM REGION:	6
PIS Date:	On or After 2/1/2016
IREM REGION:	Houston

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0.0%
1	48	38.7%
2	64	51.6%
3	12	9.7%
4	-	0.0%
TOTAL	**124**	**100.0%**

Income	# Units	% Total
30%	11	8.9%
40%	-	0.0%
50%	42	33.9%
60%	52	41.9%
MR	19	15.3%
TOTAL	**124**	**100.0%**
TCAP	22	17.7%

Applicable Programs

Applicable Programs
9% Housing Tax Credits
TCAP

Pro Forma ASSUMPTIONS

Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	84.29%
APP % Acquisition	3.35%
APP % Construction	7.87%
Average Unit Size	1,043 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TCAP (Rent / Income)		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	**Gross Rent**	**Type**	**Gross Rent**	**# Units**	**# Beds**	**# Baths**	**NRA**	**Gross Rent**	**Utility Allow**	**Max Net Program Rent**	**Delta to Max**	**Rent psf**	**Net Rent per Unit**	**Total Monthly Rent**	**Total Monthly Rent**	**Rent per Unit**	**Rent psf**	**Delta to Max**	**Underwritten**		**Mrkt Analyst**
TC 30%	$389	LH/50%	$650	5	1	1	731	$389	$73	$316	$0	$0.43	$316	**$1,580**	**$1,580**	$316	$0.43	$0	$833	$1.14	$900
TC 30%	$389			3	1	1	731	$389	$73	$316	$0	$0.43	$316	**$948**	**$948**	$316	$0.43	$0	$833	$1.14	$900
TC 50%	$649			4	1	1	731	$649	$73	$576	$0	$0.79	$576	**$2,304**	**$2,304**	$576	$0.79	$0	$833	$1.14	$900
TC 50%	$649			16	1	1	764	$649	$73	$576	$0	$0.75	$576	**$9,216**	**$9,215**	$576	$0.75	$0	$833	$1.09	$940
TC 60%	$779			12	1	1	764	$779	$73	$706	$0	$0.92	$706	**$8,472**	**$8,471**	$706	$0.92	$0	$833	$1.09	$940
MR				8	1	1	764	$0	$73		NA	$1.12	$855	**$6,840**	**$6,664**	$833	$1.09	NA	$833	$1.09	$940
TC 30%	$467	LH/50%	$780	3	2	2	1,026	$467	$97	$370	$1	$0.36	$371	**$1,113**	**$1,110**	$370	$0.36	$0	$1,113	$1.08	$1,100
TC 50%	$778	LH/50%	$780	3	2	2	1,026	$778	$97	$681	$2	$0.67	$683	**$2,049**	**$2,043**	$681	$0.66	$0	$1,113	$1.08	$1,100
TC 50%	$778	LH/50%	$780	2	2	2	1,026	$778	$97	$681	$2	$0.67	$683	**$1,366**	**$1,362**	$681	$0.66	$0	$1,113	$1.08	$1,100
TC 50%	$778			4	2	2	1,055	$778	$97	$681	$2	$0.65	$683	**$2,732**	**$2,724**	$681	$0.65	$0	$1,113	$1.05	$1,120
TC 50%	$778			8	2	2.5	1,225	$778	$97	$681	$2	$0.56	$683	**$5,464**	**$5,448**	$681	$0.56	$0	$1,113	$0.91	$1,120
TC 60%	$934			30	2	2.5	1,225	$934	$97	$837	$2	$0.68	$839	**$25,170**	**$25,110**	$837	$0.68	$0	$1,113	$0.91	$1,120
TC 50%	$778			4	2	2	1,264	$778	$97	$681	$2	$0.54	$683	**$2,732**	**$2,724**	$681	$0.54	$0	$1,113	$0.88	$1,120
TC 60%	$934			1	2	2	1,264	$934	$97	$837	$2	$0.66	$839	**$839**	**$837**	$837	$0.66	$0	$906	$0.72	$1,120
MR				9	2	2	1,264	$0	$97		NA	$0.88	$1,112	**$10,008**	**$10,368**	$1,152	$0.91	NA	$1,152	$0.91	$1,300
TC 50%	$900	LH/50%	$901	1	3	2	1,307	$900	$120	$780	$1	$0.60	$781	**$781**	**$780**	$780	$0.60	$0	$1,152	$0.88	$1,300
TC 60%	$1,080			5	3	2	1,307	$1,080	$120	$960	$1	$0.74	$961	**$4,805**	**$4,800**	$960	$0.73	$0	$1,152	$0.88	$1,340
TC 60%	$1,080			4	3	2	1,413	$1,080	$120	$960	$1	$0.68	$961	**$3,844**	**$3,840**	$960	$0.68	$0	$1,152	$0.82	$1,340
TOTALS/AVERAGES:				**124**			**129,270**				**$1**	**$0.72**	**$748**	**$92,787**	**$93,092**	**$751**	**$0.72**	**$0**	**$1,013**	**$0.97**	**$1,079**
ANNUAL POTENTIAL GROSS RENT:														**$1,113,444**	**$1,119,106**						

STABILIZED PRO FORMA

Altura Heights, Houston, 9% HTC/TCAP #15306

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Mgmt Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.72	$748	$1,113,444	**$1,029,288**	**$1,029,104**	$1,119,106	$752	$0.72		-0.5%	($5,662)
Application Fees, Laundry							$5.00	$7,440	7,440							
Total Secondary Income							$5.00			7,440	$7,440	$5.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,120,884	$1,036,728	$1,036,544	$1,126,546				-0.5%	($5,662)
Vacancy & Collection Loss							7.0% PGI	(78,462)	(77,755)	(77,741)	(84,491)	7.5% PGI			-7.1%	6,029
Rental Concessions								-	0						0.0%	-
EFFECTIVE GROSS INCOME								**$1,042,422**	$958,973	$958,803	**$1,042,055**				0.0%	$367
General & Administrative	$50,250	$405/Unit	53,597	$432	4.55%	$0.37	$382	$47,400	$28,000	$47,417	47,417	$382	$0.37	4.55%	0.0%	(17)
Management	$49,273	4.6% EGI	53,989	$435	4.97%	$0.40	$418	$51,850	$47,949	$47,940	$52,103	$420	$0.40	5.00%	-0.5%	(253)
Payroll & Payroll Tax	$145,537	$1,174/Unit	174,125	$1,404	16.86%	$1.36	$1,417	$175,714	$159,320	$159,320	$174,125	$1,404	$1.35	16.71%	0.9%	1,589
Repairs & Maintenance	$76,470	$617/Unit	98,888	$797	7.43%	$0.60	$625	$77,500	$51,000	$52,700	$74,400	$600	$0.58	7.14%	4.2%	3,100
Electric/Gas	$31,557	$254/Unit	24,697	$199	2.57%	$0.21	$216	$26,800	$27,510	$24,697	$24,697	$199	$0.19	2.37%	8.5%	2,103
Water, Sewer, & Trash	$74,236	$599/Unit	68,360	$551	5.76%	$0.46	$484	$60,000	$57,880	$57,880	$57,880	$467	$0.45	5.55%	3.7%	2,120
Property Insurance	$63,688	$0.49 /sf	72,325	$583	5.53%	$0.45	$465	$57,660	$57,660	$57,529	$57,529	$464	$0.45	5.52%	0.2%	131
Property Tax 2.6706	$91,473	$738/Unit	53,694	$433	9.88%	$0.80	$831	$103,000	$103,330	$99,368	$108,344	$874	$0.84	10.40%	-4.9%	(5,344)
Reserve for Replacements	$37,961	$306/Unit	-	$0	2.97%	$0.24	$250	$31,000	$31,000	$31,000	$31,000	$250	$0.24	2.97%	0.0%	-
Supportive Services			-	$0	0.40%	$0.03	$34	$4,200	$4,200	$4,200	$4,200	$34	$0.03	0.40%	0.0%	-
TDHCA Compliance fees			-	$0	0.40%	$0.03	$34	$4,200	$4,200	$4,676	$4,676	$38	$0.04	0.45%	-10.2%	(476)
TOTAL EXPENSES					**61.33%**	**$4.95**	**$5,156**	**$ 639,324**	**$572,049**	**$586,727**	**$ 636,370**	**$5,132**	**$4.92**	**61.07%**	**0.5%**	**$ 2,953**
NET OPERATING INCOME ("NOI")					**38.67%**	**$3.12**	**$3,251**	**$403,099**	**$386,925**	**$372,076**	**$405,685**	**$3,272**	**$3.14**	**38.93%**	**-0.6%**	**$ (2,586)**
CONTROLLABLE EXPENSES							$3,124/Unit					$3,053/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Altura Heights, Houston, 9% HTC/TCAP #15306

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	**MIP**	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Capital One		1.32	1.31	$307,584	4.60%	30	15	$5,000,000	$4,225,000	$4,225,000	$4,809,556	15	30	4.60%	$295,871	1.36	21.3%
TDHCA TCAP		1.17	1.16	$40,476	3.00%	30	18	$800,000	$1,000,000	$800,000	$800,000	15	30	3.00%	$40,474	1.20	3.5%
CASH FLOW DEBT / GRANTS																	
BGO		1.17	1.16		0.00%	0	0	$50,000	$50,000	$50,000	$50,000	0	0	0.00%		1.20	0.2%
				$348,060	**TOTAL DEBT / GRANT SOURCES**			**$5,850,000**	**$5,275,000**		**$5,659,556**	**TOTAL DEBT SERVICE**			**$336,345**	1.20	25.0%

NET CASH FLOW	$57,625	$55,039		**NET OPERATING INCOME**	**$403,099**	**$66,754**	**NET CASH FLOW**		

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE						
						Prior Underwriting								
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit		
Redstone	LIHTC Equity	72.8%	$1,500,000	1.10	$16,471,353	$14,548,545	$14,270,793	$16,471,353	$1.10	$1,500,000	72.8%	$12,097		
DMA Deferred Developer Fee	Deferred Developer Fees	1.3%	(11% Deferred)		$295,061	$539,233	$739,233	$485,505	(19% Deferred)		2.1%	**Total Developer Fee:**		**$2,573,604**
Additional (Excess) Funds Req'd		0.0%			$0	$0	$277,752	$0			0.0%			
TOTAL EQUITY SOURCES		74.1%			$16,766,414	$15,087,778	$15,287,778	$16,956,858			75.0%	**15-Year Cash Flow:**		**$1,158,832**
TOTAL CAPITALIZATION					**$22,616,414**	**$20,362,778**	**$20,362,778**	**$22,616,414**			**15-Yr Cash Flow after Deferred Fee:**			**$673,326**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis					Prior Underwriting					Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs			Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$13,710 / Unit	$1,700,000	$1,700,000	$1,700,000	$1,700,000	$13,710 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Closing costs & acq. legal fees					$10,000	$10,000	$10,000	$10,000						$0
Off-Sites				$ / Unit	$0	$0	$0	$0	$ / Unit				0.0%	$0
Site Work		$1,662,685		$18,928 / Unit	$2,347,053	$2,265,400	$2,265,400	$2,347,053	$18,928 / Unit		$1,662,685		0.0%	$0
Site Amenities		$333,900		$2,693 / Unit	$333,900	$374,400	$374,400	$333,900	$2,693 / Unit		$333,900		0.0%	$0
Building Cost		$9,913,127	$76.69 /sf	$79,945/Unit	$9,913,127	$8,590,855	$8,587,523	$9,069,761	$73,143/Unit	$70.16 /sf	$9,069,761		9.3%	$843,366
Contingency		$709,317	5.96%	5.63%	$709,317	$640,147	$640,147	$709,317	6.04%	6.41%	$709,317		0.0%	$0
Contractor Fees		$1,627,655	12.90%	12.23%	$1,627,655	$1,572,292	$1,572,292	$1,627,655	13.06%	13.82%	$1,627,655		0.0%	$0
Soft Costs	0	$1,644,723		$14,243 / Unit	$1,766,073	$1,459,708	$1,459,708	$1,766,073	$14,243 / Unit		$1,644,723	$0	0.0%	$0
Financing	0	$743,755		$9,211 / Unit	$1,142,171	$1,039,342	$1,039,342	$1,142,171	$9,211 / Unit		$743,755	$0	0.0%	$0
Developer Fee	$0	$2,498,124	15.02%	14.86%	$2,573,604	$2,260,006	$2,260,006	$2,471,425	15.00%	15.00%	$2,368,769	$0	4.1%	$102,179
Reserves				$3,980 / Unit	$493,514	$450,627	$450,627	$486,358	$3,922 / Unit				1.5%	$7,156
UNADJUSTED BASIS / COST	**$0**	**$19,133,286**		$182,390 / Unit	**$22,616,414**	**$20,362,778**	**$20,359,446**	**$21,663,712**	$174,707 / Unit		**$18,160,565**	**$0**	**4.4%**	**$952,702**
Acquisition Cost	$0				$0									
Contingency		$0												
Contractor's Fee		$0												
Interim Interest		$0												
Developer Fee	$0	($2,850)			$0									
Reserves					$0									
ADJUSTED BASIS / COST	**$0**	**$19,130,436**		$182,390/unit	**$22,616,414**	**$20,362,778**	**$20,359,446**	**$21,663,712**	$174,707/unit		**$18,160,565**	**$0**	**4.4%**	**$952,702**
TOTAL UNDERWRITTEN COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$22,616,414**									

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Altura Heights, Houston, 9% HTC/TCAP #15306

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$19,130,436	$0	$18,160,565
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$19,130,436	$0	$18,160,565
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$24,869,567	$0	$23,608,734
Applicable Fraction	84.29%	84.29%	84.29%	84.29%
TOTAL QUALIFIED BASIS	$0	$20,961,465	$0	$19,898,764
Applicable Percentage	3.35%	7.87%	3.35%	7.87%
ANNUAL CREDIT ON BASIS	$0	$1,649,667	$0	$1,566,033
CREDITS ON QUALIFIED BASIS	$1,649,667		$1,566,033	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $1.0981	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,649,667	$18,114,835	----	----	----
Gap	$1,544,214	$16,956,858	----	----	----
Applicant Request	$1,500,000	$16,471,353	**$1,500,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost:	Garden/Townhome	129,270 SF	$66.47	8,593,087
Adjustments				
Exterior Wall Finish	3.07%		2.04	$263,967
	0.00%		0.00	0
9 ft. ceilings	3.38%		2.25	290,788
Roofing			(0.25)	(32,318)
Subfloor			(0.44)	(56,273)
Floor Cover			2.50	323,175
Breezeways	$27.45	11,821	2.51	324,471
Balconies	$26.12	15,256	3.08	398,444
Plumbing Fixtures	$970	286	2.15	277,420
Rough-ins	$475	239	0.88	113,525
Built-In Appliances	$1,790	124	1.72	221,960
Exterior Stairs	$2,425	12	0.23	29,100
Heating/Cooling			2.11	272,760
Enclosed Corridors	$50.26	0	0.00	0
Carports	$11.82	14,144	1.29	167,182
Garages		0	0.00	0
Comm &/or Aux Bldgs	$93.10	5,871	4.23	546,601
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.47	146,962	2.81	362,996
SUBTOTAL			**93.58**	**12,096,885**
Current Cost Multiplier	0.99		(0.94)	(120,969)
Local Multiplier	0.89		(10.29)	(1,330,657)
TOTAL BUILDING COSTS			**82.35**	**$10,645,259**
Plans, specs, survey, bldg permits	3.30%		(2.72)	($351,294)
Contractor's OH & Profit	11.50%		(9.47)	(1,224,205)
NET BUILDING COSTS		$73,143/unit	$70.16/sf	$9,069,761

30-Year Long-Term Pro Forma

Altura Heights, Houston, 9% HTC/TCAP #15306

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	$1,042,422	$1,063,271	$1,084,536	$1,106,227	$1,128,351	$1,245,791	$1,375,454	$1,518,612	$1,676,671	$1,851,180
TOTAL EXPENSES	3.00%	$639,324	$657,985	$677,195	$696,972	$717,331	$828,485	$957,021	$1,105,674	$1,277,610	$1,476,497
NET OPERATING INCOME ("NOI")		**$403,099**	**$405,286**	**$407,341**	**$409,255**	**$411,020**	**$417,306**	**$418,432**	**$412,938**	**$399,060**	**$374,682**
MUST -PAY DEBT SERVICE											
Capital One		$295,871	$295,871	$295,871	$295,871	$295,871	$295,871	$295,871	$295,871	$295,871	$295,871
TDHCA TCAP											
TOTAL DEBT SERVICE		$336,345	$336,345	$336,345	$336,345	$336,345	$336,345	$336,345	$336,345	$336,345	$336,345
ANNUAL CASH FLOW		**$66,754**	**$68,941**	**$70,996**	**$72,910**	**$74,675**	**$80,961**	**$82,087**	**$76,593**	**$62,715**	**$38,337**
CUMULATIVE NET CASH FLOW		$66,754	$135,694	$206,690	$279,600	$354,275	$748,312	$1,158,832	$1,555,763	$1,900,843	$2,145,960
DEBT COVERAGE RATIO		1.20	1.20	1.21	1.22	1.22	1.24	1.24	1.23	1.19	1.11
EXPENSE/INCOME RATIO		61.3%	61.9%	62.4%	63.0%	63.6%	66.5%	69.6%	72.8%	76.2%	79.8%
Deferred Developer Fee Balance		$418,752	$349,811	$278,815	$205,905	$131,230	$0	$0	$0	$0	$0
Residual Cash Flow		$0	$0	$0	$0	$0	$80,961	$82,087	$76,593	$62,715	$38,337

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

Real Estate Analysis Division
Underwriting Report
July 31, 2015

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **15306**   Program(s): **9% HTC/TCAP**

Altura Heights

Address/Location: Approximately 12912 S. Post Oak Road

City: Houston   County: Harris   Zip: 77085

Population: General   Program Set-Aside: General   Area: Urban

Activity: New Construction   Building Type: Garden/Townhome   Region: 6

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
TCAP	$1,000,000	0.00%	30	18	**$800,000**	**3.00%**	**30**	**18**	**2**
LIHTC (Annual)	$1,500,000				**$1,500,000**				

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS

1 Receipt and acceptance prior to HOME loan closing or commitment of HOME funds, whichever occurs first:

- Documentation confirming the source of the HOME match is eligible and conforms to all HUD and TDHCA rules and regulations.

2 Receipt and acceptance by Cost Certification:

- Confirmation a noise assessment was completed and, if necessary, an Architect certification that an abatement program was implemented and post construction noise levels do not exceed HUD acceptable levels.

3 Should any terms of the proposed capital structure change, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA

Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	11
40% of AMI	40% of AMI	0
50% of AMI	50% of AMI	42
60% of AMI	60% of AMI	52

TDHCA SET-ASIDES for TDHCA TCAP LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	0
50% of AMFI	Low HOME	14
60% of AMFI	High HOME	0
80% of AMFI	High HOME	0

DEAL SUMMARY

Altura Heights is a 124 unit development in Houston, TX. The 10.43 acre site is located near Hwy 90, 11 miles southwest of the CBD. The eleven buildings include one, two, and three-story garden buildings, as well as seven two-story townhome buildings. There are 12 two-bedroom and two three-bedroom townhomes. The garden buildings consist of 48 one-bedroom, 16 two-bedroom, and eight three-bedroom apartments. The units are a mix of 30%, 50%, and 60% HTC units with 14 50% Low TCAP units and 19 market units. The development will consist of an above average clubhouse, pool, and laundry facility. The site is located near bus lines, schools, and retail.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	5% gross capture rate
▫	No new developments in area
▫	Extensive developer experience
▫	
▫	

WEAKNESSES/RISKS	
▫	No frontage on main road
▫	LIHTC projects in PMA are 92% occupied
▫	60% 2-bedrooms have a capture rate of 12.3%
▫	High expense ratio
▫	Market rental rate exposure on 15% of the units

DEVELOPMENT TEAM

PRIMARY CONTACTS

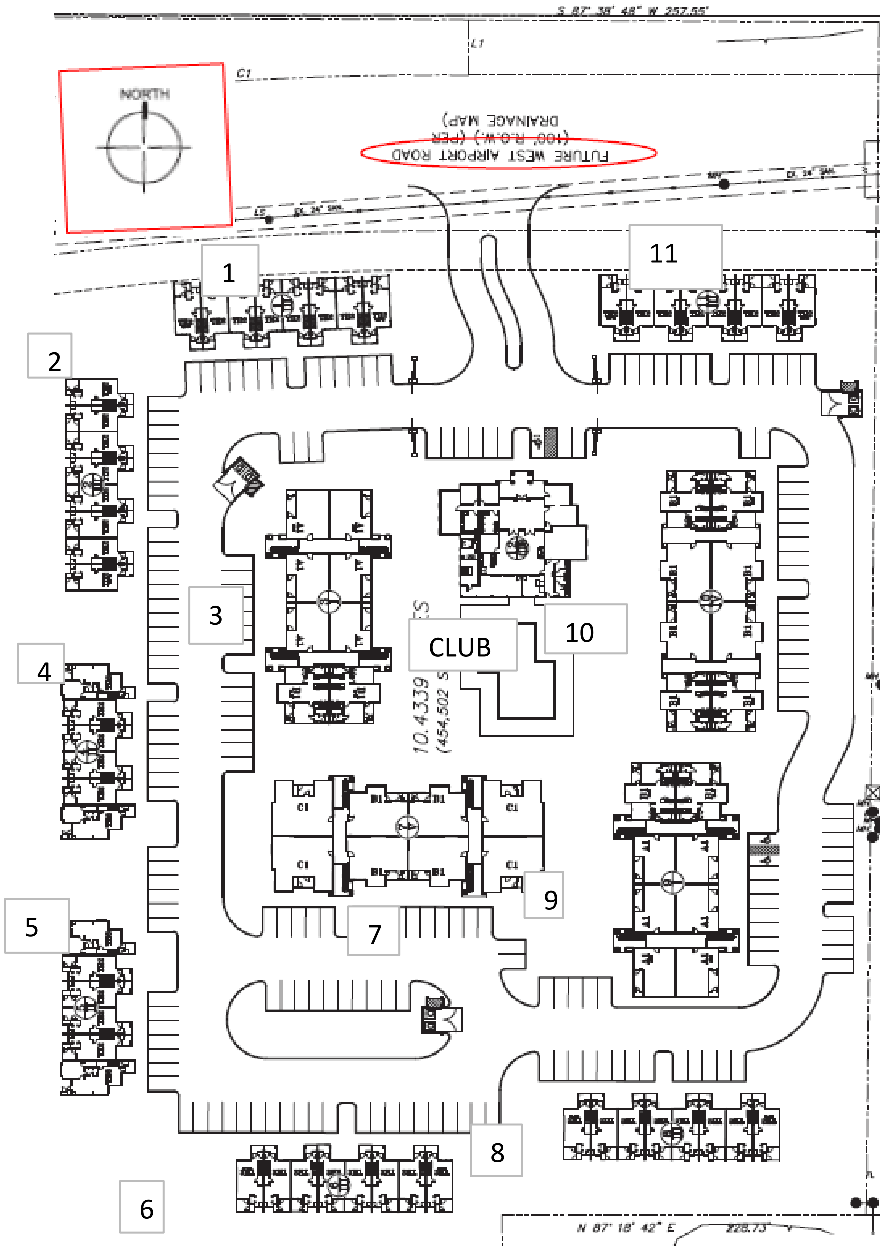
Name:	Audrey Martin	Name:	Valentin DeLeon
Phone:	(512) 328-3232	Phone:	(512) 328-3232
Relationship:	Developer	Relationship:	Developer

OWNERSHIP STRUCTURE

- The Applicant, Developer, and Property Manager are related entities. Since 1980, DMA Companies has assisted with the development or rehabilitation of more than 13,000 affordable housing units in 43 states. Houston DMA Housing, Inc has built 26 HTC developments in Texas since 1998.

DEVELOPMENT SUMMARY

SITE PLAN



Comments:

The 10.43 acre site is generally flat with minimal vegetation and surface drainage to the south. The land sets back off of South Post Oak Road and the applicant will have to extend West Airport Road in order to access the apartments. While there is no frontage, the site provides great access to Hwy 90, gas stations, retail, and schools. There will be one ingress/egress onto the future West Airport Road and a detention pond located in the southern portion of the site. 194 free parking spaces are required and provided.

Parking	No Fee		Tenant-Paid		Total	
Open Surface	194	*1.6/unit*	0	--	194	*1.6/unit*
Carport	0	--	0	--	0	--
Garage	0	--	0	--	0	--
Total Parking	**194**	*1.6/unit*	**0**	--	**194**	*1.6/unit*

BUILDING ELEVATION

Garden Building

Townhome Building.

Comments:

Building designs are cost effective with plumbing running down the center lines of the garden buildings and along the shared walls in the townhomes. The four garden buildings consist of one, two and three-story buildings; multiple building plans can contribute to higher building costs. Also, the few accessible two-bedrooms have kitchen islands with sinks that also increase building cost. All exteriors consists of 70% hardiplank and 30% brick with 5/12 roof slope.

BUILDING CONFIGURATION

Building Type	I	II	III	IV	V								**Total Buildings**
Floors/Stories	3	2	2	1	2								
Number of Bldgs	2	2	5	1	1								**11**
Units per Bldg	24	6	8	8	16								
Total Units	48	12	40	8	16								**124**

Avg. Unit Size (SF)	**935 sf**	**Total NRA (SF)**	**115,904**	**Common Area (SF)**	**4,842**

GENERAL INFORMATION

Total Size:	10.50 acres	Scattered Site?	No
Flood Zone:	X	Within 100-yr floodplain?	No
Zoning:	N/A	Re-Zoning Required?	No
Density:	11.8 units/acre	Utilities at Site?	Yes
Year Constructed:	0	Title Issues?	Yes

Surrounding Uses:

The property to the north is Houston Sportsplex with baseball and soccer fields; to the west is vacant land followed by newer single family homes; to the south are dense newer single family neighborhoods and Foxfire Farms, a horse boarding farm; to the east is a gas station and strip mall with a detention pond. The gas station and strip mall sit on the main thoroughfare, Post Oak Road, with older apartments on the other side.

Other Observations:

The City of Houston does not have zoning ordinance.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Property Assessment Consultants, Inc Date: 2/23/2015

Recognized Environmental Conditions (RECs) and Other Concerns:

- No recognized environmental conditions identified.

Comments:

A noise study is recommended due to the Union Pacific Railway located 2,600 feet to the northwest, US Highway 90 located approximately 2,500 feet to the northwest, and Post Oak Road located approximately 200 to the east of the site.

MARKET ANALYSIS

Provider: Affordable Housing Analysts Date: 3/26/2015

Contact: Robert O. (Bob) Coe, II Phone: 281.387.7553

Primary Market Area (PMA): 20 sq. miles 3 mile equivalent radius

The PMA consists of 21 census tracts in near southwest Houston. It covers an area from south of Loop 610 W diagonally southwest to South Sam Houston Tollway West. The easternmost boundary is Hiram Clarke Road with the western being Fondren Rd.

ELIGIBLE HOUSEHOLDS BY INCOME

Harris County Income Limits

HH	30% of AMI		40% of AMI		50% of AMI		60% of AMI	
size	min	max	min	max	min	max	min	max
1	$12,857	$14,010	---	---	$21,429	$23,350	$25,714	$28,020
2	$12,857	$15,990	---	---	$21,429	$26,650	$25,714	$31,980
3	$15,429	$18,000	---	---	$25,714	$30,000	$30,857	$36,000
4	---	---	---	---	$29,691	$33,300	$35,623	$39,960
5	---	---	---	---	$29,691	$36,000	$35,623	$43,200
6	---	---	---	---	---	---	---	---

Comments:

Large gaps (ranging from $5,400 to almost $8,000) between the maximum eligible income for 30% units and the minimum for 50% units. Smaller gaps (about $2,300) for one-person and four-person households between the top income for 50% units and the minimum for 60% units.

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
15165	Bellfort Park Apartments	yes	new	family	0	64
Other Affordable Developments in PMA since 2011						
	None.				n/a	
Stabilized Affordable Developments in PMA (pre-2011)			9		Total Units	2,130

Proposed, Under Construction, and Unstabilized Comparable Supply:

Bellfort Park Apartments is a proposed 2015 tax credit reconstruction development which scored too low to be considered competitive.

OVERALL DEMAND ANALYSIS				
	Market Analyst		**Underwriter**	
Total Households in the Primary Market Area	33,236		33,236	
Potential Demand from the Primary Market Area	3,362		6,172	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	3,362		6,172	
Subject Affordable Units	105		105	
Unstabilized Comparable Units	64		0	
RELEVANT SUPPLY	169		105	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**5.0%**		**1.7%**	

Population:	**General**	**Market Area:**	**Urban**	**Maximum Gross Capture Rate:**	**10%**

Demand Analysis:

The capture rate calculation determines the percentage of the available demand that is needed to absorb the proposed units. The Market Analyst included the proposed TDHCA #15165 Bellfort Park Apartments units as comparables in the Gross Capture Rate but not in the Unit Capture Rates. The Underwriter excluded the same proposed development. With that said, the Underwriter uses a different demand methodology resulting in much higher demand and extremely low Gross Capture Rate.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE								
	Market Analyst				Underwriter			
Unit Type	Demand	Subject Units	Comp Units	Unit Capture Rate	Demand	Subject Units	Comp Units	Unit Capture Rate
1 BR/30%	280	8	0	3%	174	8	0	5%
1 BR/50%	514	20	0	4%	313	20	0	6%
1 BR/60%	396	12	0	3%	350	12	0	3%
2 BR/30%	233	3	0	1%	234	3	0	1%
2 BR/50%	390	21	0	5%	378	21	0	6%
2 BR/60%	398	31	0	8%	475	31	0	7%
3 BR/50%	679	1	0	0%	273	1	0	0%
3 BR/60%	472	9	0	2%	275	9	0	3%

Market Analyst Comments:

Cypress Creek at Fayridge is a 152-unit HTC Family complex which was completed in November 2012 and attained stabilized occupancy in March 2013, which equates to an average absorption of 28 units per month. (p. 44)

With respect to affordable housing projects, due to the overall lack of recently-constructed Family affordable housing projects in the subject’s primary market area, and based on the performance of the current low income housing projects, it appears as though there is pent-up demand in the subject’s primary market area. (p. 47)

Underwriter Comments:

Occupancy rate of four of the nine rent-restricted developments is below 80% with three being below 70%. These developments were all built before 1995 with three of them being "rehabs" at that time. One development rehabbed in 1991 is at 100% occupancy. Mitigating this low occupancy at these older units is the average occupancy rate of the newer developments built after 2003 - 97%.

No new construction, family tax credit development has been built since 2003. TDHCA 10178 Cypress Creek at Fayridge, a 2010 family, new construction tax credit development located 10 miles slightly south and east of the subject initial lease up was late July, 2012. Occupancy was at 92% by end of March, 2013, absorption rate at 17 units per month. Market Analyst report shows "absorption of 28 units per month", however, that is from completion date of all units; actual lease-up began as each building was completed; accounting for the difference in the lease-up rate.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro forma)					
NOI:	$386,925	Avg. Rent:	$692	Expense Ratio:	59.7%
Debt Service:	$336,345	B/E Rent:	$655	Controllable Expenses:	$2,611
Net Cash Flow:	$50,579	UW Occupancy:	92.5%	Property Taxes/Unit:	$833
Aggregate DCR:	1.15	B/E Occupancy:	87.6%	Program Rent Year:	2014

All HTC units are achieving maximum program rents.

Applicant's income, expenses, and NOI are within 5% of Underwriter's; applicant's pro forma is used.

Underwriter assumed R&M expense at $425, which is lower than usual. The staffing plan shows two full time maintenance staff which will increase payroll expense, but will also decrease the amount of repairs contracted out, therefore reducing the R&M expense.

Average rent with one month concession on 60% and market units is $4 more than the breakeven rent. Concessions are not expected or offered in the current market.

Underwriter and Applicant assumed 18%, and 19% market premiums on one and two bedrooms respectively. Underwriter assumed a 25% premium on the two three-bedroom market units and the applicant assumed a 36% premium.

Deferred developer fee pays off in year 11 with a 15 year residual cash flow of $222,625.

Supportive services at $4,200 year ($34/unit).

ACQUISITION INFORMATION

SITE CONTROL

Type: Commercial Contract-Unimproved Property

Acreage: 10.5

Acquisition Cost: $1,700,000

Contract Expiration: 12/13/2015

Cost Per Unit: $13,710

Seller: Players II, Ltd.

Buyer: DMA Development Company, LLC

Assignee: NA

Related-Party Seller/Identity of Interest: No

Comments:

The addendum to the Commercial Contract allows for purchase of more land with and increased cost of $4/sf for square footage above 10.5 acres; buyer did not increase land purchase over 10.5 acres. The Amendment to the Commercial Contract extends feasibility period to May 15, 2015 for $15,000 additional earnest money.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	$161,905/ac	$13,710/unit	**$1,710,000**	Contractor Fee	**$1,572,292**
Off-site + Site Work		$21,289/unit	**$2,639,800**	Soft Cost + Financing	**$2,499,050**
Building Cost	$74.12/sf	$69,281/unit	**$8,590,855**	Developer Fee	**$2,260,006**
Contingency	5.70%	$5,162/unit	**$640,147**	Reserves	**$450,627**

Total Development Cost	$164,216/unit	**$20,362,778**	**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	High Opportunity Index [9% only]

Site Work:

Onsite improvements will include an internal drainage system, detention systems (parking lot detention, pipe storage detention, and pond) ($225k), water distribution system with fire hydrants, sanitary sewer ($87k) and private utilities consisting of electric, gas and telephone. There is also the extension of West Airport Boulevard consisting of two 24' wide concrete lanes with a 30' median plus a left-turn lane into the proposed site ($285k). West Airport Boulevard is currently in place up to the eastern property line of the site. The extension of this road is part of the City of Houston's Major Thoroughfare plan , and the developer will be required to construct the extension of this road through the width of the site. On-sites costs are higher than usual at $18,269/unit, but if the road extension expense is removed, the cost per unit is $15,971/unit, which is close to the average site cost.

Building Cost:

Applicant's building costs ($74.12/sf) are 7% higher than Underwriter's ($69.11/sf). For the four multi-family buildings, there are three different building types, each with different number of floors. The various building types contribute to increased cost. Also, the two-bedroom accessible units have islands with plumbing. Overall development costs are within 5% of Underwriter's, therefore Applicant's costs are used.

Reserves:

Capitalized reserves are approximately 6 months operating expenses and debt service.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$20,362,778	**$17,326,715**	**$1,501,073**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
TDHCA TCAP	TCAP	$1,000,000	0.00%	5%
JPMorgan Chase / Impact CIL, LLC	Conventional Loan	$9,936,000	4.00%	54%
Harris County HFC	Loan	$1,575,000	3.00%	9%
RBC Capital Markets	HTC	$5,819,418	$0.97	32%
Matching Funds-Architect	Matching Funds	$50,000	0.00%	0%
		$18,380,418	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
JPMorgan Chase / Impact CIL, LLC	$4,225,000	5.75%	30	18	$4,225,000	5.75%	30	18	21%
TDHCA TCAP	$1,000,000	0.00%	30	18	$800,000	3.00%	30	18	4%
Matching Funds-Architect	$50,000	0.00%	0	0	$50,000	0.00%	0	0	0%
Total	**$5,275,000**				**$5,075,000**				

Comments:

If the TCAP funds are not awarded, debt coverage would increase to 1.31. The Underwriter would assume a deferral of $1,539,533 of the developer fee, which could be repaid within 14 years of operation.

TCAP loan is underwritten at 30 year amortization / 30 year term / 3% rate pursuant to NOFA; Applicant assumed TCAP funds at 30/18/0%. If Applicant's terms are used, the DCR is 1.18; at 30/30/3%, the DCR decreases to 1.12. The deal is feasible at 30/30/3% using the Applicant's pro forma and limiting the TCAP funds to $800k.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
RBC Capital Markets	$14,548,545	$0.97		$14,548,545	$0.97	71%	
DMA Deferred Developer Fee	$539,233		24%	$739,233		4%	33%
Total	**$15,087,778**			**$15,287,778**			
				$20,362,778	**Total Sources**		

Credit Price Sensitivity	
$1.0192	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.9551	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

All else equal, the credit price can increase about $0.05 before the allocation would be limited; if the price decreases by more than $0.01 the project would be considered infeasible.

CONCLUSIONS

Recommended Financing Structure:

The underwriting analysis assumes a decrease in the TCAP loan amount to $800,000 to achieve the minimum 1.15x debt coverage ratio at 30/30/3%.

Gap Analysis:	
Total Development Cost	$20,362,778
Permanent Sources	$5,075,000
Gap in Permanent Financing	$15,287,778

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$14,558,956	$1,501,073
Needed to Fill Gap in Financing	$15,287,778	$1,576,217
Requested by Applicant	$14,548,545	$1,500,000

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$14,548,545**	**$1,500,000**

	Amount	**Interest Rate**	**Amort**	**Term**	**Lien**
TDHCA TCAP Loan	**$800,000**	**3%**	**30**	**18**	**2**

Deferred Developer Fee	**$739,233**	**(33% deferred)**
Repayable in	**12 years**	

Comments:

Credits are limited to $1,500,000 per Applicant's request. Eligible costs would support another $1,073 in credits which would result in another $10k of equity.

Underwriter:	*Jeanna Rolsing*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Altura Heights, Houston, 9% HTC/TCAP #15306

LOCATION DATA

CITY:	Houston
COUNTY:	Harris
PROGRAM REGION:	6
PIS Date:	On or After 2/1/2014
IREM REGION:	Houston

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0.0%
1	48	38.7%
2	64	51.6%
3	12	9.7%
4	-	0.0%
TOTAL	**124**	**100.0%**

Income	# Units	% Total
30%	11	8.9%
40%	-	0.0%
50%	42	33.9%
60%	52	41.9%
MR	19	15.3%
TOTAL	**124**	**100.0%**
TCAP	14	11.3%

Applicable Programs

9% Housing Tax Credits

TCAP

Pro Forma ASSUMPTIONS

Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	84.68%
APP % Acquisition	3.35%
APP % Construction	7.87%
Average Unit Size	935 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TCAP (Rent / Income)		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$375	LH/50%	$628	5	1	1	697	$375	$88	$287	$0	$0.41	$287	**$1,435**	**$1,435**	$287	$0.41	$0	$287	$0.41	$900
TC 30%	$375			3	1	1	697	$375	$88	$287	$0	$0.41	$287	**$861**	**$861**	$287	$0.41	$0	$287	$0.41	$900
TC 50%	$625			4	1	1	697	$625	$88	$537	$0	$0.77	$537	**$2,148**	**$2,148**	$537	$0.77	$0	$537	$0.77	$900
TC 50%	$625			16	1	1	755	$625	$88	$537	$0	$0.71	$537	**$8,592**	**$8,592**	$537	$0.71	$0	$537	$0.71	$940
TC 60%	$750			12	1	1	755	$750	$88	$662	$0	$0.88	$662	**$7,944**	**$7,944**	$662	$0.88	$0	$662	$0.88	$940
MR				8	1	1	755	$0	$88		NA	$1.04	$782	**$6,256**	**$6,256**	$782	$1.04	NA	$782	$1.04	$940
TC 50%	$750			12	2	2	1,012	$750	$113	$637	$0	$0.63	$637	**$7,644**	**$7,644**	$637	$0.63	$0	$637	$0.63	$1,100
TC 60%	$900			29	2	2	1,012	$900	$113	$787	$0	$0.78	$787	**$22,823**	**$22,823**	$787	$0.78	$0	$787	$0.78	$1,100
MR				7	2	2	1,012	$0	$113		NA	$0.93	$940	**$6,580**	**$6,580**	$940	$0.93	NA	$940	$0.93	$1,100
TC 30%	$450	LH/50%	$753	3	2	2	1,041	$450	$113	$337	$0	$0.32	$337	**$1,011**	**$1,011**	$337	$0.32	$0	$337	$0.32	$1,120
TC 50%	$750	LH/50%	$753	5	2	2	1,041	$750	$113	$637	$0	$0.61	$637	**$3,185**	**$3,185**	$637	$0.61	$0	$637	$0.61	$1,120
TC 50%	$750			4	2	2	1,041	$750	$113	$637	$0	$0.61	$637	**$2,548**	**$2,548**	$637	$0.61	$0	$637	$0.61	$1,120
TC 60%	$900			2	2	2	1,041	$900	$113	$787	$0	$0.76	$787	**$1,574**	**$1,574**	$787	$0.76	$0	$787	$0.76	$1,120
MR				2	2	2	1,041	$0	$113		NA	$0.90	$940	**$1,880**	**$1,880**	$940	$0.90	NA	$940	$0.90	$1,120
TC 60%	$1,039			3	3	2	1,222	$1,039	$137	$902	$0	$0.74	$902	**$2,706**	**$2,706**	$902	$0.74	$0	$902	$0.74	$1,300
MR				1	3	2	1,222	$0	$137		NA	$1.00	$1,223	**$1,223**	**$1,132**	$1,132	$0.93	NA	$1,132	$0.93	$1,300
TC 50%	$866	LH/50%	$870	1	3	2	1,280	$866	$137	$729	$0	$0.57	$729	**$729**	**$729**	$729	$0.57	$0	$729	$0.57	$1,340
TC 60%	$1,039			6	3	2	1,280	$1,039	$137	$902	$0	$0.70	$902	**$5,412**	**$5,412**	$902	$0.70	$0	$902	$0.70	$1,340
MR				1	3	2	1,280	$0	$137		NA	$0.96	$1,223	**$1,223**	**$1,132**	$1,132	$0.88	NA	$1,132	$0.88	$1,340
TOTALS/AVERAGES:				**124**			**115,904**				**$0**	**$0.74**	**$692**	**$85,774**	**$85,592**	**$690**	**$0.74**	**$0**	**$690**	**$0.74**	**$1,059**

ANNUAL POTENTIAL GROSS RENT:	**$1,029,288**	**$1,029,104**

STABILIZED PRO FORMA

Altura Heights, Houston, 9% HTC/TCAP #15306

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Mgmt Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.74	$692	$1,029,288	$1,029,104	$692	$0.74		0.0%	$184
Application Fees, Laundry							$5.00	$7,440						
Total Secondary Income							$5.00		$7,440	$5.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,036,728	$1,036,544				0.0%	$184
Vacancy & Collection Loss							7.5% PGI	(77,755)	(77,741)	7.5% PGI			0.0%	(14)
Rental Concessions								-					0.0%	-
EFFECTIVE GROSS INCOME								$958,973	$958,803				0.0%	$170
General & Administrative	$47,417	$382/Unit	53,597	$432	2.92%	$0.24	$226	$28,000	47,417	$382	$0.41	4.95%	-40.9%	(19,417)
Management	$46,509	4.6% EGI	53,989	$435	5.00%	$0.41	$387	$47,949	$47,940	$387	$0.41	5.00%	0.0%	9
Payroll & Payroll Tax	$145,537	$1,174/Unit	174,125	$1,404	16.61%	$1.37	$1,285	$159,320	$159,320	$1,285	$1.37	16.62%	0.0%	-
Repairs & Maintenance	$76,470	$617/Unit	98,888	$797	5.32%	$0.44	$411	$51,000	$52,700	$425	$0.45	5.50%	-3.2%	(1,700)
Electric/Gas	$29,711	$240/Unit	24,697	$199	2.87%	$0.24	$222	$27,510	$24,697	$199	$0.21	2.58%	11.4%	2,813
Water, Sewer, & Trash	$74,236	$599/Unit	68,360	$551	6.04%	$0.50	$467	$57,880	$57,880	$467	$0.50	6.04%	0.0%	-
Property Insurance	$60,077	$0.52 /sf	72,325	$583	6.01%	$0.50	$465	$57,660	$57,529	$464	$0.50	6.00%	0.2%	131
Property Tax 2.6706	$86,413	$697/Unit	53,694	$433	10.78%	$0.89	$833	$103,330	$99,368	$801	$0.86	10.36%	4.0%	3,962
Reserve for Replacements	$35,805	$289/Unit	-	$0	3.23%	$0.27	$250	$31,000	$31,000	$250	$0.27	3.23%	0.0%	-
Cable TV			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Supportive Services			-	$0	0.44%	$0.04	$34	$4,200	$4,200	$34	$0.04	0.44%	0.0%	-
TDHCA Compliance fees			-	$0	0.44%	$0.04	$34	$4,200	$4,676	$38	$0.04	0.49%	-10.2%	(476)
TDHCA Bond Admin Fees			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Security			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES					**59.65%**	**$4.94**	**$4,613**	**$ 572,049**	**$ 586,727**	**$4,732**	**$5.06**	**61.19%**	**-2.5%**	**$ (14,679)**
NET OPERATING INCOME ("NOI")					**40.35%**	**$3.34**	**$3,120**	**$386,925**	**$372,076**	**$3,001**	**$3.21**	**38.81%**	**4.0%**	**$ 14,849**
CONTROLLABLE EXPENSES							$2,611/Unit			$2,758/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Altura Heights, Houston, 9% HTC/TCAP #15306

		DEBT / GRANT SOURCES													
		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							**AS UNDERWRITTEN DEBT/GRANT STRUCTURE**						
		Cumulative DCR												**Cumulative**	
DEBT (Must Pay)	**MIP**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
JPMorgan Chase / Impact CIL, LLC		1.26	1.31	$295,871	5.75%	30	18	$4,225,000	$4,225,000	18	30	5.75%	$295,871	1.31	20.7%
TDHCA TCAP		1.13	1.18	$33,333	0.00%	30	18	$1,000,000	$800,000	18	30	3.00%	$40,474	1.15	3.9%
CASH FLOW DEBT / GRANTS															
Matching Funds-Architect		1.13	1.18		0.00%	0	0	$50,000	$50,000	0	0	0.00%		1.15	0.2%
				$329,204	**TOTAL DEBT / GRANT SOURCES**			**$5,275,000**	**$5,075,000**	**TOTAL DEBT SERVICE**			**$336,345**	1.15	24.9%
NET CASH FLOW		$42,872	$57,721								**NET OPERATING INCOME**	**$386,925**	**$50,579**	**NET CASH FLOW**	

	EQUITY SOURCES											
	APPLICANT'S PROPOSED EQUITY STRUCTURE					**AS UNDERWRITTEN EQUITY STRUCTURE**						
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**		
RBC Capital Markets	LIHTC Equity	71.4%	$1,500,000	0.97	$14,548,545	$14,548,545	$0.9699	$1,500,000	71.4%	$12,097		
DMA Deferred Developer Fee	Deferred Developer Fees	2.6%	(24% Deferred)		$539,233	$739,233	(33% Deferred)		3.6%	**Total Developer Fee:**		**$2,260,006**
Additional (Excess) Funds Req'd		0.0%			$0	$0			0.0%			
TOTAL EQUITY SOURCES		74.1%			$15,087,778	$15,287,778			75.1%	**15-Year Cash Flow:**		**$961,858**
TOTAL CAPITALIZATION					**$20,362,778**	**$20,362,778**			**15-Yr Cash Flow after Deferred Fee:**			**$222,625**

	DEVELOPMENT COST / ITEMIZED BASIS											
	APPLICANT COST / BASIS ITEMS					**TDHCA COST / BASIS ITEMS**					**COST VARIANCE**	
	Eligible Basis								**Eligible Basis**			
	Acquisition	**New Const. Rehab**			**Total Costs**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition				$13,710 / Unit	$1,700,000	$1,700,000	$13,710 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
Closing costs & acq. legal fees					$10,000	$10,000						$0
Off-Sites				$ / Unit	$0	$0	$ / Unit				0.0%	$0
Site Work		$1,855,542		$18,269 / Unit	$2,265,400	$2,265,400	$18,269 / Unit		$1,855,542		0.0%	$0
Site Amenities		$374,400		$3,019 / Unit	$374,400	$374,400	$3,019 / Unit		$374,400		0.0%	$0
Building Cost		$8,590,855	$74.12 /sf	$69,281/Unit	$8,590,855	$8,009,620	$64,594/Unit	$69.11 /sf	$8,009,620		7.3%	$581,235
Contingency		$616,785	5.70%	5.70%	$640,147	$640,147	6.01%	6.02%	$616,785		0.0%	$0
Contractor Fees		$1,514,912	13.25%	13.25%	$1,572,292	$1,572,292	13.93%	13.95%	$1,514,912		0.0%	$0
Soft Costs	0	$1,344,604		$11,772 / Unit	$1,459,708	$1,459,708	$11,772 / Unit		$1,344,604	$0	0.0%	$0
Financing	0	$769,611		$8,382 / Unit	$1,039,342	$1,039,342	$8,382 / Unit		$769,611	$0	0.0%	$0
Developer Fee	$0	$2,260,006	15.00%	14.58%	$2,260,006	$2,237,804	15.00%	15.00%	$2,172,821	$0	1.0%	$22,202
Reserves				$3,634 / Unit	$450,627	$450,627	$3,634 / Unit				0.0%	$0
UNADJUSTED BASIS / COST	**$0**	**$17,326,715**		$164,216 / Unit	**$20,362,778**	**$19,759,341**	$159,350 / Unit		**$16,658,295**	**$0**	**3.1%**	**$603,437**
Acquisition Cost	$0				$0							
Contingency		$0										
Contractor's Fee		$0										
Interim Interest		$0										
Developer Fee	$0	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$17,326,715**		$164,216/unit	**$20,362,778**	**$19,759,341**	$159,350/unit		**$16,658,295**	**$0**	**3.1%**	**$603,437**
TOTAL UNDERWRITTEN COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$20,362,778**							

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Altura Heights, Houston, 9% HTC/TCAP #15306

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$17,326,715	$0	$16,658,295
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$17,326,715	$0	$16,658,295
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$22,524,730	$0	$21,655,783
Applicable Fraction	84.68%	84.68%	84.68%	84.68%
TOTAL QUALIFIED BASIS	$0	$19,073,360	$0	$18,337,558
Applicable Percentage	3.35%	7.87%	3.35%	7.87%
ANNUAL CREDIT ON BASIS	$0	$1,501,073	$0	$1,443,166
CREDITS ON QUALIFIED BASIS	$1,501,073		$1,443,166	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		**FINAL ANNUAL LIHTC ALLOCATION**		
			Credit Price $0.9699	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,501,073	$14,558,956	----	----	----
Gap	$1,576,217	$15,287,778	----	----	----
Applicant Request	$1,500,000	$14,548,545	**$1,500,000**	**$0**	**$0**

BUILDING COST ESTIMATE

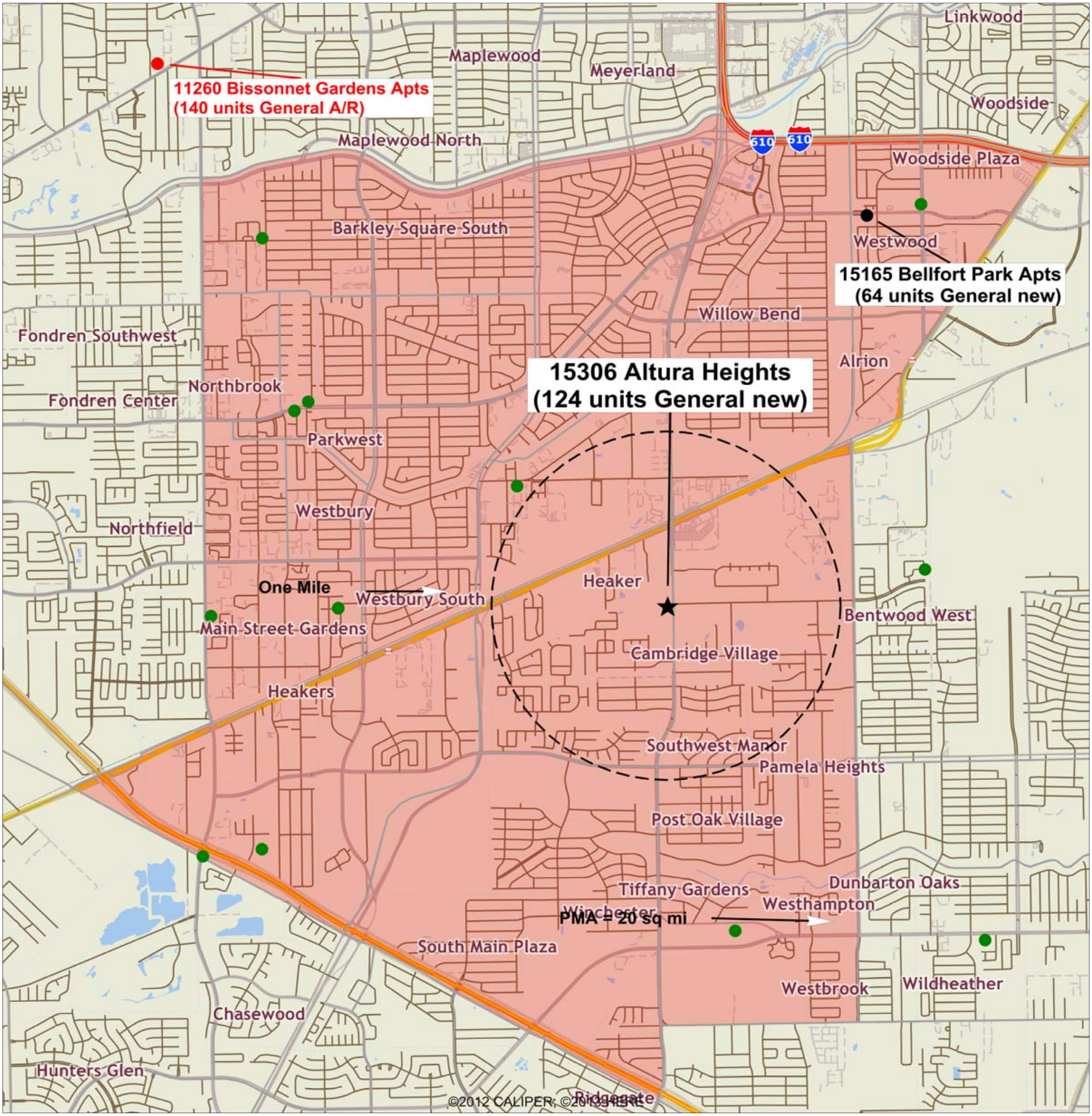
CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost:	Garden/Townhome	115,904 SF	$68.24	7,909,118
Adjustments				
Exterior Wall Finish	2.40%		1.64	$189,819
	0.00%		0.00	0
9 ft. ceilings	3.30%		2.25	261,001
Roofing			0.00	0
Subfloor			(0.68)	(78,611)
Floor Cover			2.50	289,760
Breezeways	$25.60	9,968	2.20	255,217
Balconies	$25.03	13,824	2.99	345,977
Plumbing Fixtures	$970	124	1.04	120,280
Rough-ins	$475	196	0.80	93,100
Built-In Appliances	$1,790	124	1.92	221,960
Exterior Stairs	$2,425	20	0.42	48,500
Heating/Cooling			2.11	244,557
Enclosed Corridors	$52.03	0	0.00	0
Carports	$11.82	0	0.00	0
Garages		0	0.00	0
Comm &/or Aux Bldgs	$94.87	4,842	3.96	459,369
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.47	130,714	2.79	322,864
SUBTOTAL			**92.17**	**10,682,912**
Current Cost Multiplier	0.99		(0.92)	(106,829)
Local Multiplier	0.89		(10.14)	(1,175,120)
TOTAL BUILDING COSTS			**81.11**	**$9,400,963**
Plans, specs, survey, bldg permits	3.30%		(2.68)	($310,232)
Contractor's OH & Profit	11.50%		(9.33)	(1,081,111)
NET BUILDING COSTS		$64,594/unit	$69.11/sf	$8,009,620

30-Year Long-Term Pro Forma

Altura Heights, Houston, 9% HTC/TCAP #15306

	Growth Rate	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 10**	**Year 15**	**Year 20**	**Year 25**	**Year 30**
EFFECTIVE GROSS INCOME	2.00%	$958,973	$978,153	$997,716	$1,017,670	$1,038,024	$1,146,062	$1,265,345	$1,397,043	$1,542,449	$1,702,988
TOTAL EXPENSES	3.00%	$572,049	$588,731	$605,903	$623,582	$641,780	$741,135	$856,016	$988,865	$1,142,510	$1,320,225
NET OPERATING INCOME ("NOI")		**$386,925**	**$389,422**	**$391,812**	**$394,089**	**$396,243**	**$404,927**	**$409,330**	**$408,178**	**$399,939**	**$382,762**
MUST -PAY DEBT SERVICE											
JPMorgan Chase / Impact CIL, LLC		$295,871	$295,871	$295,871	$295,871	$295,871	$295,871	$295,871	$295,871	$295,871	$295,871
TDHCA TCAP		$40,474	$40,474	$40,474	$40,474	$40,474	$40,474	$40,474	$40,474	$40,474	$40,474
TOTAL DEBT SERVICE		$336,345	$336,345	$336,345	$336,345	$336,345	$336,345	$336,345	$336,345	$336,345	$336,345
ANNUAL CASH FLOW		**$50,579**	**$53,077**	**$55,467**	**$57,743**	**$59,898**	**$68,582**	**$72,984**	**$71,833**	**$63,593**	**$46,417**
CUMULATIVE NET CASH FLOW		$50,579	$103,656	$159,123	$216,866	$276,764	$603,793	$961,858	$1,325,833	$1,663,459	$1,933,885
DEBT COVERAGE RATIO		1.15	1.16	1.16	1.17	1.18	1.20	1.22	1.21	1.19	1.14
EXPENSE/INCOME RATIO		59.7%	60.2%	60.7%	61.3%	61.8%	64.7%	67.7%	70.8%	74.1%	77.5%
Deferred Developer Fee Balance		$688,654	$635,577	$580,110	$522,367	$462,469	$135,440	$0	$0	$0	$0
Residual Cash Flow		$0	$0	$0	$0	$0	$0	$72,984	$71,833	$63,593	$46,417

15306 Altura Heights PMA



DMA
COMPANIES

May 12, 2016

VIA FTP

Ms. Lucy Trevino
Asset Manager
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: Request for Amendment for Altura Heights (TDHCA# 15306)
12920 S. Post Oak Road Houston, TX 77045

Dear Ms. Trevino,

Please accept this letter as a formal request to amend our application referenced above. We are requesting administrative approval of our amendment request to reduce the number of residential buildings from 11 at application to 10 as currently designed. We are also seeking approval of increased net rentable area (NRA) from 115,904 at application to 130,252 as currently designed and increased common area from 4,842 sf. to 7,365 sf.

During the application process, DMA Development Company and our co-developer Houston Area Community Development Corporation (HAUCDC) worked closely with the local neighborhood groups to find a design that would fit into the established neighborhood and meet their standards. It was during our ongoing discussions with the neighborhood groups that we decided to utilize the services of a different architect than used at application time- one that could better articulate the design plan we made with the neighborhood groups. We selected BGO Architects and gave them strict parameters for the design of our project. They were able to incorporate and enhance the original unit design features and amenities included in the tax credit application that were important to the neighborhood groups while maintaining the original unit mix proposed in the application.

While the site plan and unit design has changed from application, we have not changed the number of units, affordability unit mix, or site amenities. Additionally, while the site plan has been slightly modified to accommodate the final design requirements of the City of Houston, there was an insignificant change in site acreage from 10.4339 to 10.2377, which is less than 5% change in density. As a result of these changes, we have significantly improved the overall design and functionality of the project to better serve the future residents.

Please see the attached breakdown of the TDHCA submission and the current design features. We are confident that a side by side review of the original and updated site plan will ease any concerns that a significant change has occurred.

We have attached our most recent proforma, sources and uses, expenses, rent schedule, and architectural drawings for review. We anticipated that Real Estate Analysis would need to re-evaluate the development as part of the TCAP closing. We waited to submit the updated information until we had real construction pricing and an initial review of plans by the city of Houston, so that we could encompass any and all changes in one amendment request.

We are asking that the amendment fee be waived, as we have not begun construction of the development. If you have any questions or need any additional information, please contact me at valentind@dmacompanies.com or 512-328-3232 ext. 4514.

Regards,

DMA DEVELOMENT COMPANY, LLC

Valentin DeLeon
Associate Project Manager

CC: Raquel Morales, Diana McIver, JoEllen Smith, Benny Rodriguez

Encolures:

Altura Heights TDHCA # 15306

	TDHCA Submission	May-16	Difference
Non- Residential Buildings	1	1	
Residential Building	11	10	-1
Number of Units	124	124	
Affordable Units	105	105	
Parking spaces (free)	194	211	+17
1 bedroom units	48	48	
2 bedroom units	64	64	
3 bedroom units	12	12	
30% units	11	11	
50% units	42	42	
60% units	52	52	
Market Rate units	19	19	
TCAP units	14	14	
NRA	115,904	130,252	11.70%
Common Area	4,842	7,365	41.34%

SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA, and rows 51 through 79.

Specifications and Amenities (check all that apply)

Building Configuration (Check all that apply):
☐ Single Family Construction ☐ SRO ☐ Transitional (per §42(i)(3)(B)) ☐ Duplex
☐ Scattered Site ☐ Fourplex ☒ > 4 Units Per Building ☒ Townhome

Development will have: ☒ Fire Sprinklers ☐ Elevators ☐ # of Elevators ☐ Wt. Capacity

Number of Parking Spaces(consistent with Architectural Drawings):

Free	Paid		Free	Paid	
0	0	Shed or Flat Roof Carport Spaces	0	0	Detached Garage Spaces
52	0	Attached Garage Spaces	159	0	Uncovered Spaces
0	0	Structured Parking Garage Spaces			

Floor Composition & Wall Height:

100	% Carpet/Vinyl/Resilient Flooring	9	Ceiling Height
	% Ceramic Tile	9	Upper Floor(s) Ceiling Height (Townhome Only)
	% Other *Describe*		

				Building Label	A1	A6	B	C	D						Total # of Residential Buildings	
				Number of Stories	3	3	3	2	2							
Unit Type				Number of Buildings	1	1	1	2	5						10	
Unit Label	# of Bed-rooms	# of Baths	Sq. Ft. Per Unit		Number of Units Per Building										Total # of Units	Total Sq Ft for Unit Type
A1	1	1	731		5	5									10	7,310
1 (ans	1	1	731		1	1									2	1,462
A2	1	1	764		9	9	18								36	27,504
B1(a)	2	2	1,026		3	4									7	7,182
B1(b)	2	2	1,055		4	4									8	8,440
1(ansi	2	2	1,026		1										1	1,026
C1	3	2	1,307				7								7	9,149
1 (ans	3	2	1,307				1								1	1,307
TH1	2	2.5	1,225					4	6						38	46,550
TH2	2	2	1,467						2						10	14,670
TH3	3	2	1,413					2							4	5,652
															-	-
				Totals	23	23	26	12	40	-	-	-	#	#	124	130,252

Net Rentable Square Footage from Rent Schedule 130,252

Interior Corridors												
Total Interior Corridor Per Building Label	0	0	0	0	0	0	0	0	0	0		-
Common Area												
Total Common Area Per Building Label	0	0	0	0	0	0	0	0	0	0		-
Breezeways												
Total Breezeways Per Building Label	0	0	0	0	0	0	0	0	0	0		-

REA 5/16/16 11:45 am -JR
Via Email Only

Self Score Total: **126**

te Activity Bond Priority (For Tax-Exempt Bond Developments ONLY): ____________________

Jnit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to ighest "Rent Collected/Unit".

Rent Designations (select from Drop down menu)													
HTC Units	HOME Units (Rent/Inc)	HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 30%	LH/50%				5	1	1.0	731	3,655	390	78	312	1,560
TC 30%					3	1	1.0	731	2,193	390	78	312	936
TC 50%					4	1	1.0	731	2,924	650	78	572	2,288
TC 50%					16	1	1.0	764	12,224	650	78	572	9,152
TC 60%					12	1	1.0	764	9,168	780	78	702	8,424
MR					8	1	1.0	764	6,112			950	7,600
TC 30%	LH/50%				3	2	2.0	1026	3,078	468	101	367	1,101
TC 50%	LH/50%				3	2	2.0	1026	3,078	780	101	679	2,037
TC 50%	LH/50%				2	2	2.0	1026	2,052	780	101	679	1,358
TC 50%					8	2	2.0	1055	8,440	780	101	679	5,432
TC 50%					8	2	2.5	1225	9,800	780	101	679	5,432
TC 60%					30	2	2.5	1225	36,750	936	101	835	25,050
TC 60%					1	2	2.0	1467	1,467	936	101	835	835
MR					9	2	2.0	1467	13,203			1,235	11,115
TC 50%	LH/50%				1	3	2.0	1307	1,307	901	121	780	780
TC 60%					7	3	2.0	1307	9,149	1,081	121	960	6,720
TC 60%					2	3	2.0	1413	2,826	1,081	121	960	1,920
MR					2	3	2.0	1413	2,826			1,400	2,800
									0				-
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			TOTAL		124				130,252				94,540
			Non Rental Income			$5.00	per unit/month for:		*Application Fees, Laundry*				620
			Non Rental Income			0.00	per unit/month for:						
			Non Rental Income			0.00	per unit/month for:						

REA 5/16/16 11:45 am -JR
Via Email Only

= POTENTIAL GROSS MONTHLY INCOME		95,160
- Provision for Vacancy & Collection Loss	% of Potential Gross Income: 7.50%	(7,137
- Rental Concessions *(enter as a negative number)*	**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME		88,023
x 12 = EFFECTIVE GROSS ANNUAL INCOME		1,056,276

Rent Schedule (Continued)

REA 5/16/16 11:45 am -JR
Via Email Only

		% of LI	% of Total	
HOUSING TAX CREDITS	**TC30%**	10%	9%	11
	TC40%			0
	TC50%	40%	34%	42
	TC60%	50%	42%	52
	HTC LI Total			105
	EO			0
	MR			19
	MR Total			19
	Total Units			124
MORTGAGE REVENUE BOND	**MRB30%**			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	**HTF30%**			
	HTF40%			
	HTF50%			
	HTF60%			
	HTF80%			
	HTF LI Total			
	MR			
	MR Total			
	HTF Total			
HOME	**30%**			
	LH/50%	100%	100%	1
	HH/60%			
	HH/80%			
	HOME LI Total			1
	EO			
	MR			
	MR Total			
	HOME Total			1
OTHER	**Total OT Units**			

BEDROOMS	**0**			0
	1			48
	2			64
	3			12
	4			0
	5			0

ACQUISITION + HARD	
Cost Per Sq Ft	$ 103.21
HARD	
Cost Per Sq Ft	$ 103.21
BUILDING	
Cost Per Sq Ft	$ 65.96

Total Points claimed

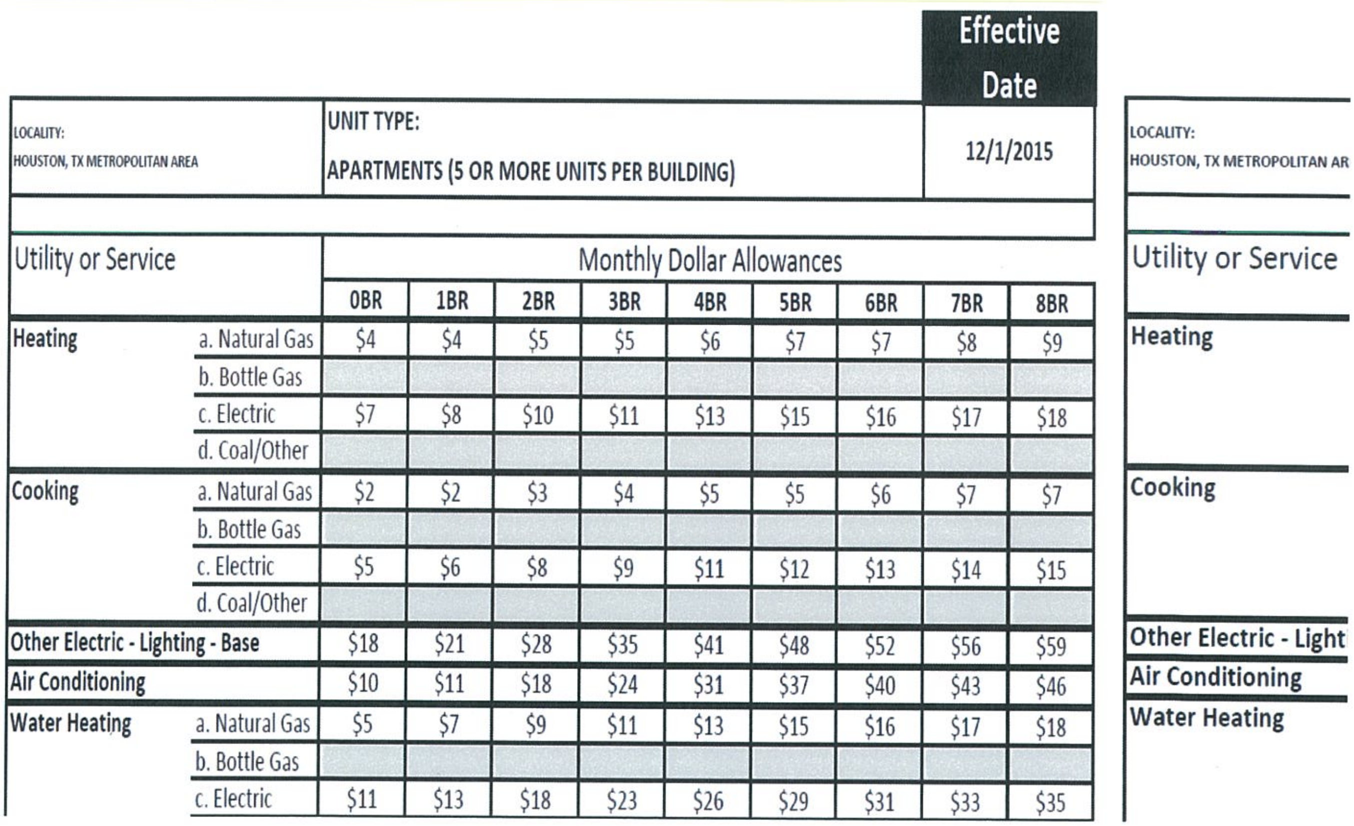
1

Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.

UTILITY ALLOWANCES

Utility	Who Pays	*Energy Source*	0BR	1BR	2BR	3BR		*Source of Utility Allowance & Effective Date*
Heating	tenant			8.00	10.00	11.00		Houston HA 12/1/15
Cooking	tenant			6.00	8.00	9.00		Houston HA 12/1/15
her Electric	tenant			21.00	28.00	35.00		Houston HA 12/1/15
onditioning	tenant			11.00	18.00	24.00		Houston HA 12/1/15
ater Heater	tenant			13.00	18.00	23.00		Houston HA 12/1/15
Water	landlord			20.00	26.00	32.00		Houston HA 12/1/15
Sewer	landlord			31.00	40.00	48.00		Houston HA 12/1/15
Trash	landlord							
flat fee	tenant			19.00	19.00	19.00		Houston HA 12/1/15
other								

Tenant Total	-	**78.00**	**101.00**	**121.00**	-
Landlord Total	-	**51.00**	**66.00**	**80.00**	-



Effective Date

LOCALITY:
HOUSTON, TX METROPOLITAN AREA

UNIT TYPE:
APARTMENTS (5 OR MORE UNITS PER BUILDING)

12/1/2015

Utility or Service		Monthly Dollar Allowances								
		0BR	1BR	2BR	3BR	4BR	5BR	6BR	7BR	8BR
Heating	a. Natural Gas	$4	$4	$5	$5	$6	$7	$7	$8	$9
	b. Bottle Gas									
	c. Electric	$7	$8	$10	$11	$13	$15	$16	$17	$18
	d. Coal/Other									
Cooking	a. Natural Gas	$2	$2	$3	$4	$5	$5	$6	$7	$7
	b. Bottle Gas									
	c. Electric	$5	$6	$8	$9	$11	$12	$13	$14	$15
	d. Coal/Other									
Other Electric - Lighting - Base		$18	$21	$28	$35	$41	$48	$52	$56	$59
Air Conditioning		$10	$11	$18	$24	$31	$37	$40	$43	$46
Water Heating	a. Natural Gas	$5	$7	$9	$11	$13	$15	$16	$17	$18
	b. Bottle Gas									
	c. Electric	$11	$13	$18	$23	$26	$29	$31	$33	$35

LOCALITY:
HOUSTON, TX METROPOLITAN AR

Utility or Service

Heating

Cooking

Other Electric - Light

Air Conditioning

Water Heating

SUMMARY OF SOURCES AND USES OF FUNDS

Funding Description	Construction Period		Permanent Period						Financing Participants
	Loan/Equity Amount	Interest Rate (%)	Loan/Equity Amount	Interest Rate (%)	Amort	Term	Syndication Rate ($)	Debt Service	
DEBT									
Conventional Loan	$10,114,000.00	4.55%	$5,000,000	5.30%	30	15		$333,183	Capital One
Local Government Loan	$800,000	3.00%	$800,000	3.00%	30	18		$40,474	TDHCA TCAP
Local Government Loan	$0	3.00%	$0	0.00%	0	0			0
Other (Please Describe)									
Other (Please Describe)									
Third Party Equity									
HTC Syndication Proceeds	$9,059,244		$16,471,353				1.0982		RedStone
Other (Please Describe)									
Grant									
Other (Please Describe)									
Deferred Developer Fee									
Deferred Developer Fee			$26,490						
Other (Please Describe)									
Other									
HOME Match			$0						Architect Match
Please Describe									
Please Describe									
Please Describe									
TOTAL SOURCES OF FUNDS	$ 19,973,244		$ 22,297,843						
TOTAL USES OF FUNDS			**$ 22,297,843**						

ANNUAL OPERATING EXPENSES

General & Administrative Expenses				
Accounting		$	9,000.00	
Advertising		$	3,500.00	
Legal fees		$	2,500.00	
Leased equipment		$		
Postage & office supplies		$	6,000.00	
Telephone		$	6,200.00	
Other	*Professional Dues, Subscriptions*	$	3,000.00	
Other	*Describe*	$		
Total General & Administrative Expenses:				$ 30,200.00
Management Fee:	Percent of Effective Gross Income:		5.00%	$ 52,813.80
Payroll, Payroll Tax & Employee Benefits				
Management		$	73,200.00	
Maintenance		$	58,240.00	
Other	*Benefits*	$	44,273.56	
Other	*Describe*			
Total Payroll, Payroll Tax & Employee Benefits:				$ 175,713.56
Repairs & Maintenance				
Elevator		$	0.00	
Exterminating		$	2,400.00	
Grounds		$	17,000.00	
Make-ready		$	7,800.00	
Repairs		$	12,500.00	
Pool		$	2,400.00	
Other	*Describe*	$		
Other	*Describe*	$		
Total Repairs & Maintenance:				$ 42,100.00
Utilities (Enter development owner expense)				
Electric		$	30,000.00	
Natural gas		$		
Trash		$	9,650.00	
Water & sewer		$	50,000.00	
Other	*Describe*	$		
Other	*Describe*	$		
Total Utilities:				$ 89,650.00
Annual Property Insurance:	Rate per net rentable square foot:	$	0.44	$ 57,660.00
Property Taxes:				
Published Capitalization Rate: 10.00%	Source: Harris County Appraisal District			
Annual Property Taxes:		$	115,000.00	
Payments in Lieu of Taxes:		$		
Other Taxes	*Describe*	$		
Other Taxes	*Describe*	$		
Total Property Taxes:				$ 115,000.00
Reserve for Replacements:	Annual reserves per unit:	$	250.00	$ 31,000.00
Other Expenses				
Cable TV		$		
Supportive service contract fees		$	4,200.00	
TDHCA Compliance fees		$	4,200.00	
Security		$		
Other	*Describe*	$		
Other	*Describe*	$		
Total Other Expenses:				$ 8,400.00
TOTAL ANNUAL EXPENSES	Expense per unit:	$	4859.17	$ 602,537.36
	Expense to Income Ratio:		57.04%	
NET OPERATING INCOME (before debt service)				$ 453,738.64
Annual Debt Service				
Capital One		$	333,182.79	
TDHCA TCAP		$	40,473.99	
Describe Source		$		
Describe Source		$		
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.21	$ 373,656.78
NET CASH FLOW				$ 80,081.86

30 YEAR RENTAL HOUSING OPERATING PROFORMA

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 20	YEAR 25	YEAR 30
	Income Growth	2%																
POTENTIAL GROSS ANNUAL RENTAL INCOME	$1,134,480	$1,157,170	$1,180,313	$1,203,919	$1,227,998	$1,252,558	$1,277,609	$1,303,161	$1,329,224	$1,355,809	$1,382,925	$1,410,583	$1,438,795	$1,467,571	$1,496,922	$1,652,723	$1,824,740	$2,014,660
Secondary Income	7,440	$7,589	$7,741	$7,895	$8,053	$8,214	$8,379	$8,546	$8,717	$8,891	$9,069	$9,251	$9,436	$9,624	$9,817	$10,839	$11,967	$13,212
POTENTIAL GROSS ANNUAL INCOME	$1,141,920	$1,164,758	$1,188,054	$1,211,815	$1,236,051	$1,260,772	$1,285,987	$1,311,707	$1,337,941	$1,364,700	$1,391,994	$1,419,834	$1,448,231	$1,477,195	$1,506,739	$1,663,562	$1,836,707	$2,027,873
Provision for Vacancy & Collection Loss	(85,644)	(87,357)	(89,104)	(90,886)	(92,704)	(94,558)	(96,449)	(98,378)	(100,346)	(102,353)	(104,400)	(106,488)	(108,617)	(110,790)	(113,005)	(124,767)	(137,753)	(152,090)
Rental Concessions	0																	
EFFECTIVE GROSS ANNUAL INCOME	$1,056,276	$1,077,402	$1,098,950	$1,120,929	$1,143,347	$1,166,214	$1,189,538	$1,213,329	$1,237,596	$1,262,348	$1,287,595	$1,313,346	$1,339,613	$1,366,406	$1,393,734	$1,538,795	$1,698,954	$1,875,782
EXPENSES	Expense Growth	3%																
General & Administrative Expenses	$ 30,200.00	$31,106	$32,039	$33,000	$33,990	$35,010	$36,060	$37,142	$38,256	$39,404	$40,586	$41,804	$43,058	$44,350	$45,680	$52,956	$61,390	$71,168
Management Fee	52,814	$54,398	$56,030	$57,711	$59,442	$61,226	$63,062	$64,954	$66,903	$68,910	$70,977	$73,107	$75,300	$77,559	$79,886	$92,609	$107,360	$124,459
Payroll, Payroll Tax & Employee Benefits	175,714	$180,985	$186,415	$192,007	$197,767	$203,700	$209,811	$216,106	$222,589	$229,266	$236,144	$243,229	$250,526	$258,041	$265,783	$308,115	$357,189	$414,081
Repairs & Maintenance	42,100	$43,363	$44,664	$46,004	$47,384	$48,805	$50,270	$51,778	$53,331	$54,931	$56,579	$58,276	$60,025	$61,825	$63,680	$73,823	$85,581	$99,211
Electric & Gas Utilities	30,000	$30,900	$31,827	$32,782	$33,765	$34,778	$35,822	$36,896	$38,003	$39,143	$40,317	$41,527	$42,773	$44,056	$45,378	$52,605	$60,984	$70,697
Water, Sewer & Trash Utilities	59,650	$61,440	$63,283	$65,181	$67,137	$69,151	$71,225	$73,362	$75,563	$77,830	$80,165	$82,570	$85,047	$87,598	$90,226	$104,597	$121,256	$140,569
Annual Property Insurance Premiums	57,660	$59,390	$61,171	$63,007	$64,897	$66,844	$68,849	$70,915	$73,042	$75,233	$77,490	$79,815	$82,209	$84,676	$87,216	$101,107	$117,211	$135,880
Property Tax	115,000	$118,450	$122,004	$125,664	$129,434	$133,317	$137,316	$141,435	$145,679	$150,049	$154,550	$159,187	$163,963	$168,881	$173,948	$201,653	$233,771	$271,005
Reserve for Replacements	31,000	$31,930	$32,888	$33,875	$34,891	$35,937	$37,016	$38,126	$39,270	$40,448	$41,661	$42,911	$44,199	$45,525	$46,890	$54,359	$63,017	$73,054
Other Expenses:	8,400	$8,652	$8,912	$9,179	$9,454	$9,738	$10,030	$10,331	$10,641	$10,960	$11,289	$11,628	$11,976	$12,336	$12,706	$14,729	$17,075	$19,795
TOTAL ANNUAL EXPENSES	$602,537	$620,613	$639,232	$658,409	$678,161	$698,506	$719,461	$741,045	$763,276	$786,175	$809,760	$834,053	$859,074	$884,846	$911,392	$1,056,553	$1,224,834	$1,419,919
NET OPERATING INCOME	$453,739	$456,788	$459,718	$462,520	$465,186	$467,708	$470,077	$472,284	$474,319	$476,173	$477,835	$479,294	$480,539	$481,559	$482,342	$482,242	$474,119	$455,863
DEBT SERVICE																		
	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183	$333,183
Second Deed of Trust Annual Loan Payment	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474	40,474
Third Deed of Trust Annual Loan Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Annual Required Payment:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Annual Required Payment:		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657	373,657
NET CASH FLOW	$80,082	$83,131	$86,061	$88,863	$91,529	$94,051	$96,420	$98,627	$100,663	$102,516	$104,178	$105,637	$106,882	$107,902	$108,685	$108,585	$100,462	$82,207
Debt Coverage Ratio - 1st Lien	1.36	1.37	1.38	1.39	1.40	1.40	1.41	1.42	1.42	1.43	1.43	1.44	1.44	1.45	1.45	1.45	1.42	1.37
Debt Coverage Ratio	1.21	1.22	1.23	1.24	1.24	1.25	1.26	1.26	1.27	1.27	1.28	1.28	1.29	1.29	1.29	1.29	1.27	1.22
Other (Describe)																		
Other (Describe)																		

DEVELOPMENT COST SCHEDULE

	Total Cost	Eligible Basis (If Applicable)		Notes
		Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	1,700,000			
Existing building acquisition cost				
Closing costs & acq. legal fees	10,000			
Other (specify) - see footnote 2				
Other (specify) - see footnote 2				
Subtotal Acquisition Cost	$1,710,000	$0	$0	
OFF-SITES[3]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 2				
Other (specify) - see footnote 2				
Subtotal Off-Sites Cost	$0	$0	$0	
SITE WORK[4]				
Demolition				
Rough grading	1,368,655		1,368,655	
Fine grading			0	
On-site concrete			0	
On-site electrical			0	
On-site paving	430,120		430,120	
On-site utilities	548,278		548,278	
Decorative masonry			0	
Bumper stops, striping & signs			0	
Other (specify) - see footnote 2			0	
Subtotal Site Work Cost	$2,347,053	$0	$2,347,053	
SITE AMENITIES				
Landscaping	91,900		91,900	
Pool and decking	242,000		242,000	
Athletic court(s), playground(s)				
Fencing				
Other (specify) - see footnote 2				
Other (specify) - see footnote 2				
Subtotal Site Amenities Cost	$333,900	$0	$333,900	
BUILDING COSTS*:				
Concrete	1,412,720		1,412,720	
Masonry	1,027,020		1,027,020	
Metals	376,960		376,960	
Woods and Plastics	2,923,989		2,923,989	
Thermal and Moisture Protection	123,631		123,631	
Roof Covering	235,000		235,000	
Doors and Windows	150,205		150,205	
Finishes	924,831		924,831	
Specialties	131,992		131,992	
Equipment	331,140		331,140	

DEVELOPMENT NAME: Altura Heights City: Houston

BUILDING COSTS (Continued):					
Furnishings		213,940		213,940	
Special Construction		54,937		54,937	
Conveying Systems (Elevators)		0		0	
Mechanical (HVAC; Plumbing)		1,085,000		1,085,000	
Electrical		921,762		921,762	
Individually itemize costs below:					
Detached Community Facilities/Building					
Carports and/or Garages					
Lead-Based Paint Abatement					
Asbestos Abatement					
Structured Parking					
Other (specify) - see footnote 2					
Other (specify) - see footnote 2					
Subtotal Building Costs		$9,913,127	$0	$9,913,127	
TOTAL BUILDING COSTS & SITE WORK		*$12,594,080*	*$0*	*$12,594,080*	
OTHER CONSTRUCTION COSTS					
General requirements (<6%)	5.53%	696,157		696,157	
Field supervision (within GR limit)				0	
Contractor overhead (<2%)	1.78%	224,224		224,224	
G & A Field (within overhead limit)				0	
Contractor profit (<6%)	5.33%	671,884		671,884	
Contingency (7-10%)	5.63%	709,317		709,317	
Subtotal Ancillary Hard Costs		$2,301,582	$0	$2,301,582	
TOTAL DIRECT HARD COSTS		*$14,895,662*	*$0*	*$14,895,662*	
INDIRECT CONSTRUCTION COSTS[4]					
Architectural - Design fees		263,930		263,930	Per final AIA Contract
Architectural - Supervision fees		85,500		85,500	Per final AIA Contract
Engineering fees		120,000		120,000	BRD Contract: $111,300
Real estate attorney/other legal fees		135,000		135,000	$110,000 Coats Rose; $25,000 DMA
Accounting fees		20,000		20,000	
Impact Fees		225,000		225,000	
Building permits & related costs		60,000		60,000	
Appraisal		10,000		10,000	
Market analysis		7,500		7,500	
Environmental assessment		10,500		10,500	PAC:2200; Ninyo; Noise Study $500
Soils report /Testing		11,400		11,400	Report:6400; Testing:5000
Survey		25,000		25,000	Rekkah 5088; BRD
Marketing		121,350			
Partnership Hazard & liability insurance		40,000		40,000	
Real property taxes		15,000		15,000	
Plan Expediter		9,500		9,500	
Tax Credit Pre-dev fees		16,100		16,100	KG App 10,002; Feas Rpt 6,077;
Soft Cost Contingency		50,000		50,000	
FFE		200,000		200,000	
Subtotal Indirect Const. Cost		$1,425,780	$0	$1,304,430	

DEVELOPMENT NAME: **Altura Heights** City: **Houston**

DEVELOPER FEES[4]					
Housing consultant fees[5]				0	
General & administrative				0	
Profit or fee		2,573,604		2,558,176	
Subtotal Developer's Fees	15.00%	$2,573,604	$0	$2,558,176	
FINANCING:					
CONSTRUCTION LOAN(S)[4]					
Interest		700,000		484,187	
Loan origination fees		109,140		109,140	
Title & recording fees		90,000		90,000	
Closing costs & legal fees		45,000		45,000	
Inspection fees		16,800		16,800	
Credit Report		0		0	
Discount Points		0		0	
LC Fee for HCHFC Loan		8,000		8,000	
App Fees Harris County & Houston Housing HFC		11,000		11,000	
PERMANENT LOAN(S)					
Loan origination fees		50,000			
Title & recording fees		10,000			
Closing costs & legal		10,000			
Bond premium					
Credit report					
Discount points					
Credit enhancement fees					
Prepaid MIP					
Other (specify) - see footnote 2					
Other (specify) - see footnote 2					
BRIDGE LOAN(S)					
Interest					
Loan origination fees		8,000		8,000	Redstone Origination Fee
Title & recording fees					
Closing costs & legal fees					
Other (specify) - see footnote 2					
Other (specify) - see footnote 2					
OTHER FINANCING COSTS[4]					
Tax credit fees		64,470			
Tax and/or bond counsel					
Payment bonds		0			
Performance bonds				0	
Land Loan Interest - Chase		11,900		11,900	
GC Fee to HAUCDC		35,390		35,390	.25% of construction contract
Cost of underwriting & issuance					
Syndication organizational cost					
Tax opinion					
Contractor Guarantee Fee					
Developer Guarantee Fee					
Due Diligence Fee		35,000		35,000	
Other (specify) - see footnote 2					
Subtotal Financing Cost		$1,204,700	$0	$854,417	

DEVELOPMENT NAME: Altura Heights **City:** Houston

RESERVES

Rent-up			
Operating	488,097		
Replacement			
Escrows			
Subtotal Reserves	$488,097	$0	$0
TOTAL HOUSING DEVELOPMENT COSTS[6]	$22,297,843	$0	$19,612,685
- Commercial Space Costs[7]			
TOTAL RESIDENTIAL DEVELOPMENT COSTS	$22,297,843		

The following calculations are for HTC Applications only.

Deduct From Basis:

Fed. grant proceeds used to finance costs in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units (42.(d)(5))			
Historic Credits (residential portion only)			
Total Eligible Basis		$0	$19,612,685
**High Cost Area Adjustment (100% or 130%)			130%
Total Adjusted Basis		$0	$25,496,491
Applicable Fraction		83%	83%
Total Qualified Basis	$21,162,448	$0	$21,162,448
Applicable Percentage[8]		3.35%	7.87%
Calculated Credits	$1,665,485	$0	$1,665,485
Credits Supported by Eligible Basis	**$1,665,485**		

Actual Credits Requested	**$1,500,000**

DMA
COMPANIES

June 23, 2016

VIA EMAIL (lucy.trevino@tdhca.state.tx.us)

Ms. Lucy Trevino
Asset Manager
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: Request for waiver of §10.3(a)(139) Unit Type as it relates to the Amendment Request for Altura Heights (TDHCA# 15306) 12920 S. Post Oak Road Houston, TX 77045

Dear Ms. Trevino,

Please accept this letter as our formal request of a waiver of the 2015 Uniform Multifamily Rules §10.3(a)(139) Unit Type for the above named development in conjunction with our request for an Amendment to Application dated May 10, 2016 which is being considered for approval. Specifically we request that the two-bedroom/two and a half bath units be treated as the same Unit Type as the two-bedroom/two bath units.

During the course of TDHCA's review of the amendment request, we were asked to provide accessible units that were equal in size and opportunity of the largest same unit type to meet TDHCA's interpretation of 24 CFR Section 8.4(b)(ii). We re-designed the units to achieve this requirement, which included enlarging the two- and three-bedroom non-townhome "flat" units to be of equal size to their townhome counterpart. The expanded accessible two bedroom/two-bath flat units are of equal size (1,264 square feet) to the largest two-bedroom/two-bath townhome unit (TH2, 1,264 square feet).

However, there are 38 townhome units (TH1) that are slightly smaller in size with both bedrooms and two full bathrooms located upstairs, and with an additional half bathroom on the first floor. The half bath was provided as a convenience so that residents and guest do not need to go upstairs to use the bathroom. The two accessible two-bedroom flat units (B1c-ansi) do not have a half bathroom, however those units are 39 sf larger than the townhome units with the additional half bathroom. Further, while the flat units have two fully accessible bathrooms they have additional livable space, including space that the townhome units would not typically consider livable space (stairwell, and a half bathroom). The current unit mix furthers fair housing by providing an equally sized accessible unit, with a dedicated covered carport, and the same amenities as the larger townhome units. We contend that adding a fully accessible half bath to the two-bedroom, two-bathroom accessible units does not benefit the resident, but instead diminishes their livable space by 48 square feet, the approximate size of a half bath. The unit already provides a second bathroom with public access, and a two-bedroom unit with three toilets all within 15 feet of each other is impractical.

It should be noted that HUD does not consider the inclusion of a half bath to cause units with the same number of bedrooms and full baths to be considered different unit types. And while the examples provided with TDHCA's definition of Unit Type does not specifically address a half baths, it does provide for a size variation between of up to 120 sf within same type units and our two types of 2 bedroom/2 full bath townhome units are only 39 square feet different in size.

If you have any questions or need any additional information, please contact me at valentind@dmacompanies.com or 512-328-3232 ext. 4514.

Regards,

DMA DEVELOMENT COMPANY, LLC

Valentin DeLeon
Associate Project Manager

CC: Raquel Morales, Diana McIver, JoEllen Smith, Benny Rodriguez

Encolures:

SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA, and rows 51 through 79.

Specifications and Amenities (check all that apply)

Building Configuration (Check all that apply):

☐ Single Family Construction	☐ SRO	☐ Transitional (per §42(i)(3)(B))	☐ Duplex
☐ Scattered Site	☐ Fourplex	☒ > 4 Units Per Building	☒ Townhome

Development will have: ☒ Fire Sprinklers ☐ Elevators ☐ # of Elevators ☐ Wt. Capacity

Number of Parking Spaces(consistent with Architectural Drawings):

Free	Paid		Free	Paid	
7	0	Shed or Flat Roof Carport Spaces	0	0	Detached Garage Spaces
52	0	Attached Garage Spaces	148	0	Uncovered Spaces
0	0	Structured Parking Garage Spaces			

Floor Composition & Wall Height:

100	% Carpet/Vinyl/Resilient Flooring	9	Ceiling Height
	% Ceramic Tile	9	Upper Floor(s) Ceiling Height (Townhome Only)
	% Other *Describe*		

				Building Label	**A1**	**A6**	**B**	**C**	**D**						**Total # of Residential Buildings**	
				Number of Stories	3	3	3	2	2							
Unit Type				**Number of Buildings**	1	1	1	2	5						10	
Unit Label	**# of Bed-rooms**	**# of Baths**	**Sq. Ft. Per Unit**		**Number of Units Per Building**										**Total # of Units**	**Total Sq Ft for Unit Type**
A1	1	1	731		6	6									12	8,772
A2(a,b)	1	1	764		6	6	15								27	20,628
A2 (ansi)	1	1	764		1	1	1								3	2,292
A2(c)	1	1	764		2	2	2								6	4,584
B1(a)	2	2	1,026		3	4									7	7,182
B1(b)	2	2	1,055		4										4	4,220
B1(a-ansi)	2	2	1,026		1										1	1,026
B1(c)	2	2	1,264			2									2	2,528
B1(c-ansi)	2	2	1,264			2									2	2,528
C1(a,b)	3	2	1,307				6								6	7,842
C1 (ansi)	3	2	1,413				1								1	1,413
C1(c)	3	2	1,413				1								1	1,413
TH1	2	2.5	1,225					4	6						38	46,550
TH2	2	2	1,264						2						10	12,640
TH3	3	2	1,413					2							4	5,652
															-	-
				Totals	23	23	26	12	40	-	-	-	#	#	124	129,270

Net Rentable Square Footage from Rent Schedule 129,270

Interior Corridors												
Total Interior Corridor Per Building Label	0	0	0	0	0	0	0	0	0	0		-
Common Area												
Total Common Area Per Building Label	0	0	0	0	0	0	0	0	0	0		-
Breezeways												
Total Breezeways Per Building Label	0	0	0	0	0	0	0	0	0	0		-

Rent Schedule

Self Score Total: **126**

ate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

Rent Designations (select from Drop down menu)													
HTC Units	HOME Units (Rent/Inc)	HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			**(B)**	**(A) x (B)**			**(E)**	**(A) x (E)**
TC 30%	LH/50%				5	1	1.0	731	3,655	390	74	316	1,580
TC 30%					3	1	1.0	731	2,193	390	74	316	948
TC 50%					4	1	1.0	731	2,924	650	74	576	2,304
TC 50%					16	1	1.0	764	12,224	650	74	576	9,216
TC 60%					12	1	1.0	764	9,168	780	74	706	8,472
MR					8	1	1.0	764	6,112			855	6,840
TC 30%	LH/50%				3	2	2.0	1026	3,078	468	97	371	1,113
TC 50%	LH/50%				3	2	2.0	1026	3,078	780	97	683	2,049
TC 50%	LH/50%				2	2	2.0	1026	2,052	780	97	683	1,366
TC 50%					4	2	2.0	1055	4,220	780	97	683	2,732
TC 50%					8	2	2.5	1225	9,800	780	97	683	5,464
TC 60%					30	2	2.5	1225	36,750	936	97	839	25,170
TC 50%					4	2	2.0	1264	5,056	780	97	683	2,732
TC 60%					1	2	2.0	1264	1,264	936	97	839	839
MR					9	2	2.0	1264	11,376	0	0	1,112	10,008
TC 50%	LH/50%				1	3	2.0	1307	1,307	901	120	781	781
TC 60%					5	3	2.0	1307	6,535	1,081	120	961	4,805
TC 60%					4	3	2.0	1413	5,652	1,081	120	961	3,844
MR					2	3	2.0	1413	2,826	0	0	1,262	2,524
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			TOTAL		124				129,270				92,787
			Non Rental Income			$5.00	per unit/month for:		***Application Fees, Laundry***				620
			Non Rental Income			0.00	per unit/month for:						
			Non Rental Income			0.00	per unit/month for:						

+ TOTAL NONRENTAL INCOME	**$5.00** per unit/month		620
= POTENTIAL GROSS MONTHLY INCOME			93,407
- Provision for Vacancy & Collection Loss	% of Potential Gross Income:	7.00%	(6,538)
- Rental Concessions ***(enter as a negative number)***	**Enter as a negative value**		
= EFFECTIVE GROSS MONTHLY INCOME			86,869
x 12 = EFFECTIVE GROSS ANNUAL INCOME			1,042,422

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	10%	9%	11
	TC40%			0
	TC50%	40%	34%	42
	TC60%	50%	42%	52
	HTC LI Total			105
	EO			0
	MR			19
	MR Total			19
	Total Units			124
MORTGAGE REVENUE BOND				
	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
HOME	30%			0
	LH/50%	100%	100%	14
	HH/60%			0
	HH/80%			0
	HOME LI Total			14
	EO			0
	MR			0
	MR Total			0
	HOME Total			14
OTHER	Total OT Units			0

BEDROOMS	0			0
	1			48
	2			64
	3			12
	4			0
	5			0

ACQUISITION + HARD		
Cost Per Sq Ft	$ 115.50	
HARD		
Cost Per Sq Ft	$ 115.50	
BUILDING		Total Points claimed:
Cost Per Sq Ft	$ 76.69	12

Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.

BLDG. TYPE	A	B	C(TH)	D(TH)
NO. OF STORIES	3	3	2	2
HEIGHT(FT.)	36'-9"	37'-9"	25'-10"	25'-10"
HOSE LAY DIST.	176'-0"	190'-0"	148'-0"	179'-0"

NO. BED.	TYPE	AREA	NO.	%	TOTAL AREA	
1	A1	731	12	9.68%	8,772	38.71%
	A2(a,b)	764	27	21.77%	20,628	
	A2(c)	764	6	4.84%	4,584	
	A2(ansi)	764	3	2.42%	2,292	
2	B1(a)	1,026	7	5.65%	7,182	51.61%
	B1(b)	1,055	4	3.23%	4,220	
	B1(c)	1,264	2	1.61%	2,528	
	B1(a-ansi)	1,026	1	0.81%	1,026	
	B1(c-ansi)	1,264	2	1.61%	2,528	
3	C1(a,b)	1,307	6	4.84%	7,842	9.68%
	C1(c)	1,413	1	0.81%	1,413	
	C1(ansi)	1,413	1	0.81%	1,413	
2	TH1	1,225	38	30.65%	46,550	
	TH2	1,264	10	8.06%	12,640	
3	TH3	1,413	4	3.23%	5,652	
	TOTAL		124	100.00%	129,270	100.00%

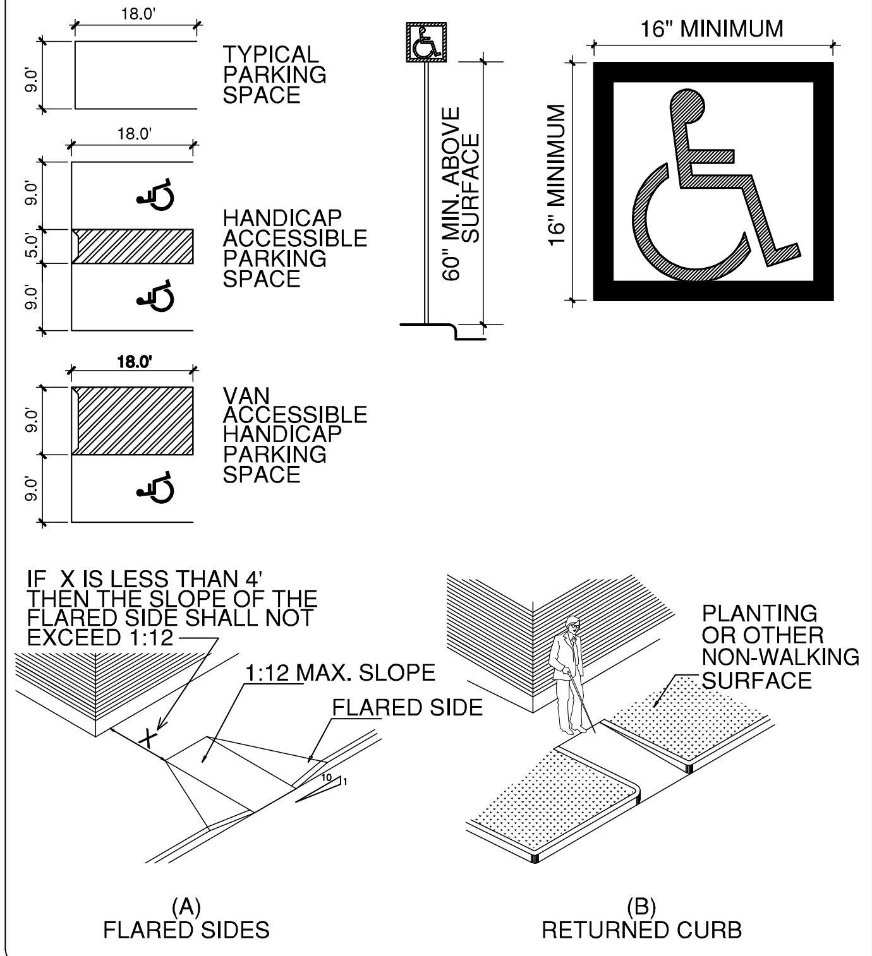
	A1 (#1)	A2 (#6)	B	C(TH)	D(TH)	TOTAL
NO. BLDGS	1	1	1	2	5	10
A1	6	6				12
A2(a,b)	6	6	15			27
A2(c)	2	2	2			6
A2(ansi)	1	1	1			3
B1(a)	3	4				7
B1(b)	4					4
B1(c)		2				2
B1(a-ansi)	1					1
B1(c-ansi)		2				2
C1(a,b)			6			6
C1(c)			1			1
C1(ansi)			1			1
TH1				4	6	38
TH2					2	10
TH3				2		4
UNITS/BLDG	23	23	26	6	8	
UTS/BLDG TYPE	23	23	26	12	40	124

FENCE LEGEND

—×—×—	WOOD PRIVACY FENCE
—◇—◇—	WROUGHT IRON FENCE
■	2' X 2' BRICK COLUMN

ENSURE KNOX BOXES LOCATED AT ALL GATE LOCATIONS.

SITE LEGEND:



# / X	BUILDING NUMBER BUILDING TYPE
♿	HANDICAP ACCESSIBLE
EM	ELECTRICAL METER
*	FIRE SPRINKLER ROOM LOCATION
H/V	HEARING AND VISUALLY IMPAIRED UNITS
◕	BUILDING ORIENTATION
T	TRANSFORMER LOCATION (REF. TO MEP)
●	DENOTES ENTRY LOCATION
☒	COVERED PARKING
D	DENOTES DUMPSTER LOCATION
▨	INDICATES 3-STORY PORTION
▩	INDICATES VISITABLE FIRST FLOOR

PARKING TABULATION

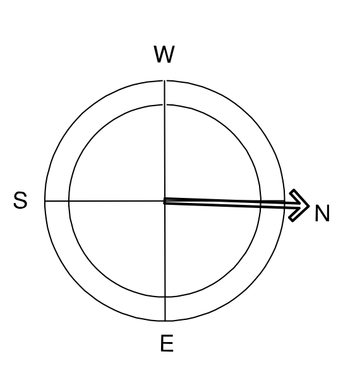
TYPE	NO.
SURFACE PARKING	142
CARPORT PARKING	56
SURFACE HC PARKING OF WHICH 2 ARE VAN ACCESSIBLE	6
COVERED HC PARKING	3
TOTAL PROVIDED P/DU	207 1.67

CITY OF HOUSTON, TX PARKING REQUIREMENTS

A) 1.333 SPACES PER 1 BD UNIT
B) 1.666 SPACES PER 2 BD UNIT
C) 2 SPACES PER 3 BD UNIT

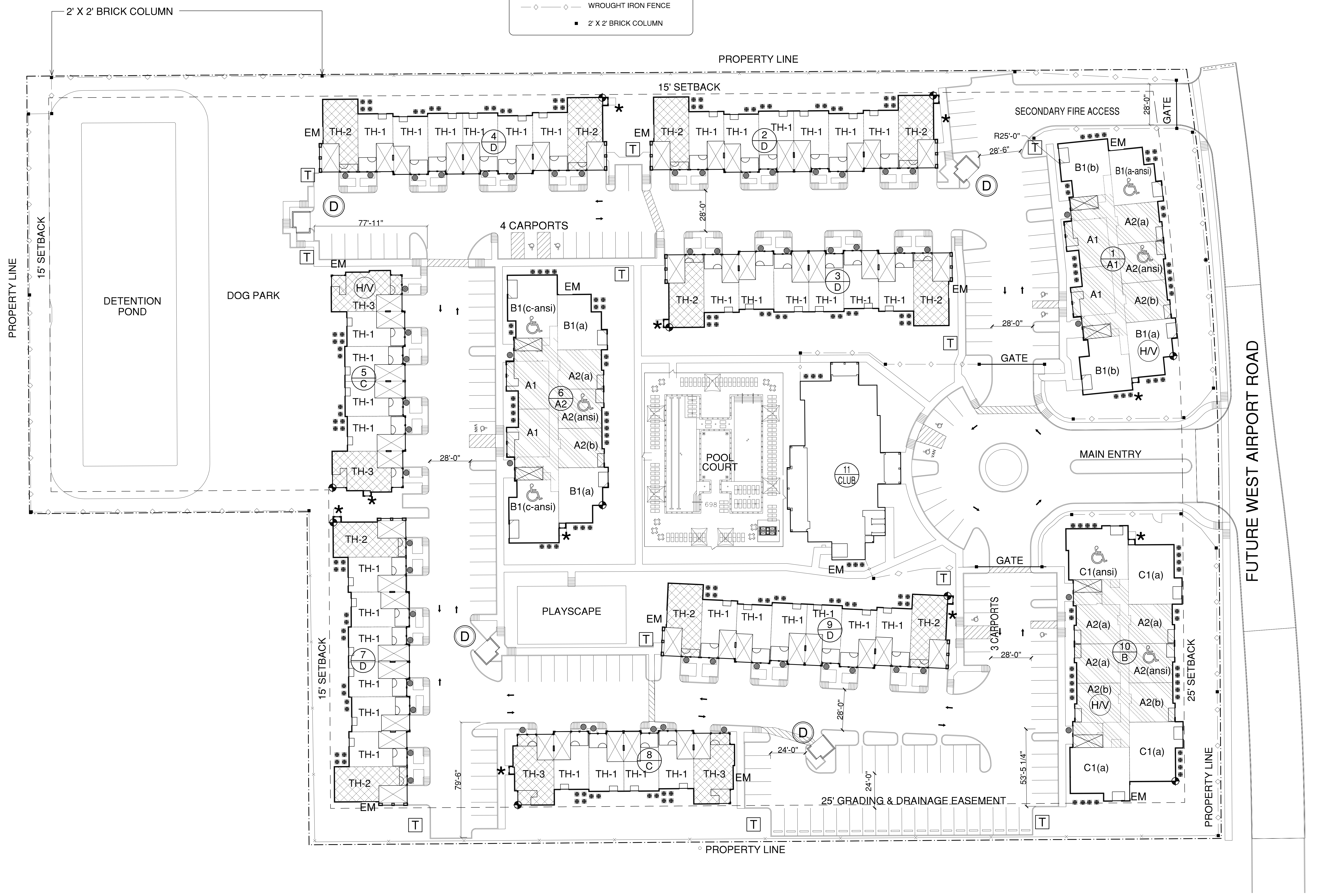
= 194 SPACES REQUIRED

SITE ORIENTATION



SITE NOTES

1. LEGAL DESCRIPTION: 10.203 ACRES
2. SEE CIVIL ENGINEER'S DRAWINGS FOR EASEMENTS, GRADING, DRAINAGE, DIMENSION CONTROL, AND UTILITY DRAWINGS.
3. SEE MECHANICAL AND ELECTRICAL ENGINEER'S DRAWINGS FOR ELECTRICAL TRANSFORMERS AND HVAC COMPRESSOR LOCATIONS.
4. SEE LANDSCAPE DRAWINGS FOR FINE GRADING, SIDEWALKS, PLANTING, RETAINING WALL LOCATIONS, FENCING MATERIAL AND LOCATION, HANDICAP PARKING SPACES DESIGN.
5. THE ARCHITECTS SITE PLAN IS DIAGRAMATIC AND SHOULD BE USED FOR REFERENCE. CONFIRM ALL BOUNDARY, SETBACK, AND PARKING INFORMATION IS CONSISTENT WITH THE CIVIL ENGINEER PRIOR TO CONSTRUCTION. NOTIFY THE ARCHITECT SHOULD A DISCREPANCY EXIST.



1 SITE PLAN
SCALE: 1"=40'-0"

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124 APARTMENTS IN HOUSTON, TX
12920 S. POST OAK ROAD HOUSTON, TEXAS 77045

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2 05-13-2016

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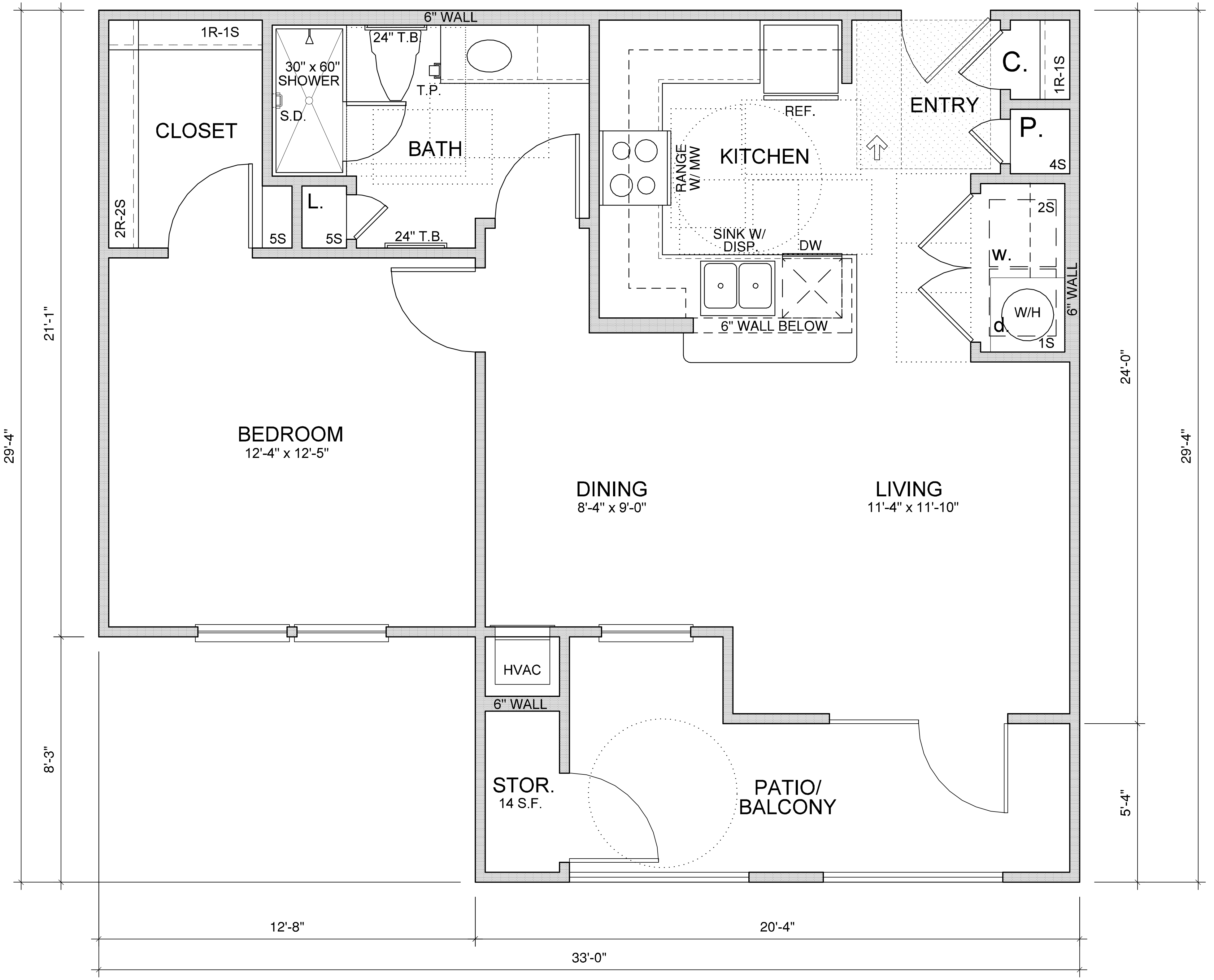
DATE
03-11-16

PROJECT
15187

SHEET NUMBER
2
A1-01
SITE PLAN



A1 ONE BEDROOM / ONE BATH

SCALE: 1/4"=1'-0"

731 S.F.

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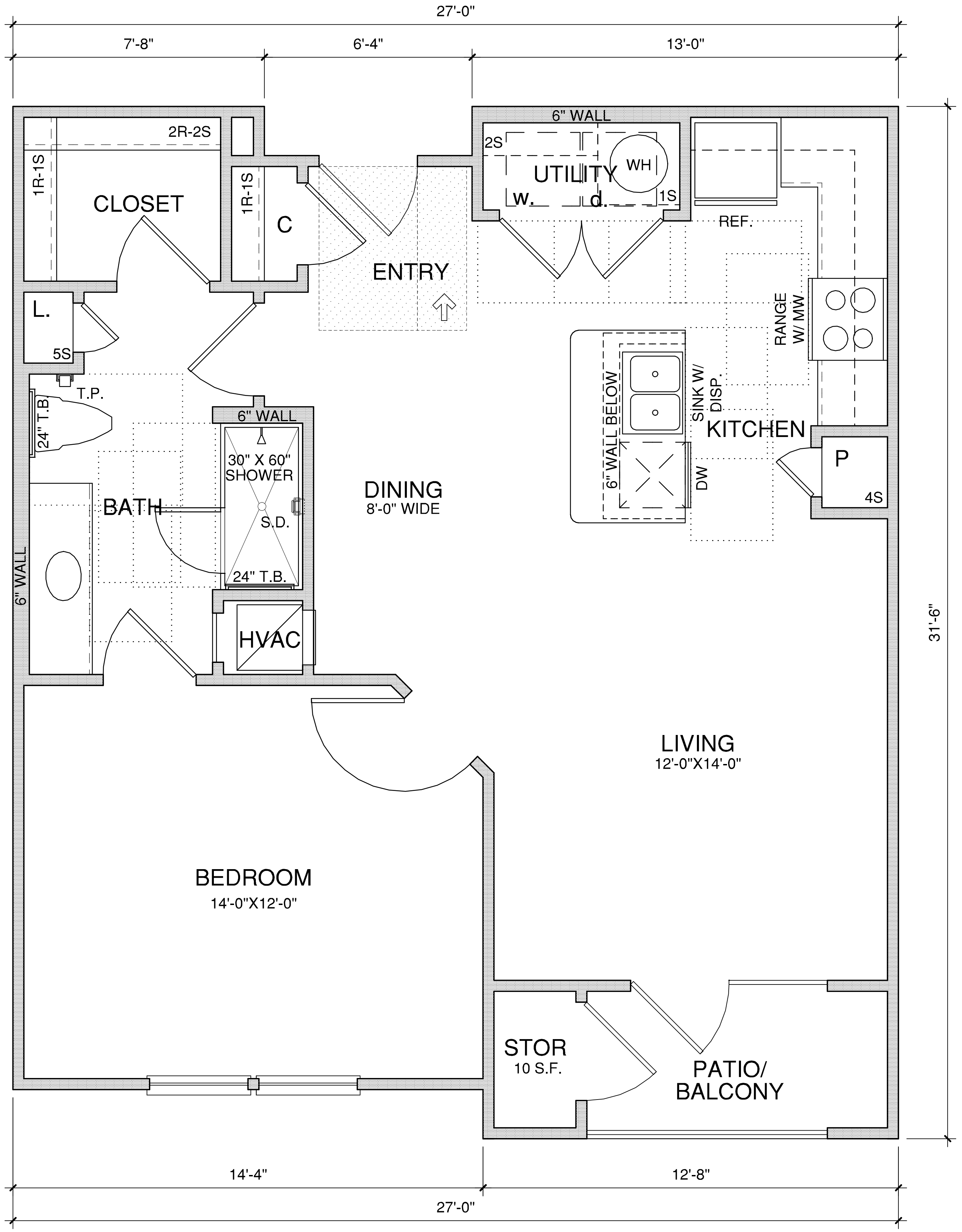
6/22/2016

0 4 8



A2(a) ONE BEDROOM / ONE BATH 764 S.F.

SCALE: 1/4"=1'-0"

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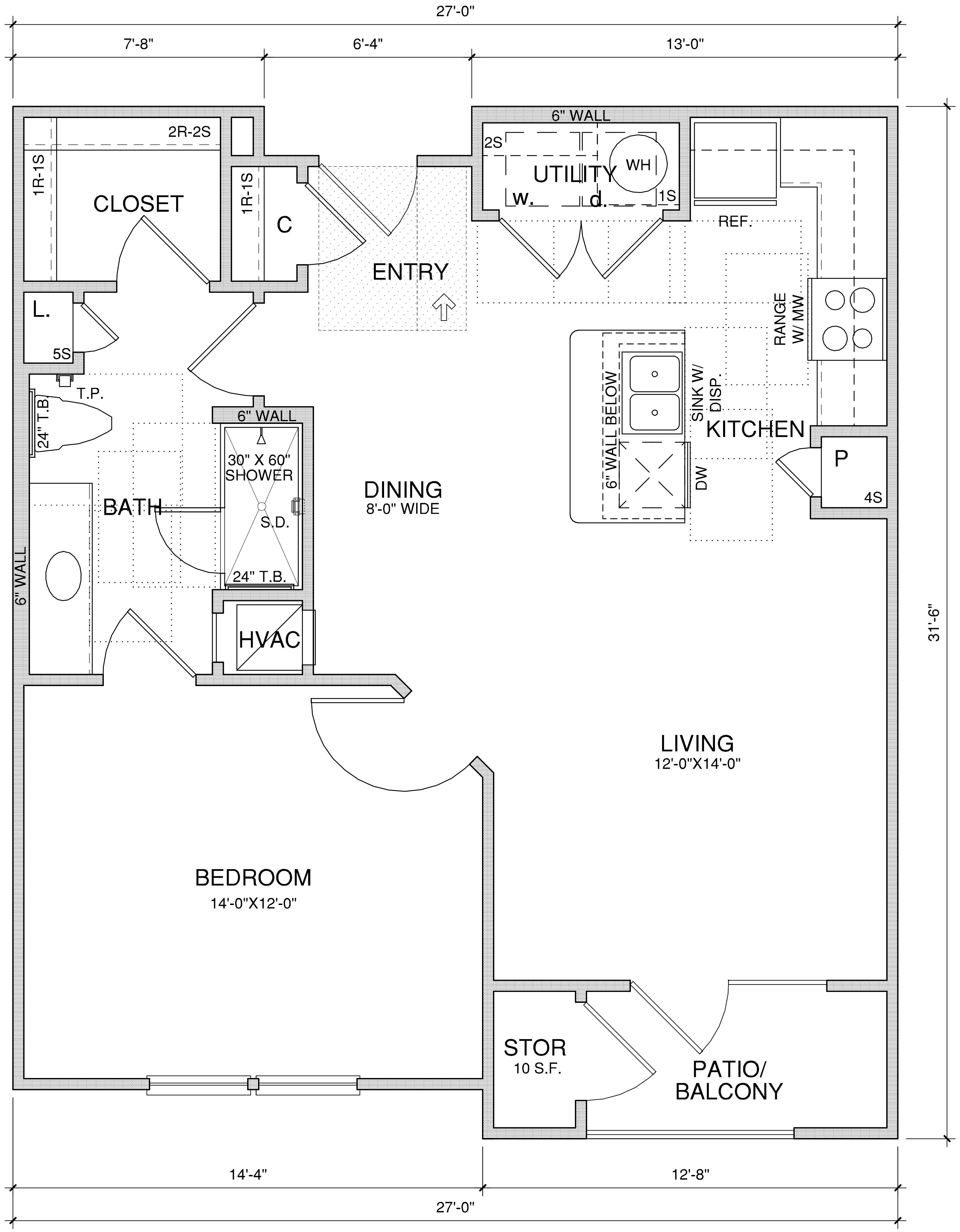
6/23/2016

0 4 8



A2(b) ONE BEDROOM / ONE BATH 764 S.F.

SCALE: 1/4"=1'-0"

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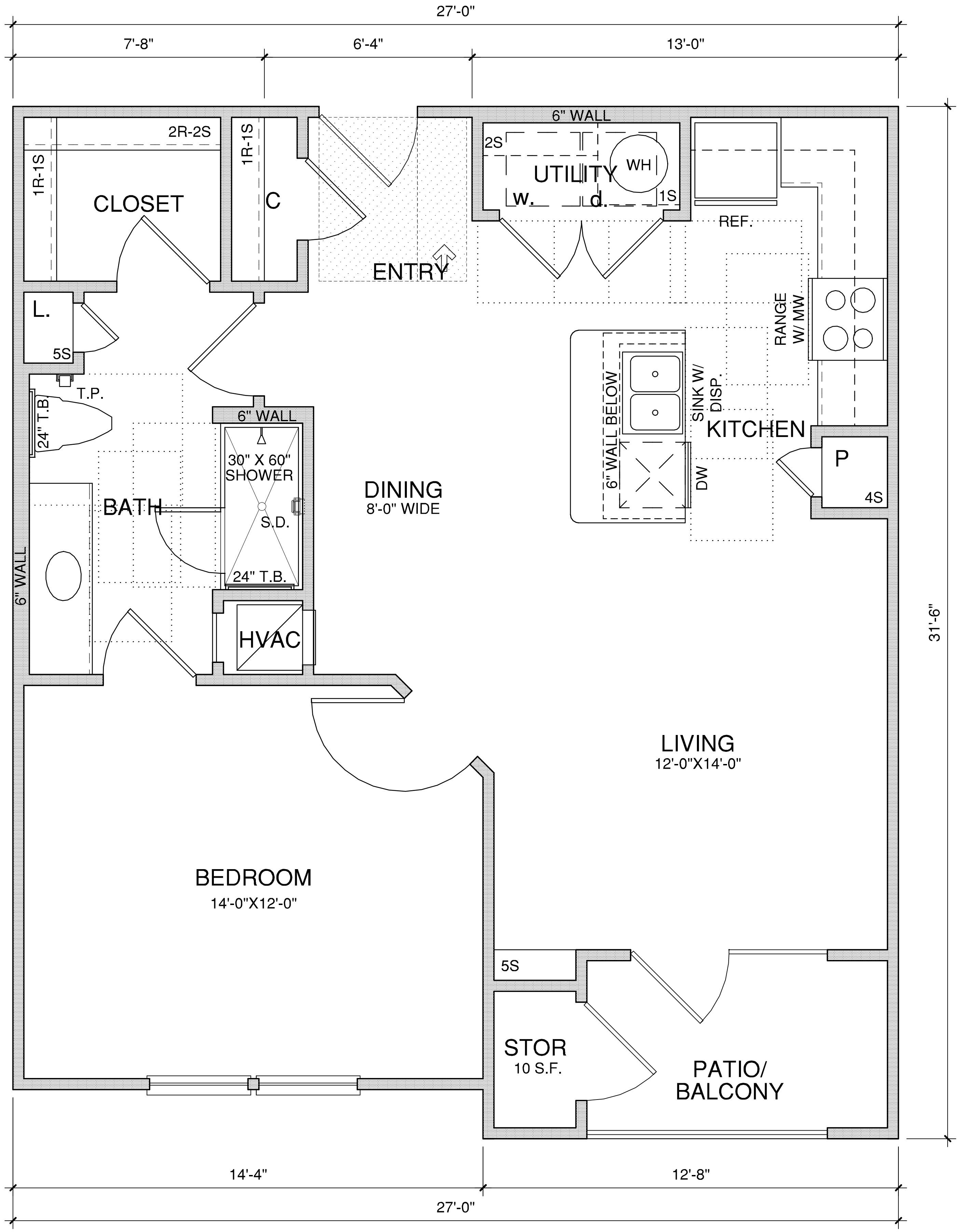
JOB# - 15187

6/23/2016

0 4 8



A2(c) ONE BEDROOM / ONE BATH 764 S.F.

SCALE: 1/4"=1'-0"

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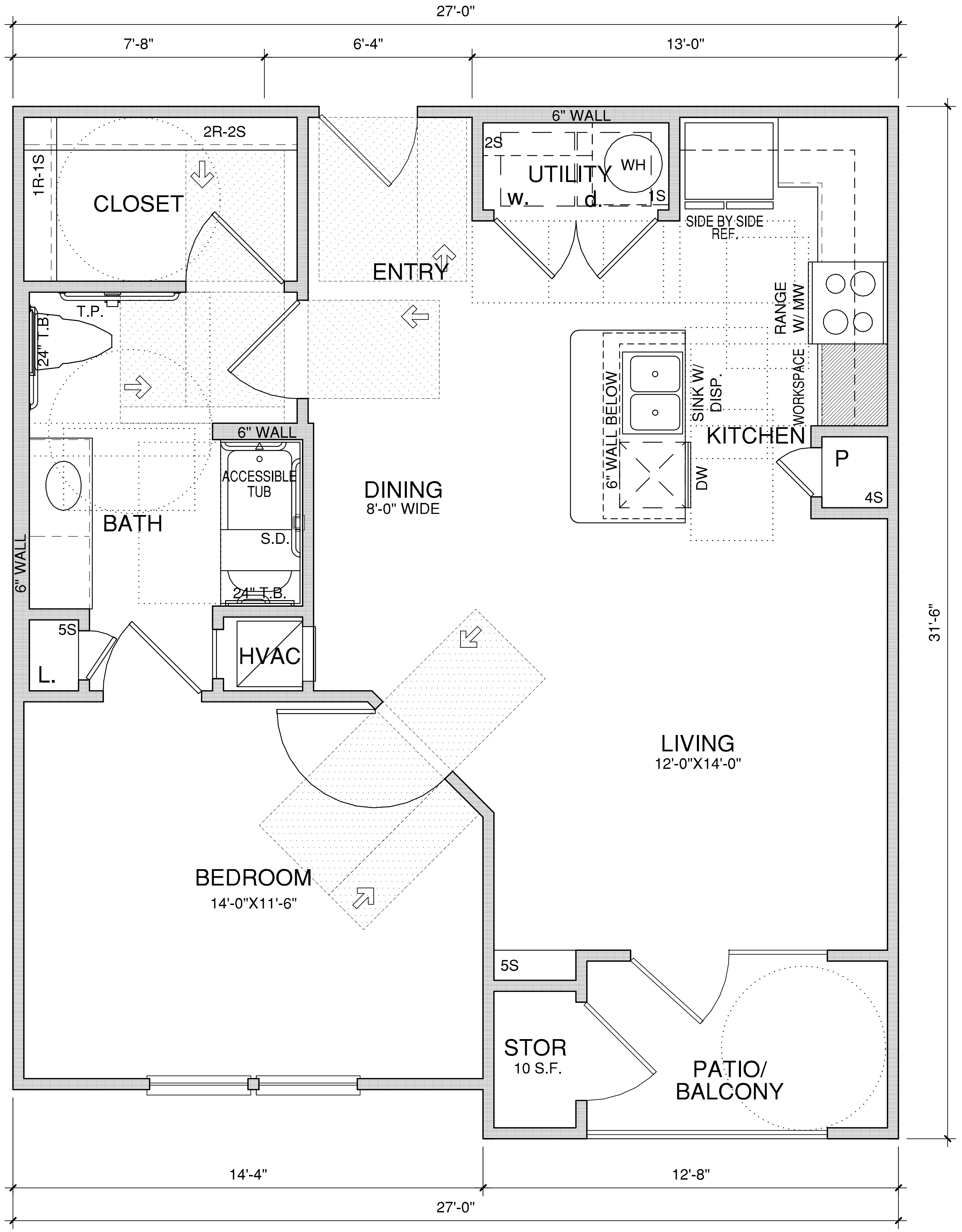
0 4 8



A2(ansi) ONE BEDROOM / ONE BATH 764 S.F.

SCALE: 1/4"=1'-0"

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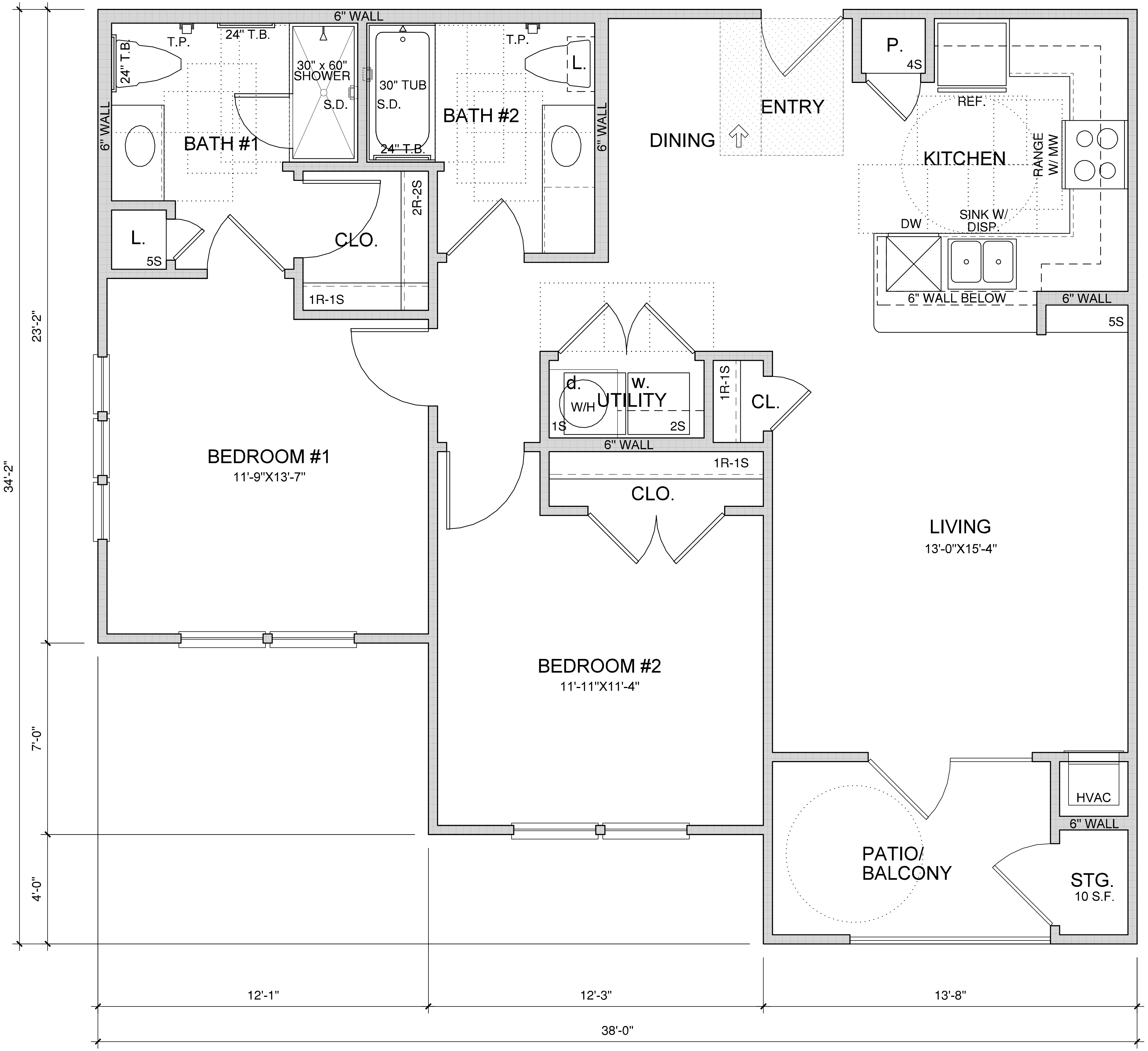

B1(a) TWO BEDROOM / TWO BATH

1,026 S.F.

SCALE: 1/4= 1'-0"

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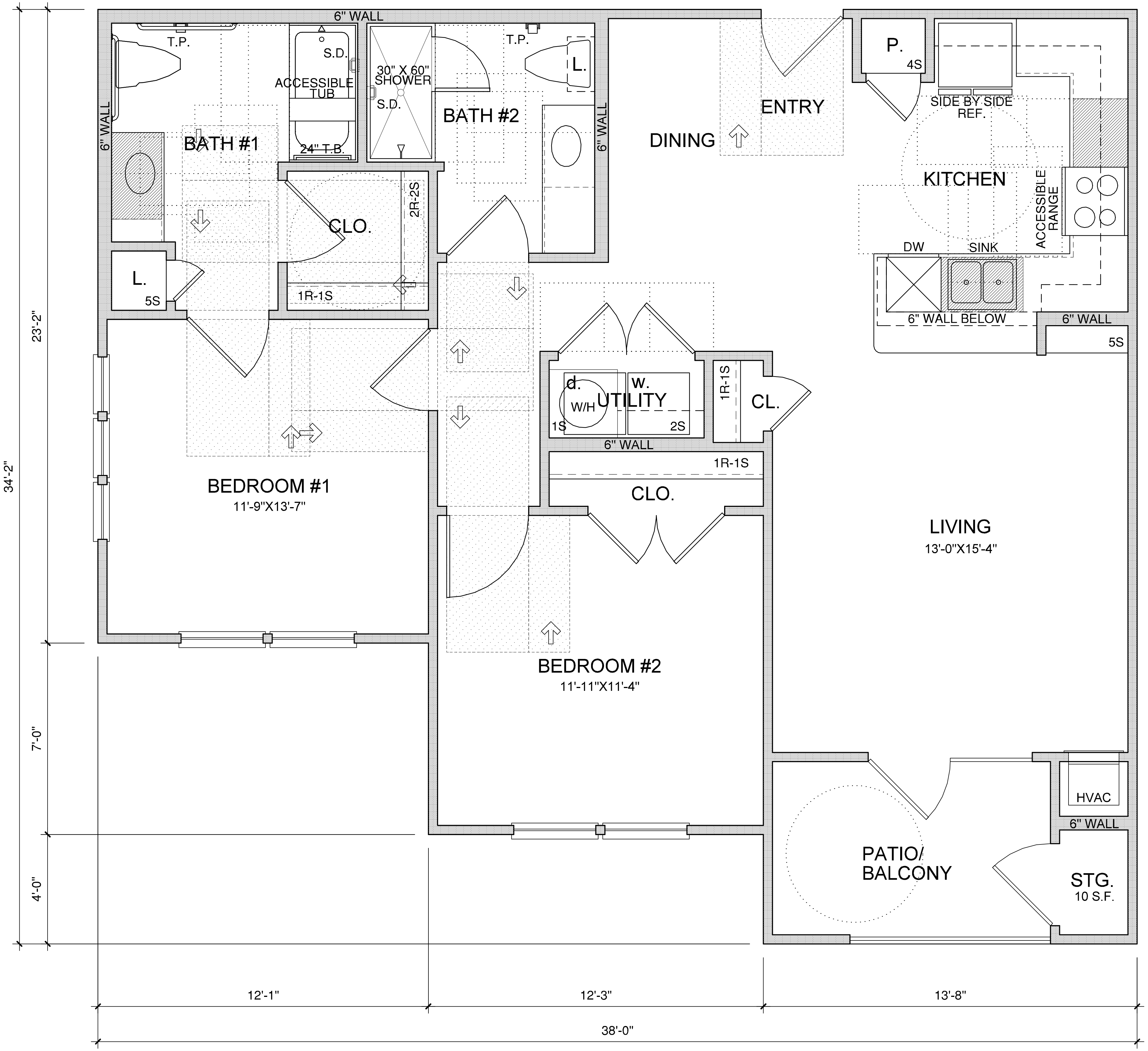
0 4 8



B1(a-ansi) TWO BEDROOM / TWO BATH 1,026 S.F.

SCALE: 1/4= 1'-0"

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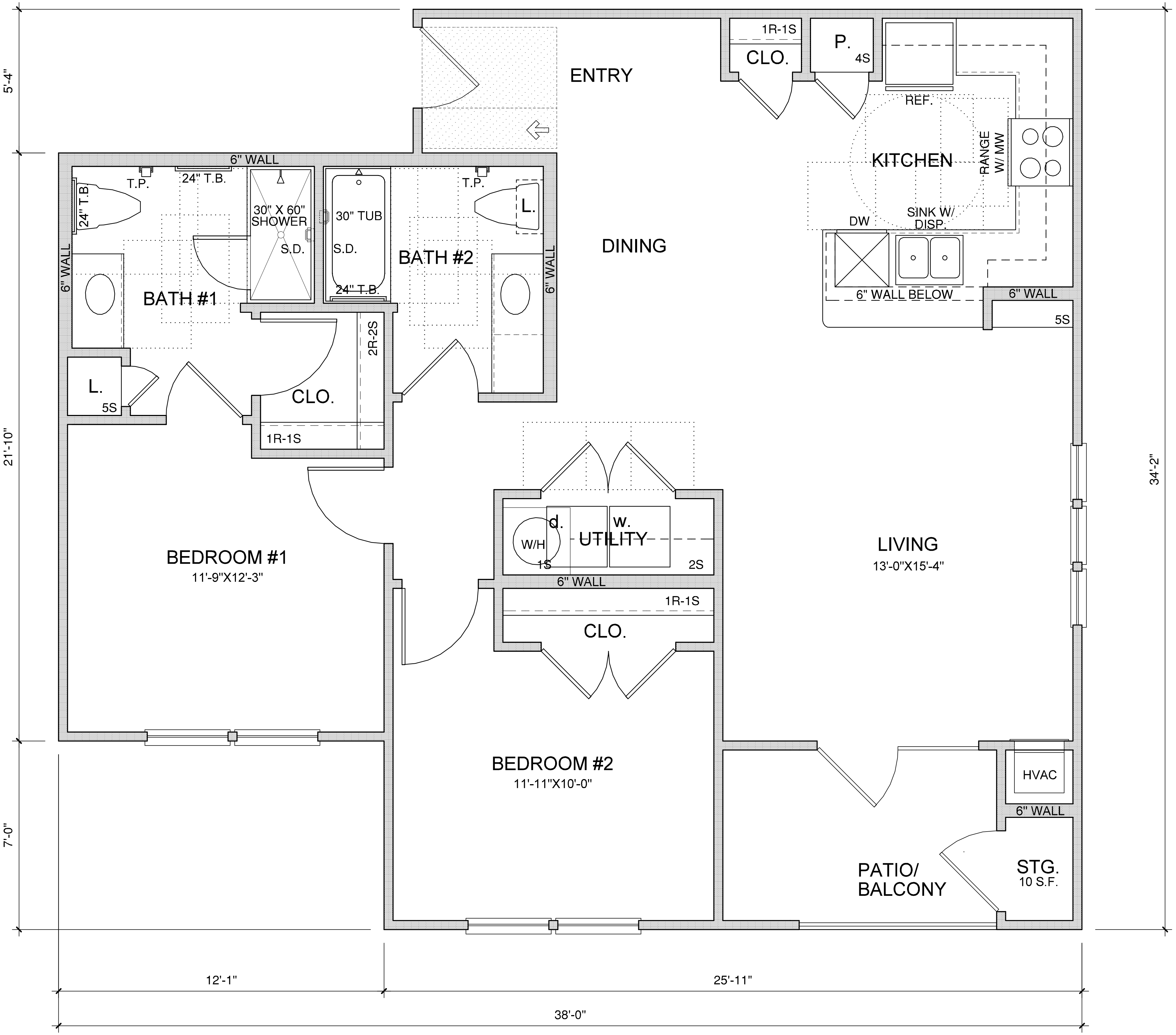

B1(b) TWO BEDROOM / TWO BATH

SCALE: 1/4= 1'-0"

1,055 S.F.

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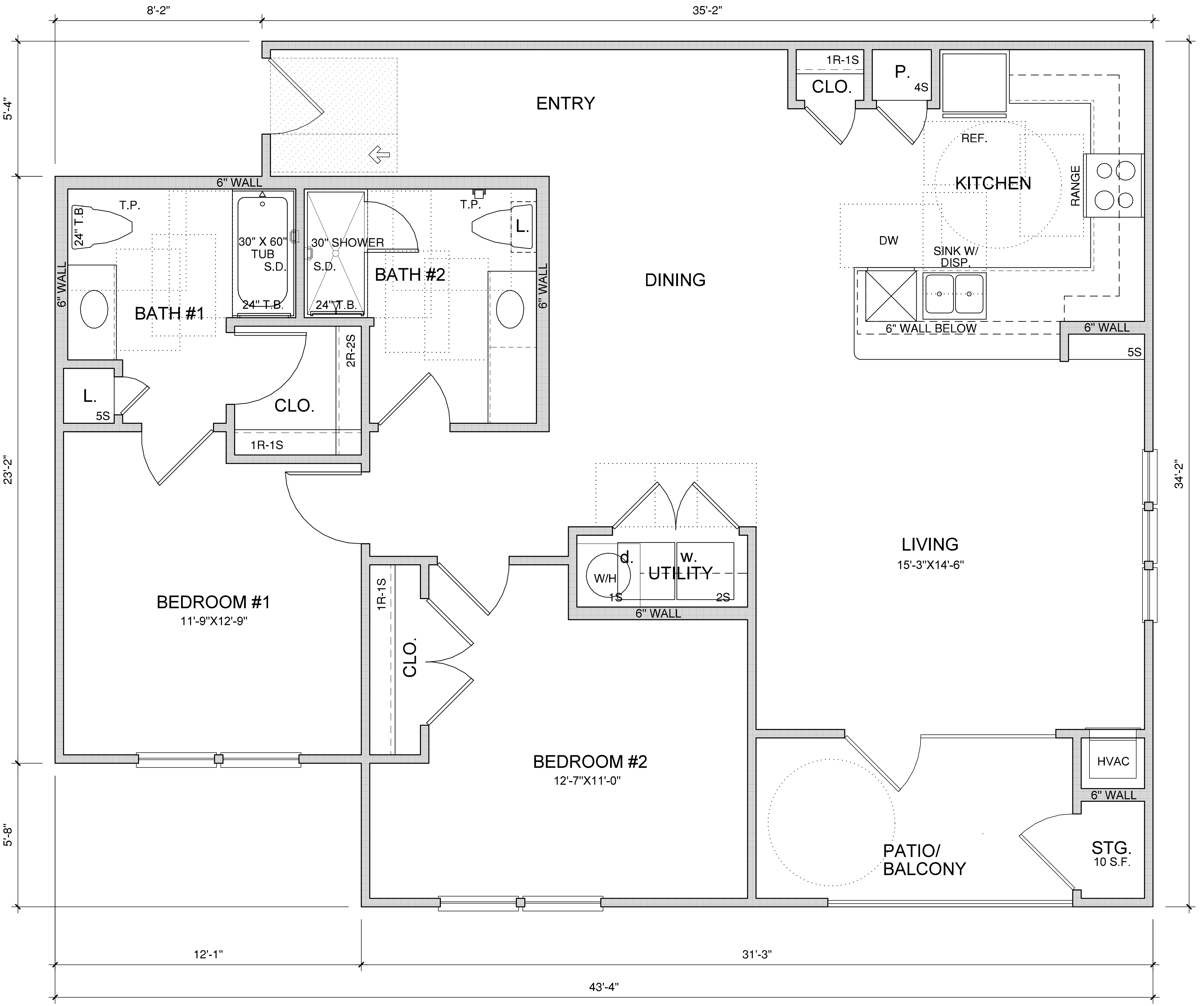
0 4 8



B1(c) TWO BEDROOM / TWO BATH

SCALE: 1/4= 1'-0"

1,264 S.F.

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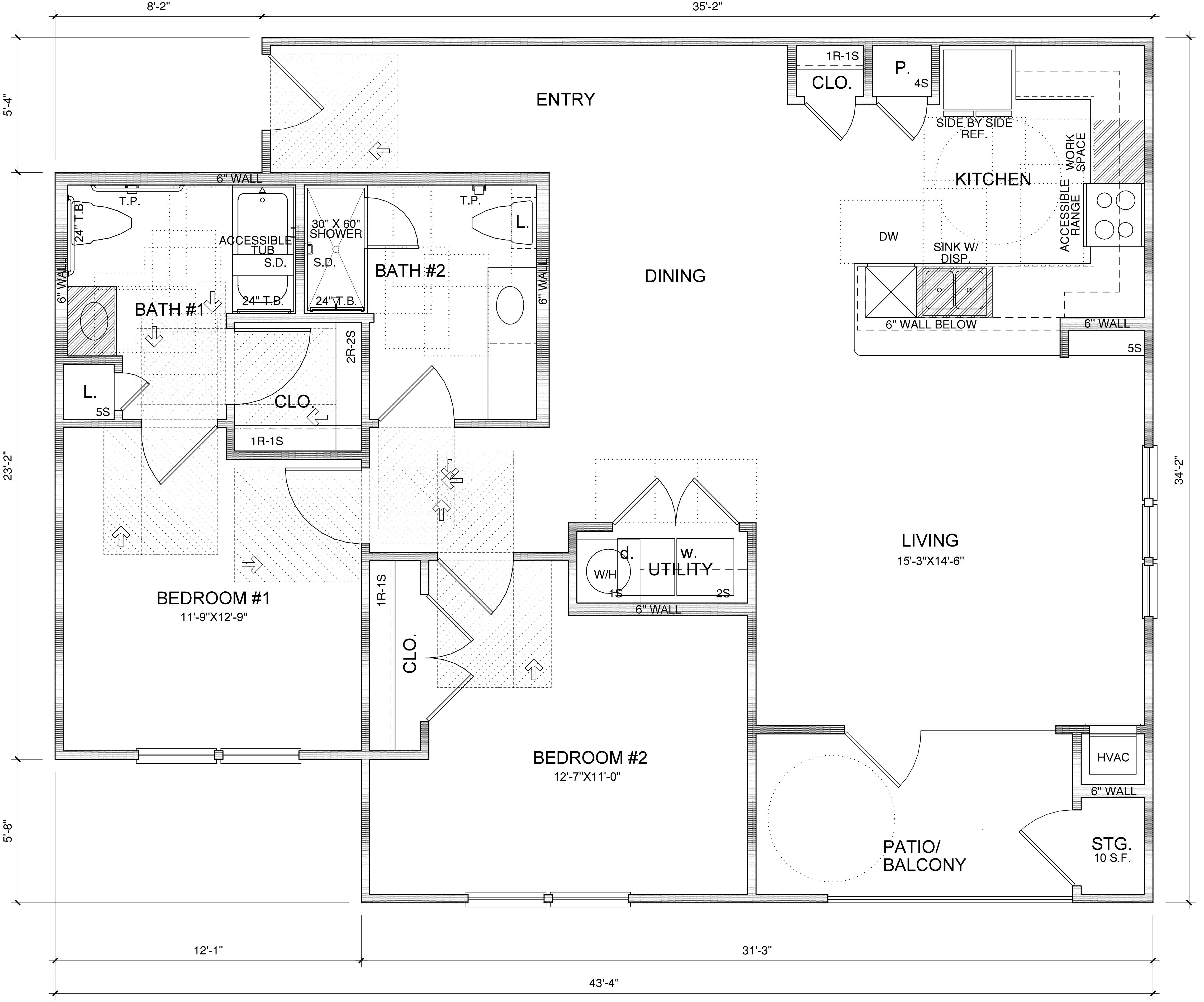
0 4 8



B1(c-ansi) TWO BEDROOM / TWO BATH 1,264 S.F.

SCALE: 1/4= 1'-0"

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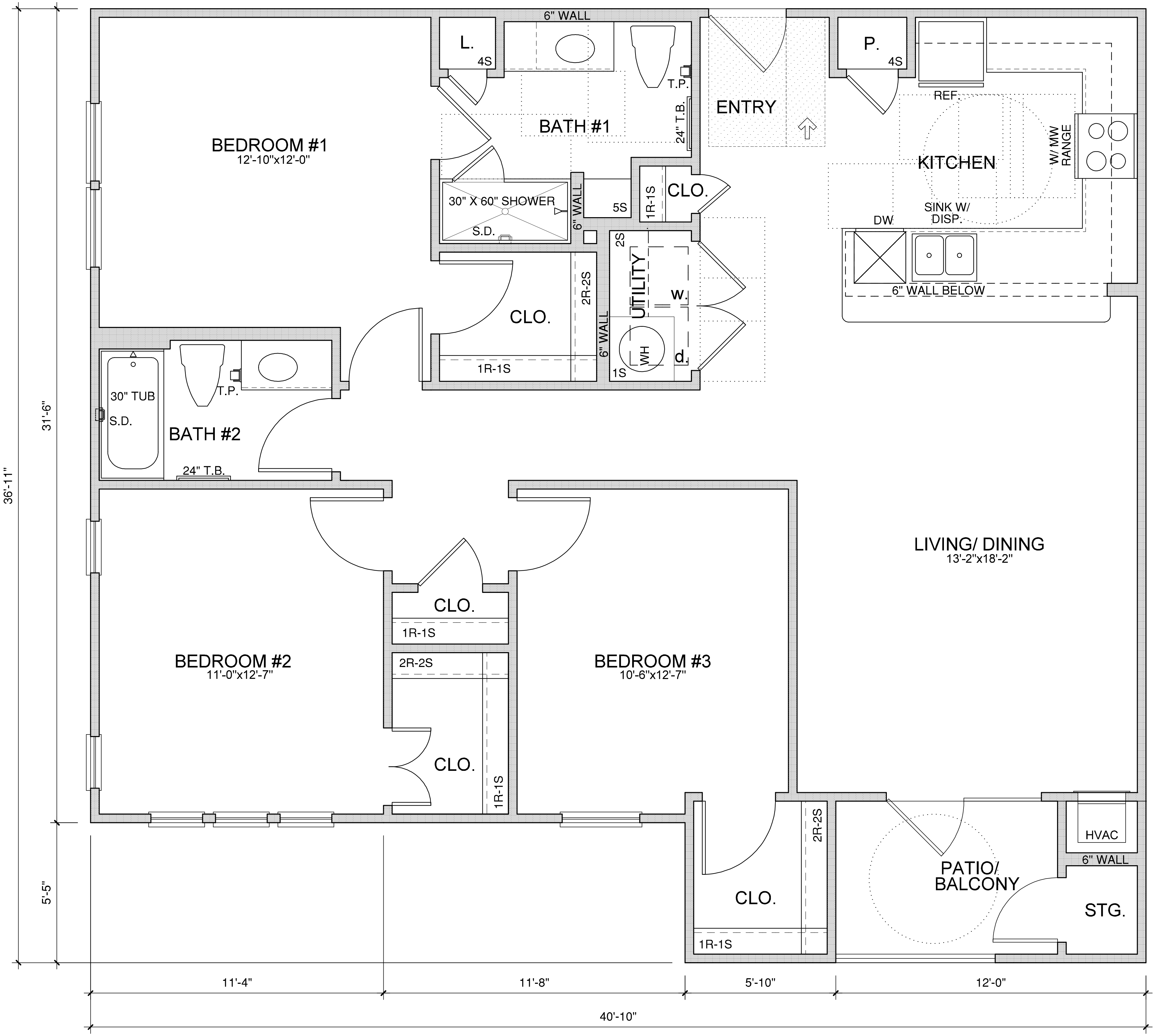
0 4 8



C1(a) THREE BEDROOM TWO BATH 1,307 S.F.
SCALE: 1/4"=1'-0"

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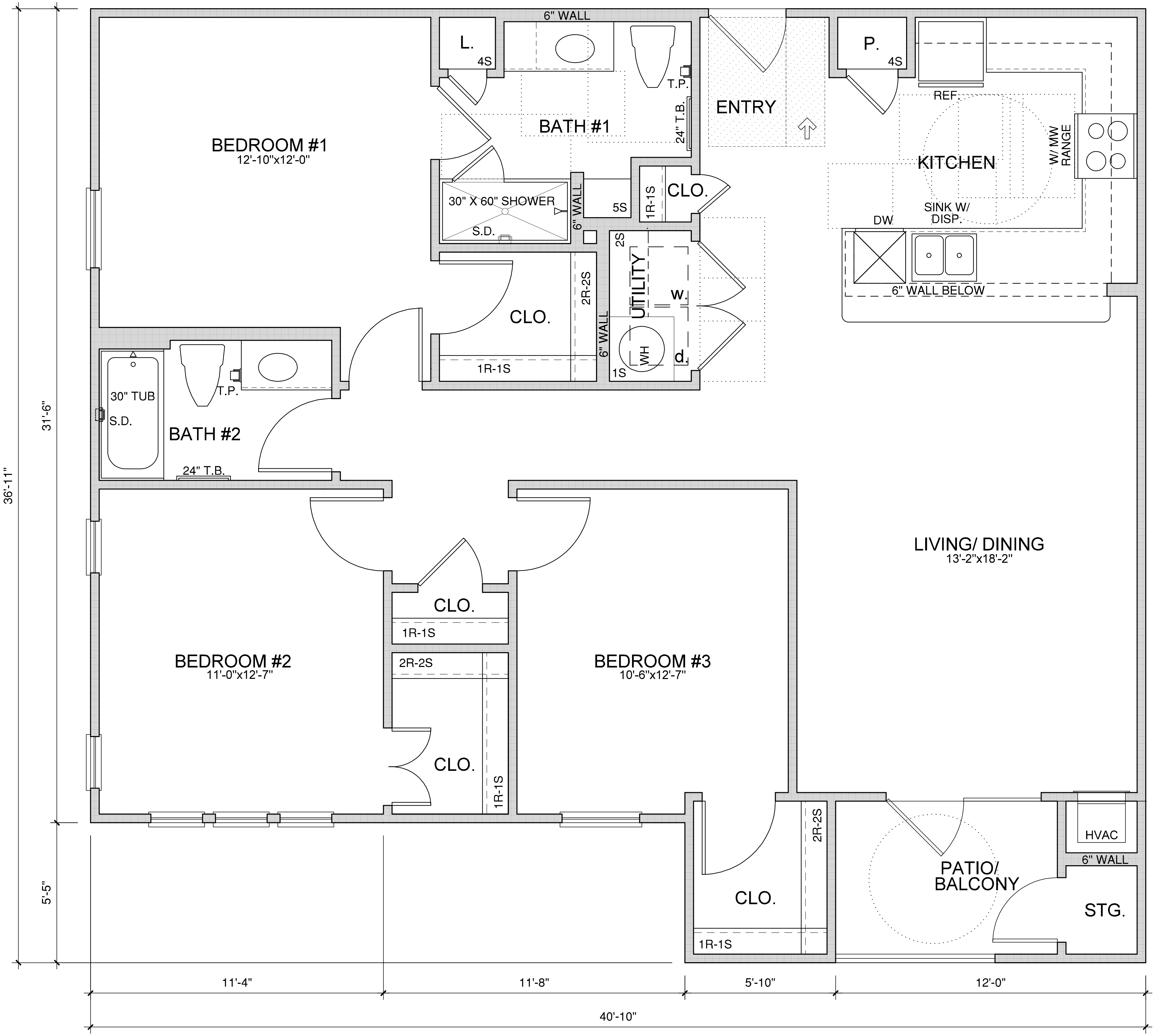
0 4 8



C1(b) THREE BEDROOM TWO BATH
SCALE: 1/4"=1'-0"

1,307 S.F.

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0 4 8

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C1(c) THREE BEDROOM TWO BATH 1,413 S.F.

SCALE: 1/4"=1'-0"

C1(ansi) THREE BEDROOM TWO BATH

SCALE: 1/4"=1'-0"

1,413 S.F.

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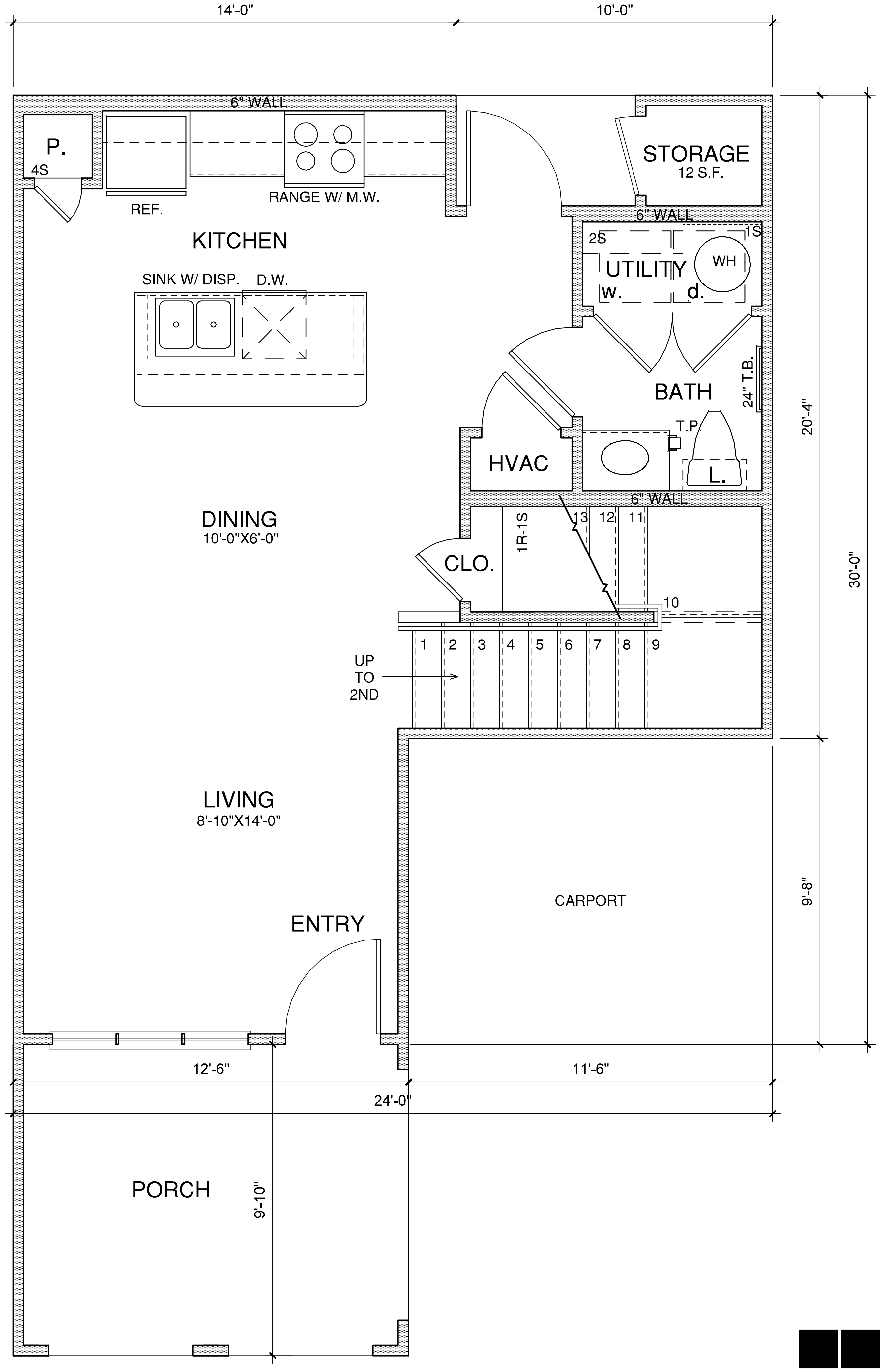
0 4 8



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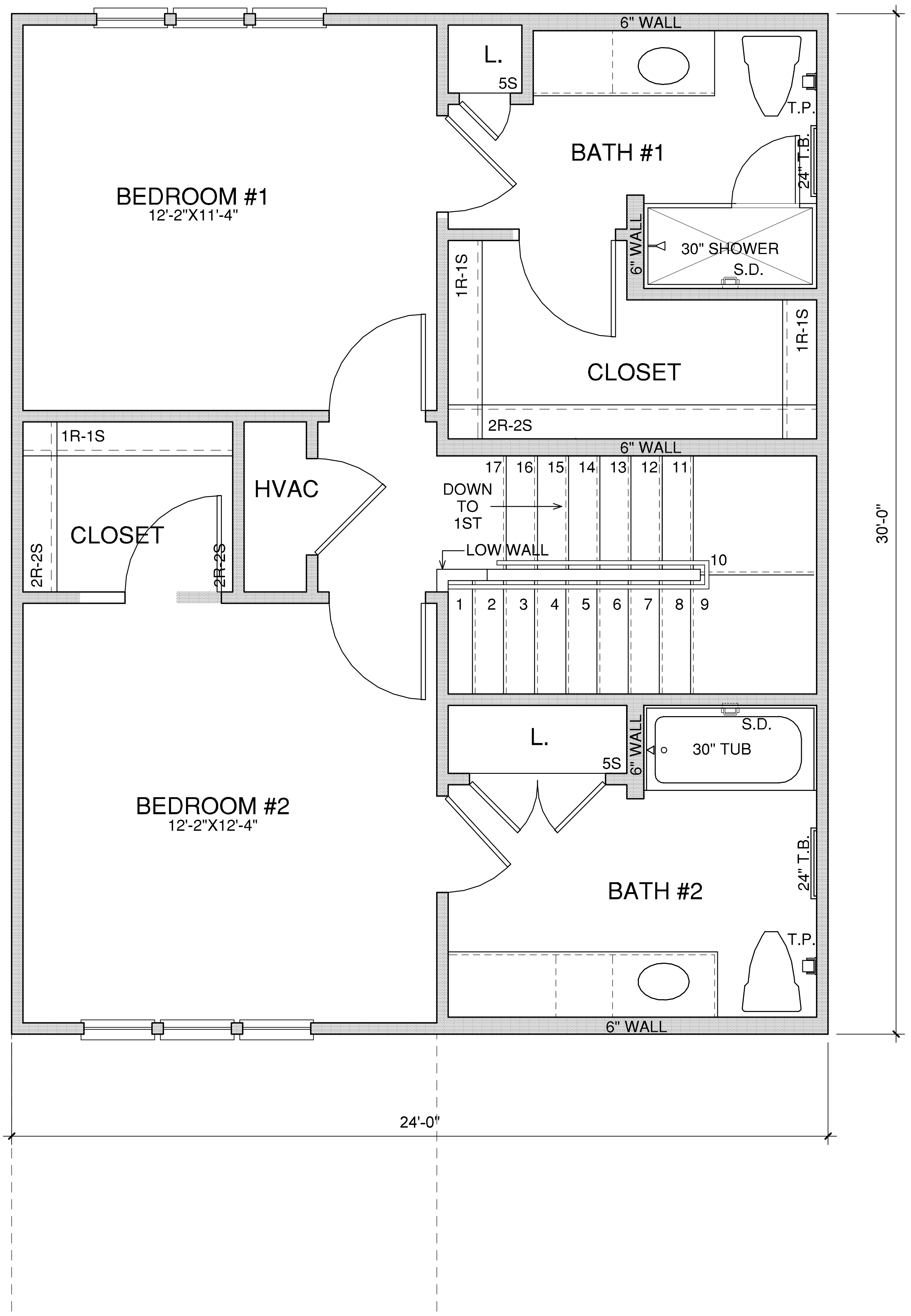
TH1-1 TWO BEDROOM/TWO & HALF BATH

SCALE 1/4"=1'-0"

FIRST FLR. 574 S.F.
SECOND FLR. 651 S.F.
TOTAL 1,225 S.F.

0 4 8



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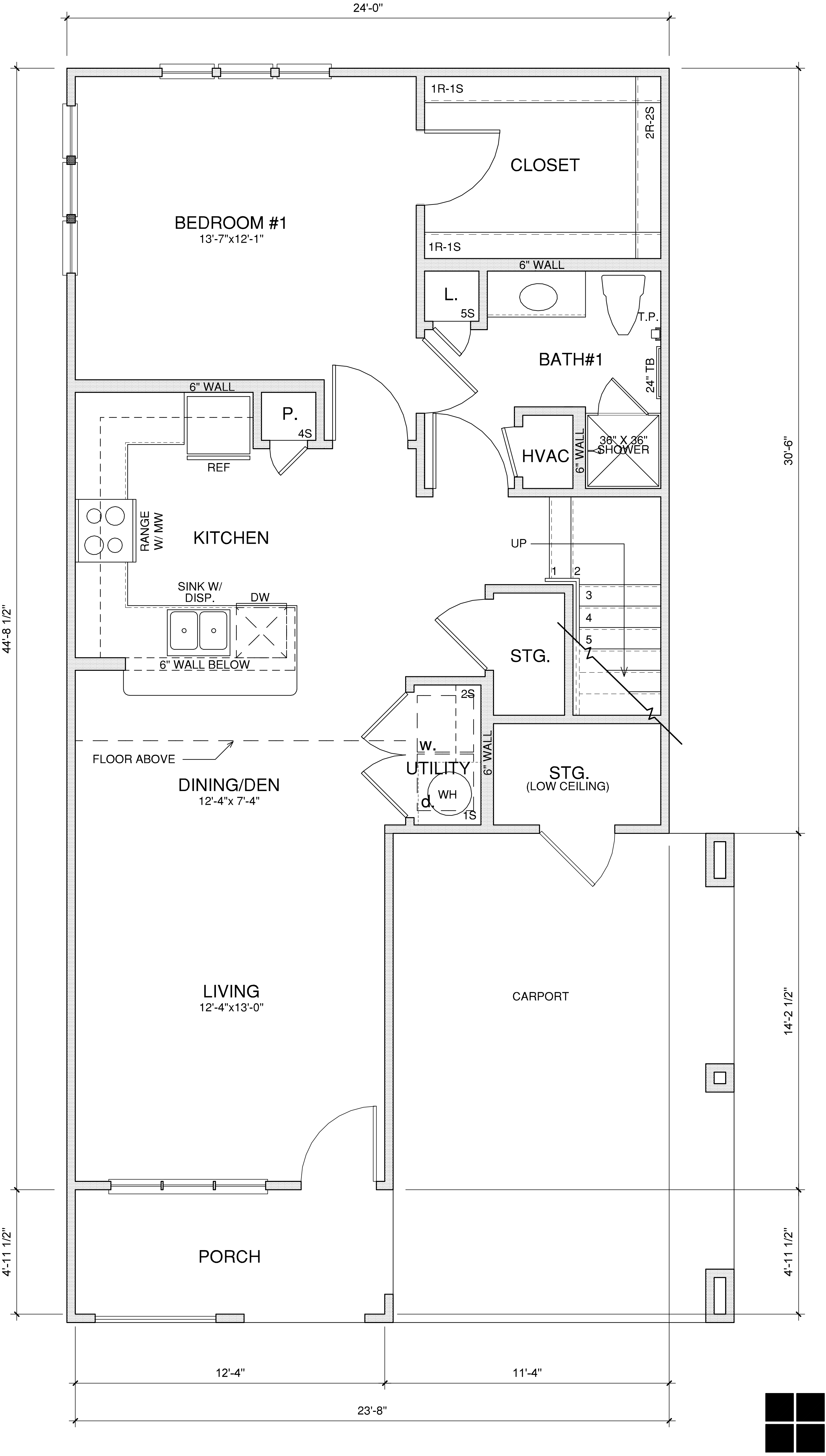
TH1-2 TWO BEDROOM/TWO & HALF BATH
SCALE 1/4"=1'-0"

FIRST FLR. 574 S.F.
SECOND FLR. 651 S.F.
TOTAL 1,225 S.F.

0 4 8



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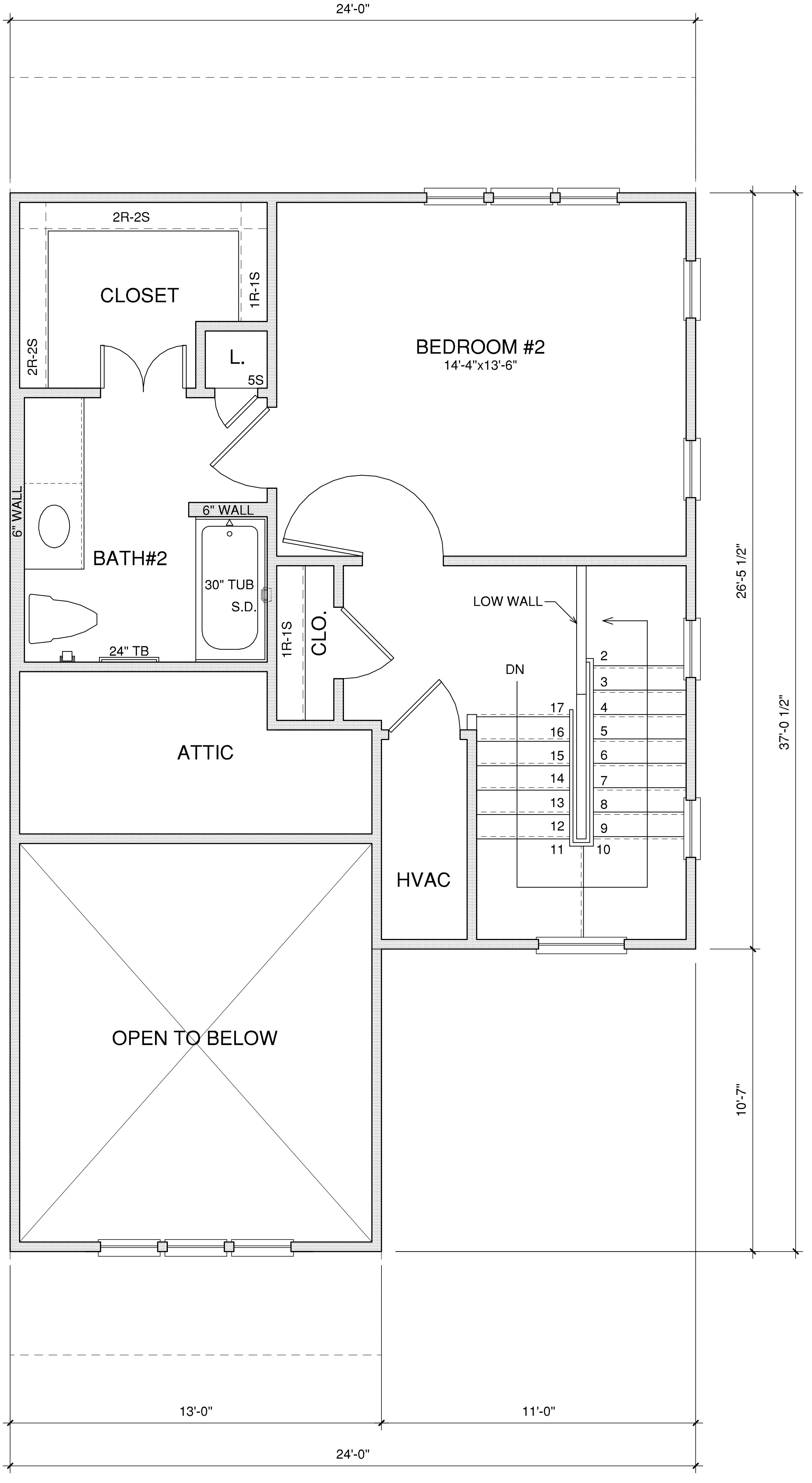
TH2-1 TWO BEDROOM/TWO BATH

SCALE 1/4"=1'-0"

FIRST FLR. 848 S.F.
SECOND FLR. 416 S.F.
TOTAL 1,264 S.F.

0 4 8



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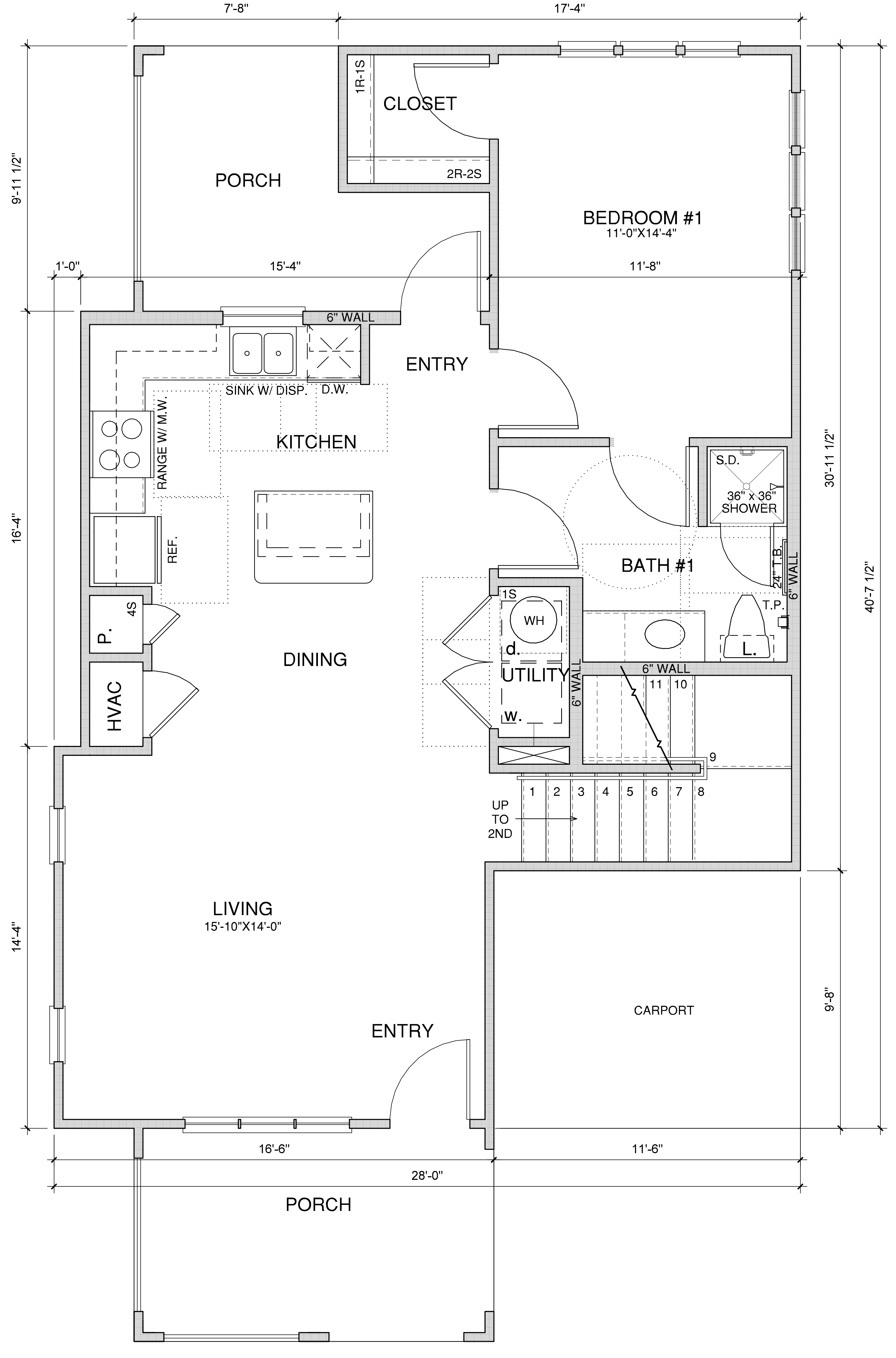
TH2-2 TWO BEDROOM/TWO BATH

SCALE 1/4"=1'-0"

FIRST FLR. 848 S.F.
SECOND FLR. 416 S.F.
TOTAL 1,264 S.F.

0 4 8



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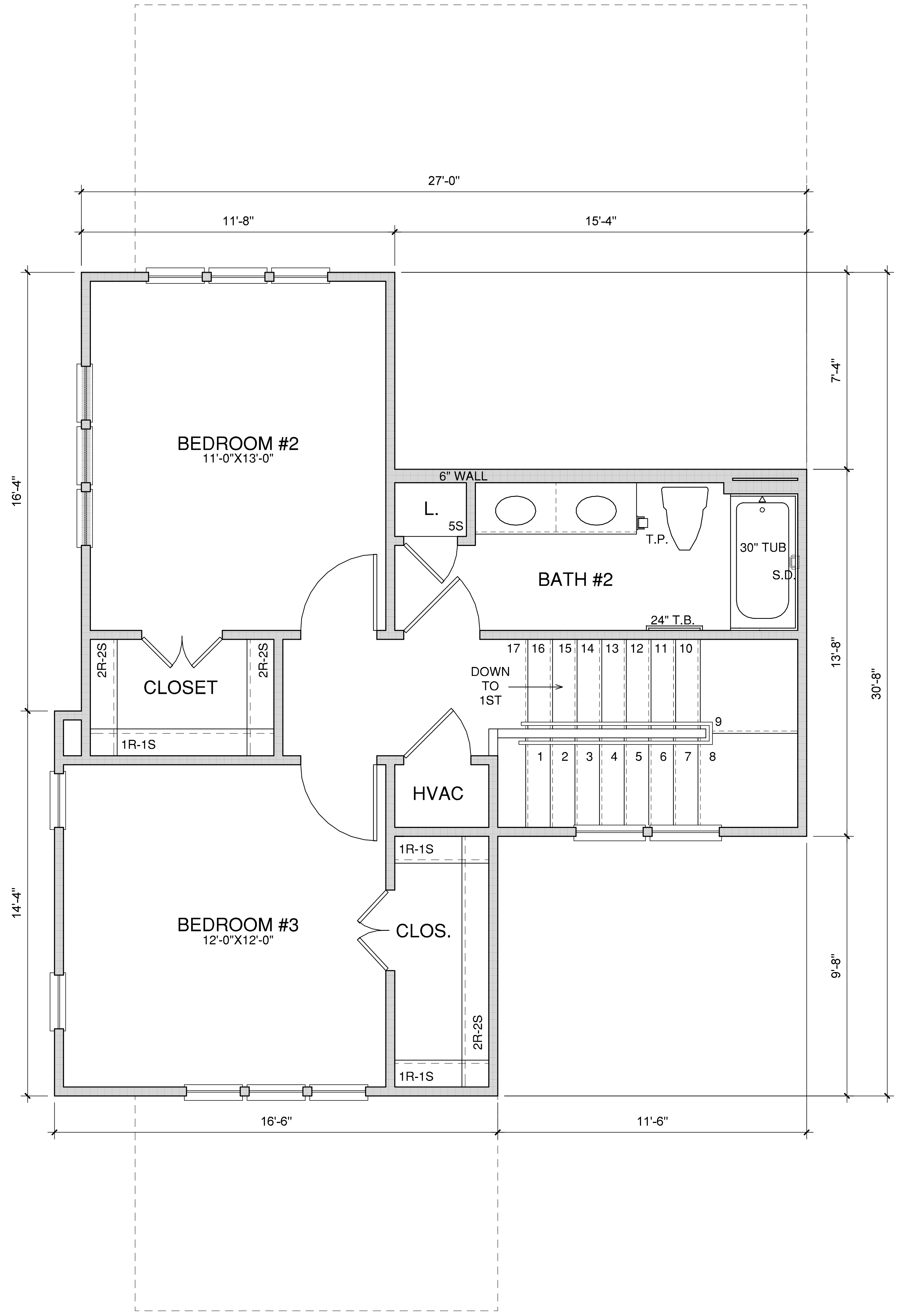
TH3-1 THREE BEDROOM / TWO BATH

SCALE 1/4"=1'-0"

FIRST FLR. 879 S.F.
SECOND FLR. 534 S.F.
TOTAL 1,413 S.F.

0 4 8



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TH3-2 THREE BEDROOM / TWO BATH

SCALE 1/4"=1'-0"

FIRST FLR. 879 S.F.
SECOND FLR. 534 S.F.
TOTAL 1,413 S.F.

0 4 8

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
(X)	DOOR KEY
⬡X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
E.M.	METER LOCATIONS (REFER TO MEP)
▨	INDICATES MASONRY LOCAITONS
░	SLOPED CONCRETE FOR DRAINAGE
▬	INDICATES 1 HOUR FIRE BARRIER
▨	INDICATES METAL AWNING LOCAITONS
♿	SYMBOL INDICATES DESIGNATION OF ACCESSIBILITY

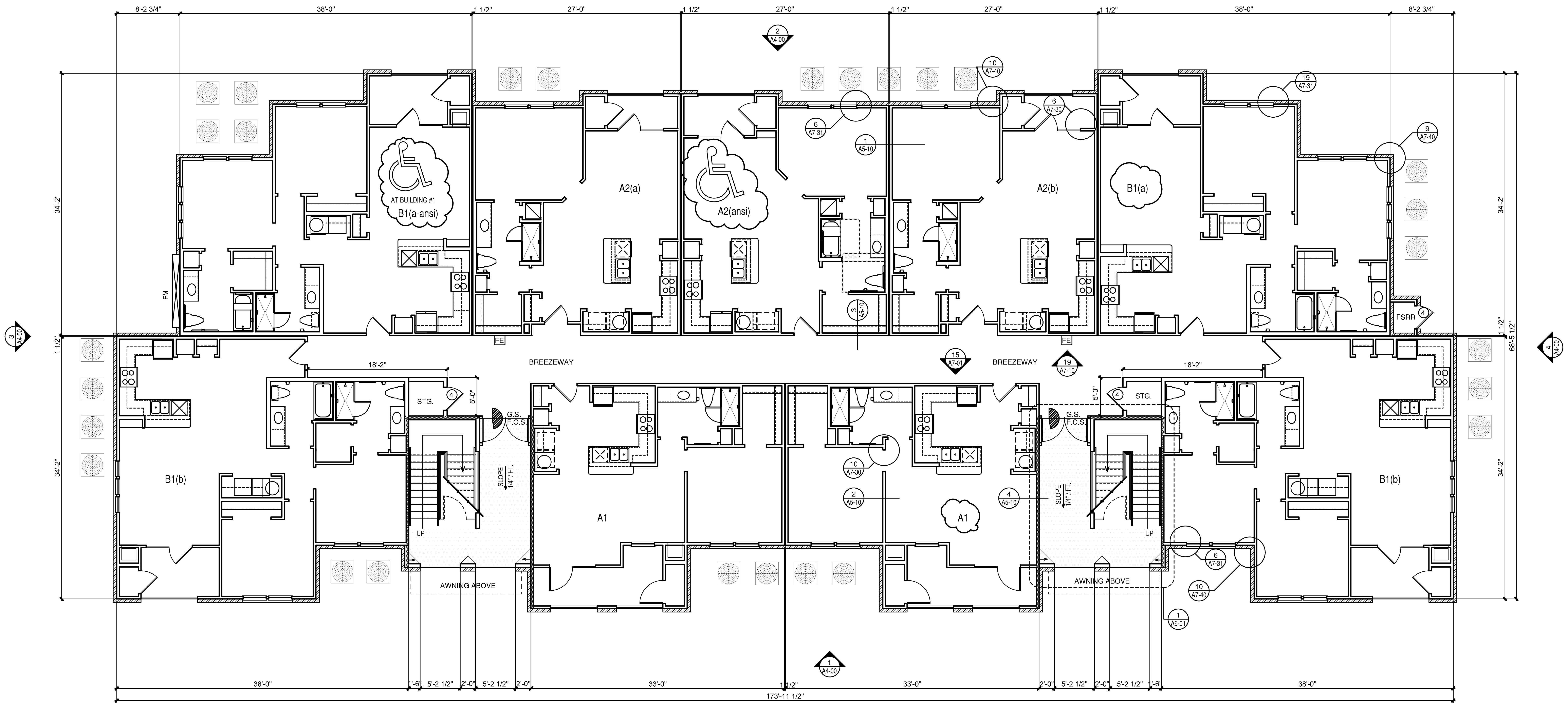
GENERAL NOTES:

- WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING. REFER TO SPECIFICATIONS.
- GENERAL CONTRACTOR TO ENSURE CONTROL/EXPANSION JOINTS IN ARCHITECTURAL FINISH ARE COORDINATED WITH STRUCTURAL LOCATIONS. REFER TO MANUFACTURER FOR SPECIFIC REQUIREMENTS PERTAINING TO MATERIALS USED.
- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES

WALL FINISH LEGEND AND NOTES:

F.C.S. = FIBER CEMENT SIDING
G.S. = GYPSUM SHEATHING

2 DIMENSIONS ADDED FOR CLARIFICATION



1 BUILDING A1- FIRST FLOOR
SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #1)

REVISIONS
2 05-13-2016

ALTURA HEIGHTS

HOUSTON DMA HOUSING, LLC.
124 APARTMENTS IN HOUSTON, TX
12920 S. POST OAK ROAD HOUSTON, TEXAS 77045

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-01

BUILDING A1
FIRST FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
(X)	DOOR KEY
⬡X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
E.M.	METER LOCATIONS (REFER TO MEP)
▨	INDICATES MASONRY LOCAITONS
▭	SLOPED CONCRETE FOR DRAINAGE
▬	INDICATES 1 HOUR FIRE BARRIER
▧	INDICATES METAL AWNING LOCAITONS
♿	SYMBOL INDICATES DESIGNATION OF ACCESSIBILITY

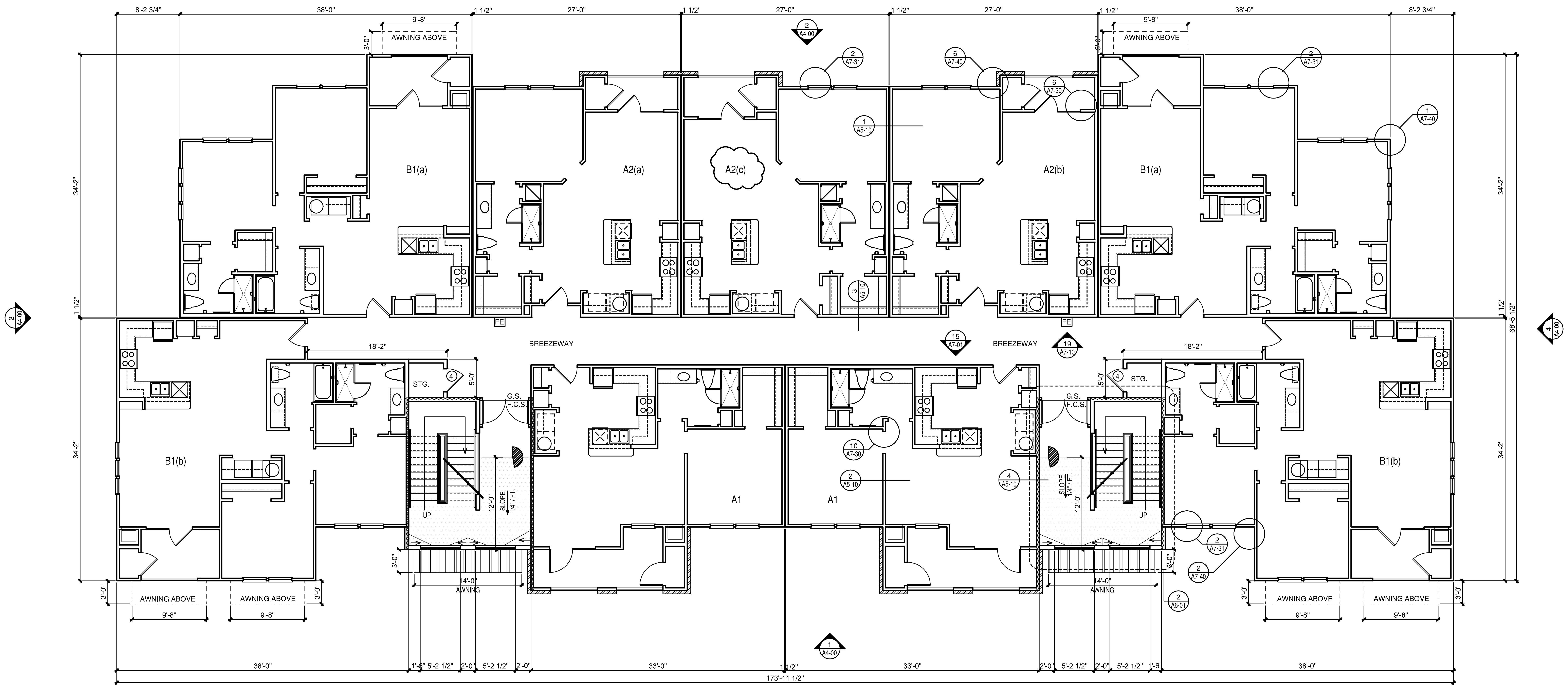
GENERAL NOTES:

- WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING. REFER TO SPECIFICATIONS.
- GENERAL CONTRACTOR TO ENSURE CONTROL/EXPANSION JOINTS IN ARCHITECTURAL FINISH ARE COORDINATED WITH STRUCTURAL LOCATIONS. REFER TO MANUFACTURER FOR SPECIFIC REQUIREMENTS PERTAINING TO MATERIALS USED.
- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES

WALL FINISH LEGEND AND NOTES:

F.C.S. = FIBER CEMENT SIDING
G.S. = GYPSUM SHEATHING

2 DIMENSIONS ADDED FOR CLARIFICATION



1 BUILDING A1 - SECOND FLOOR

SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #1)

REVISIONS

2 05-13-2016

ALTURA HEIGHTS

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124 APARTMENTS IN HOUSTON, TX
12920 S. POST OAK ROAD HOUSTON, TEXAS 77045

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-02
BUILDING A1
SECOND FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
Ⓧ	DOOR KEY
⬡ X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
E.M.	METER LOCATIONS (REFER TO MEP)
▨	INDICATES MASONRY LOCAITONS
▭	SLOPED CONCRETE FOR DRAINAGE
▬	INDICATES 1 HOUR FIRE BARRIER
▨	INDICATES METAL AWNING LOCAITONS
♿	SYMBOL INDICATES DESIGNATION OF ACCESSIBILITY

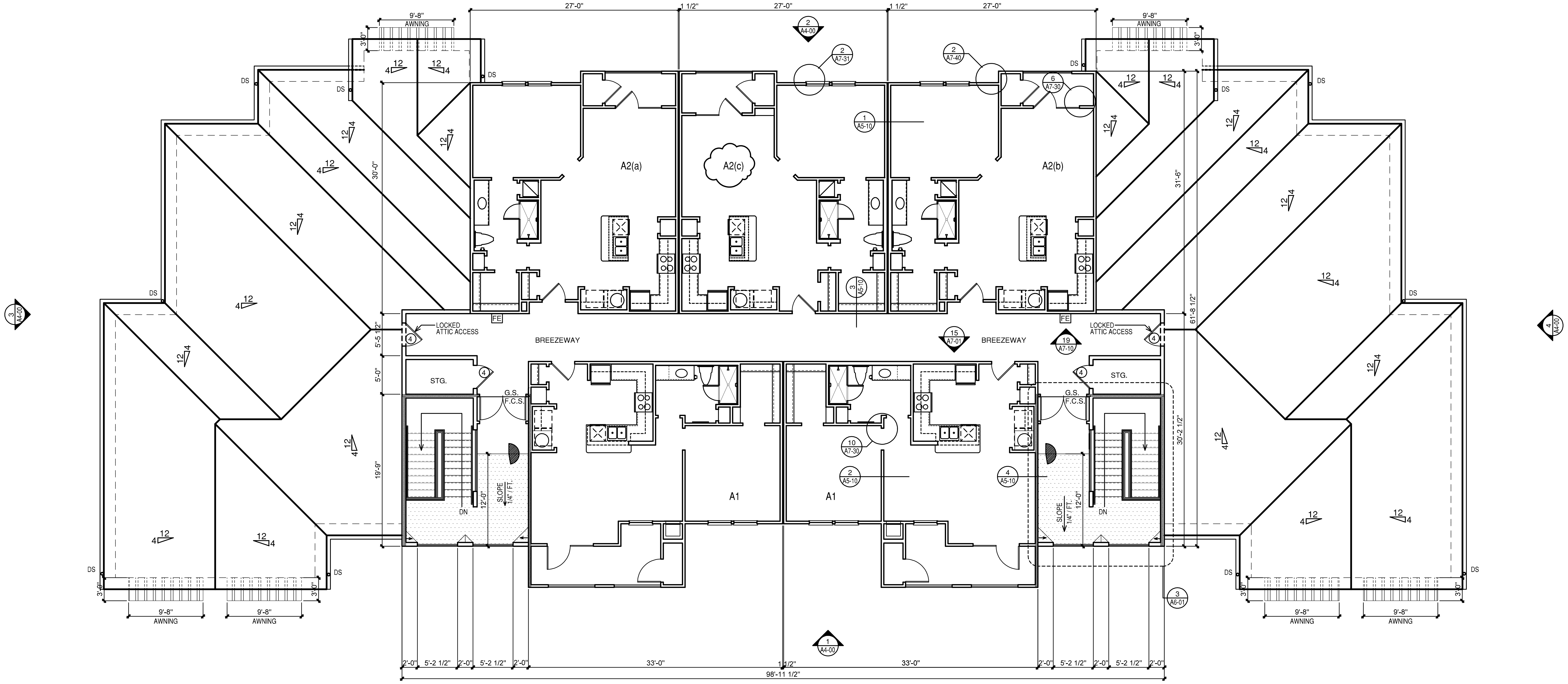
GENERAL NOTES:

- WALL MOUNTED SERVICE EQUIPMENT AND SERVICE LINES TO BE PAINTED TO MATCH BUILDING. REFER TO SPECIFICATIONS.
- GENERAL CONTRACTOR TO ENSURE CONTROL/EXPANSION JOINTS IN ARCHITECTURAL FINISH ARE COORDINATED WITH STRUCTURAL LOCATIONS. REFER TO MANUFACTURER FOR SPECIFIC REQUIREMENTS PERTAINING TO MATERIALS USED.
- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES

WALL FINISH LEGEND AND NOTES:

F.C.S. = FIBER CEMENT SIDING
G.S. = GYPSUM SHEATHING

2 DIMENSIONS AND KEYS ADDED FOR CLARIFICATION



1 BUILDING A1- THIRD FLOOR

SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #1)

REVISIONS

2 05-13-2016

ALTURA HEIGHTS

HOUSTON DMA HOUSING, LLC.
124 APARTMENTS IN HOUSTON, TX
12920 S. POST OAK ROAD HOUSTON, TEXAS 77045

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-03
BUILDING A1
THIRD FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
(X)	DOOR KEY
⬡X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
E.M.	METER LOCATIONS (REFER TO MEP)
▨	INDICATES MASONRY LOCAITONS
☐	SLOPED CONCRETE FOR DRAINAGE
▨	INDICATES 1 HOUR FIRE BARRIER
▨	INDICATES METAL AWNING LOCAITONS
♿	SYMBOL INDICATES DESIGNATION OF ACCESSIBILITY

GENERAL NOTES:

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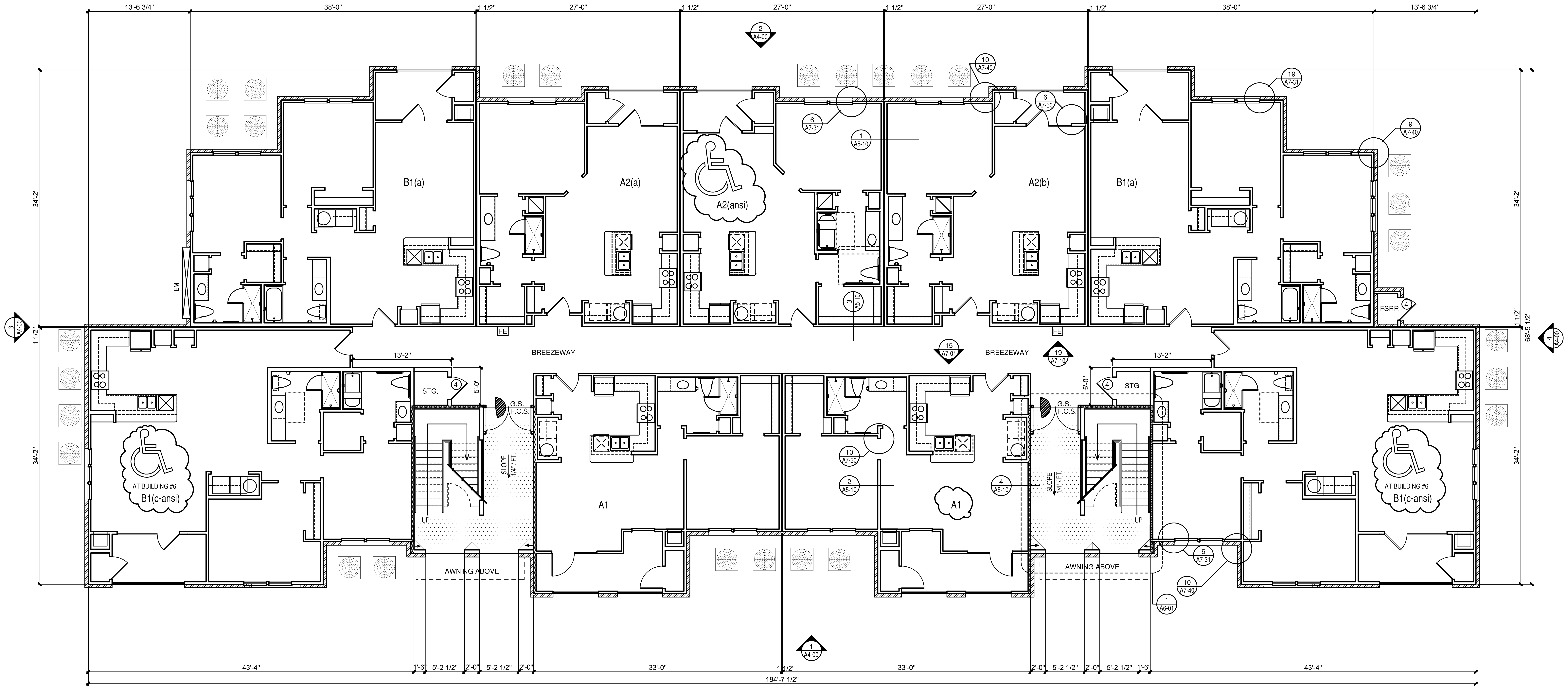
- COORDINATE WITH INTERIOR DESIGNER FOR INTERIOR FINISHES

WALL FINISH LEGEND AND NOTES:

F.C.S. = FIBER CEMENT SIDING
G.S. = GYPSUM SHEATHING

△2 DIMENSIONS ADDED FOR CLARIFICATION



1 BUILDING A2- FIRST FLOOR

SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #6)

REVISIONS

△2 05-13-2016

ALTURA HEIGHTS

HOUSTON DMA HOUSING, LLC.
124 APARTMENTS IN HOUSTON, TX
12920 S. POST OAK ROAD HOUSTON, TEXAS 77045

REVIEW PRINTS NOT TO BE USED FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION

BGO architects

4202 Beltway Drive
Addison, TX 75001
214.520.8878
bgoarchitects.com

DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-11
BUILDING A2
FIRST FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
(X)	DOOR KEY
⬡X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
E.M.	METER LOCATIONS (REFER TO MEP)
▨	INDICATES MASONRY LOCAITONS
▭	SLOPED CONCRETE FOR DRAINAGE
▬	INDICATES 1 HOUR FIRE BARRIER
▨	INDICATES METAL AWNING LOCAITONS
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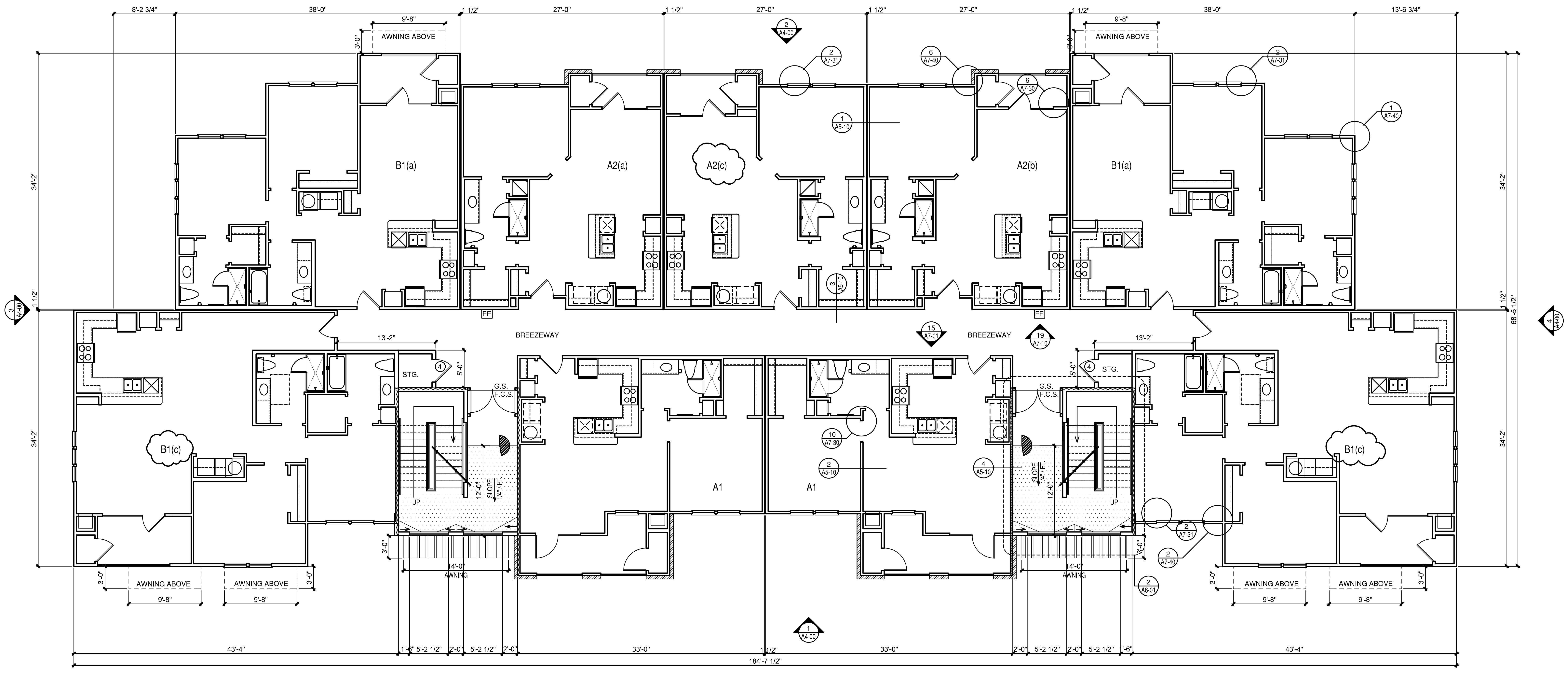

1 BUILDING A2 - SECOND FLOOR

SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #6)

REVISIONS

2 05-13-2016

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-12
BUILDING A2
SECOND FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
Ⓧ	DOOR KEY
⬡ X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
E.M.	METER LOCATIONS (REFER TO MEP)
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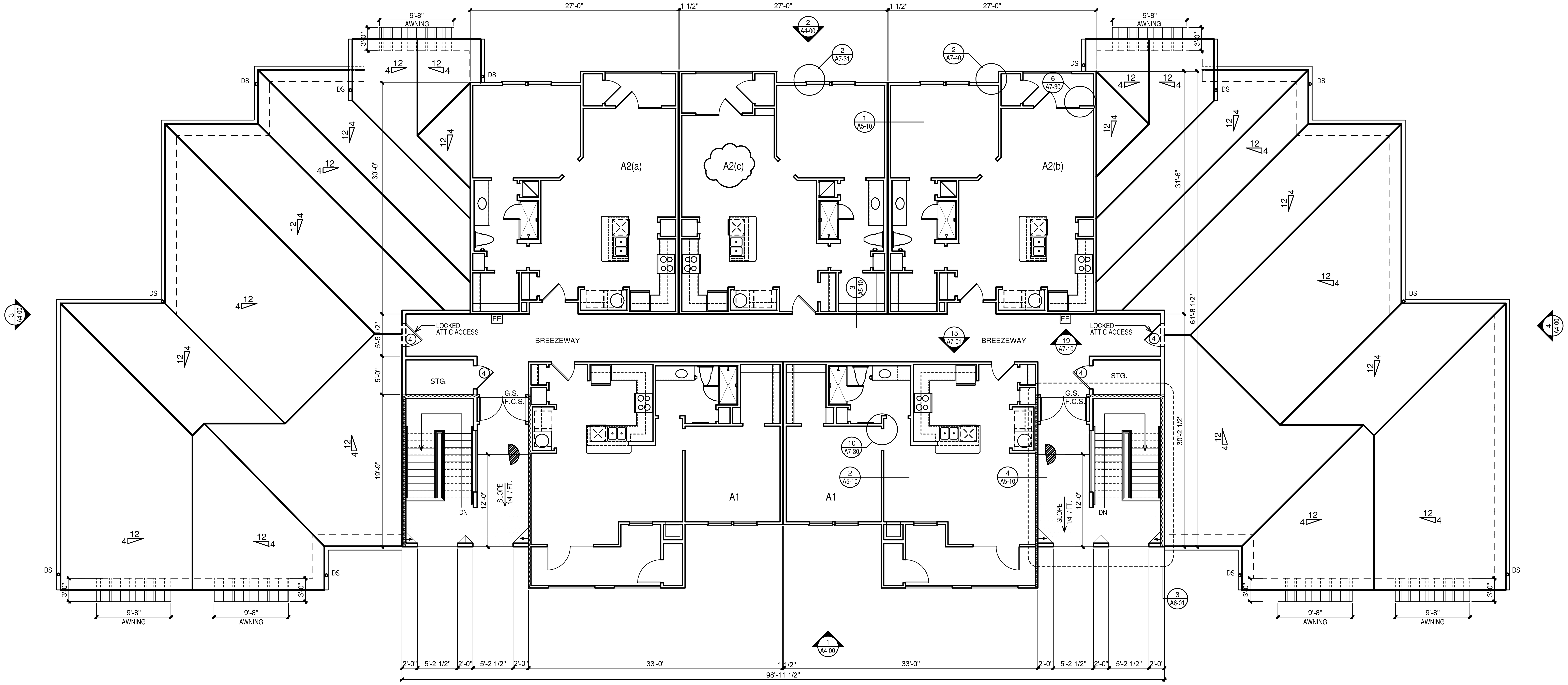

1 BUILDING A2- THIRD FLOOR

SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #6)

REVISIONS

2 05-13-2016

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-13
BUILDING A2
THIRD FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
(X)	DOOR KEY
⬡X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
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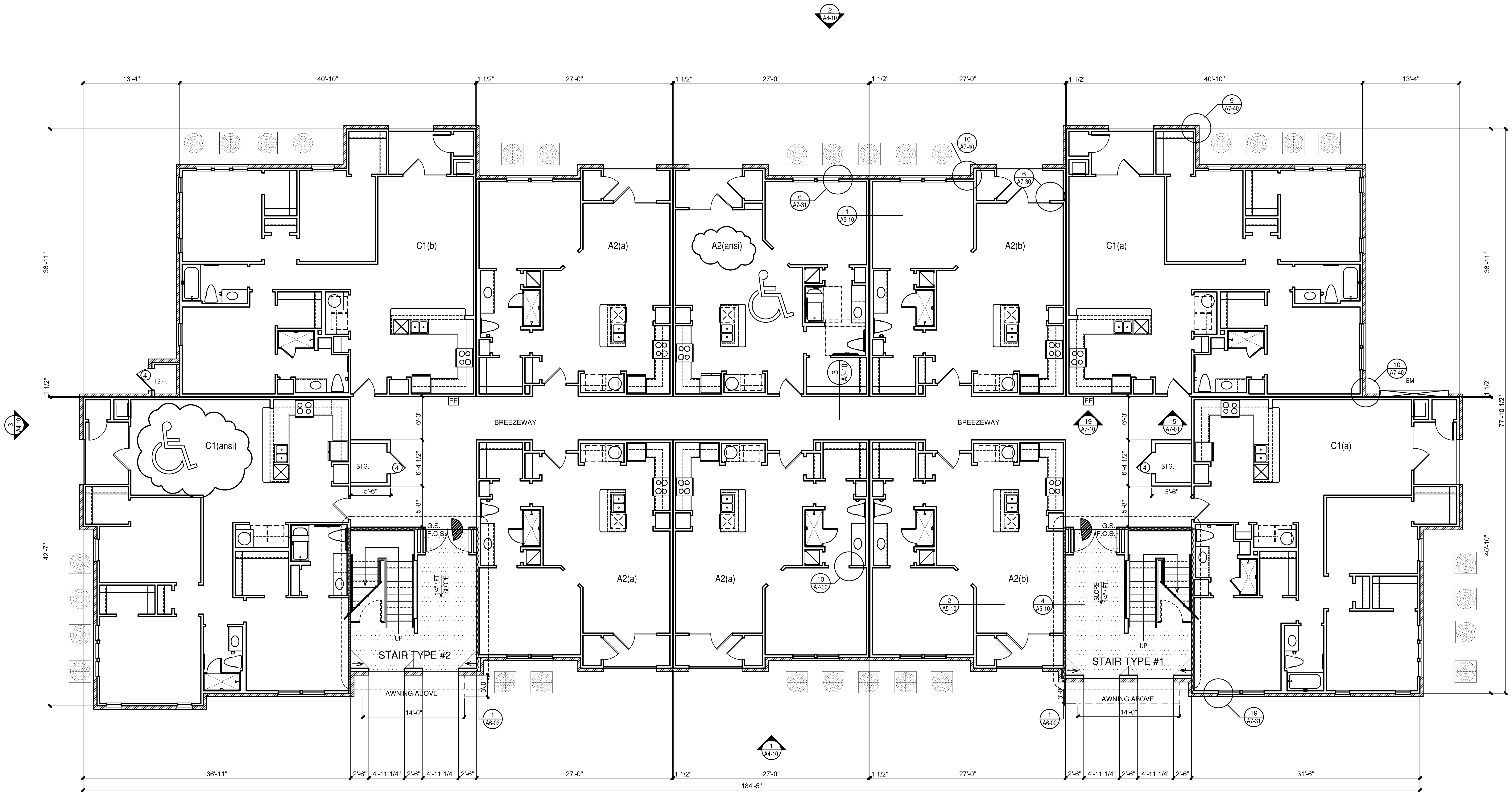

1 BUILDING B - FIRST FLOOR
SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #10)

REVISIONS
2 05-13-2016

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-21
BUILDING B
FIRST FLOOR

PLAN LEGEND:

- FE FIRE EXTINGUISHERS
- (X) DOOR KEY
- ⬡X WINDOW KEY
- FSRR FIRE SPRINKLER RISER ROOM
- CJ CONTROL JOINT FLOOR CEILING & WALLS
- EJ EXPANSION JOINT
- E.M. METER LOCATIONS (REFER TO MEP)
- ▨ INDICATES MASONRY LOCAITONS
- ▒ SLOPED CONCRETE FOR DRAINAGE
- INDICATES 1 HOUR FIRE BARRIER
- ▧ INDICATES METAL AWNING LOCAITONS
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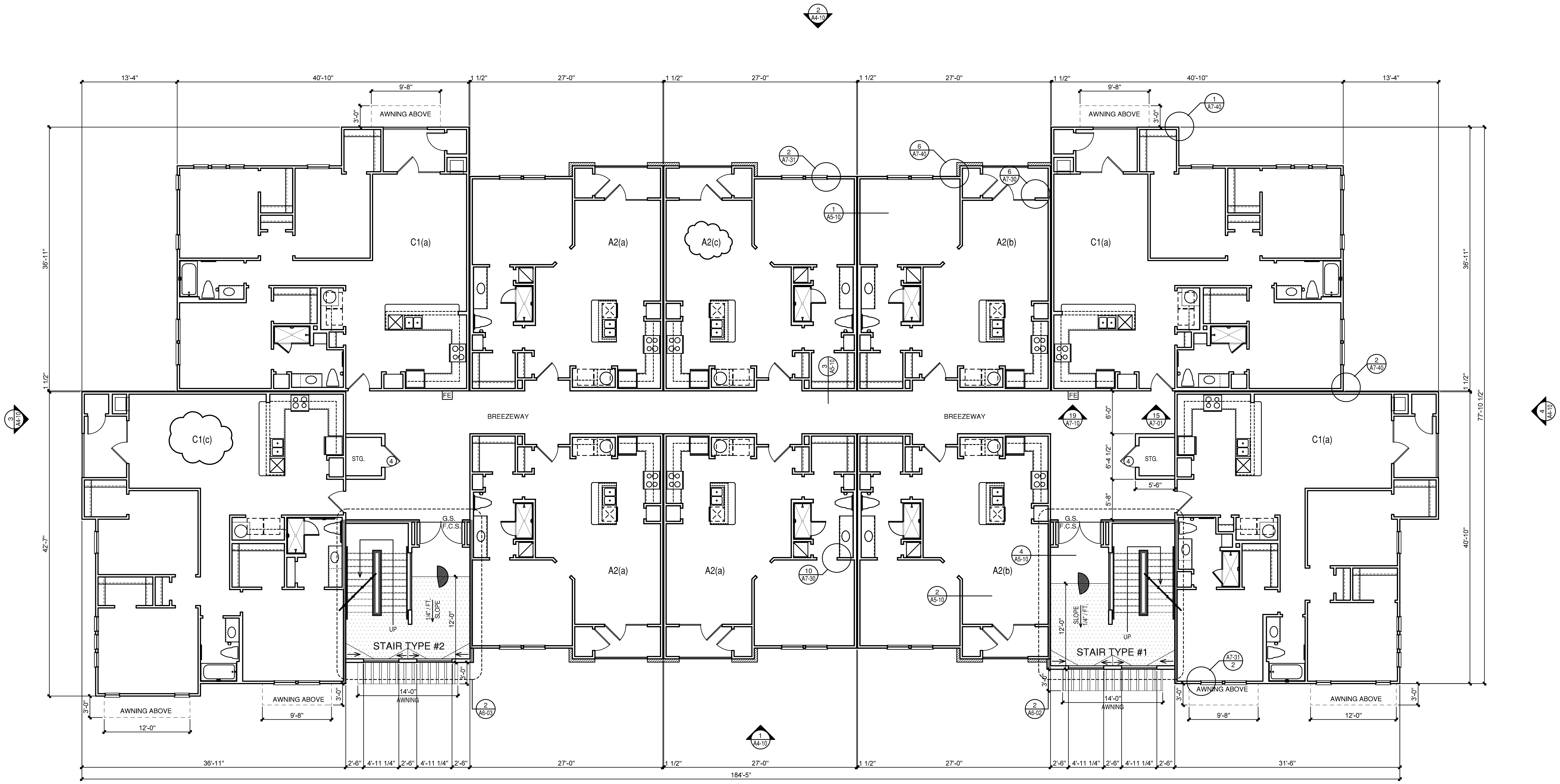

1 BUILDING B - SECOND FLOOR

SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #10)

REVISIONS

2 05-13-2016

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124 APARTMENTS IN HOUSTON, TX
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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-22
BUILDING B
SECOND FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
Ⓧ	DOOR KEY
⬡	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
E.M.	METER LOCATIONS (REFER TO MEP)
▨	INDICATES MASONRY LOCAITONS
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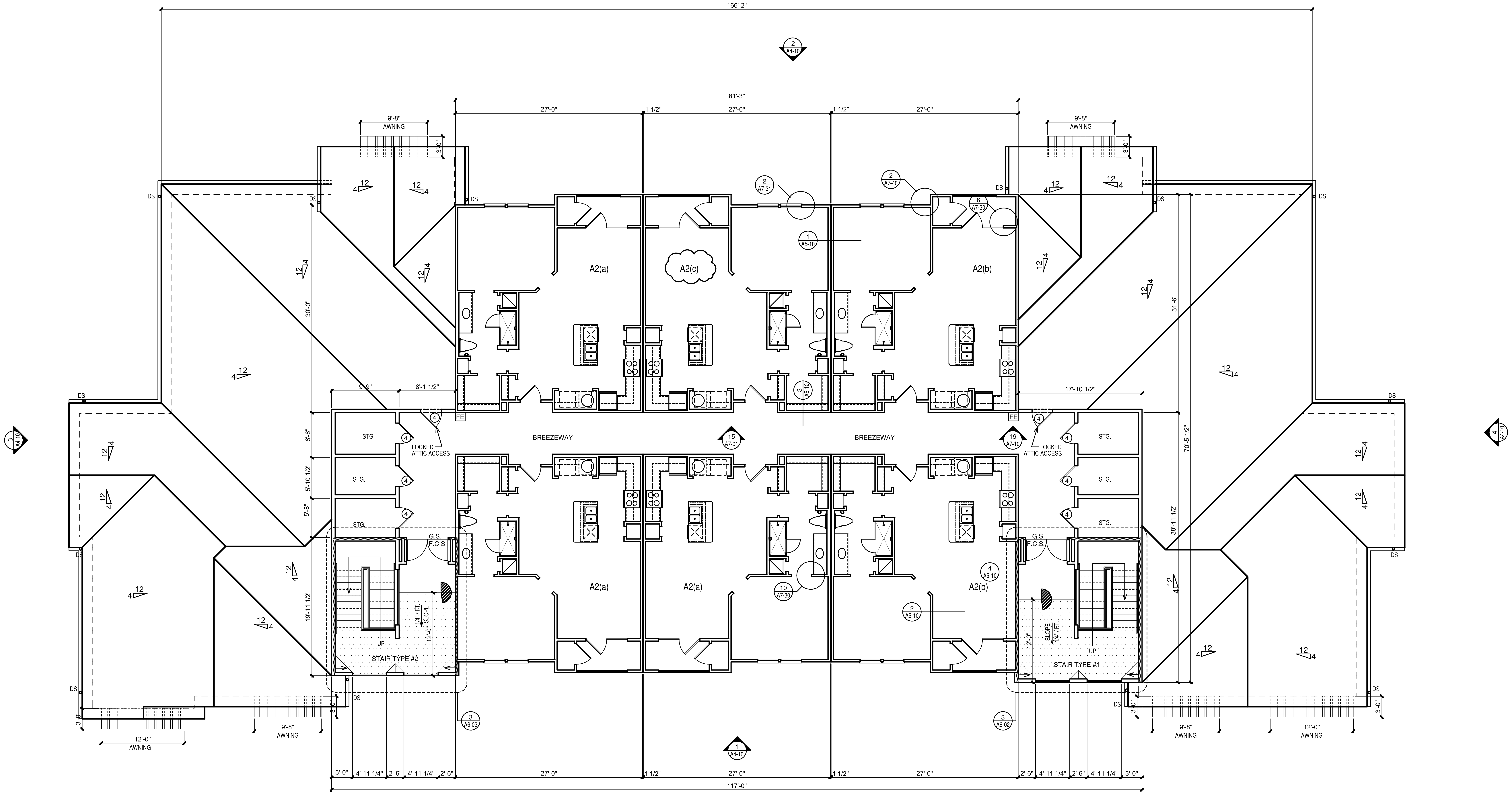

1 BUILDING B - THIRD FLOOR
SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #10)

REVISIONS
2 05-13-2016

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-23
BUILDING B
THIRD FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
Ⓧ	DOOR KEY
⬡ X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
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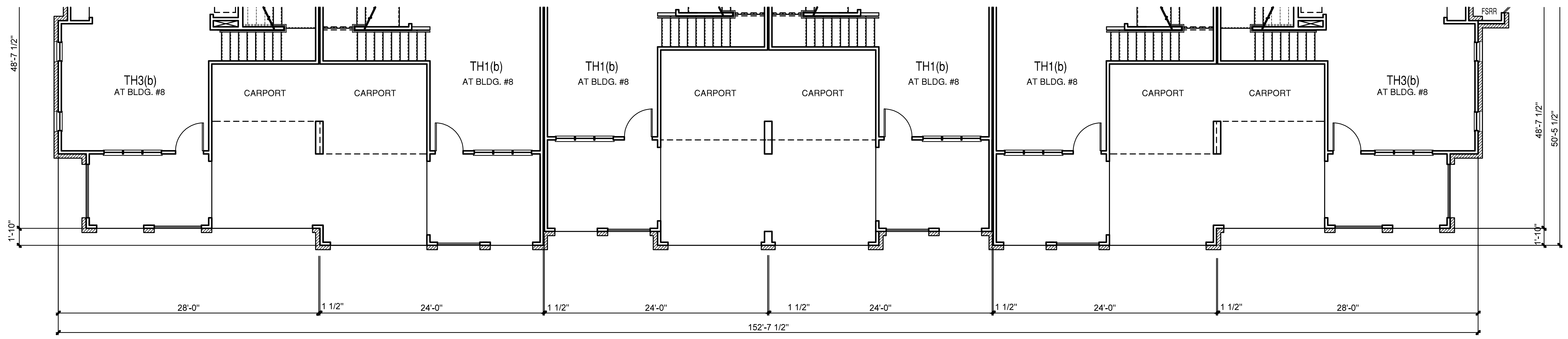
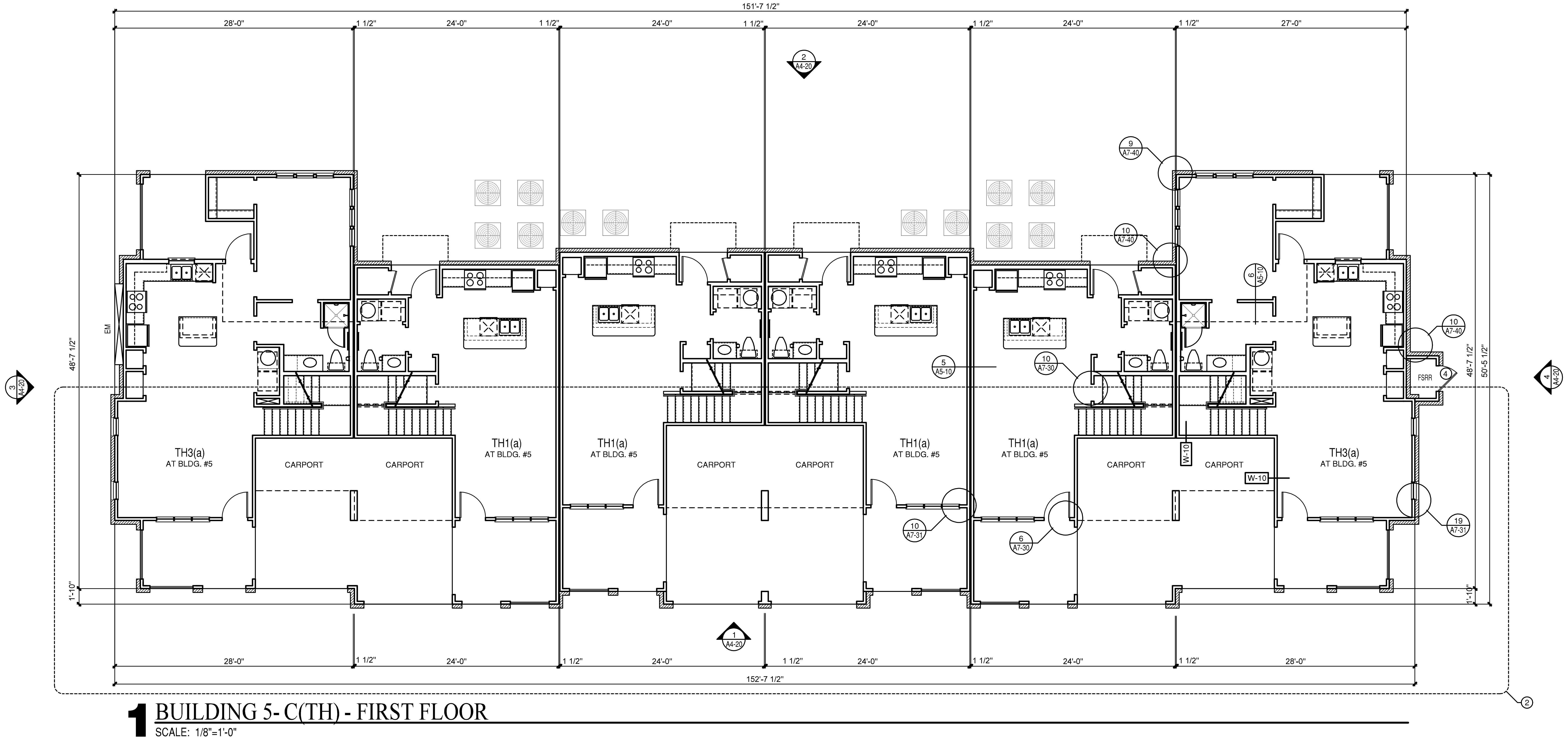
2 UPDATED NOTES, KEYS, AWNING LOCATIONS AND ANSI UNIT



2 BUILDING 8- C(TH) - FIRST FLOOR

SCALE: 1/8"=1'-0"



1 BUILDING 5- C(TH) - FIRST FLOOR

SCALE: 1/8"=1'-0"

REVISIONS

2 05-13-2016

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-31
BUILDING C (TH)
FIRST FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
(X)	DOOR KEY
⬡ X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
E.M.	METER LOCATIONS (REFER TO MEP)
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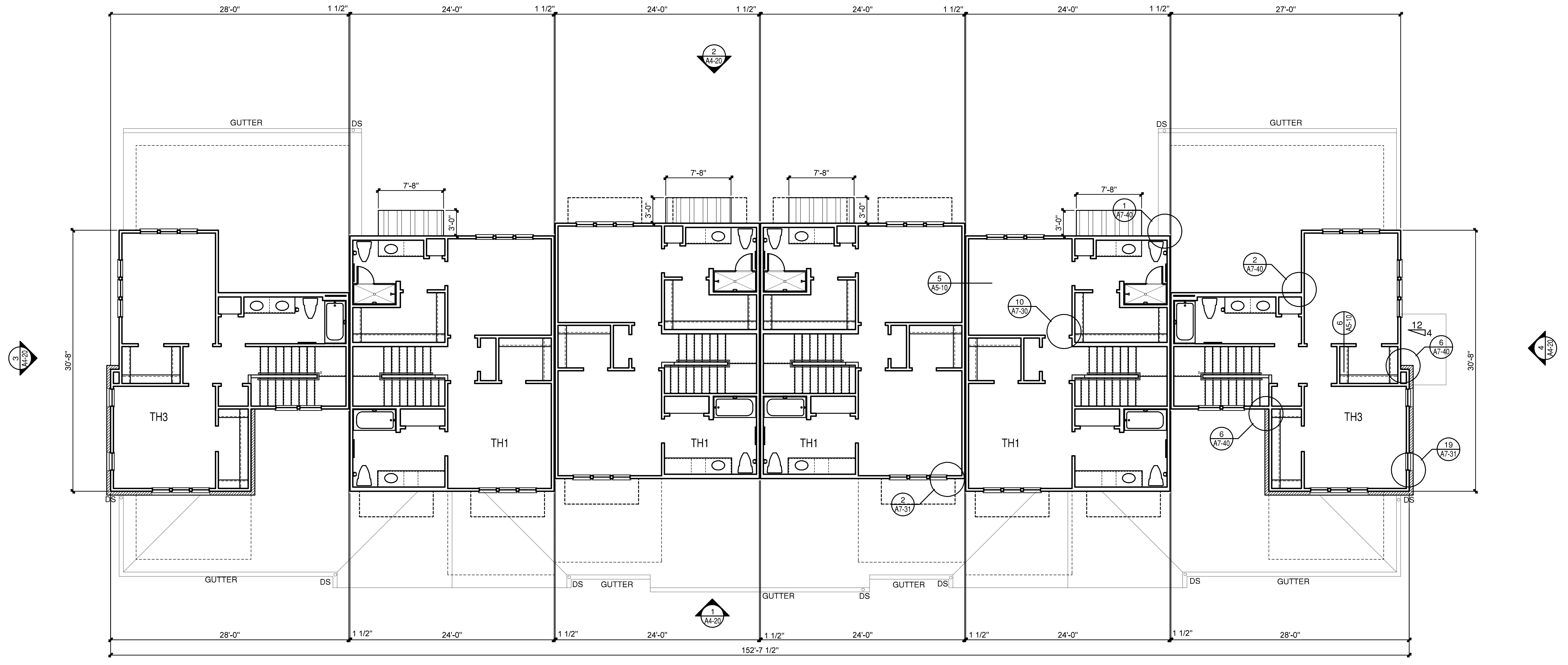

1 BUILDING C(TH) - SECOND FLOOR
SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #5,8)

REVISIONS
2 05-13-2016

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-32
BUILDING C (TH)
SECOND FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
(X)	DOOR KEY
⬡X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
EJ	EXPANSION JOINT
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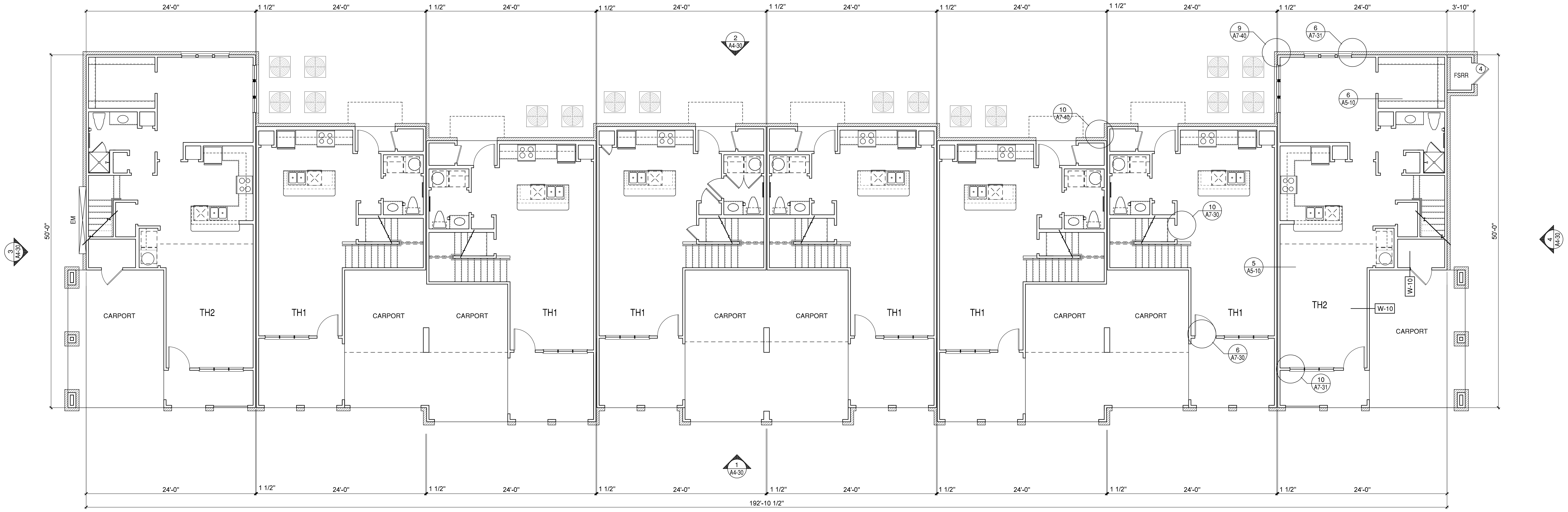

1 BUILDING D (TH) - FIRST FLOOR
SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #2,3,4,7,9)

REVISIONS

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-41
BUILDING D (TH)
FIRST FLOOR

PLAN LEGEND:

FE	FIRE EXTINGUISHERS
Ⓧ	DOOR KEY
⬡ X	WINDOW KEY
FSRR	FIRE SPRINKLER RISER ROOM
CJ	CONTROL JOINT FLOOR CEILING & WALLS
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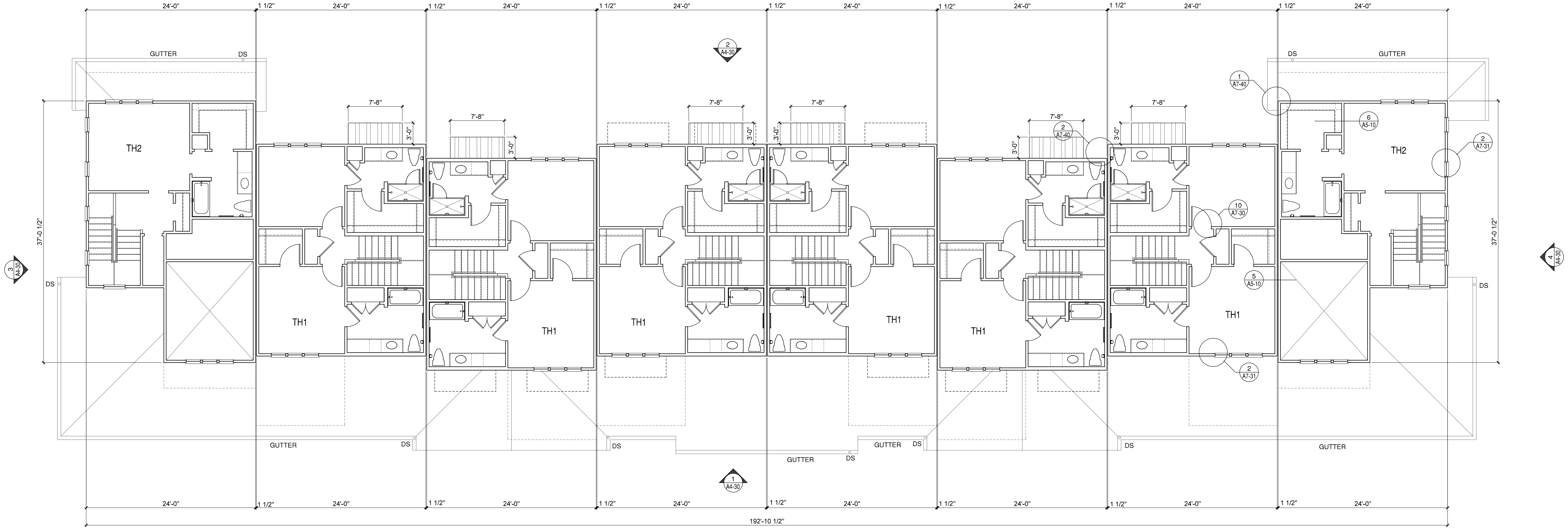

1 BUILDING D (TH) - SECOND FLOOR
SCALE: 1/8"=1'-0"

(OCCURS AT BLDG(S) #2,3,4,7,9)

REVISIONS
2 05-13-2016

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DATE
03-11-16

PROJECT
15187

SHEET NUMBER
A3-42
BUILDING D (TH)
SECOND FLOOR

5

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

6a

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

6b

BOARD ACTION ITEM
MULTIFAMILY FINANCE DIVISION
JULY 14, 2016

Presentation, Discussion, and Possible Action on Timely Filed Scoring Notice Appeals under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, a 9% Housing Tax Credit Application for the development of 102 total units in Cantabria Estates Apartments was submitted to the Department by the Full Application Delivery Date;

WHEREAS, the Application proposed to replace 34 of 74 existing units to be demolished and add 68 additional units;

WHEREAS, staff has determined that the Application is not eligible for six points under §11.9(e)(3) of the 2016 Qualified Allocation Plan ("QAP"), related to Pre-Application Participation, because the Application does not qualify for the At-Risk Set-Aside and must compete in Region 11 Urban;

WHEREAS, a Competitive HTC scoring notice was provided to the Applicant identifying points that the Applicant elected but did not qualify to receive under 10 TAC §11.9 related to Competitive HTC Selection Criteria; and

WHEREAS, the Applicant timely filed an appeal and the Executive Director denied the appeal;

NOW, therefore, it is hereby

RESOLVED, that the scoring appeal for Application 16387, Cantabria Estates Apartments is denied.

BACKGROUND

10 TAC §11.9 related to Competitive HTC Selection Criteria identifies the scoring criteria used in evaluating and ranking Applications. It includes those items required under Texas Government Code, Chapter 2306, §42 of the Internal Revenue Code ("the Code"), and other criteria established in a manner consistent with Chapter 2306 and §42 of the Code.

The Cantabria Estates Apartments Application #16387 proposes new construction of 102 units to serve the general population in Brownsville, Texas.

The 2016 QAP includes in §11.5(3), related to the At-Risk Set-Aside, the requirement that:

> An Application for a Development that includes the demolition of the existing Units which have received the financial benefit described in Texas Government Code, §2306.6702(a)(5) will not qualify as an At-Risk Development unless the redevelopment will include at least a portion of the same site. Alternatively, an Applicant may propose relocation of the existing units in an otherwise qualifying At-Risk Development if:
>
> > (ii) the Applicant seeking tax credits must propose the same number of restricted units (*e.g.* the Applicant may add market rate units)

The Application proposes to "reconstruct" 34 units under the Rental Assistance Demonstration ("RAD") program, to add 58 units restricted by low income housing tax credits ("LIHTC"), and to add 10 unrestricted units, the proposed Development violates the rule requirement that the Applicant seeking tax credits must propose the same number of restricted units and, therefore, is not qualified for the At-Risk Set-Aside.

The appeal asserts that the Application never failed to meet the requirements of the Nonprofit Set-Aside[1], and included documentation revising the Application to meet the requirements of the At-Risk Set-Aside, including:

- A letter from the Cameron County Housing Authority that states its intent "to demolish the 74-units Leon Gardens Apartments and to relocate the public housing units to a different 'higher opportunity site' under the RAD program;"
- A revised Rent Schedule showing 74 RAD units and 28 market rate units instead of the 34 RAD units, 58 LIHTC units, and 10 market rate units indicated in the Application;
- A revised Annual Operating Expenses form indicating debt service for a FHA 221d4 insured mortgage and FHA MIP instead of a conventional loan as indicated in the Application, along with a revised 15 Year Rental Housing Operating Pro Forma and Financing Narrative and Summary of Sources; and
- A revised letter of preliminary commitment from the National Equity Fund, the terms of which include that of the 102 units proposed in the Application, "74 of the units will be LIHTC and covered with RAD subsidy with the remaining 28 units set at market rate."

Pursuant to §10.201(7) Administrative Deficiency Process, staff will not accept the proposed changes to the Application as they are material changes to the Application and were not requested as part of an Administrative Deficiency.

One of the criteria for an Application to receive six point under §11.9(e)(3), related to Pre-Application Participation, is that the pre-application and Application are participating in the same set-asides (At-Risk, USDA, Non-Profit, and/or Rural).

---

[1] Staff is not questioning whether the Application qualified for and met the requirements of the Nonprofit Set-Aside.

Because the Application as submitted does not qualify for the At-Risk Set-Aside, it does not qualify for the six points, and staff recommends denial of the appeal.

16387 Cantabria Estates Apartments
Scoring Notice and Application Documents

MULTIFAMILY FINANCE PRODUCTION DIVISION
Housing Tax Credit Program - 2016 Application Round
Scoring Notice - Competitive Housing Tax Credit Application

Daisy Flores
Phone #: (956) 541-4983
Email: dflores@cchatx.org
Second Email: skphilip@stchd.org

Date: June 21, 2016

THIS NOTICE WILL ONLY BE TRANSMITTED VIA EMAIL

RE: 2016 Competitive Housing Tax Credit (HTC) Application for Cantabria Estates Apartments, TDHCA Number: 16387

The Texas Department of Housing and Community Affairs has completed its program review of the Application referenced above as further described in the 2016 Qualified Allocation Plan ("QAP"). This scoring notice provides a summary of staff's assessment of the application's score. The notice is divided into several sections.

Section 1 of the scoring notice provides a summary of the score requested by the Applicant followed by the score staff has assessed based on the Application submitted. You should note that four scoring items are not reflected in this scoring comparison but are addressed separately.

Section 2 of the scoring notice includes each of the four scoring criteria for which points could not be requested by the Applicant in the application self-score form and include: §11.9(d)(1) Local Government Support, §11.9(d)(4) Quantifiable Community Participation, §11.9(d)(5) Community Support from State Representative, and §11.9(d)(6) Input from Community Organizations.

Section 3 provides information related to any point deductions assessed under §11.9(f) of the QAP or §10.201(7)(A) of the Uniform Multifamily Rules.

Section 4 provides the final cumulative score in bold.

Section 5 includes an explanation of any differences between the requested and awarded score as well as any penalty points assessed.

The scores provided herein are merely informational at this point in the process and may be subject to change. For example, points awarded under §11.9(e)(2) "Cost of Development per Square Foot" and §11.9(e)(4) "Leveraging of Private, State, and Federal Resources" may be adjusted should the underwriting review result in changes to the Application that would affect these scores. If a scoring adjustment is necessary, staff will provide the Applicant a revised scoring notice.

Be further advised that if the Applicant failed to properly disclose information in the Application that could have a material impact on the scoring information provided herein, the score included in this notice may require adjustment and/or the Applicant may be subject to other penalties as provided for in the Department's rules.

This preliminary scoring notice is provided by staff at this time to ensure that an Applicant has sufficient notice to exercise any appeal process provided under §10.902 of the Uniform Multifamily Rules. All information in this scoring notice is further subject to modification, acceptance, and/or approval by the Department's Governing Board.

Page 2 of Final Scoring Notice: 16387, Cantabria Estates Apartments

Section 1:

Score Requested by Applicant (Does not include points for §11.9(d)(1), (4), (5), or (6) of the 2016 QAP):	124
Score Awarded by Department staff (Does not include points for §11.9(d)(1), (4), (5), or (6) of the 2016 QAP):	118
Difference between Requested and Awarded:	0

Section 2:

Points Awarded for §11.9(d)(1) Local Government Support:	17
Points Awarded for §11.9(d)(4) Quantifiable Community Participation:	4
Points Awarded for §11.9(d)(5) Community Support from State Representative:	8
Points Awarded for §11.9(d)(6) Input from Community Organizations:	4

Section 3:

Points Deducted for §11.9(f) of the QAP or §10.201(7)(A) of the Uniform Multifamily Rules:	0

Section 4:

Final Score Awarded to Application by Department staff:	**151**

Section 5:

Explanation for Difference between Points Requested and Points Awarded by the Department as well as penalties assessed:

§11.9(e)(3) Pre-Application Participation. The Application does not qualify for the At-Risk Set-Aside, which causes it to be ineligible for points under this item. (Requested 6, Awarded 0)

Restrictions and requirements relating to the filing of an appeal can be found in §10.902 of the Uniform Multifamily Rules. If you wish to appeal this scoring notice, you must file your appeal with the Department no later than 5:00 p.m. Austin local time, Tuesday, June 28, 2016. If an appeal is denied by the Executive Director, an Applicant may appeal to the Department's Board.

In an effort to increase the likelihood that Board appeals related to scoring are heard at the Board meeting, the Department has provided an Appeal Election Form for all appeals submitted to the Executive Director. In the event an appeal is denied by the Executive Director, the Applicant is able to request that the appeal automatically be added to the Board agenda.

If you have any concerns regarding potential miscalculations or errors made by the Department, please contact Sharon Gamble at (512) 936-7834 or by email at mailto:sharon.gamble@tdhca.state.tx.us.

Sincerely,

Sharon Gamble

Sharon Gamble
9% Competitive HTC Program Administrator

REA / 4-29-16 @ 4:32 PM / GK

Rent Schedule

Self Score Total: 0

ate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 30%				RAD	2	1	1.0	728	1,456	364	66	298	596
TC 30%					1	1	1.0	779	779	295	66	229	229
TC 50%				RAD	1	1	1.0	779	779	364	66	298	298
TC 50%					3	1	1.0	728	2,184	491	66	425	1,275
TC 60%					1	1	1.0	728	728	590	66	524	524
TC 60%					2	1	1.0	779	1,558	590	66	524	1,048
MR					2	1	1.0	779	1,558	590	0	590	1,180
TC 30%				RAD	4	2	2.0	965	3,860	454	85	369	1,476
TC 50%					10	2	2.0	965	9,650	590	85	505	5,050
TC 50%				RAD	8	2	2.0	965	7,720	454	85	369	2,952
TC 50%				RAD	5	2	2.0	971	4,855	454	85	369	1,845
TC 60%					8	2	2.0	965	7,720	708	85	623	4,984
TC 60%					16	2	2.0	971	15,536	708	85	623	9,968
MR					3	2	2.0	971	2,913	708	0	708	2,124
									0				-
TC 30%				RAD	3	3	2.0	1131	3,393	594	103	491	1,473
TC 50%					9	3	2.0	1131	10,179	681	103	578	5,202
TC 60%					7	3	2.0	1131	7,917	817	103	714	4,998
TC 60%				RAD	7	3	2.0	1131	7,917	594	103	491	3,437
MR					4	3	2.0	1131	4,524	817		817	3,268
									0				-
TC 30%				RAD	1	4	2.0	1373	1,373	660	119	541	541
TC 50%				RAD	3	4	2.0	1373	4,119	660	119	541	1,623
TC 60%					1	4	2.0	1373	1,373	912	119	793	793
MR					1	4	2.0	1373	1,373	912		912	912
									0				-
									0				-
									0				-
									0				-
									0				-
									0				-
									0				-
									0				-
									0				-
				RAD 1B (4u)				364	0				-
				RAD 2B (16u)				454	0				-
				RAD 3B (10u)				594	0				-
				RAD 4B (4u)				660	0				-
				34					0				-
									0				-
									0				-
									0				-
									0				-
									0				-
									0				-
									0				-
									0				-
									0				-
			TOTAL		102				103,464				55,796

Non Rental Income	$5.88	per unit/month for:	describe source	600
Non Rental Income	1.47	per unit/month for:	describe source	150
Non Rental Income	2.65	per unit/month for:	describe source	270
+ TOTAL NONRENTAL INCOM	**$10.00**	per unit/month		1,020
= POTENTIAL GROSS MONTHLY INCOME				56,816
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	(4,261)
- Rental Concessions ***(enter as a negative number)***			**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME				52,555
x 12 = EFFECTIVE GROSS ANNUAL INCOME				630,658

REA / 4-29-16 @ 4:32 PM / GK

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	**TC30%**	12%	11%	11
	TC40%			0
	TC50%	42%	38%	39
	TC60%	46%	41%	42
	HTC LI Total			92
	EO			0
	MR			10
	MR Total			10
	Total Units			102
MORTGAGE REVENUE BOND				
	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	**HTF30%**			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
HOME	**30%**			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	HOME LI Total			0
	EO			0
	MR			0
	MR Total			0
	HOME Total			0
OTHER	**Total OT Units**			34

BEDROOMS	**0**			0
	1			12
	2			54
	3			30
	4			6
	5			0

ACQUISITION + HARD		
Cost Per Sq Ft	$ 116.68	
HARD		
Cost Per Sq Ft	$ 116.68	
BUILDING		**Total Points claimed:**
Cost Per Sq Ft	$ 74.34	0

Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.

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ANNUAL OPERATING EXPENSES

General & Administrative Expenses					
Accounting		$	10,000		
Advertising		$	6,000		
Legal fees		$	5,000		
Leased equipment		$	7,000		
Postage & office supplies		$	2,000		
Telephone		$	6,000		
Other	***General Office Admin and expenses***	$	7,200		
Other	***describe***	$			
Total General & Administrative Expenses:				$	43,200
Management Fee:	Percent of Effective Gross Income:		4.00%	$	25,226
Payroll, Payroll Tax & Employee Benefits					
Management		$	57,400		
Maintenance		$	56,700		
Other	***describe***	$			
Other	***describe***				
Total Payroll, Payroll Tax & Employee Benefits:				$	114,100
Repairs & Maintenance					
Elevator		$			
Exterminating		$	3,672		
Grounds		$	14,700		
Make-ready		$	15,300		
Repairs		$	20,400		
Pool		$			
Other	***Decorating***	$	4,636		
Other	***Landscape Costs***	$	12,444		
Total Repairs & Maintenance:				$	71,152
Utilities (Enter Only Property Paid Expense)					
Electric	***Management Co.***	$	22,294		
Natural gas	***Management Co.***	$	3,000		
Trash	***Management Co.***	$	9,273		
Water/Sewer	***Management Co.***	$	35,924		
Other	***describe***	$			
Other	***describe***	$			
Total Utilities:				$	70,491
Annual Property Insurance:	Rate per net rentable square foot:	$	0.38	$	39,168
Property Taxes:					
Published Capitalization Rate:	10.00%	Source:	CAD		
Annual Property Taxes		$			
Payments in Lieu of Taxes		$			
Total Property Taxes:				$	-
Reserve for Replacements:	Annual reserves per unit:	$	$ 300	$	30,600
Other Expenses					
Cable TV		$			
Supportive Services (Staffing/Contracted Services)		$	0		
TDHCA Compliance fees		$	3,680		
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$			
Security		$	599		
Other	***describe***	$			
Other	***describe***	$			
Total Other Expenses:				$	4,279
TOTAL ANNUAL EXPENSES	Expense per unit:	$	3904	$	398,216
	Expense to Income Ratio:		**63.14%**		
NET OPERATING INCOME (before debt service)				$	232,441
Annual Debt Service					
		$			
Conventional Loan 5.50%/35 yr amort		$	178,262		
		$			
		$			
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.30	$	178,262
NET CASH FLOW				$	54,179

15 Year Rental Housing Operating Pro Forma

All Programs Must Complete the following:

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	$669,552	$682,943	$696,602	$710,534	$724,745	$800,177	$883,460
Secondary Income	$ 12,240	$ 12,485	$ 12,734	$ 12,989	$ 13,249	$ 14,628	$ 16,150
POTENTIAL GROSS ANNUAL INCOME	$681,792	$695,428	$709,336	$723,523	$737,994	$814,805	$899,610
Provision for Vacancy & Collection Loss	($51,134)	($52,157)	($53,200)	($54,264)	($55,350)	($61,110)	($67,471)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$630,658	$643,271	$656,136	$669,259	$682,644	$753,694	$832,139
EXPENSES							
General & Administrative Expenses	$43,200	$44,496	$45,831	$47,206	$48,622	$56,366	$65,344
Management Fee	$ 25,226	$ 25,731	$ 26,245	$ 26,770	$ 27,306	$ 30,148	$ 33,286
Payroll, Payroll Tax & Employee Benefits	$ 114,100	$ 117,523	$ 121,049	$ 124,680	$ 128,421	$ 148,875	$ 172,586
Repairs & Maintenance	$ 71,152	$ 73,287	$ 75,486	$ 77,750	$ 80,083	$ 92,838	$ 107,624
Electric & Gas Utilities	$ 25,294	$ 26,053	$ 26,834	$ 27,639	$ 28,469	$ 33,003	$ 38,259
Water, Sewer & Trash Utilities	$ 45,197	$ 46,553	$ 47,949	$ 49,388	$ 50,869	$ 58,971	$ 68,364
Annual Property Insurance Premiums	$ 39,168	$ 40,343	$ 41,553	$ 42,800	$ 44,084	$ 51,105	$ 59,245
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reserve for Replacements	$ 30,600	$ 31,518	$ 32,464	$ 33,437	$ 34,441	$ 39,926	$ 46,285
Other Expenses	$ 4,279	$ 4,407	$ 4,540	$ 4,676	$ 4,816	$ 5,583	$ 6,472
TOTAL ANNUAL EXPENSES	$398,216	$409,911	$421,951	$434,347	$447,109	$516,815	$597,467
NET OPERATING INCOME	$232,441	$233,360	$234,186	$234,912	$235,535	$236,879	$234,673
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$178,262	$178,262	$178,262	$178,262	$178,262	$178,262	$178,262
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment	0	0	0	0	0	0	0
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$54,179	$55,098	$55,924	$56,650	$57,273	$58,617	$56,411
CUMULATIVE NET CASH FLOW	$54,179	$109,277	$165,201	$221,851	$279,124	$568,848	$856,417
Debt Coverage Ratio	1.30	1.31	1.31	1.32	1.32	1.33	1.32
Deferred Developer fee payment	$46,052	$46,833	$47,535	$48,153	$48,682		
LP Annual Asset Management fees & Audit fee	8,127	8,265	8,389	8,498	8,591	8,793	8,462

By signing below I (we) are certifying that the above 15 Year pro forma, is consisstent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone:

Email:

Signature, Authorized Representative, Construction or

Printed Name

Date

MF-3/31/2016-4:10pm-bps

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Deferred Forgivable)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
BBVA Compass Bank	Conventional Loan	$2,766,242	5.50%	1	$ 2,766,242	5.50%	35	18		1
Third Party Equity										
National Equity Fund	HTC $ 1,500,000	$ 14,148,228	changed		$ 15,372,940				1.025	
Grant										
City of Brownsville	Local Government Grant	$ 1,000			$ 1,000					
Deferred Developer Fee										
CCHA/STCHD	Deferred Developer's Fee	$ 1,415,400			$ 615,688		changed			
Other										
Cantabria, L.P.	Reserves at Closing	$ 425,000								
	Total Sources of Funds	$ 18,755,870			$ 18,755,870					
	Total Uses of Funds				$ 18,755,870					

Briefly describe the complete financing plan for the Development, including a discussion of the sources of funds. The information must be consistent with all other documentation in this section. Provide sufficient detail so that the reader can understand all terms related to each source that are not readily apparent above or in the term sheets.

The Development Owner has submitted an application to BBVA Compass Bank (BBVA) for funding a loan; providing an interim construction loan for construction of the improvements and a permanent loan commitment consistent with the term of their letter of interest. BBVA will fund construction loan of $2,766,242 during construction and converted to permenant loan; the equity provider will advance equity during construction. Payments on the permanent loan will be based on an anticipated interest rate of 5.50% with a 35 year amortization over a 18 year term. Third party equity will be advanced by National Equity Fund (NEF) at terms consistent with their letter of interest, in an estimated amount of $15,372,940. The exact amount may be adjusted based on adjusters as to be defined in the Limited partnership Agreement. The syndication proceeds are to be based on pricing of $1.025 per dollar of tax credits. Based on a projected HTC allocation of $1,500,000, the equity would be $15,372,940. The City of Brownsville will make a grant of $1,000 towards the cost of permits. Any shortfall between the sources and uses of funds will be filled by the developer deferring a portion of the developer fee to make the development financially feasible. The Developer will defer $615,688 of the developer fee or such amount as necessary to balance the sources and uses. The payment of the developer note will be based on the cash flow of the development and will bear interest at the applicable federal rate. It is anticipated that all of the deferred developer fee will be repaid in full prior to the end of the 15 year Compliance period. 15 years from the placed in service date of the entire development.

National Equity Fund INC
an affiliate of LISC

REA / 4-29-16 @ 4:32 PM / GK

February 25, 2016

Mrs. Daisy Flores
Cameron County Housing Authority
65 Castellano Circle
Brownsville, TX 78526

Re: Cantabria Estates Apartments – Preliminary Commitment

Dear Mrs. Flores:

This letter is a preliminary equity investment commitment from the National Equity Fund, Inc. (NEF) for Cantabria Estates Apartments, a proposed family affordable housing LIHTC project to be located in Brownsville, TX.

NEF, an affiliate of the Local Initiatives Support Corporation (LISC), was incorporated in 1987 with the mission to identify and develop new sources of financing to help provide affordable housing for low income families and to assist non-profit organizations in creating this housing. NEF has worked with 700 local development partners in forming partnerships which acquire, develop, rehabilitate and manage low-income rental housing. Since the enactment of the Federal Low Income Housing Tax Credit in 1986, NEF has raised more than $10 billion in equity and invested it in more than 2,100 affordable housing projects in 46 states, including Washington, D.C. and Puerto Rico.

Described below are the basic terms, conditions and assumptions of this preliminary commitment:

- Cantabria Estates will be a 102 unit newly constructed family LIHTC housing development containing one, two, three, and four bedroom units. 92 of the units will be available to individuals with incomes at or below 30%, 50%, and 60% of Area Median Income with the remaining 10 units unrestricted at market rate rents.

- The project will be owned by Cantabria, LP. The GP entity will be owned by a Cameron County Housing Authority related entity. The co-developer will be South Texas Collaborative for Housing Development, a non-profit organization. The Limited Partner will be NEF Assignment Corporation.

- NEF proposes to be the Federal tax credit investor with an equity investment of $15,372,940 which represents a price of $1.03 based upon an annual allocation of Federal low income housing tax credits of approximately $1,500,000. NEF's proposed equity pay-in schedule is depicted on the following page:

  - 30% at Closing;
  - 40% at 50% Construction Completion;
  - 23% at 100% Construction Completion;
  - 4% at Perm Loan Conversion;
  - 3% at 8609

  The final timing and amounts of equity payments at closing and during construction will be agreed upon by NEF and the General Partner prior to closing.

- **Developer Fee -** The current projections indicate a payment of developer fee in the amount of $2,083,000. It is projected that $615,688 of the developer fee will be deferred and will be payable from cash flow.

- **Reserves -** The Limited Partner will require the following reserves: Lease-Up Reserve of $175,000; Operating Reserve of $425,000; Escrow Reserve of $69,170; Replacement Reserve of $300 per unit ($30,600 per year) to be funded annually.

- **Guaranties and Adjusters –** NEF will require the General Partner, Co-Developer, and guarantors acceptable to NEF in its sole discretion to provide guaranties of development completion, operating deficits, and the repurchase of NEF's interest if the project fails to meet basic tax credit benchmarks. The project's partnership agreement will include adjusters to the Limited Partner's capital contributions if there is a change in the agreed upon amounts of total projected tax credits or projected first year credits.

A final determination of our investment will depend upon confirmation of the project's assumptions; a full underwriting of the Project, the development team and their financial statements; the review of plans and specifications; the commitment for all other sources of financing; the development schedule; review of due diligence materials; successful negotiation of the partnership agreement and approval by NEF's Investment Review Committee and by its final tax credit investors.

Sincerely,

Jason Aldridge
Vice President
National Equity Fund

16387 Cantabria Estates Apartments
Applicant Appeal to Executive Director

South Texas Collaborative
for Housing Development, Inc.
A Non-Profit Fostering Safe and Affordable Housing

June 28, 2016

Timothy Irvine
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: Appeal Letter
Cantabria Estates Apartments, TDHCA Application #16387

Dear Mr. Irvine,

This letter is written to appeal the scoring notice dated June 21, 2016, which determined that the applicant was no longer eligible for the pre-application points. On May 16, 2016, the applicant, Cantabria, LP ("Owner"), received a challenge against Cantabria Estates Apartments (the "Project") alleging that the Project is not eligible for the At-Risk Set Aside because it does not meet the requirements of Section 11.5(3)(C)(ii). The Owner submitted a response to the Department indicating that we do not agree with the determination that the Project is ineligible for the At-Risk Set-Aside and provided the information supporting this position. Additionally, the Project was submitted in the Non-Profit Set Aside and continues to meet the eligibility for that set aside.

The Cameron County Housing Authority ("CCHA") who is a member of the GP entity, is the owner of the seventy-four (74) unit public housing development currently known as Leon Gardens. It was the original intention of CCHA to demolish the existing units from Leon Gardens and redevelop in two phases at the Project and a proposed second location. However, CCHA believes that revitalized new development is in the best interest of the tenants and is prepared for all of the units to be developed in the Project. As such, the Owner appeals staff's decision that the Project does not meet the requirements to qualify for the At-Risk Set Aside.

The QAP indicates that an applicant is eligible to receive the six (6) points for meeting certain threshold criteria. One of the threshold criteria is that it must qualify at the time of application for the requested set-asides (At-Risk, USDA, Nonprofit, and/or Rural). The Owner submitted the application requesting both the At-Risk and Non-Profit Set Aside recognizing that the application met both set-aside requirements. The Department's

P.O. Box 329 ▪ La Feria, Texas 78559-5002
Phone: (956) 797-2324 Fax: (956) 277-0242

determination after the challenge that the application did not meet the At-Risk Set Aside did not indicate that the application was no longer eligible under the Non-Profit Set Aside. As such, the Owner has continued to meet the threshold requirements and is still eligible for the pre-application points.

Therefore, we ask that you overturn the staff determination and reinstate the pre-application points. In the event our pre-application points are not reinstated, we request to appeal your decision to the board and be heard at the July 14, 2016 board meeting pursuant to our Appeal Election Form.

Should you have any questions or require any additional information, please do not hesitate to call my office at (956) 797-2324 or my personal cell at (956) 778-7030.

Sincerely,

Sunny K. Philip
Executive Director

Incl'd: Exhibit A – Final Scoring Notice
Exhibit B – Appeal Election Form
Exhibit C – Tabs 24, 26, 27, and 31 from Application
Exhibit D – Revised Letter of Intent

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION
Housing Tax Credit Program - 2016 Application Round
Scoring Notice - Competitive Housing Tax Credit Application

Appeal Election Form: 16387, Cantabria Estates Apartments

Note: If you do not wish to appeal this notice, you do not need to submit this form.

I am in receipt of my 2016 scoring notice and am filing a formal appeal to the Executive Director on or before Tuesday, June 28, 2016.

If my appeal is denied by the Executive Director:

☒ I do wish to appeal to the Board of Directors and request that my application be added to the Department Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. If no additional documentation is submitted, the appeal documention to the Executive Director will be utilized.

☐ I do not wish to appeal to the Board of Directors.

Signed ______________________

Title Executive Director, STCHD

Date June 28, 2016

Please email to Sharon Gamble:
mailto:sharon.gamble@tdhca.state.tx.us

Cameron County Housing Authority

Board of Commissioners
Jimmy Sanchez, Chairman
Ronaldo Garcia, Vice Chairman
Minerva Simpson, Commissioner
Dr. Norma Linda Gallegos, Commissioner
Judith Arredondo, Resident Commissioner

Daisy Flores
Executive Director
65 Castellano Circle
P.O. Box 5806
Brownsville, Texas 78520

June 28, 2016

Mr. Timothy Irvine
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Appeal Letter
Cantabria Estates Apartments
TDHCA Application # 16387

Dear Mr. Irvine:

This letter is written to appeal the scoring notice dated June 21, 2016 which determined that the applicant was no longer eligible for the pre-application points.

The Cameron County Housing Authority is a member of the GP entity of the applicant, owns the 74 unit public housing development currently known as Leon Gardens.

The board of commissioners of the Cameron County Housing Authority (The Board) has passed several resolutions that acknowledge the intention of the board to demolish the 74 unit Leon Gardens Apartments and to relocate the public housing units to a different "higher opportunity" site under the (RAD) program. The Board has approved moving all 74 units to the Cantabria Estates Apartments site on Morrison road and has determined that it is a much better opportunity for the residents currently living at Leon Gardens to live at the new site including accessing the top rated schools elementary, middle and high school within the city of Brownsville.

The Board is supportive of all 74 units being moved to the Cantabria Estates Apartments as 74 RAD units.

Sincerely,

Daisy Flores

Daisy Flores
Executive Director
Cameron County Housing Authority

Rent Schedule

Self Score Total: **0**

ate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on “# of Bedrooms” and “Unit Size”, then within the same “# of Bedrooms” and “Unit Size” from lowest to highest “Rent Collected/Unit”.

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			**(B)**	**(A) x (B)**			**(E)**	**(A) x (E)**
TC 30%				RAD	2	1	1.0	728	1,456	364	66	298	596
TC 30%				RAD	1	1	1.0	728	728	364	66	298	298
TC 50%				RAD	1	1	1.0	774	774	364	66	298	298
TC 50%				RAD	3	1	1.0	774	2,322	364	66	298	894
TC 60%				RAD	1	1	1.0	779	779	364	66	364	364
TC 60%				RAD	0	1	1.0	774	0	364	66	364	-
MR					4	1	1.0	774	3,096	759		759	3,036
TC 30%				RAD	4	2	2.0	965	3,860	454	85	369	1,476
TC 50%				RAD	11	2	2.0	965	10,615	454	85	369	4,059
TC 50%				RAD	8	2	2.0	965	7,720	454	85	369	2,952
TC 50%				RAD	5	2	2.0	971	4,855	454	85	369	1,845
TC 60%				RAD	7	2	2.0	965	6,755	454	85	369	2,583
TC 60%				RAD	8	2	2.0	971	7,768	454	85	369	2,952
MR					11	2	2.0	971	10,681	879		879	9,669
									0				-
TC 30%				RAD	3	3	2.0	1131	3,393	594	103	491	1,473
TC 50%				RAD	9	3	2.0	1131	10,179	594	103	491	4,419
TC 60%				RAD	0	3	2.0	1131	0	594	103	491	-
TC 60%				RAD	7	3	2.0	1131	7,917	594	103	491	3,437
MR					13	3	2.0	1131	14,703	989		989	12,857
									0				-
TC 30%				RAD	1	4	2.0	1273	1,273	660	119	541	541
TC 50%				RAD	3	4	2.0	1273	3,819	660	119	541	1,623
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TOTAL	102		102,693	55,372
Non Rental Income	$5.88	per unit/month for:	describe source	600
Non Rental Income	1.47	per unit/month for:	describe source	150
Non Rental Income	2.65	per unit/month for:	describe source	270
+ TOTAL NONRENTAL INCOM	**$10.00**	per unit/month		1,020
= POTENTIAL GROSS MONTHLY INCOME				56,392
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	(4,229)
- Rental Concessions ***(enter as a negative number)***			**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME				52,163
x 12 = EFFECTIVE GROSS ANNUAL INCOME				625,951

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	**TC30%**	15%	11%	11
	TC40%			0
	TC50%	54%	39%	40
	TC60%	31%	23%	23
	HTC LI Total			74
	EO			0
	MR			28
	MR Total			28
	Total Units			102
MORTGAGE REVENUE BOND				
	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	**HTF30%**			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
HOME	**30%**			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	HOME LI Total			0
	EO			0
	MR			0
	MR Total			0
	HOME Total			0
OTHER	**Total OT Units**			74

BEDROOMS	**0**			0
	1			12
	2			54
	3			32
	4			4
	5			0

ACQUISITION + HARD		
Cost Per Sq Ft	$ 117.56	
HARD		
Cost Per Sq Ft	$ 117.56	
BUILDING		**Total Points claimed:**
Cost Per Sq Ft	$ 74.90	0

Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.

ANNUAL OPERATING EXPENSES

General & Administrative Expenses					
Accounting		$	10,000		
Advertising		$	6,000		
Legal fees		$	5,000		
Leased equipment		$	7,000		
Postage & office supplies		$	2,000		
Telephone		$	6,000		
Other	*General Office Admin and expenses*	$	7,200		
Other	*describe*	$			
Total General & Administrative Expenses:				$	43,200
Management Fee:	Percent of Effective Gross Income:		3.00%	$	18,800
Payroll, Payroll Tax & Employee Benefits					
Management		$	57,400		
Maintenance		$	56,700		
Other	*describe*	$			
Other	*describe*				
Total Payroll, Payroll Tax & Employee Benefits:				$	114,100
Repairs & Maintenance					
Elevator		$			
Exterminating		$	3,672		
Grounds		$	14,700		
Make-ready		$	15,300		
Repairs		$	20,400		
Pool		$			
Other	*Decorating*	$	4,636		
Other	*Landscape Costs*	$	12,444		
Total Repairs & Maintenance:				$	71,152
Utilities (Enter Only Property Paid Expense)					
Electric	*Management Co.*	$	22,294		
Natural gas	*Management Co.*	$	3,000		
Trash	*Management Co.*	$	9,273		
Water/Sewer	*Management Co.*	$	35,924		
Other	*describe*	$			
Other	*describe*	$			
Total Utilities:				$	70,491
Annual Property Insurance:	Rate per net rentable square foot:	$	0.36	$	37,168
Property Taxes:					
Published Capitalization Rate: 10.00%	Source:		CAD		
Annual Property Taxes		$			
Payments in Lieu of Taxes		$			
Total Property Taxes:				$	-
Reserve for Replacements:	Annual reserves per unit:	$	$ 300	$	30,600
Other Expenses					
Cable TV		$			
Supportive Services (Staffing/Contracted Services)		$	3,900		
TDHCA Compliance fees		$	3,120		
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$			
Security		$	599		
Other	*describe*	$			
Other	*describe*	$			
Total Other Expenses:				$	7,619
TOTAL ANNUAL EXPENSES	Expense per unit:	$	3854	$	393,130
	Expense to Income Ratio:		**62.81%**		
NET OPERATING INCOME (before debt service)				$	232,821
Annual Debt Service					
		$			
	FHA 221d4 insured mortgage	$	188,789		
	FHA MIP	$	8,861		
		$			
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.18	$	197,650
NET CASH FLOW				$	35,171

15 Year Rental Housing Operating Pro Forma

All Programs Must Complete the following:

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	$664,464	$677,753	$691,308	$705,135	$719,237	$794,096	$876,746
Secondary Income	$ 12,240	$ 12,485	$ 12,734	$ 12,989	$ 13,249	$ 14,628	$ 16,150
POTENTIAL GROSS ANNUAL INCOME	$676,704	$690,238	$704,043	$718,124	$732,486	$808,724	$892,897
Provision for Vacancy & Collection Loss	($50,753)	($51,768)	($52,803)	($53,859)	($54,936)	($60,654)	($66,967)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$625,951	$638,470	$651,240	$664,264	$677,550	$748,070	$825,929
EXPENSES							
General & Administrative Expenses	$43,200	$44,496	$45,831	$47,206	$48,622	$56,366	$65,344
Management Fee	$ 18,800	$ 19,176	$ 19,560	$ 19,951	$ 20,350	$ 22,468	$ 24,806
Payroll, Payroll Tax & Employee Benefits	$ 114,100	$ 117,523	$ 121,049	$ 124,680	$ 128,421	$ 148,875	$ 172,586
Repairs & Maintenance	$ 71,152	$ 73,287	$ 75,486	$ 77,750	$ 80,083	$ 92,838	$ 107,624
Electric & Gas Utilities	$ 25,294	$ 26,053	$ 26,834	$ 27,639	$ 28,469	$ 33,003	$ 38,259
Water, Sewer & Trash Utilities	$ 45,197	$ 46,553	$ 47,949	$ 49,388	$ 50,869	$ 58,971	$ 68,364
Annual Property Insurance Premiums	$ 37,168	$ 38,283	$ 39,432	$ 40,614	$ 41,833	$ 48,496	$ 56,220
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reserve for Replacements	$ 30,600	$ 31,518	$ 32,464	$ 33,437	$ 34,441	$ 39,926	$ 46,285
Other Expenses	$ 7,619	$ 7,848	$ 8,083	$ 8,325	$ 8,575	$ 9,941	$ 11,524
TOTAL ANNUAL EXPENSES	$393,130	$404,736	$416,686	$428,991	$441,662	$510,884	$591,014
NET OPERATING INCOME	$232,821	$233,734	$234,553	$235,273	$235,888	$237,186	$234,915
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$172,632	$172,632	$172,632	$172,632	$172,632	$172,632	$172,632
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment	0	0	0	0	0	0	0
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$60,189	$61,102	$61,921	$62,641	$63,256	$64,554	$62,283
CUMULATIVE NET CASH FLOW	$60,189	$121,291	$183,213	$245,854	$309,110	$628,635	$945,729
Debt Coverage Ratio	1.35	1.35	1.36	1.36	1.37	1.37	1.36
610228	$40,682						
Other (Describe)	19,507						

By signing below I (we) are certifying that the above 15 Year pro forma, is consisstent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone:

Email:

Signature, Authorized Representative, Construction or

Printed Name

Date

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Deferred Forgivable)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
	Conventional/FHA	$3,968,447	4.10%	1	$ 3,968,447	4.10%	40	40		1
Third Party Equity										
National Equity Fund	HTC $ 1,500,000	$ 12,945,023			$ 14,267,290				1.04	
Grant										
City of Brownsville	Local Government Grant	$ 1,000			$ 1,000					
Deferred Developer Fee										
CCHA/STCHD	Deferred Developer Fee	$ 1,416,400			$ 519,133					
Other										
Cantabria LP	Reserves at Closing	$ 425,000			$ -				$ 0	
									$ (0)	
	Total Sources of Funds	$ 18,755,870			$ 18,755,870					
	Total Uses of Funds				$ 18,755,870					

Briefly describe the complete financing plan for the Development, including a discussion of the sources of funds. The information must be consistent with all other documentation in this section. Provide sufficient detail so that the reader can understand all terms related to each source that are not readily apparent above or in the term sheets.

The development owner will submit an application for funding for a HUD FHA 221d4 insured mortgage of $3,968,447 that will be in a first lien. The FHA loan will have a term of 40 years and bear an interest rate anticipated to be 4.0 all in including MIP. The FHA loan will provide funding for construction of the improvements and convert to a permanent loan. The equity provider, National Equity Fund will advance equity during construction. Payments on the permanent loan will be based on an anticipated interest rate of 4.0% including MIP with a 40 year amortization with a 40 year term. Third party equity will be advanced by National Equity Fund (NEF) at terms consistent with their letter of interest, in an estimated amount of $14,267,290.31. The syndication proceeds are to be based on pricong of $1.04 per dollar of tax credits.The City of Brownsville will make a grant of $1,000 towards the costs of permits. Any shortfall between the sources and uses of funds will be covered by the developer eferring a portion of the developer fee to make the development financially feasible. The developer will defer $519,133 of the developer fee or such amount necessary to balance the sources and uses. The payment of the developer fee note will be based on the cash flow of the development and will bear interest at the applicable federal rate. It is anticipated that all of the deferred developer fee will be paid in full prior to the end of year 15 of the of the Compliance Period; 15 years from the placed in servcice date of the entire development.

National
Equity
Fund INC
an affiliate of LISC

June 28, 2016

Mrs. Daisy Flores
Cameron County Housing Authority
65 Castellano Circle
Brownsville, TX 78526

Re: Cantabria Estates Apartments – Preliminary Commitment

Dear Mrs. Flores:

This letter is a preliminary equity investment commitment from the National Equity Fund, Inc. (NEF) for Cantabria Estates Apartments, a proposed family affordable housing LIHTC project to be located in Brownsville, TX.

NEF, an affiliate of the Local Initiatives Support Corporation (LISC), was incorporated in 1987 with the mission to identify and develop new sources of financing to help provide affordable housing for low income families and to assist non-profit organizations in creating this housing. NEF has worked with 700 local development partners in forming partnerships which acquire, develop, rehabilitate and manage low-income rental housing. Since the enactment of the Federal Low Income Housing Tax Credit in 1986, NEF has raised more than $10 billion in equity and invested it in more than 2,100 affordable housing projects in 46 states, including Washington, D.C. and Puerto Rico.

Described below are the basic terms, conditions and assumptions of this preliminary commitment:

- Cantabria Estates will be a 102 unit newly constructed family LIHTC housing development containing one, two, three, and four bedroom units. 74 of the units will be LIHTC and covered with RAD subsidy with the remaining 28 units set at market rents.

- The project will be owned by Cantabria, LP. The GP entity will be owned by a Cameron County Housing Authority related entity. The co-developer will be South Texas Collaborative for Housing Development, a non-profit organization. The Limited Partner will be NEF Assignment Corporation.

- NEF proposes to be the Federal tax credit investor with an equity investment of $14,267,290 which represents a price of $1.04 based upon an annual allocation of Federal low income housing tax credits of approximately $1,500,000. NEF's proposed equity pay-in schedule is depicted on the following page:

    - 30% at Closing;
    - 40% at 50% Construction Completion;
    - 21% at 100% Construction Completion;
    - 5% at Perm Loan Conversion;
    - 4% at 8609

  The final timing and amounts of equity payments at closing and during construction will be agreed upon by NEF and the General Partner prior to closing.

- **Developer Fee** - The current projections indicate a payment of developer fee in the amount of $2,083,000. It is projected that $519,133 of the developer fee will be deferred and will be payable from cash flow.

- **Reserves** - The Limited Partner will require the following reserves: Lease-Up Reserve of $175,000; Operating Reserve of $425,000; Escrow Reserve of $69,170; Replacement Reserve of $300 per unit ($30,600 per year) to be funded annually.

- **Guaranties and Adjusters –** NEF will require the General Partner, Co-Developer, and guarantors acceptable to NEF in its sole discretion to provide guaranties of development completion, operating deficits, and the repurchase of NEF's interest if the project fails to meet basic tax credit benchmarks. The project's partnership agreement will include adjusters to the Limited Partner's capital contributions if there is a change in the agreed upon amounts of total projected tax credits or projected first year credits.

A final determination of our investment will depend upon confirmation of the project's assumptions; a full underwriting of the Project, the development team and their financial statements; the review of plans and specifications; the commitment for all other sources of financing; the development schedule; review of due diligence materials; successful negotiation of the partnership agreement and approval by NEF's Investment Review Committee and by its final tax credit investors.

Sincerely,

Jason Aldridge
Vice President
National Equity Fund

16387 Cantabria Estates Apartments Executive Director's Response

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

July 1, 2016

Writer's direct phone # (512) 475-3296
Email: tim.irvine@tdhca.state.tx.us

Mr. Sunny K. Philip
Executive Director
South Texas Collaborative for Housing Development, Inc.
P.O Box 329
La Feria, Texas 78559-5002

RE: APPEAL OF SCORING NOTICE: 16387 CANTABRIA ESTATES APARTMENTS, BROWNSVILLE, TEXAS

Dear Mr. Philip:

The Texas Department of Housing and Community Affairs (the "Department") is in receipt of your appeal, dated June 28, 2016, of the scoring notice for the above referenced Application. As a result of a review of the Application prompted by the Department's receipt of a Third Party Request for Administrative Deficiency, the Application lost six points under §11.9(e)(3) Pre-Application Participation because staff determined that the Application does not qualify for the At-Risk Set-Aside and, therefore, will not meet the requirement at §11.9(e)(3)(D) to participate in the same set-asides at pre-application and Application.

This decision was based on staff's determination that per §11.5(3)(C)(ii), the development must be proposing to rehabilitate or reconstruct housing units that are proposed to be demolished or have been demolished. This Application does not propose the demolition of units. The Application mentions that units may be demolished in the future but does not include demolition as an activity. Further, since the Application proposes to "reconstruct" 34 units under the Rental Assistance Demonstration ("RAD") program, to add 58 units restricted by low income housing tax credits ("LIHTC"), and to add 10 unrestricted units, the proposed Development violates the rule requirement that the Applicant seeking tax credits must propose the same number of restricted units.

The appeal asserts that the Application never failed to meet the requirements of the Nonprofit Set-Aside, and included documentation revising the Application to meet the requirements of the At-Risk Set-Aside, including:

- A letter from the Cameron County Housing Authority that states its intent "to demolish the 74-units Leon Gardens Apartments and to relocate the public housing units to a different 'higher opportunity site' under the RAD program."
- A revised Rent Schedule showing 74 RAD units and 28 market rate units instead of the 34 RAD units, 58 LIHTC units, and 10 market rate units indicated in the Application;
- A revised Annual Operating Expenses form indicating debt service for a FHA 221d4 insured mortgage and FHA MIP instead of a conventional loan as indicated in the Application, along with a revised 15 Year Rental Housing Operating Pro Forma and Financing Narrative and Summary of Sources; and
- A revised letter of preliminary commitment from the National Equity Fund, the terms of which include that of the 102 units proposed in the Application, "74 of the units will be LIHTC and covered with RAD subsidy with the remaining 28 units set at market rate."

The Department will not accept the proposed changes to the Application as they were not requested by staff as part of an Administrative Deficiency Process under §10.201(7). Further, the nature and scope of the proposed changes are material to the application and cannot be accepted.

I do not find that the points raised in your appeal provide information that leads me to determine that the Development meets the requirements of the definition of At-Risk, and, therefore, the Application does not qualify for the set-aside. Accordingly I must deny the appeal. You have indicated that you wish to appeal this decision directly to the Governing Board. Therefore, this appeal will be placed on the agenda for the meeting scheduled for July 14, 2016.

Should you have any questions, please contact Sharon Gamble, Competitive Tax Credit Program Administrator, at sharon.gamble@tdhca.state.tx.us or by phone at 512-936-7834.

Sincerely,

Timothy K. Irvine
Executive Director

cc: Sara Walker

6c

BOARD ACTION ITEM

MULTIFAMILY FINANCE DIVISION

July 14, 2016

Presentation, Discussion and Possible Action on Staff Determinations regarding 10 TAC §10.101(a)(3) related to Undesirable Site Features and 10 TAC §10.101(a)(4) related to Applicant Disclosure of Undesirable Neighborhood Characteristics

RECOMMENDED ACTION

WHEREAS, pursuant to 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules related to Undesirable Site Features, staff may request a determination from the Board that an Undesirable Feature is acceptable or not;

WHEREAS, pursuant to 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, Applicants are required to disclose to the Department the existence of certain characteristics of a proposed Development Site, and staff is prompted to make a recommendation to the Board with respect to the eligibility of the site; and

WHEREAS, staff is requesting determination regarding Undesirable Site Features and Undesirable Neighborhood Characteristics for Application #16200, Kirby Park Villas and Application #16274, Rockview Manor;

NOW, therefore, it is hereby,

RESOLVED, that the Board accepts staff recommendations pursuant to 10 TAC §10.101(a)(3), Undesirable Site Features and 10 TAC §10101(a)(4), Undesirable Neighborhood Characteristics of the Uniform Multifamily Rules.

BACKGROUND

Development Sites with any of the Undesirable Site Features described in 10 TAC §10.101(a)(3) are considered ineligible for participation under any of the Department's Multifamily programs. Only Rehabilitation projects receiving certain ongoing federal assistance may request exemption from the Rule. The Rule provides that if staff identifies what it believes would constitute an undesirable site feature, they may request a determination from the Board regarding the site's eligibility. If the site is found to be ineligible, the application is terminated and the determination and termination may not be further appealed. The undesirable features in 10 TAC §10.101(a)(3)(A-J) are physical features on or near the site that may negatively impact the health and welfare of residents occupying the proposed development.

Pursuant to 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, Applicants are required to disclose to the Department the existence of certain characteristics of a proposed Development Site. These characteristics include high poverty rates, high crime rates, schools with Improvement Required ratings, and environmental issues presented in the Environmental Site Assessment.

Application #16200 Kirby Park Villas

The Application proposes a 72-unit new construction project with Elderly Limitation. The site is located at the Southwest Corner of 29th Street and Martin Luther King Boulevard in San Angelo, TX. The Application has requested and received Community Revitalization points due to the location within a neighborhood targeted by the City.

The development site is at the edge of an older neighborhood that has a combination of industrial and residential uses. In fact, this inappropriate land use is frequently a trigger for revitalization plans in urban areas. One approach to the site is from North Bryant Boulevard, a major North/South artery. Close to the site, North Bryant Boulevard is a divided road with mixed commercial and industrial uses. This route largely avoids the industrial uses and blight abutting the proposed development site on the other side. Approaching the property from the east on 29th Street requires travelling from North Chadbourne Street, which is characterized by multiple payday lenders, liquor stores and blight, through a deteriorating residential area and a heavy industrial corridor. Approach from Martin Luther King Dr. is characterized by almost solely industrial uses. The site itself is bordered to the North and South by blighted structures.

Across Martin Luther King Boulevard from the proposed site is Terrill Manufacturing Co., less than 200 feet away. On the Friday, May 20, the date of inspection, there was steady noise coming from this manufacturing facility. Approximately 200 feet from the site, across the intersection of West 29th Street and Martin Luther King Drive is a pipe manufacturing plant serving the petroleum industry. Due to the nature of the manufacturing, and the presence of multiple semi trucks parked at these plants, traffic on 29th Street would presumably be impacted as they travel from the plants to North Bryant Boulevard. The Development site is effectively blocked from any residential uses by manufacturing facilities. As described in §10.101(a)(3)(c), the Development Site is ineligible because it is within 500 feet of manufacturing plants.

The Applicant did not disclose multiple Undesirable Neighborhood Characteristics under 10 TAC §10.101(a)(4) in their Application. While they were not required to disclose schools with Improvement Required ratings because it is an Elderly Limitation development, and the 39.30% poverty rate for the census tract is below the rule requirement, the Applicant should have disclosed blight, and facilities within ASTM-required search distances. According to the Environmental Site Assessment, the ASTM facilities do not require mitigation, but having 38 such facilities within the search range speaks to the character of the neighborhood and its predominantly industrial land use.

Staff recommends the Board determine that the site is ineligible under §10.101(a)(3), Undesirable Site Features, and §10.101(a)(4), Undesirable Neighborhood Characteristics.

Application 16274 Rockview Manor

Staff has determined that the Development Site is located within 100 feet of active railroad tracks, and the Applicant has provided no evidence that the city/community has adopted a Railroad Quiet Zone or that the railroad in question is commuter or light rail. Per §10.101(a)(3)(B), a site will be found ineligible if "located within 100 feet of active railroad tracks, unless the Applicant provides evidence that the city/community has adopted a Railroad Quiet Zone or the railroad in question is commuter or light rail."

In a Notice of Administrative Deficiency issued on April 29, 2016, staff quoted the Environmental Site Assessment report ("ESA") statement, "A noise study is recommended due to the proximity of the subject site to Railroads (3000 ft. radius- subject site is 50 feet from Southern Pacific Railroad)" and requested evidence from a reliable third-party source of the distance from the nearest boundary of the Development Site to the railroad. In response, the Applicant submitted a letter from the ESA provider revising the ESA and referring to a map provided by the Applicant. There is no information regarding the reason for the revision to the ESA, nor is there any information to indicate that a reliable third-party source provided the measurement.

Further, pursuant to §10.101(a)(4) of the same rules, staff has determined that the Development Site is located within the attendance zone of an elementary school that does not have a Met Standard rating by the Texas Education Agency. Texas Education Agency records show that Benito Martinez Elementary School has an "Improvement Required" rating for 2015.

It is also worth identifying that in performing a preliminary review of the Market Study provided with the application, staff became aware that the Primary Market Area ("PMA") indicated in the Market Analysis report encompasses approximately 4,958 square miles, which is unusually large, and the Secondary Market Area encompasses approximately 13,578 square miles which is considered to be an unreasonably large secondary market. Additionally, the individual unit capture rate on the 60% AMI two bedroom units is 92% (31% of the total units). Although the capture rate falls under the 100% threshold, this high capture rate along with the sheer size of the PMA renders questionable the report's projections and creates a significant element that will be cited as a confluence of concern under §10.302 (f)(2) in any presentation to the Executive Award Review Advisory Committee, which would include a complete review of the Market Study. A complete underwriting analysis of this application has not been performed and therefore additional issues of concern may yet be identified and shared with you if and when said analysis resumes.

Staff recommends the Board determine that the site is ineligible under §10.101(a)(3), Undesirable Site Features, and §10.101(a)(4), Undesirable Neighborhood Characteristics.

Kirby Park Villas

Application 16200

Supporting Information

16200 Kirby Park

Property to the North of the Development Site, on 29th Street

Property to the South of the Development Site, facing Martin Luther King

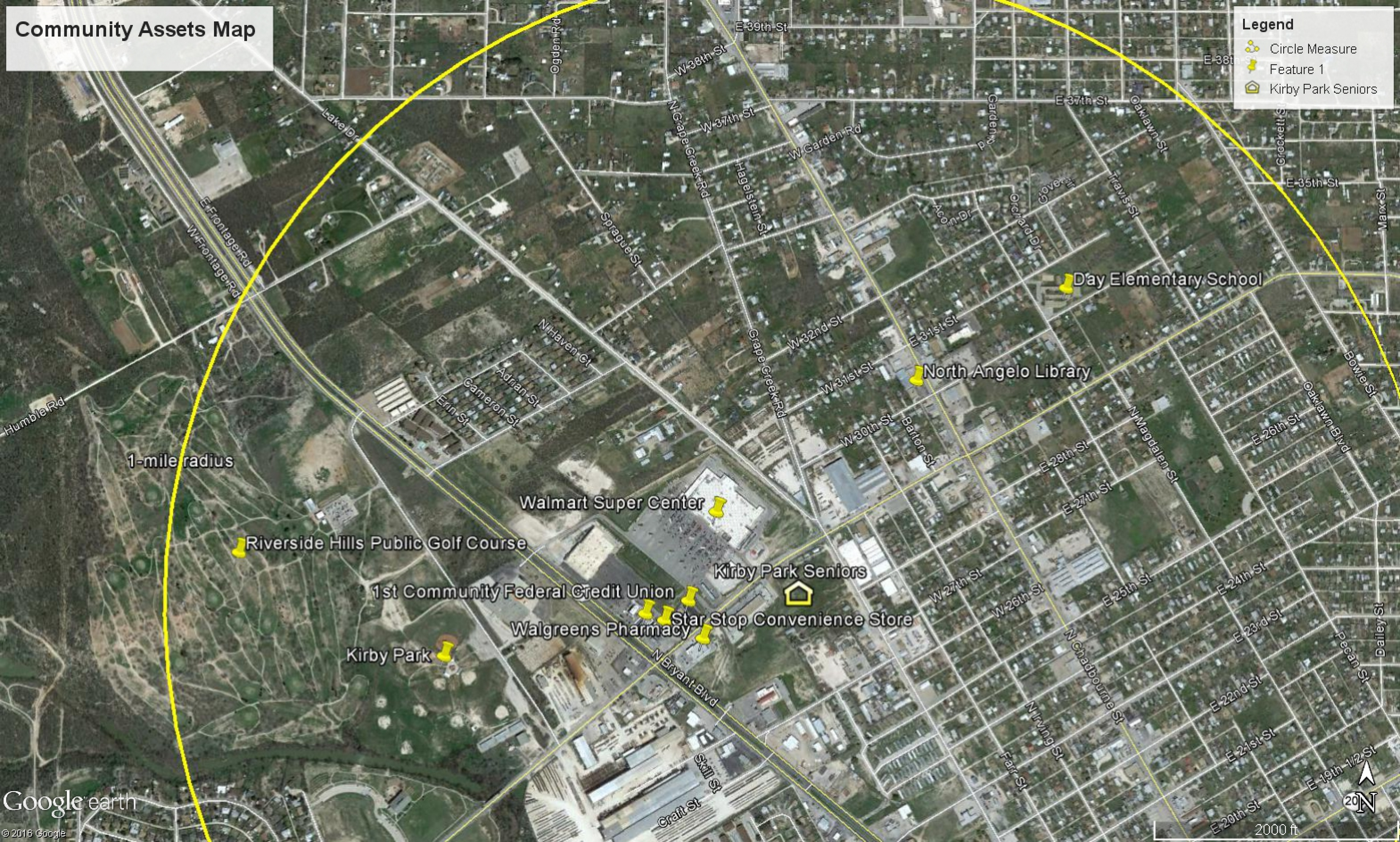
Terril Manufacturing, across MLK from the site

Herschfeld Manufacturing - across 29th & MLK intersection


St 600 W. 29th St 200
Lake
Grape Creek

Google Maps San Angelo

Imagery ©2016 Google, Map data ©2016 Google 200 ft



Community Assets Map

Applicant Response

Application 16200

Kirby Park Villas

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July 7, 2016

Marni Holloway
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78711-3941

Re: Kirby Park Villas, TDHCA No. 16200

Ladies and Gentlemen:

We represent Kirby Park Villas, LP (the "**Applicant**"), which has applied for low-income housing tax credits for Kirby Park Villas in San Angelo (the "**Development**"). This letter responds to your letter dated June 16, 2016 with regard to a determination that the Development site is unacceptable, pursuant to Section 10.101(a)(3)(J) of the Uniform Multifamily Rules (the "**Rules**"). We believe this determination reflects a significant mischaracterization of the Blackshear neighborhood and we present the evidence below to support a finding that nothing in the Rules mandates this site should be deemed ineligible for a tax credit award.

Background Information

The Development site is located in the Blackshear neighborhood, an area with a population of approximately 1500. Most of the area is zoned RS-1 residential, with some commercial areas and one manufactured home park with approximately 20 units. Over 78% of the homes in the area were built prior to 1970 and 38% of the homes were built prior to 1950. With time, these older homes deteriorated. However, Blackshear has seen increasing renovation and opportunity in recent years. This change is the result of a concerted effort by the City of San Angelo to revitalize the area. New homes have been built, abandoned structures have been removed, sidewalks have been laid, and property values have increased. See Exhibit A, article from San Angelo *Standard-Times*. In 2011, the Department awarded low-income housing tax credits to this neighborhood for the development of a scattered site project, approximately 1.5 miles away from this Development site.

The redevelopment of the Blackshear neighborhood was prioritized in January 2005, when the City of San Angelo adopted a Neighborhood Revitalization Plan, identifying the Blackshear neighborhood as a target for concerted effort. An updated version of the plan, dated January 2014, was included in the Applicant's tax credit application. It shows millions of dollars invested in the target areas. See Exhibit B, Community Revitalization Plan. The City has identified the Kirby Park Villas a "crucial in our continuing neighborhood effort to revitalize city neighborhoods and keep the momentum moving forward." See Exhibit C, Letter from Robert Salas, Director of Neighborhood & Family Services Department.

In proposing this Development, the Applicant spent numerous hours with the City of San Angelo, ensuring that the project will fit within the City's overall plan for the area. Rezoning is required and was approved unanimously by the City Council on first reading on June 21. In making this rezoning decision, the City has considered the compatibility of the proposed Development with the surrounding area to determine whether zoning for multifamily use is appropriate. The City has affirmatively determined that this site is well-suited for Kirby Park Villas. In particular, the site will further the development of sidewalks that will connect the Development with retail businesses, as well as bus service. See Exhibit D, Letter from Rebecca Guerra, Planning Manager for City of San Angelo. Testimony at the City Council meeting at which rezoning was considered was all positive, and Kirby Park Villas was proclaimed a welcome addition to the neighborhood. See Exhibit E, Letter from Michael R. Osbourn of Kaw Valley Engineering. See also Exhibit F, Email from Vice President of Local NAACP Chapter.

The Applicant advises that the City has received a copy of the environmental site assessment prepared for the Development and is well aware of the surrounding property uses. With this knowledge, the City is making an affirmative decision to rezone this site for use as affordable housing for seniors, in fulfillment of its Community Revitalization Plan and for all the reasons highlighted in the letter from Robert Salas. Representatives of the City will be in attendance at the upcoming TDHCA Board meeting to provide additional information regarding their support for this Development.

Environmental

Section 10.305(a) of the Rules requires an applicant to provide an environmental site assessment (an "**ESA**") conducted and reported in conformity with ASTM standards. ASTM standards require the environmental professional to search for certain regulated uses within certain distance of the reported site. Section 10.101(a)(4)(B)(v) of the Rules states that a development site may be ineligible if the ESA identifies specific facilities within the ASTM-required search distance.

On May 18, 2016, TDHCA staff submitted an Administrative Deficiency to the Applicant, questioning nine nearby facilities identified in the ESA by the environmental professional. The Applicant responded with sufficient evidence that none of the facilities noted in the ESA required disclosure to TDHCA per the Rules, none of the facilities could deem the Development site ineligible under the Rules, and the environmental professional did not identify any potential hazards associated with these facilities that would require further study or remediation. Despite the Applicant's presentation of conclusive evidence that the Development site strictly complies with all of TDHCA's environmental requirements, staff has indicated a concern about the "sheer number" of the listings in the ESA. This concern is unfounded for a variety of reasons:

- It is important to understand the nature of these listings. These facilities are noted on the database because regulated activity is going on. A regulated activity could be an oil change facility or a gas station. The mere fact that the facility is listed in the database is not indicative of a hazardous release to the environment.
- Of the nine types of listings, only one type (the Leaking Petroleum Storage Tank [LPST]) list represents known releases to the environment, and the LPST sites all have regulatory closure.
- Each list should be considered with a different weight. For example, a superfund/NPL site listing (of which there are none) has a completely different character than a non-generator listing. This is why it is important to rely upon the findings of the environmental professional in its application of the industry standard of review.
- The search area for these listings can span up to 1/2 mile, which is a considerable distance for this kind of inquiry.
- The listings double-count certain facilities. For example, the Wal-Mart across the street accounts for three of the listings. It is not unusual for there to be a variety of listings for a facility like a Wal-Mart or a gas station. Yet, residences are located near Wal-Mart and gas stations all the time without concern. In fact, location near such commercial facilities is considered desirable for the convenience of the residents.
- TCEQ monitors these listed facilities and has not imposed any further restrictions that would relate to nearby residential activity.

Responding directly to the nine listings in the ESA, please note the following:

- 2 CERCLIS NFRAP: These are located more than 1/4 mile from the Development site and have no further remedial action planned.
- 1 RCRA SQG: This is the Wal-Mart store, likely related to oil changing services.
- 1 CESQG: "Conditionally Exempt" means that the site generates less than 100 kg of hazardous waste per month, and the site is more than 1/8 mile from the Development.
- 7 LPST: All have regulatory closure, and all are more than 1/8 mile from the Development.
- 10 UST: Only two are active and within 1/8 mile, and those are simply gas stations.
- 2 AST: These are greater than 1/8 mile from the Development.
- 3 Non-Gen: These facilities do not presently generate hazardous waste.
- 6 IHW: This list includes the Wal-Mart. This is a list of facilities that have generated wastes, but none are on the "Corrective Action" list, which relates to sites that have had releases of hazardous substances to the environment.

- 5 Hist Auto: This is a proprietary listing, where a database search company reviews city directories to advise the client of sites that may have been gas stations or auto repair locations in the past. This list does not indicate known releases. The closest listing is inactive.

In conclusion, the Development site cannot be deemed ineligible under Section 10.101(a)(4)(B)(v) of the rules because none of the hazardous environmental conditions set forth in the Rules are present. While TDHCA staff appears to have acknowledged this, they indicate that the site may be ineligible under Section 10.101(a)(3)(J) of the Rules, which disallows a site "with exposure to an environmental factor that may adversely affect the health and safety of the residents and which cannot be adequately mitigated." TDHCA staff has presented no evidence to indicate that the listings from the ESA present exposure to any environmental factors that could adversely affect the residents of the Development. Conversely, the Applicant has presented evidence that these regulated uses enumerated in the ESA do not present a hazardous condition, based upon the conclusions of a Third Party engineer using ASTM standards. This is exactly why we rely upon Third Parties for highly technical matters – so there can be no speculation. **To conclude, there is no environmental hazard present within a radius of this Development site that would make the site ineligible under the Rules.**

Blight

Staff suggests that the Development site is surrounded by blight and industrial uses that may adversely affect the health and safety of the residents. We believe this mischaracterizes the neighborhood and ignores the strong presence of new commercial, retail, and medical facilities, all within walking distance of the Development. See the aerial map attached as Exhibit G. It identifies the Development site as #14, at the southwest corner of 29th Street and Martin Luther King. Immediately across the street (and within walking distance from the Development because crosswalks will be installed) is a Wal-Mart (#6) and a dental office (#5). Adjacent to the Development site (and within walking distance because sidewalks will be installed) is a retail center with a nail salon, a beauty supply store, a telephone store, and a Dollar store (#13). Also nearby are a credit union (#7), a Shell gas station and convenience store (#1), a Sonic Drive In (#11), a McAllister's Deli (#12), a Walgreens (#15), a car wash (#17), an auto parts store (#3), and a medical clinic (#10). Pictures of all of these facilities are provided at Exhibit H. The abundance of commercial amenities, most of which are relatively newly constructed, is not consistent with a blighted community.

Further, the presence of these commercial amenities made the Development site a desirable location for affordable housing. This site was chosen because the residents could easily walk to so many businesses. In particular, having a medical clinic, a dental clinic, and a Walgreens nearby are all beneficial for low-income senior citizens. You will also note on the site plan that the Development has been arranged to "face" those commercial uses. The entrance and buildings look toward 29th street. They are surrounded by parking as a buffer for the adjacent features that TDHCA staff has identified as blight or undesirable, and shielded by fencing and landscaping.

TDHCA states the following with regard to blight in the neighborhood:

> *Staff inspection of the Site revealed that it is bordered to the north by vacant, boarded buildings, and to the south by a private residential property that has a large number of vehicles stored on the lot. While they are occupied, the buildings on this property are of a condition that meets criteria for blight. There are further incidents of blight on Martin Luther King Drive traveling south from the Development Site.*

Adjacent Tracts to the North. Referring to the aerial map, the properties immediately north of the Development site are the Terrell R. Park house (#8) and C&H Transmission (#9). The Applicant has been advised that the Terrell R. Park house is in the process of being marketed. The C&H Transmission building was sole in the last year, and the new owner is in the process of repairing it for the new user. These tracts are zoned for general commercial use. As noted in the letter from Robert Salas:

> Given the nature of the existing commercial in the area, as well as all of the residential, the City has identified [the Development site], and a large number of parcels to the north of it, as "Neighborhood Center." This would allow for small-scale, more retail-type commercial uses specifically geared to serve the immediate neighborhood. The Comprehensive Plan anticipates less intensive-type uses and sees this as an area ripe for revitalization.

Properties to the South. Referring to the aerial map, the property immediately south of the Development site is the Ureste house (#4). The Ureste house does have visible items on the lot, but the house itself is not boarded, vandalized, or vacated. While staff has not specifically identified the "further incidents of blight on Martin Luther King Drive traveling south," Robert Salas notes the following:

> The properties directly south have been identified by our Code Compliance Division as needing attention and the city undertook an initial cleanup effort as part of the Keep San Angelo Beautiful program. Code compliance will continue taking action to beautify those properties. In addition, Martin Luther King Drive which is the main street on the east side of the project traveling north and south will be completely repaved with sidewalks added. Once MLK Drive is renovated, the remaining residential properties south of Kirby Park Villas will be lucrative commercial investments.

Referring to Section 10.101(a)(4)(B)(iii) of the Rules, a site may be deemed ineligible if it "is located within 1,000 feet of multiple vacant structures visible from the street, which have fallen into such significant disrepair, overgrowth, and /or vandalism that they would commonly be regarded as blighted or abandoned." The Applicant questions whether the Terrell R. Park house and the Ureste house rise to the level of blight. However, to the extent these qualify as blighted structures, the Rules further provide that an undesirable neighborhood characteristic can be mitigated. Mitigation factors include: new construction of commercial facilities in the area that evidences public and/or private investment (as seen in the photos at Exhibit H); the City of San Angelo's long-term commitment to community revitalization that has resulted in the repair or demolition of numerous blighted structures to date (as seen in the Community Revitalization Plan at Exhibit B); planned sidewalk and road improvements (as seen in the letter from Robert Salas at Exhibit C); ongoing code compliance efforts (as seen in the letter from Robert Salas at Exhibit C); and a site plan for the Development that provides buffers against an undesirable neighborhood characteristics (as seen in the aerial map at Exhibit G). **Taken together, we believe that staff should recommend, and the Board should determine, that any blight in the nearby Blackshear neighborhood is not of a nature or severity that it should render the Development site ineligible.**

Industrial Uses

TDHCA staff has identified two industrial uses near the Development site, including Terrill Manufacturing Co. (#16 on the aerial photo at Exhibit G) and Hirschfield Industries (#2 on the aerial photo at Exhibit G). Section 10.101(a)(3)(C) of the Rules states that a site will be ineligible if it is within 500 feet of "heavy industrial or dangerous uses." Please find attached as Exhibit I, a calculation of distance from the Development to each facility. Terrill Manufacturing Co. is an architectural woodwork and custom commercial casework manufacturer, working with schools, healthcare firms, banks, churches, restaurants, the lodging industry, and the government. Hirschfield Industries fabricates stairs for sports stadiums, which are ultimately assembled at the stadium site. Each section of stair is between 8 and 10 feet long. Based upon this information, the Applicant believes neither Terrill Manufacturing Co. nor Hirschfield Industries is "heavy industrial" or "dangerous use."

A variety of definitions for "heavy industry" abound. See sample definitions at Exhibit J. Common across these definitions is a business that is capital-intensive and/or labor-intensive, using large machines to create large products that generally are sold to other industrial customers. By contrast, "light industry" is less capital-intensive, with products manufactured for end users. This is supported by the City of San Angelo’s zoning for both of these sites. Terrill Manufacturing and Hirschfield industries are zoned CG/CH (Commercial General/Commercial Heavy). Pursuant to Section 304 of the City’s Code of Ordinances:

> CG (General Commercial) District. The General Commercial District is intended to provide opportunities for development of commercial establishments of higher intensity, with larger trade area, floor area and traffic generation than Neighborhood Commercial uses. Limited outdoor storage, screened from adjacent residential uses, may be appropriate.
>
> CH (Heavy Commercial) District. The Heavy Commercial District is intended to provide opportunities for development of wholesale trade, retail sales, warehousing development, repair and service establishments, heavy and bulk equipment supply

> dealers or other such establishments that typically are characterized by outside storage of materials or merchandise.
>
> CG (General Commercial) / CH (Heavy Commercial) District. The CG/CH District is intended as a transitional district for areas previously zoned C-2. The CG/CH classification is not available for requests for zone changes to land not zoned CG/CH on the initial effective date of this zoning ordinance. It allows most uses allowed in CG and CH Districts, but not all such uses. (Refer to the Use Table in Sec. 310.) It is intended that areas within CG/CH zoning districts will be changed to other zoning districts, based on comprehensive land use plans adopted by the City Council.

Pursuant to the Use Table, building materials processing, light metal fabrication, and other forms of light manufacturing are allowed for a CG/CH site. However, firms involved in heavy manufacturing, production or fabrication of goods are expressly prohibited. In order to conduct heavy manufacturing on its site, Terrill Manufacturing and Hirschfield Industries would need an MH zoning designation. Thus, it is clear that the City of San Angelo does not deem either of these sites to be heavy industry.

The cabinetry manufactured at Terrill Manufacturing Co. is more consistent with light industry because it involves woodwork that is intended for installation at the location of the end user. Nor can the Terrill Manufacturing facility be considered "dangerous" for residents nearby. The Terrill Manufacturing facility is rated by the Texas Commission on Environmental Quality ("**TCEQ**"); its current rating is 0, meaning perfect compliance, and its classification is "High," meaning that it complies with environmental regulations extremely well. See Exhibit K, Compliance History Report. Finally, it should be noted that, pursuant to Section 10.305(b)(1) of the Rules, the environmental professional is required to state if a noise study is recommended for a property in accordance with current HUD guidelines. No such recommendation was made as to the Terrill Manufacturing facility, despite the fact that TDHCA staff identified a noise emitted from the site. Moreover, the City of San Angelo's Code of Ordinances at Section 8.01.005 strictly prohibits noises that would disturb a neighborhood, particularly between the hours of 10:30 p.m. and 7:00 a.m.

Similarly, Hirschfield Industries does not fit the definition of a heavy industry. The facility near the Development site is the corporate headquarters and has the lightest manufacturing of all of the Hirschfield facilities. It operates from 6:30 a.m. to 5:30 p.m. Monday through Thursday and 6:30 a.m. to 3:30 p.m. on Fridays and holidays. Only approximately 30 workers are employed on the site. They use drill presses and two overhead cranes. They have one cutting torch, and everything else is hand-held equipment. Only approximately 5 semi-trucks enter and leave the site each day. They take plate metal, cut it, and weld it as needed to form stairs for stadiums. Most of the welding is done by hand. The products are manufactured for installation at the location of the end user. Nor can the Hirschfield Industries facility be considered "dangerous" for residents nearby. There are no chemicals or emissions associated with this activity. The ESA does not identify any environmental hazard associated with Hirschfield Industries that could be detrimental to the residents. The TCEQ Compliance History Report for the Hirschfield site is "Unclassified," meaning that the agency has no information on which to base a rating and does not monitor the facility. Moreover, as noted above, the Development site is designed to give the maximum possible distance between the residential buildings and the Hirschfield facility, which is in excess of 500 feet.

In conclusion, neither Terrill Manufacturing nor Hirschfield Industries constitutes heavy industrial or a dangerous use that would cause the Development site to be ineligible under the Rules.

Request for Recommendation

With this information, we respectfully request that TDHCA staff reverse its determination and recognize that there is no basis under the Rules for declaring this Development site to be ineligible.

Sincerely,

Cynthia L Bast

Cynthia L. Bast

Exhibit A	Article from San Angelo *Standard-Times*
Exhibit B	City of San Angelo Revitalization Plan
Exhibit C	Letter from Robert Salas, Director of Neighborhood & Family Services Department
Exhibit D	Letter from Rebecca Guerra, Planning Manager for City of San Angelo
Exhibit E	Letter from Michael R. Osbourn of Kaw Valley Engineering
Exhibit F	Email from Vice President of Local NAACP Chapter
Exhibit G	Aerial Map
Exhibit H	Neighborhood Pictures
Exhibit I	Distances to Neighboring Facilities
Exhibit J	Definitions of Heavy Industry
Exhibit K	TCEQ Compliance History Report for Terrill Manufacturing

Exhibit A

Article from San Angelo *Standard-Times*

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NEWS

San Angelo's Blackshear shows a new sheen with housing improvements

Kimberley Parker/Special to the Standard-Times Jason Contreas and Damien Cotton build a fence around a newly constructed home in the Blackshear neighborhood. Corina Gonzales recently qualified for the new home on Weaver Street through Galilee Community Development Corporation. Galilee builds homes for qualified low income families in and around San Angelo.

The historically Black neighborhood, neglected for decades, has seen big changes in the last 5 years

By Kiah Collier

Posted: ***Oct. 08, 2011***

On a sunny, warm afternoon in late September, Corina Gonzales leaned against a friend's pickup truck, gazing adoringly at the newly constructed house she will soon move into with her 2-year-old-daughter and 13-year-old son.

"It happened really quickly," said the single mother, who is studying to become a medical assistant at American Commercial College and works full-time at Sonic Drive-In.

Gonzales, 31, said she knew there were local organizations that helped people find affordable homes. In the spring, she submitted an application to Galilee Community Development Corp., a local nonprofit that builds new homes for low-income families.

Now, six months later, she's preparing to move into a three-bedroom, two-bathroom, brick house on the edge of the Blackshear neighborhood in northwest San Angelo ? one of about a dozen affordable homes the organization has built in this and other neighborhoods in the last five years. "I'm ready to settle down," said Gonzales, who has lived in an apartment for the last year and half and says her children are ready for a backyard. "I'm really excited."

Gonzales said she wouldn't have considered living on this side of town before. But things have changed.

Thanks to the ever-budding partnership between Galilee and the city of San Angelo, as well as organizations like Habitat for Humanity, the Public Housing Authority, West Texas Organizing Strategy and the now-defunct nonprofit Rebuilding Together, Blackshear has undergone a wholesale, visible transformation in the last half decade.

A geographically ? and, historically, racially ? segregated area north of Loop 306 and west of North Chadbourne Street, it is one of four "target" neighborhoods, including Rio Vista, Fort Concho and Reagan, selected by the city and local housing and community groups as focal points of a slow but steady and determined revitalization effort.

In the past five to six years, dozens of affordable, single-family homes have been constructed and hundreds of existing homes have been rehabilitated, repaired or weatherized in the four neighborhoods, which are home to roughly a quarter of the city's population.

City code compliance has led an effort to clean up dozens of overgrown, vacant lots. City employees have cleaned up trash and painted houses and other buildings as part of an annual neighborhood "blitz" project. Dozens of abandoned structures have been removed. In Blackshear, more than 20 blocks of new sidewalk has been laid.

The joint effort ? dubbed the "Housing Coalition" ? is focused on all four neighborhoods. But Blackshear, where the city had acquired the most tax-delinquent lots over the years, has been home to the most visible, momentous and statistical changes so far.

The local arm of West Texas Organizing Strategy, an interdenominational coalition of churches that has been the single biggest community organizing force behind the revitalization efforts, notes that Blackshear, which had been a legally segregated African American community, has "experienced the most deterioration and neglect over the decades."

A 2005 walking survey WTOS conducted in each target neighborhood found that only about 30 percent of the homes and buildings in Blackshear ? about 330 structures ? were "visually and structurally acceptable," and about 70 percent of the 1,100 households had utility costs that were higher than their rent or mortgage payments. The same was true for the other target neighborhoods.

Those statistics have since been reversed.

Now, roughly 20 percent ? about 200 households ? are considered "seriously deficient."

"This area is completely changed from the way it was when I moved here in 1997. It was awful before," said San Angelo City Council member Fredd Adams, a pastor at St. Paul Baptist Church whose council single member district encompasses the area and whose church is a member of WTOS. "People are taking more pride in their community. People are making their own renovations to their homes. The transformation that has taken place is unbelievable."

Adams, who said he's seen crime, including the number of car and foot police chases, decline significantly in the area, said residents had no motivation to get involved in revitalizing the area before because it had been neglected for so long. (It took him three years to convince his congregation the church should join WTOS.) But now that residents have seen the investment being made in the area, things are changing.

Blackshear is still a lower income neighborhood, but the dilapidated houses on overgrown lots that were widespread half a decade ago are all but gone. Property values are still low, but have increased substantially, especially within the last five years.

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Blackshear is still a lower income neighborhood, but the dilapidated houses on overgrown lots that were widespread half a decade ago are all but gone. Property values are still low, but have increased substantially, especially within the last five years.

Crime is still a problem, but daylight drug deals ? previously a rampant phenomenon ? are now a rare site. The neighborhood looks tidy and is becoming increasingly diverse as people from other parts of town move in.

Blackshear saw the largest increase in participation in the 2010 Census of any census tract in the city.

The goal is not to turn the area into Southland Hills or Bentwood Country Club, said Bob Salas, director of the city's Neighborhood and Family Services Department.

"The goal is to make all the houses livable, and provide decent and affordable housing," Salas said.

Jerrie Bowman, who has lived on the corner of West 19th and Hudson streets for six years, said the revitalization efforts have had a substantial ripple effect.

"Everyone likes it," said Bowman, who has a relative who has recently built two new homes in the neighborhood. "It's enhanced the neighborhood. It's inspirational."

Some Blackshear streets, including Brown and Shelton, have changed completely.

"This street is a safe haven," said Richard Brown, who has lived on Shelton Street since the 1980s. "What I see happening around here is good."

Residents on Shelton, home to a row of six single-family houses the city finished earlier this year, have installed new roofs and spruced up landscaping.

A new wooden privacy fence erected on Shelton between 15th and 16th streets blocks a multi-acre junk yard the City Council issued a special permit for in the 1980s. The $5,500 used to purchase the material to construct the fence, built by a smattering of volunteers from WTOS, Goodfellow Air Force Base and the city, came from half-cent sales tax revenue. It has improved the look and feel of the street and is appreciated by the residents who had been forced to look at a ramshackle, metal fence for decades.

"It makes it look much better," said Willie Mae Bradley, who lives in a wood-paneled house with a neatly landscaped yard across the street from the junkyard.

The Dallas-based owners of Nueva Terra Apartments, a 175-unit apartment complex on North Lillie Street that WTOS representatives say used to be one of the most dangerous in the city, spent $5.5 million renovating the interior and exterior of the complex, as well as upgrading landscaping and security.

In the past six years, roughly $4 million in federal, state and local tax dollars have been invested in the four target neighborhoods, but more than $30 million has been placed on the ground as a result of private and nonprofit investment, grants and matching funds.

Craig Meyers, a retired pastor and a coordinator for WTOS, said the "end goal" of revitalization effort is for the neighborhoods to become "self sustaining."

"The end goal is revitalizing to the point where residents in the area can carry the load," Meyers said.

Kenneth Stewart, a sociology professor at Angelo State University who chaired the U.S. Census 2010 Complete Count Committee, said data from the 2010 Census confirms the effectiveness of the vigorous revitalization efforts in Blackshear that have taken off in the past decade. But it also reveals some of the challenges that remain for the neighborhood.

Of the 19 census tract neighborhoods that make up San Angelo, Blackshear is still the 18th poorest. However, it saw a 73 percent increase in per capita income in the last decade, the single largest increase of any neighborhood in the city. It also saw a whopping 371 percent increase in permit filings for various kinds of building projects ? evidence of the substantial increase in development activity that was second only to Fort Concho, another neighborhood that has been targeted for revitalization.

Other indicators, such as the number of new residents moving into the area, including those who are not African American, as well as home values, the percentage of people who pay more than 30 percent of their income in bills, the number of vacant houses and traditional families with children and exposure to crime risks, are still lacking compared to the rest of the city. But they have all improved significantly since 2000.

"Progress is being made, but they still have challenges," said Stewart, who founded ASU's Community Development Initiatives at the Center for Community Wellness, Engagement and Development and worked with the city to compile a "Neighborhood Development Index" that will be updated annually based on data collected as part of the Census' American Community Survey.

Stewart said the area has a "housing cost burden" problem, as evidenced by the nearly 60 percent of people who still pay a significant portion of their income for housing-related costs. He said that shows there is need for more affordable rental properties.

"It's really hard for low-income people who rent to find a place to live at a rent that doesn't really burden their income," Stewart said.

Adams said there is still a lot more to be done, but that the neighborhood is forever changed.

"As far as we come, we've still got such a long way to go," Adams said. "It's not what it should be, but I thank God it's not what it used to be."

Much has been accomplished in Blackshear and the other target neighborhoods already, but things will get even better soon.

On Tuesday, the Texas Department of Housing and Community Affairs board voted 3-2 to approve a 10-year low-income housing tax credit project worth more than $4 million that will allow Galilee to build 36 single-family rental units. The two- and three-bedroom houses, which will have carports and energy efficient appliances, will be constructed on now-vacant lots scattered throughout the neighborhood over the next two years. The builder says it will have them done by the end of 2012.

"Strategically placing the 36 new homes in these newly cleaned and cleared lots will complete redrawing the visual landscape of the entire neighborhood," according to information on the project compiled by WTOS.

It is one of the first low-income tax credit projects the board ? which typically favors projects with more units, such as apartments or row housing ? has approved for detached single-family rental houses. As part of the approval process, the city and its partners had to make the case that houses, rather than large apartment complexes, are what will truly spur revitalization of the neighborhood.

The upfront investment for the project ? paid for with federal HOME grant funds secured by the city ? was $124,000. It allowed Galilee, the city's designated community housing development organization, to purchase the vacant lots where the units will be built and paid for pre-development market and environmental studies.

"That's a lot of bang for your buck," Salas said, noting that the city has been forced to look for ways to maximize federal funding in any way possible as it has gradually decreased over the last decade.

The 36 rental units, known as the "North Angelo Housing Estates Apartments," will be leased out to tenants who make no more than 60 percent of the area's median family income ? $32,580 for a family of four, according to a statement from the housing and community affairs board.

The city also is hoping to receive approval for a voucher program through the Public Housing Authority that could decrease the monthly rent on the units by as much as 50 percent.

"The rents are going to be lower than what a lot of people are paying to rent a house in the same neighborhood ? maybe even a substandard house in the same neighborhood ? so I think that's going to make a big difference there," said Galilee's Executive Director Terry Shaner.

The project's approval is a significant triumph for San Angelo's so-called Housing Coalition, not only because it will be a major "shot in the arm" for the ongoing revitalization efforts, as Salas has said, but because its approval was incredibly uncertain.

A similar tax credit project for 20 single-family rental units the board had approved in 2008 fell through the cracks when the recession hit and the equity investor pulled out at the last minute. There were no guarantees the seven-member, governor-appointed board would approve the project again.

It failed to receive some of the nearly $40 million allocated as part of the 2011 Housing Tax Credit program.

But, on Tuesday, it was recognized as "having special merit" and received a "forward commitment from the state's anticipated 2012 federal tax credit allocation," according to the board statement.

"Given that rental occupancy rates are so high in many regions of the state, which can limit housing choices for many low income Texans, our board felt this development deserved further consideration," said the board's executive director Tim Irvine in a statement. "Our primary mission is to help build stronger communities and keep our economy robust by expanding the stock of quality rental housing and offering tenants the long-term benefits of a stable, secure home life."

State Rep. Drew Darby, who spoke on behalf of the project during the public comment portion of one of the board's meetings late last month, said he's "very fortunate" the board recognized the project and granted forward funding that will benefit "a part of the community that needs attention and focus."

"I think the glue that holds this community together is single-family housing," the San Angelo Republican said.

The builder, Kerrville-based MacDonald Companies, who also served as the city's tax credit consultant on the project, said it is talking to several private entities, including Wells Fargo Bank, that are interested in being the equity investor and-or lender for the project, and expects to select one within the next few weeks.

As noted in the board statement announcing the project, the project is expected to have a sizable economic impact on the city.

Justin MacDonald, who will oversee construction, said the builders will use mostly local subcontractors. They have two years to complete the project, but he said they will have all 36 units done and ready for move-in by the end of 2012. They'll break ground by the end of the year.

And although the economy is still not up to par, MacDonald said they are "absolutely" confident they will secure investors for the project.

"Things have really improved, at least in the affordable housing realm in the last couple of years," MacDonald said.

The company, which gets two-thirds of its revenue from tax credit projects, has worked on two other tax credit projects in San Angelo: Bent Tree Apartments in the late 1990s and, most recently, River Place Senior Apartments.

"It's very much an accomplishment to get something like this done," MacDonald said. "We like to joke that we get our projects on the third or fourth try, but it's really not a joke. We rarely get a project in the tax credit program the first time we apply for it.

You suffer these set backs, but you just have to continue to persevere and eventually you get there and that's what we've done here."

HOW DOES THE STATE OF TEXAS HOUSING TAX CREDIT PROGRAM WORK?

"The tax credit program is one of the primary means of directing private capital toward the creation of affordable rental housing. The tax credits provide investors of affordable rental housing with a benefit that is used to offset a portion of their federal tax liability in exchange for the production of affordable rental housing. The value associated with the tax credits allows residences in HTC developments to be leased to qualified families at below market rate rents.

"Since 1987, the HTC Program has provided for the construction or renovation of over 120,000 units of affordable multifamily housing throughout Texas, and is generally recognized as the single most effective incentive for the development of new and affordable multifamily housing."

HOW TO APPLY:

Interested in applying to rent one of the 36 houses that will be built in the Blackshear neighborhood?

Call Galilee Community Development Corp. at 325-655-6700 or email office@galileecdc.org to make an appointment or drop by the office at 1404 S. Oakes.

SOURCE: Texas Department of Housing & Community Affairs

Find this article at:
http://www.gosanangelo.com/news/san-angelos-blackshear-shows-a-new-sheen-with-housing-improvements-ep-439613555-356593681.html

☐ Check the box to include the list of links referenced in the article.

Exhibit B

City of San Angelo Revitalization Plan

City of San Angelo
Neighborhood Revitalization Plan

Neighborhood & Family Services Department

January, 2005

Updated: January 2014

INTRODUCTION

In 2005, the City of San Angelo undertook an effort to identify the most deteriorated neighborhoods and develop a strategy and plan to revitalize those neighborhoods. The goal of the city's Neighborhood Revitalization Program is to make a positive impact on those neighborhoods in terms of crime rate, property values, new home starts, code compliance, elimination of slum and blight and overall homeownership issues.

Indeed, cities across the nation are realizing the benefits of eliminating slum and blight and redeveloping in areas long neglected and allowed to fall into ruin. Cities such as Philadelphia, Richmond, and Baltimore have invested heavily in redevelopment efforts and all three have reported significant economic impact not only in the targeted neighborhoods, but in nearby neighborhoods due to the spillover effect. Although it takes years for a city's revitalization investments to bear fruit, San Angelo has already seen benefits in its efforts to clean up and redevelop aging and neglected neighborhoods. These benefits include:

- *Increased property values*
- *Increased sales of existing homes*
- *More residents improving their homes*
- *Reduced crime rate*
- *Fewer code compliance complaints*

In addition to tangible benefits, there are intangible benefits that are just as important such as pride of homeownership and being part of a neighborhood.

Baseline Neighborhood Survey: To start the process, the city's Community Development Department executed a survey to help identify the most deteriorated neighborhoods in need of revitalization. The survey included the following key factors:

- Condition of the housing stock
- Crime rate and law enforcement
- Infrastructure
- Employment opportunities
- Presence of slum and blight
- Recreational and public facilities
- Outdoor parks
- Neighborhood shopping (food stores, eating establishments, etc)
- Churches and social gathering facilities
- Medical services

Based on citizen input, research, and a windshield survey, staff identified four areas that needed the most attention. These areas are: Blackshear, Reagan, Ft Concho, and Rio Vista.

These four neighborhoods showed signs of slum & blight, high crime, few parks and recreational facilities, non-existing medical facilities, few employment opportunities, and very few stores in the neighborhoods. In addition, streets were in very poor condition, no sidewalks and in some areas, no stop signs or other traffic control signs. The survey found the housing stock in these areas outdated with a high rate of deteriorated homes.

PLANNING PROCESS

The planning process for the development of the NRP began with several public meetings to help identify the problem and get buy in from the citizens. An initial list of stakeholders was created with staff for use in development of a steering committee. The list included representatives from a grass roots citizens group called the West Texas Organizing Strategy (WTOS), city departments including Planning, Police Dept, Community Development, Health, Parks; and non-profit agencies to include Galilee Community Development Corporation, Habitat for Humanity, Keep San Angelo Beautiful, Public Housing Authority, and the United Way. The committee was chaired by the Mayor and attended by several members of City Council. The Steering Committee developed goals & objectives and outlined a strategy to achieve those goals & objectives.

Goals and objectives:

- Select target neighborhoods
    - Conduct appropriate research, including a windshield survey to identify neighborhoods in need, access Census data
- Collaborate with planning information & priorities within participating organizations
- Eliminate slum and blight throughout San Angelo
- Make San Angelo a better place to live
- Increase neighborhood pride

Strategy:

- Ensure all available resources are brought to bear in targeted neighborhoods
    - CDBG, HOME, LIHTC, EDI, Economic Development Sales Tax, etc
- Combine individual entities' efforts in Neighborhood Revitalization
- Empower neighborhood participation
- Develop and support programs such as housing and infrastructure programs that target those neighborhoods
    - Neighborhood Blitzes
    - LIHTC
    - Keep San Angelo Beautiful support to the elderly
    - Housing Rehab/Emergency Repairs
    - New construction both homeowner and rental
    - Sale of tax foreclosed lots at reduced price
- Partner with key stakeholders to focus on target neighborhoods
- Encourage private sector investment
- Build neighborhood capacity
- Redesign public services
- Increase inter-governmental and intra-governmental collaboration
- Create a sense of community

After the plan was developed, the steering committee held several public meetings to announce the plan and allow for citizen review. With overwhelming support, the plan was set in motion led by the Community Development Dept (now named Neighborhood & Family Services Dept).

The plan is a living document that is reviewed and updated as necessary.

PLAN AREA The boundaries of the Neighborhood Revitalization Plan area are outlined and shaded in green and tan on the map shown below:

AREA HISTORY

The revitalization of San Angelo's older neighborhoods has been an ongoing effort for the past 20 years. Most of these early revitalization efforts were centered on affordable housing managed by a few organizations whose mission was and still is to increase the affordable housing stock through rehabilitation of existing homes and the construction of new ones.

The city entered the game with the onset of the CDBG in the mid 1970's and later with the HOME grant in the early 1990's. Community Development projects started mostly in the Rio Vista area but slowly expanded across the city with several thousand home rehabs, emergency repairs and dozens of new home construction projects.

In conjunction with the city, several non-profits developed a presence and became part of the city's revitalization effort. One of the first affordable housing non-profits to organize in San Angelo was Christmas in April, now called Rebuilding Together, (RT) which began operating 20 years ago. Since then, RT has repaired/renovated over 1,200 homes across the city for elderly and/or disabled citizens. Although RT has since disbanded, a new non-profit named Helping Hands which is affiliated with Galilee CDC has taken its place.

Another partner in affordable housing is Habitat for Humanity which came to San Angelo in 1994. Since then, they have constructed or renovated 56 homes and are ready to build several more in the upcoming years.

The Public Housing Authority (PHA) has been in existence in San Angelo since 1975. Where Community Development is centered around home-ownership, PHA's mission is rental assistance. They manage 398 rental units and allocate over 700 housing vouchers annually.

The newest affordable housing partner to come onto the scene is Galilee Community Development Corporation. Although relatively new, Galilee CDC has built 18 new homes and continues to press forward on new projects.

Neighborhood revitalization was status quo for much of its history with unfocused and divergent efforts being carried out throughout the city. However, in 2006 a new spirit of cooperation began to spring up among stakeholders and a series of events occurred that changed the dynamics and environment.

There are many other important events that have further accelerated the revitalization program. These include the demolition of over 40 substandard and dilapidated homes in Rio Vista and Blackshear by the National Guard as part of Operation Crackdown, the creation of a first time homebuyers assistance program, the passage of a ½ cent sales tax (part of which earmarks funds for affordable housing), and the city's commitment to infrastructure improvements including: repaving streets, constructing sidewalks, cleaning out washouts like the Red Arroyo, replacing street lights, and improving parks.

Code Compliance took an aggressive posture in these areas, citing over 10,000 violations since 2005. This led to more compliance awareness among the residents of those neighborhoods and less complaints from neighbors. Also, WTOS logged over 9,000 man-hours in political advocacy, community organization activities, and hands on work that included KSAB clean-up events, distributing material for the city, and other in-kind assistance in support of the Revitalization Program.

In the past couple of years, we have seen other special efforts in support of the revitalization program. With Council approval, the city carried out two paint and cleanup blitzes, painting 127 homes and picking up over 600 tons of trash. The San Angelo Health Foundation and SADC also allocated $200,000 each to replace roofs in the target neighborhoods.

Private investments have also aided the revitalization program. Some of these projects are the 120-unit River Place apartments for elderly in the Ft Concho area, and the renovation of the Nueva Vista apartments and the potential Blackshear Homes development in the Blackshear target area.

Housing Coalition Accomplishments since 2006:

- *682 homes repaired/remodeled*
- *98 new homes constructed*
- *108 minor repairs for elderly/disabled citizens*
- *169 substandard structures demolished*
- *46 new homebuyers assisted*
- *64 roof replacements*
- *26,780 square yards of sidewalks built*
- *155,724 square yards of street paving*

PROGRAMS

The City's Community & Housing Support Division, manages the HUD funded Community Development Block Grant (CDBG) and the Home Investment Partnership Program (HOME) grant. These two grants have historically been the funding foundation of the City's neighborhood revitalization efforts. However, over the past four years, cooperation among the non-profit housing organizations including Rebuilding Together, Galilee Community Development Corporation and Habitat for Humanity have forged housing partnerships which have allowed the City to leverage resources and expertise from these partners for the betterment of the community. Moreover, non-housing agencies such as City of San Angelo Code Compliance, Police Department, Fire Prevention, Engineering Services, Keep San Angelo Beautiful, San Angelo Development Corporation (SADC), San Angelo Health Foundation, the West Texas Organizing Strategy (WTOS), and private companies have played an important role in the City's revitalization efforts. This ad hoc coalition of vested stakeholders has supported each other and pushed up the level of activity in all the targeted neighborhoods.

Several housing and non-housing programs and projects make up the bulk of the neighborhood revitalization plan and strategy. These programs/projects include:

- *COSA infrastructure improvements*
- *CDBG Housing Rehabilitation & Emergency Repair programs*
- *HOME Neighborhood Revitalization Program*
- *HOME Homebuyers Assistance Program*
- *SADC Affordable Housing Assistance Program*
- *Roof Replacement Program (San Angelo Health Foundation funded)*
- *Helping Hands elderly housing assistance and annual rebuilding day*
- *Community Housing Development Organization (Galilee CDC) new home constrution*

- *Habitat for Humanity new home construction*
- *COSA Neighborhood Blitzes*
- *Increased police presence*
- *COSA Code Compliance*
- *Fire Prevention, dangerous buildings inspections*

Indeed, these focused and concerted efforts among all the stakeholders have made a great impact in the targeted neighborhoods in terms of new and remodeled homes and infrastructure improvements in the past several years, and this collaboration continues to date.

REVITALIZATION FUNDING

Although the city and its partners have expended approximately $2.3M since 2006 for the construction of new homes, housing remodels, repairs and infrastructure improvements, these investments have yielded over $1.1M in mortgages generated by local banks and the city expects to receive over $245K in program income which will generate additional loans. Private companies have invested over $20M in the construction of new housing units and renovation of existing complexes. These private efforts, along with the introduction of economic improvement zones adjacent to the targeted areas will not only increase economic vitality and provide economic opportunities in the future, but also help expand development and growth across the city.

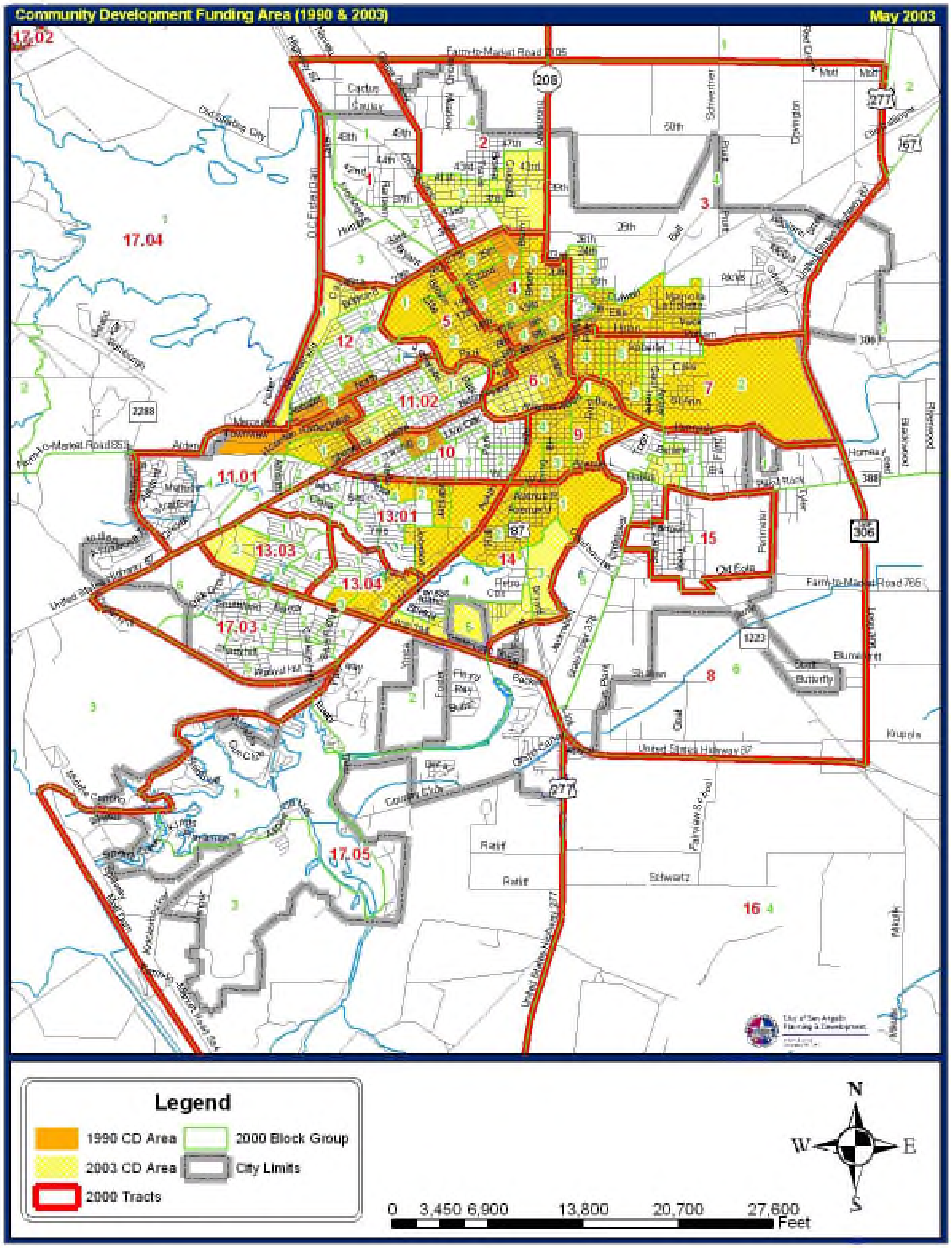
In 2005, the city began earmarking **$335K annually** from Economic Development Sales Tax for affordable housing in the target neighborhoods, accumulating over $4M to date. This trend will continue until at least 2025 providing an additional $4M for future revitalizations programs and projects strictly in the areas targeted for revitalization. In addition, over $100K from the city's Home Investment Partnership Program (HOME) grant funds are earmarked annually for projects in the revitalization neighborhoods.

DEMOGRAPHICS

The City of San Angelo covers 58.61 square miles in Tom Green County, Texas. The 2010 U.S. Census reports a total population for San Angelo of 93,232. Additionally, the Census reports there are 39,548 housing units in San Angelo, with over 60% owned. Areas with high concentrations of low income households are defined as block groups with 51% or more of the population falling below 80% of the area median family income.

According to 2010 Census information, the City of San Angelo has significant areas with concentrations of low income households in all quadrants of the City, with the heaviest concentrations in the neighborhoods targeted for revitalization. New areas of high concentrations of low income households include Census Tract/Block Groups as follows: 12/1 in the northwest; 2/1 and 2/3 in the north, 3/3, 7/2, and 8/3 in the northwest; 11.02/1, 11.02/6 and increased area in 6/1 in the central region of the city; 14/3 and 14/5 in the south; and 13.03/2 in the southwest. Census Tract/Block Groups 4/7 in the north; 4/4 and 10/6 in the central region; and 12/6 in the west no longer qualify as having 51% or more of the population falling below 80% of the area median income.

Areas with Concentrations of Low Income Households



Areas with Concentrations of Minority Populations

People of Hispanic origin comprise the largest minority population in San Angelo. The growth of the City's minority population over the past two decades is reflected in chart below.

Ethnic Groups as a Percent of Total Population

Ethnicity	1980	1990	2000	2010
White, Non-Hispanic	71.5%	66.4%	59.9%	54.4%
Hispanic (All Races)	23.1%	27.8%	33.2%	38.5%
Black, Non-Hispanic	4.4%	4.5%	4.5%	4.6%
Other Races, Non-Hispanic	1.0%	1.4%	2.5%	2.5%

Areas with high concentrations of minority population are defined as block groups consisting of 51% or more minority population. Areas of the City with higher concentrations of low-to-moderate income households typically tend to be the areas with the greatest concentrations of minority populations. The largest concentrations of minority population are found in Census Tracts 3, 4, 5, 7, 8, 9, and 14. Certain of the Block Groups within these Census Tracts contain high concentrations of **Hispanic population**. Further, these are also the Census Tracts with the largest numbers and greatest percentages of low-to moderate income residents.

Minority Concentrations

Census Tract	Hispanic Percentage
3	45.1
4	68.5
5	53.6
7	64.1
8	47.8
9	66.2
14	46.7

Indeed, the four neighborhoods targeted for revitalization are located in areas with lower income households and older housing units. The demographics and zoning for each specific neighborhood are listed below:

Blackshear

Blackshear is located in the northwest section of the city bounded by 29th St on the north, N. Chadbourne to the east, Houston Hart to the south, and the railroad tracks to the west.

The area is identified as census tract 5, blocks 1, 2 and census tract 4 block 5 with a population of approximately 1579 with 71% of households considered low income. The annual median income for households in the area is slightly over $27K with 20% of families earning less than $10K per year. 43% of all families are considered to be below the poverty level. Unemployment runs at over 15% and over 53% of families are single parent households. It is an area with the largest population of African Americans with African Americans making up 35% of Blackshear with Hispanics making up 53% and Whites making up 11%.

The zoning in the area is mostly RS-1 residential, but with commercially zoned areas (general, heavy, manufacturing) along Bryant Blvd, N. Chadbourne and 29th St. There are also pockets of lots that are zoned for manufactured homes. Housing in the area is dated with over 78% of the housing units built prior to 1970 and 38% built prior to 1950. There is one trailer park in the area with approximately 20 trailers. Rentals make up 40% of the total units.

Reagan

The Reagan area is located on the northeast section of the city bounded by 29th St on the north, N. Chadbourne on the west, Houston Hart on the south, and Armstrong and N. Main St on the east. The area consists of census tract 4 blocks 1,2,3,4,6,7,8.

It has a population of approximately 5,100 with an annual median household income of $27K. Hispanics make up 64% of the population, Whites making up 31% of the population and African Americans make up 4%. The median income for families in the Reagan area is $27K per year with 7% making less than $10K per year. The unemployment rate in the area is at 6.7% with 31% of all families whose income is below poverty. 35% of households are families with a single parent.

The area is mostly residentially zoned with commercial zoning along the main thoroughfare of N. Chandbourne. There are several grandfathered mobile homes owned by individuals on lots located on the far north end of the neighborhood with a few other individually owned mobile homes located intermittently throughout the area. There is one mobile home park zoned area located off of N. Chadbourne on the north end of the neighborhood.

The housing stock is the oldest in the city with 91% of structures built prior to 1970 and 69% build prior to 1950. Most units are homeowner occupied with only 24% of units considered rental.

Ft Concho

The Ft Concho area is located in central San Angelo bounded by Houston Hart on the north, Bell St and Lowrie Ave on the east, Main St and Hill on the west, and Rio Concho River on the south. Ft Concho consists of census tract 3 block 1, and census tract 7 blocks 1-5.

It has a population of 4,630 consisting of 61% Hispanic, 5% African American, and 34% White. The annual median income for families in the Ft Concho area is $25K with 19% of families making less than $10K per year. The unemployment rate is at 9.6% with 35% of all families whose income is below the poverty level. 69% of households are single parent households.

Although the majority of the neighborhood is zoned for residential, there are areas toward downtown that are zoned commercial and significant section located in the north end of the area that is zoned for heavy and light industrial use. There are two mobile home parks and several grandfathered individually owned mobile homes dotting the neighborhood and one area designated for high density apartments along the river.

Ft Concho's housing stock is older with 87% built prior to 1970 and 64% built prior to 1950. Rentals make up 48% of the total number of units.

Rio Vista

The Rio Vista neighborhood is located in the south end of the city bounded by S. Chadbourne and Metcalf St on the east; Ave I and Ave L on the north; Hill St, the railroad tracks, and Foster on the east; and Arroyo Drive, W Ave X on the south. The area consists of census tract 9 blocks 2-3 and census tract 14 blocks 1-2.

The area is called the "Barrio" by locals due to its large number of Hispanics who have lived in the area for several generations. The population in the area is 3,812 consisting of over 90% Hispanic, 4% African American, and 5% White. Although the census data shows only a 2% unemployment rate, over 38% of the population are not in the work force. The median annual income is $31K with the poverty rate for families in the area at 11%. 26% of families are single parent households.

The majority of the area is zoned residential with commercial zoned areas located along Bryant Blvd and Chandbourne. There are no mobile home parks but there are a few individually owned mobile homes on lots scattered throughout the neighborhood. There are no areas zoned for industrial uses.

Rio Vista's housing stock is not as old as the other target neighborhoods with 65% of housing units built prior to 1970 and 29% built prior to 1950. Rentals make up 49% of the units.

UTILITIES AND COMMUNITY INFRASTRUCTURE

Water and sewer service is presently extended to all four target neighborhoods. Presently the water lines are owned by the City of San Angelo and all maintenance and improvements are scheduled through the City. Sewer treatment is through the city as well. Sewer service billing is included with the water bill and the monies collected for sewer usage is sent to the Water Fund.

Street and infrastructure improvements have increased over the past six years with 26,780 square yards of sidewalks built and 155,724 square yards of street paving. Street lights and stop lights have also been installed providing the neighborhoods a safer environment.

FINAL THOUGHTS

When people organize, collect and analyze information, and become more knowledgeable about their community they can be significant contributors to the revitalization of their neighborhood. A diverse group of residents working together can generate creative approaches to change, mobilize new assets and generate positive results. The people who live and work in a neighborhood are excellent judges of their neighborhood's priorities, opportunities and needs. The NRP provides a safe forum for all neighborhood voices to be heard. It also creates a potentially beneficial opportunity for public officials and government staff to interact with the people for whom they are working. This can lead to the reexamination of budget priorities and new methods of delivering public services.

Neighborhood revitalization ultimately depends on a sense of neighborhood identity and a commitment by residents to make their neighborhood a better place to live, work, learn and play. The NRP gives neighborhood residents a framework for, and reasons to, come together to create that commitment.

The impact of this comprehensive and coordinated effort by city staff, non-profits, citizen groups, and private developers in the four target neighborhoods is substantial with steady growth in several key areas to include new homes, major remodels, increase in property values, higher home sales, and a decrease in the crime rate. Although the city's revitalization program has enjoyed success in the past few years, much work remains to be done. There are still sections in these target neighborhoods that require increased investment to get them to a sustainable level. It will take political will and resources to maintain the effort.

The city is fortunate to have a progressive City Council and City management that have embraced neighborhood revitalization. It is this commitment from the city's leadership that has helped make the revitalization effort successful. City management at the highest levels has encouraged city staff to work across departmental disciplines to streamline processes, coordinate resources, and to develop partnerships with outside organizations unheard of in other cities across the nation. These unique partnerships allow the city to benefit greatly from this collaboration.

The City of San Angelo and its many partners can be proud of the accomplishments achieved in recent years. The revitalization effort and its implementation provide an extraordinary example of how collaborative partnerships - coalesced around a sound concept - can yield significant economic benefit.

Exhibit C

Letter from Robert Salas, Director of Neighborhood & Family Services Department

The City Of
San Angelo, Texas
72 West College Avenue, San Angelo, Texas 76903

June 23, 2016

Ms. Marni Holloway
Texas Department of Housing and Community Affairs
221 East 11th
Austin, Texas 78711

The City recently received notice that TDHCA staff is questioning the suitability of the location of the proposed Kirby Park Villas project because of surrounding zoning and a few substandard buildings nearby. City management and council are extremely concerned that the project is unduly being placed at risk. As we cited in an earlier letter to your department, the Blackshear neighborhood, where the LIHTC project is to be located is one of four areas where the city is focusing its Neighborhood Revitalization Plan (NRP). In fact, Blackshear was the first of the neighborhoods to receive attention under the plan and we have made great progress in revitalizing Blackshear which at one point was the most deteriorated area in the city with no sidewalks, stop signs or street lights; unpaved streets; high crime; and much blight. However, with the concentrated efforts of city government, non-profits, citizen support, and the private sector, Blackshear has seen its community renewed. This ad hoc revitalization coalition has invested over $8M in the area, building sidewalks across fifteen square blocks, paving eighty percent of the streets, adding dozens of street lights, constructing over fifty new homes for both homeownership and rental, completely renovating the only apartment complex in the area, and rehabilitating over 70 homes. These efforts have yielded desirable results in terms of increased property values, increased sales of existing homes, more residents improving their homes, reduced crime rate, and fewer code compliance complaints.

The location of the Kirby Park Villas project is part of a Tax Increment Reinvestment Zone (TIRZ) where we've seen increased general commercial development to include grocery and retail, stores, pharmacies, clinics, restaurants, banks, county government offices, et al. The parcel to the north of the site is zoned General Commercial / Heavy Commercial (CG/CH). The City has eliminated the CG/CH Zoning District (that is, no new rezonings to CG/CH may take place). Given the nature of the existing commercial in the area, as well as all of the residential, the City has identified this subject property, and a large number of parcels to the north of it, as "Neighborhood Center." This would allow for small-scale, more retail-type commercial uses specifically geared to serve the immediate neighborhood. The Comprehensive Plan anticipates less intensive-type uses and sees this as an area ripe for revitalization.

The properties directly south have been identified by our Code Compliance Division as needing attention and the city undertook an initial cleanup effort as part of the Keep San Angelo Beautiful program. Code Compliance will continue taking action to beautify those properties. In addition, Martin Luther King Drive which is the main street on the east side of the project traveling north and south will be completely repaved with sidewalks added. Once MLK Drive is renovated, the remaining residential properties south of Kirby Park Villas will be lucrative commercial investments. Moreover, with the Old Chicken Farm Art Center as the linchpin, the city envisions the creation of an art district that will further help revitalize that area.

Please understand that the Kirby Park Villas project is crucial in our continuing neighborhood effort to revitalize city neighborhoods and keep the momentum moving forward. It is the combination of public and private investment that ultimately will make an NRP succeed. We are asking that you help us meet the challenge.

Regards,

Robert Salas

Robert Salas, Director
Neighborhood & Family Services Department

Exhibit D

Letter from Rebecca Guerra, Planning Manager for City of San Angelo

The City Of
San Angelo, Texas
Planning Division
52 West College Avenue, 76903

June 22, 2016

Zimmerman Properties, LLC
Attention: Mr. Paul Holden
300 CM Allen Parkway, Suite 206-B
San Marcos, TX 78666

Subject: PD16-01: 87 & 29 LLC, a request for approval of a Zone Change from the General Commercial (CG) Zoning District to a Planned Development (PD) Zoning District, on the following property:

Property: An unaddressed tract; generally located approximately 90 feet southwest of the intersection of Martin Luther King Drive and West 29th Street; more specifically being 5.116 acres out of 15.704 acres in the Lakeview Towne Center Subdivision, Section One, Part of Lot 27, City of San Angelo, Texas

Dear Mr. Holden:

The Rezoning to Planned Development had its First Reading of the Ordinance this on June 21, 2016, before City Council. City Council voted unanimously (7-0) to approve on First Reading. The Second Reading of the Ordinance is scheduled for July 12, 2016. Staff recommended approval of the proposed Rezoning based on the following criteria:

1. **Compatibility with Plans and Policies.** Whether the proposed amendment is compatible with the Comprehensive Plan and any other land use policies adopted by the Planning Commission or City Council.

2. **Consistency with Zoning Ordinance.** Whether and the extent to which the proposed amendment would conflict with any portion of this Zoning Ordinance.

3. **Compatibility with Surrounding Area.** Whether and the extent to which the proposed amendment is compatible with existing and proposed uses surrounding the subject land and is the appropriate zoning district for the land.

4. **Changed Conditions.** Whether and the extent to which there are changed conditions that require an amendment.

5. **Effect on Natural Environment.** Whether and the extent to which the proposed amendment would result in significant adverse impacts on the natural environment, including but not limited to water and air quality, noise, storm water management, wildlife, vegetation, wetlands and the practical functioning of the natural environment.

6. **Community Need.** Whether and the extent to which the proposed amendment addresses a demonstrated community need.

7. **Development Patterns.** Whether and the extent to which the proposed amendment would result in a logical and orderly pattern of urban development in the community.

Furthermore, two sidewalks are being proposed with the development of this site. The first, leading out to 29th Street, will connect the multi-family development with numerous retail businesses in the immediate area as well mass transit (bus) routes along Bryant and 29th. The second sidewalk, leading out to Martin Luther King Drive, will connect to a new sidewalk system that will be constructed by the City leading from 29th Street all the way to the Houston Harte Expressway. Additionally, the multi-family project will be installing an internal crosswalk system throughout the development giving residents an overall pedestrian area with internal and external connectivity.

If you have any questions concerning the above, please contact the project's case manager, Jeff Fisher, at (325) 657-4210, extension 1550.

Sincerely,

Rebeca A. Guerra, AICP, LEED-AP, CPD
Planning Manager

Exhibit E

Letter from Michael R. Osbourn of Kaw Valley Engineering

KAW VALLEY ENGINEERING, INC.

Office: 913.894.5150
Fax: 913.894.5977
Web: www.kveng.com
Address: 14700 West 114th Terrace
Lenexa, KS 66215

June 22, 2016

C16D8672

Mr. Justin Zimmerman
ZP Kirby Park Villas, L.P.
1730 East Republic Road, Suite F
Springfield, Missouri 65804

RE: ZONING – KIRBY PARK VILLAS
SAN ANGELO, TEXAS

Dear Mr. Zimmerman:

The San Angelo City Council unanimously approved the zoning class with the development plan during their June 21, 2016 meeting. Council member discussion regarding the agenda item was focused upon this project being an integral portion of the continued redevelopment of this portion of the city. Residents including the President of the Blackshear Home Owners Associates and the Vice President of the regional NAACP both spoke in favor of the project. All speakers indicated this project is a welcome addition to the neighborhood, and would provide an opportunity for many of the aging residents to remain in the neighborhood. This project will allow the future residents to continue attending local worship centers, area businesses, and continue an ongoing connection with the local community.

As the development plan was designed, multiple discussions were held with City staff regarding the integration of this project with future growth and infrastructure projects. Staff indicated the project will allow for the current project site to integrate better with the planned improvements to Martin Luther King Boulevard, which are scheduled for a Fall 2016 / Spring 2017 commencement.

The water main extension within the Kirby Park Villas will allow for cross connection to existing regional water mains, providing for improved flow and redundancy, benefitting all residents in the area. The planned storm drainage management system will provide relief to the regional stream water collection system by regulating runoff in a controlled manner.

The City government, staff, and public are in overwhelming support of this project and all believe it is integral to the ongoing revitalization of this portion of the city.

If you have any questions, please contact me at (913) 894-5150.

Respectfully submitted,
Kaw Valley Engineering, Inc.

Michael R. Osbourn, P.E.
Principal

06.22.16
MICHAEL R. OSBOURN
101468

Exhibit F

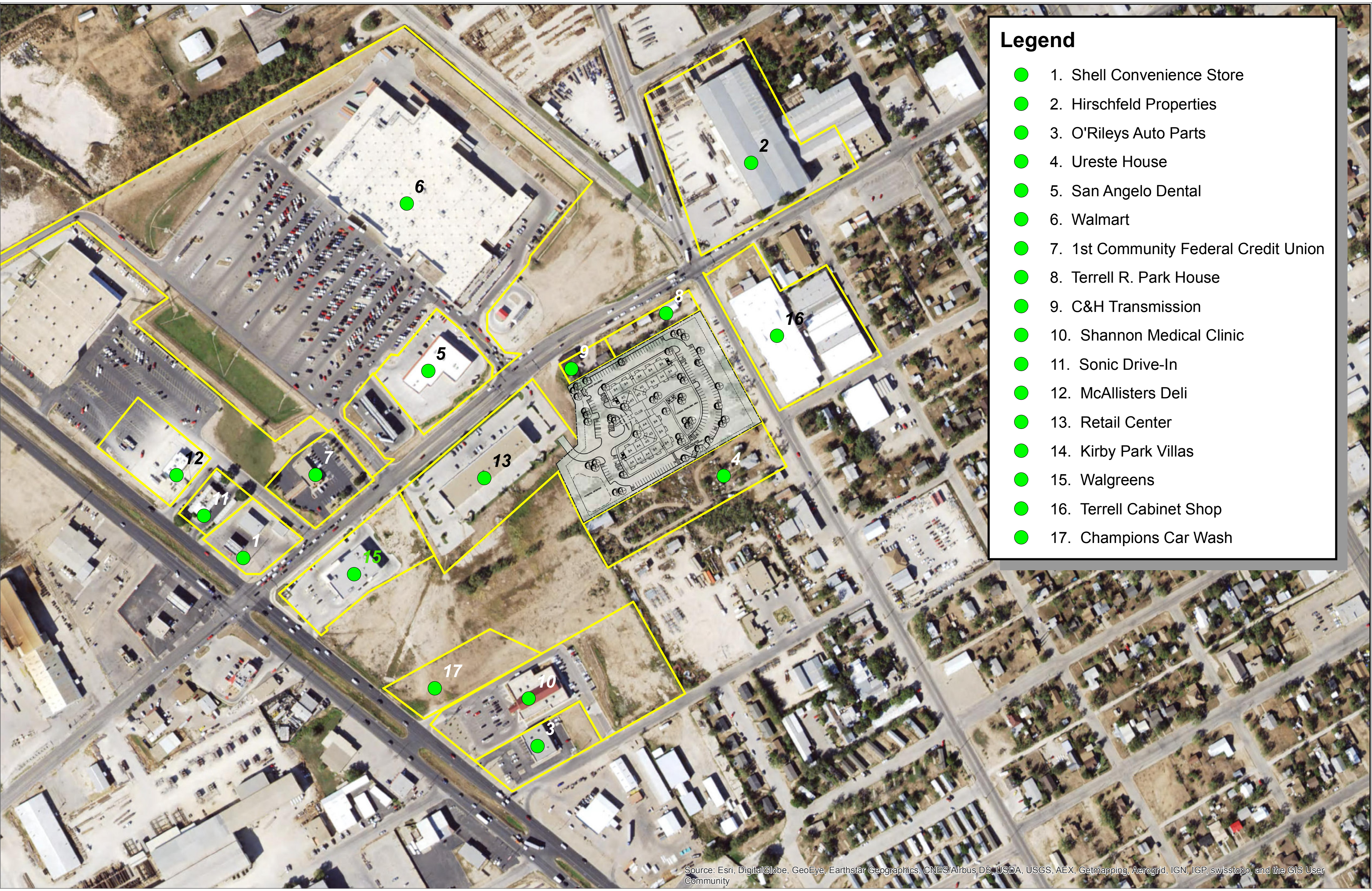
Email from Vice President of Local NAACP Chapter

---------- Forwarded message ----------
From: **Dudra Butler** <Dudra.Butler@saisd.org>
Date: Wed, Jun 22, 2016 at 3:37 PM
Subject: NAACP on KIRBY PARK VILLAS
To: "pholden52@gmail.com" <pholden52@gmail.com>
Cc: "robert.salas@cosatx.us" <robert.salas@cosatx.us>, "Garland E. Freeze" <garlandfreeze@yahoo.com>

Good afternoon Mr. Holden. I am Dudra Butler, vice-president of the San Angelo Chapter of the NAACP Unit 6219. I spoke yesterday, June 21st, at the City Council meeting on behalf of the NAACP, in total support of the proposed project "Kirby Park Villas" to be located 90 feet southwest of the intersection of Martin Luther King Drive and West 29th Street. President Garland Freeze and myself had voiced our support in favor of this project some time ago when it was originally presented to the council. After seeing what is being proposed, and recognizing that many of our seniors need and deserve a fine, financially feasible, and safe place to call home, and most significant its proximity to Walmart, Walgreen's, a shopping strip, and several eating places, we think it will enhance the area. I own property in the Blackshear area off of West 19th Street, off of Brown St. and off of 29th Street. It has been significantly enlightening to see the growth in this part of town. I also, work at two elementary schools that feed to that area, so it is incredibly important that our city continue to include this area in its overall improvement plans. President Garland Freeze, had previously suggested that this be a gated community, which I'm understanding has been agreed to, which will bring a sense of security to all residing @ Kirby Park Villas. As I stated, I believe this proposed project would be an uplifting addition to North San Angelo, particularly to this area. On behalf of the NAACP Unit 6219, our unit is encouraging your organization to wholeheartedly consider this project. Thank you. Dudra Butler (325-300-7923)

Exhibit G

Aerial Map



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Exhibit H

Neighborhood Pictures

1. Shell Convenience Store

2. Hirschfeld Properties

4. Ureste House

5. San Angelo Dental Center

6. Walmart Superstore

7. 1st Community Credit Union

8. Terrell R. Park House

9. C&H Transmission Building

10. Shannon Medical Clinic

11. Sonic Drive-In

12. McAlister's Deli

13. Retail Center

Zimmerman
Investments
L.L.C.

0 30' 60' 90' 120' 150'

1 SITE PLAN

Zimmerman San Angelo, Texas

a 72 Unit Senior Community


Walgreens
Walgreens
Pharmacy

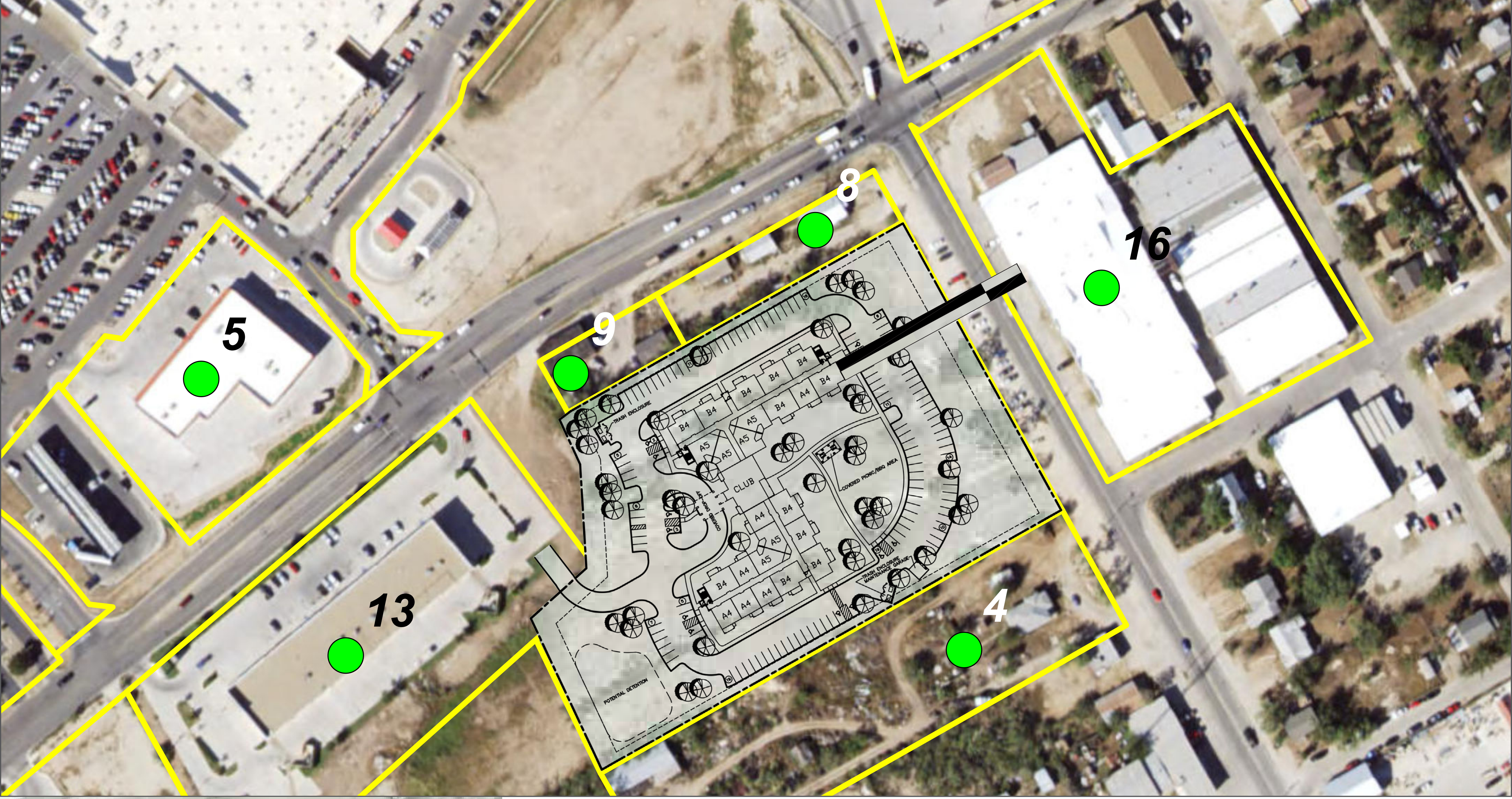

16. Terrell Cabinet Shop

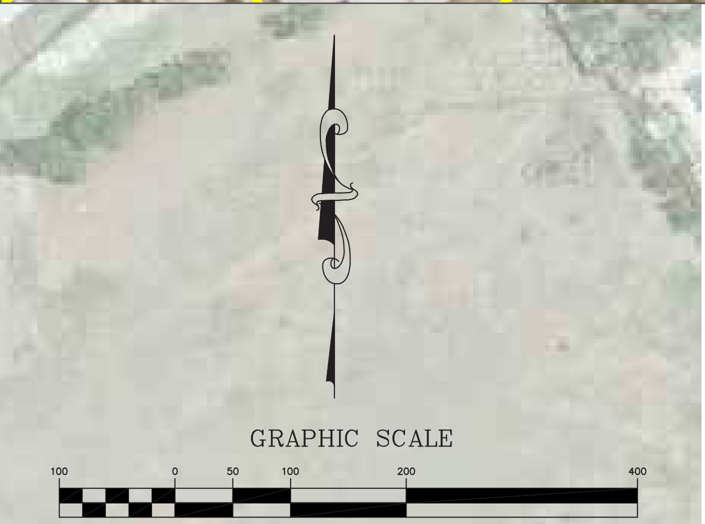
17. Champion Car Wash

Exhibit I

Distances to Neighboring Facilities

Distance between Kirby Park Villas' and Hirschfeld Properties' nearest buildings = 560 feet

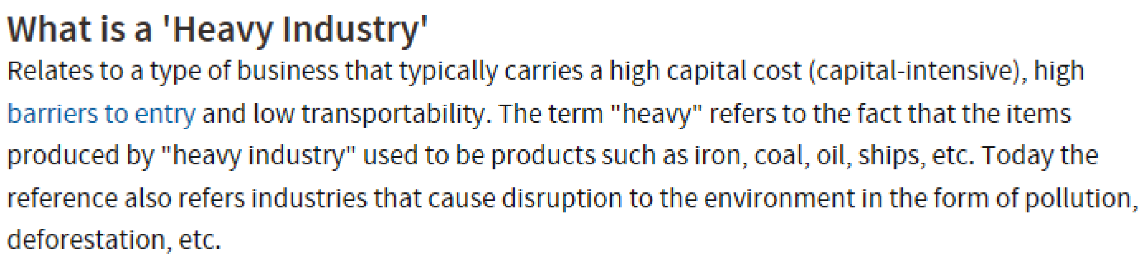




Distance between Kirby Park Villas' and Terrell Cabinet Shop's Nearest Buildings = 250 feet

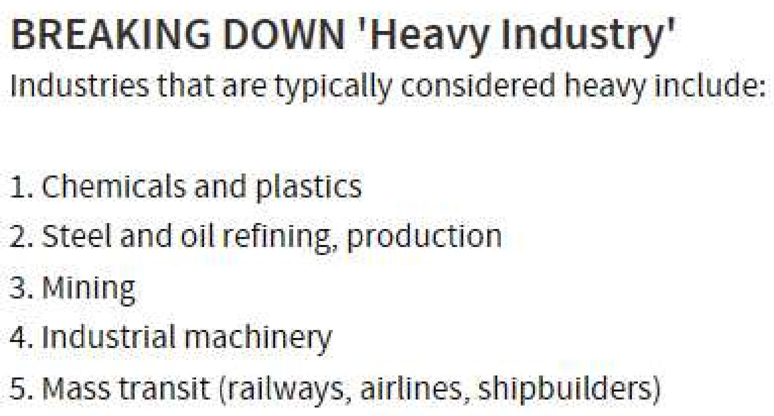
Exhibit J

Definitions of Heavy Industry



What is a 'Heavy Industry'

Relates to a type of business that typically carries a high capital cost (capital-intensive), high barriers to entry and low transportability. The term "heavy" refers to the fact that the items produced by "heavy industry" used to be products such as iron, coal, oil, ships, etc. Today the reference also refers industries that cause disruption to the environment in the form of pollution, deforestation, etc.

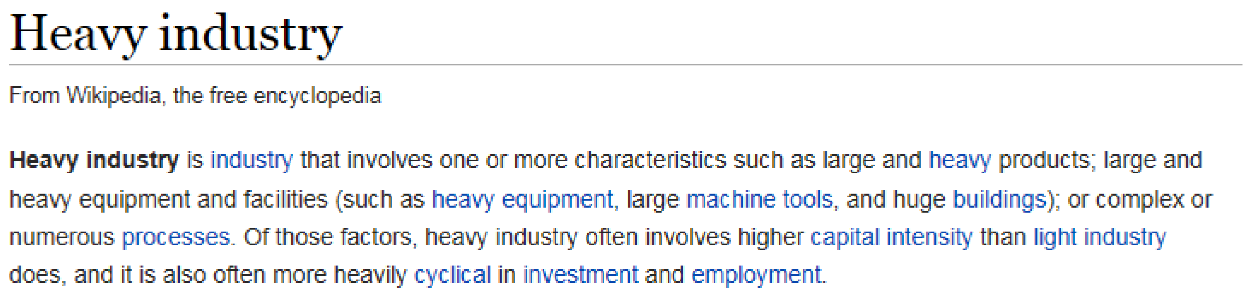


BREAKING DOWN 'Heavy Industry'

Industries that are typically considered heavy include:

1. Chemicals and plastics
2. Steel and oil refining, production
3. Mining
4. Industrial machinery
5. Mass transit (railways, airlines, shipbuilders)

http://www.investopedia.com/terms/h/heavy_industry.asp



Heavy industry

From Wikipedia, the free encyclopedia

Heavy industry is industry that involves one or more characteristics such as large and heavy products; large and heavy equipment and facilities (such as heavy equipment, large machine tools, and huge buildings); or complex or numerous processes. Of those factors, heavy industry often involves higher capital intensity than light industry does, and it is also often more heavily cyclical in investment and employment.

https://en.wikipedia.org/wiki/Heavy_industry

Exhibit K

TCEQ Compliance History Report for Terrill Manufacturing

SITE SEARCH:
please enter search phrase Go

SUBJECT INDEX
- Air
- Water
- Waste

- Search TCEQ Data
- Agency Organization Map

	Site Associated with This Customer					**Compliance History for Customer at this Site (If no Site appears in thesame row, this is the Customer's overall compliance history.)**			
Customer	**Name**	**City or Nearest City**	**County**	**TCEQ Region**	**Related Numbers**	**Rating**	**Classification**	**Date Rated**	**Date Posted**
THE TERRILL MANUFACTURING COMPANY INC	TERRILL MANUFACTURING	SAN ANGELO	TOM GREEN	REGION 08 - SAN ANGELO	▪ TXRNER004 ▪ TXRNEAB48 ▪ 31115 ▪ 31115 ▪ 31115 ▪ TG0225T ▪ 31115 ▪ TG0225T ▪ TXRNER004 ▪ TXRNEAB48 ▪ TXRNER004 ▪ 31115 ▪ TG0225T ▪ TG0225T ▪ TXRNEAB48 ▪ TG0225T ▪ TXRNEAB48 ▪ 31115 ▪ TXRNEAB48 ▪ TXRNER004 ▪ TG0225T ▪ TXRNER004 ▪ 31115 ▪ TXRNEAB48 ▪ TG0225T ▪ TXRNER004 ▪ TXRNER004 ▪ TXRNER004 ▪ TXRNEAB48 ▪ TG0225T ▪ TXRNEAB48 ▪ 31115	0	HIGH	09/01/2008	11/15/2015

What's a “site”?

A “site” (sometimes called a “regulated entity”) is any person or thing that is of environmental interest to the TCEQ. At a “site”, one or more regulatory activities of interest to us occur or have occurred in the past. Some examples of sites are:

- Industrial plants, such as the Exxon Baytown Facility
- Small businesses, such as Texaco Gas Station #200 or Elroy's Dry Cleaning & Laundry
- Public facilities, such as the City of Austin's Hornsby Bend Wastewater Treatment Plant

What's a “customer”?

A “customer” owns, operates, is responsible for, or is affiliated with a regulated entity. Examples include:

- Major industrial corporations, such as Exxon USA, Exxon Inc, or Texaco Inc
- Small businesses, such as Karl Redmond dba Karl's Kleaners, which owns several dry-cleaner locations

TEXAS COMMISSION
ON ENVIRONMENTAL QUALITY

›› **Questions or Comments:**
comphist@tceq.texas.gov

You are here: Home[1] / Enforcement[2] / Compliance History[3] /
Compliance History Basics

Compliance History Basics

Explains how compliance histories, ratings, and classifications are assigned and used by TCEQ staff.

[12]

Who *Is* Rated

As required **(30 TAC Chapter 60),** [13] we rate the compliance history of every owner or operator of a facility that is regulated under any of these state environmental laws:

the water-quality laws of Texas Water Code Chapter 26
laws for the installation and operation of injection wells (TWC Chapter 27)
Subsurface Area Drip Dispersal Systems (TWC Chapter 32)
the Texas Solid Waste Disposal Act (Texas Health & Safety Code Chapter 361)
the Texas Clean Air Act (THSC Chapter 382)
Removal of Convenience Switches (THSC Chapter 375)
the Texas Radiation Control Act (THSC Chapter 401)

In our databases, we refer to these owners and operators as "customers." A customer could be an individual, a company, a governmental agency, or any of several other kinds of organizations.

If a customer is affiliated with more than one "regulated entity"— our general term for a facility that we regulate—then we develop more than one compliance history rating for that customer:

one rating for the customer's overall compliance history, considering all facilities and activities that we must consider a separate rating for that customer's compliance rating at each regulated entity

For example, a company that owns two landfills and three injection wells would have:

2 compliance histories for the landfills (one each)
plus **3** for the injection wells (again, one for each well)
plus **1** compliance history for the company overall

for a total of **6** (= 2 + 3 + 1) entries in the Compliance History Database.

Return to top[14]

[15]

Who *Is Not* Rated

We also enforce many state laws that we are not authorized to consider in creating compliance histories. The following laws are not included under the compliance history rule:

water rights (Texas Water Code Chapter 11)
water rates and services (TWC Chapter 13)
occupational licensing and registration—for example, the licensing of operators of water-treatment plants (TWC Chapter 37)
minimum standards of sanitation and health protection measures (Texas Health & Safety Code Chapter 341)
waste minimization, recovery, and recycling (THSC Chapter 363)
on-site sewage disposal systems (THSC Chapter 366)
toxic chemical release reporting (THSC Chapter 370)
the collection, management, and recycling of used oil (THSC Chapter 371)
any other topics not covered by the laws mentioned under "**Who *Is* Rated**[16]"

Return to top[17]

[18]

"Histories," "Ratings," and "Classifications"

The compliance history of a customer—overall or with a particular regulated entity—is based on many factors. From this history, our staff develops a numerical rating (0 = best; the score increases with poorer compliance). This numerical rating is then converted to a general classification.

[19]

Basis of the Compliance History

The compliance history entails both positive and negative factors related to the customer's environmental performance at a site over the past five years—for example, whether at this site this customer has:

conducted a self-audit under the Texas Environmental, Health, and Safety Audit Privilege Act (*see* TCEQ publication **RG-173**[20])
participated in voluntary environmental management systems

participated in TCEQ-sponsored voluntary pollution reduction programs

received an enforcement order, court judgment, consent decree, or criminal conviction for environmental violations under the jurisdiction of the TCEQ or the EPA

received an enforcement order, court order, or criminal conviction related to environmental violations in another state

received a citation for a chronic excessive emissions event

received a notice of violation from the TCEQ

received one or more inspections from the TCEQ (and, if so, the results of those inspections)

This information is compiled in a document called a **compliance history report**[21].

[22]

How a Compliance History Becomes a Rating

State rules spell out a procedure for quantifying the significance of each factor in the compliance history. The resulting rating is, in a sense, a measure of the customer's *distance from compliance.* A rating of zero indicates perfect compliance. A customer's rating increases with each failure to comply. We round this calculated value to the nearest hundredth of a point.

If we have no information on which to base a rating, the customer is not assigned a rating and is designated as "unclassified."

[23]

How a Rating Becomes a Classification

Ratings are converted to classifications as follows:

If the calculated* rating is:	Then the performance is classified as:	This classification means that *at this site* the customer:
Below 0.10	High	Complies with environmental regulations extremely well.
0.10–55.00	Satisfactory	Generally complies with environmental regulations.
Greater than 55.00	Unsatisfactory	Fails to comply with a significant portion of the relevant environmental regulations.

Return to top[24]

[25]

How Often Ratings and Classifications Occur

Ratings (and, therefore, classifications) are updated each September 1 based on the compliance history for the previous five years.

Return to top[26]

[27]

How Often Classifications Are Published

We publish compliance history classifications online in these two ways:

We update the information in our online **Compliance History Database**[28].
We compile a **list of classifications**[29] and make it available on our Web site.

New classifications are published each November, reflecting the September 1 update. Periodically, the list and online database are updated to incorporate changes that have resulted from **corrections**[30] or **appeals**[31].

Return to top[32]

[33]

How Compliance Histories Are Used

By law, we must consider the current classification and an **updated compliance history report**[34] of a customer in many of our regulatory decisions. For example, unsatisfactory performers are allowed to continue operating under their current permit (*see* **note**[35] below), but:

They might not be able to renew existing permits at the affected sites.
They might not be able to obtain new permits.
They will be subject to stricter permit conditions in the future.
The affected sites will be subject to higher enforcement penalties [*see* TCEQ publication RG-253, ***Penalty Policy***[36] (PDF) (help with **PDF**[37])].
Neither the customer nor the affected site will be eligible to participate in innovative TCEQ programs, such as the Regulatory Flexibility Program.

[38]

When are updated compliance histories used?

Compliance history reports are updated whenever any of the following events occurs:

We receive that customer’s application for a new permit.
We receive that customer’s application to renew or change an existing permit.
We receive that customer’s application to participate in one of our innovative programs.
We begin a formal enforcement action against that customer.
In some cases, when an action triggered by one of the events mentioned above is completed—for example, when a new permit is issued.

In making these major decisions, we use the current classification—that is, the one developed September 1—along with the compliance history for the five years immediately preceding the event.

[39]

What’s an announced investigation?

An “announced investigation” is a routine field investigation in which our environmental investigator will call the customer before the investigation to coordinate. This advance notice makes the process more efficient for both the customer and the TCEQ staff. For example:

If a specific representative of the customer must be present during the investigation, the investigation can be scheduled to ensure that person is available.
Most investigations involve a review of records kept on file. With advance notice, the customer can make sure the records are readily available for the inspector at the time of the investigation.

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[41]

Note: In this context, “permit” includes licenses, certificates, registrations, approvals, permits by rule, standard permits, and other forms of authorization. (Elsewhere, “permit” has a narrower meaning.)

Return to **How Compliance Histories Are Used**[42].

Return to top[43]

Related content

Request Compliance History Information[44]
Appealing a Compliance History Classification or Repeat Violator Classification[45]
Compliance History Report[46]
Correcting Errors in a Compliance History Classification[47]

[1] https://www.tceq.texas.gov

[2] https://www.tceq.texas.gov/enforcement

[3] https://www.tceq.texas.gov/enforcement/history

[4] https://www.tceq.texas.gov://enforcement/history/#who_is

[5] https://www.tceq.texas.gov://enforcement/history/#who_not

[6] https://www.tceq.texas.gov://enforcement/history/#factors

[7] https://www.tceq.texas.gov://enforcement/history/#rating

[8] https://www.tceq.texas.gov://enforcement/history/#classification

[9] https://www.tceq.texas.gov://enforcement/history/#frequency

[10] https://www.tceq.texas.gov://enforcement/history/#publishing

[11] https://www.tceq.texas.gov://enforcement/history/#how_used

[12] undefined

[13] http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=30&pt=1&ch=60&rl=Y

[14] https://www.tceq.texas.gov://enforcement/history/#top

[15] undefined

[16] https://www.tceq.texas.gov://enforcement/history/#who_is

[17] https://www.tceq.texas.gov://enforcement/history/#top

[18] undefined

[19] undefined

[20] https://www.tceq.texas.gov/comm_exec/forms_pubs/pubs/rg/rg-173.html

[21] https://www.tceq.texas.gov/enforcement/history/get_report.html

[22] undefined

[23] undefined

[24] https://www.tceq.texas.gov://enforcement/history/#top

[25] undefined

[26] https://www.tceq.texas.gov://enforcement/history/#top

[27] undefined

[28] http://www2.tceq.texas.gov/oce/ch/

[29] https://www.tceq.texas.gov/enforcement/history/get_list.html

[30] https://www.tceq.texas.gov/enforcement/history/errors.html

[31] https://www.tceq.texas.gov/enforcement/history/appeal.html

[32] https://www.tceq.texas.gov://enforcement/history/#top

[33] undefined

[34] https://www.tceq.texas.gov://enforcement/history/#ch_update

[35] https://www.tceq.texas.gov://enforcement/history/#note

[36] https://www.tceq.texas.gov/publications/rg/rg-253.html

[37] http://www.tceq.texas.gov/help/help_pdf.html

[38] undefined

[39] undefined

[40] https://www.tceq.texas.gov://enforcement/history/#top

[41] undefined

[42] https://www.tceq.texas.gov://enforcement/history/#how_used

[43] https://www.tceq.texas.gov://enforcement/history/#top

[44] https://www.tceq.texas.gov/enforcement/history/get_list.html

[45] https://www.tceq.texas.gov/enforcement/history/appeal.html

[46] https://www.tceq.texas.gov/enforcement/history/get_report.html

[47] https://www.tceq.texas.gov/enforcement/history/errors.html

- Cleanups, Remediation
- Emergency Response
- Licensing
- Permits, Registration
- Preventing Pollution
- Recycling
- Reporting
- Rules

Data and Records

Forms

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Public Notices

Publications

Webcasts

TCEQ Online Services
  e-Pay, Permits
  Licenses, Reporting
  Filing, Comments

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Last modified May 04, 2016

- Governmental bodies, such as the City of Austin, the United States Air Force, or a municipal utility district
- Individuals, such as Karl A. Redmond, owner of Karl Redmond dba Karl's Kleaners

Return to top
Get a list of compliance histories
Learn more about compliance histories
Questions? E-mail comphist@tceq.texas.gov

Return to search form

Applicant Response

Application 16274

Rockview Manor

Locke Lord LLP
Attorneys & Counselors

600 Congress, Suite 2200
Austin, TX 78701
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

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

July 7, 2016

Marni Holloway
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78711-3941

Re: Rockview Manor, TDHCA No. 16274

Ladies and Gentlemen:

We represent Rockview Manor, Ltd. (the "**Applicant**"), which has applied for low-income housing tax credits for Rockview Manor in Fort Hancock (the "**Development**"). This letter responds to your letter dated June 21, 2016 with regard to undesirable site features and undesirable neighborhood characteristics with respect to the Development. Specifically, staff cites (1) the Development's proximity to a railroad and (2) the Development's location in the attendance zone of a school with an Improvement Required rating from the Texas Education Agency. In addition, while not considered an undesirable site or neighborhood issue, staff notes that the primary market area and secondary market area in the market study are very large. Each of these issues will be addressed, in turn.

Railroad

Section 10.101(a)(3) of the Uniform Multifamily Rules (the "**Rules**") states that a development site is ineligible if it is within a certain distance of an undesirable feature. One cause for ineligibility is the location of a development within 100 feet of active railroad tracks, unless the applicant provides evidence that the city has adopted a Railroad Quiet Zone. In an Administrative Deficiency request dated April 29, 2016, TDHCA identified a statement in the ESA to the effect that the Development site is within 50 feet of Southern Pacific Railroad. TDHCA requested:

> *Submit evidence that this site is an eligible site. If the distance from the railroad is disputed, submit evidence from a reliable third-party source of the distance from the nearest boundary of the Development Site to the railroad.*

The Applicant responded to this Administrative Deficiency sufficiently with the following:

- Site plan prepared by third party architect Wright & Dalbin, dated March 1, 2016, showing the Railroad being 106.5 feet from the Development Site, at its closest point
- Revision to the ESA prepared by third party environmental consultant, Construction and Environmental Consultants, Inc., dated May 2, 2016, correcting the error in its ESA report and identifying the Development Site as being approximately 106.5 feet from the Railroad at its nearest point, and recommending a noise study
- A commitment by the Applicant to comply with the ESA recommendation for a noise study, if an LIHTC award is received

See the copy of a portion of the Applicant's Administrative Deficiency response related to the railroad, attached as Exhibit A.

Per TDHCA's letter dated June 21, the Department believes the information provided was not sufficient to establish a reliable third party measurement. In order to finally resolve this matter, please find attached as Exhibit B the survey for the Development Site, prepared by third party Rey Engineering Inc. and dated February 25, 2016. This survey firmly establishes that the railroad is 106.5 feet from the nearest boundary of the Development Site. Moreover, this survey was provided to the environmental consultant and formed the basis for the environmental consultant's revision of the ESA. See the statement from the environmental consultant attached as Exhibit C.

In conclusion, this Development is not ineligible under Section 10.101(a)(3)(B) of the Rules and does not require Board action.

School

Section 10.101(a)(4) of the Rules lists certain undesirable neighborhood characteristics, which must be disclosed upon application. The presence of any such characteristics will cause the staff to review the Development Site and neighborhood to determine whether it is appropriate for an affordable housing development. Only one such factor applies to the Development, which is a school that does not have a Met Standard rating with the Texas Education Agency (“**TEA**”). The Applicant disclosed this school in the application with an accompanying letter that specifically disputed staff's interpretation of the Rules. Specifically, the rule requires an applicant to disclose if the "Development Site is located within the attendance zones of an elementary, school, a middle school and a high school that does not have a Met Standard rating." While the word "and" indicates that disclosure is required only when all three schools fail to have the appropriate rating, staff has chosen to interpret the word "and" as an "or" such that disclosure is required when any of the three schools has a rating below Met Standard. See Exhibit D.

When a school has a rating below Met Standard, an applicant is permitted to provide mitigation to show that significant efforts are underway such that the undesirable characteristic is reasonably likely to be improved by the time the proposed development is placed into service. TDHCA's Board may deem a site eligible to proceed, despite the presence of one or more undesirable neighborhood characteristics, if the characteristics are not of sufficient severity as to render the site ineligible, based upon the mitigation described, or if the development is necessary for the state or other governmental body to comply with its obligation to affirmatively further fair housing.

The Development is located in the Fort Hancock Independent School District, a small district with only one elementary school, one middle school, and one high school. The district has consistently maintained a Met Standard rating with TEA, and both the middle school and high school have Met Standard ratings for 2015. However, the elementary school had an Improvement Required rating for 2015. It should be noted that this is the first time the elementary school has fallen below a Met Standard or Academically Acceptable rating since 2004. Obviously, this school does not have a long-standing history of poor performance. On that fact alone it would be reasonable to determine that the school is likely to return to a Met Standard rating by the time the Development is placed into service. However, the school district has published, and the Applicant has provided to TDHCA, an improvement plan that the school district utilizes to ensure its schools are operating at the highest possible standards. That plan includes goals such as (1) 90% of all students in grades PK-2 will be promoted to the next grade; (2) 90% of all students in grades 3-12 will pass all appropriate grade-level and subject-area STAAR tests; and (3) 100% of at-risk students identified timely with appropriate programs implemented. Efforts described in the plan are already implemented and ongoing. As it relates to the elementary school, students are assessed at the beginning of the year to determine performance level, and benchmark assessments are performed throughout the year to monitor progress. Based upon results, research-based strategies and "best practices" are implemented to improve each student's abilities. This includes (1) STAAR Acceleration classes for those experiencing difficulty in core subject area classes, offered when needed and (2) a tutorial program offered after school and on Saturdays.

In addition, the Superintendent of the school district has provided a letter, attached as Exhibit E, indicating his opinion that the strategies outlined in the plan should be sufficient to cause the elementary school to return to a Met Standard rating by the time the Development is placed into service. Collectively, there is sufficient mitigation present for the Board to determine that the fact that Benito Martinez Elementary School has an Improvement Required rating for 2015 should not prevent TDHCA from funding tax credits for this Development.

Based on these factors, we believe staff should recommend this Development Site as eligible. Such treatment would be consistent with staff consideration of other similarly situated applications:

- No. 16042 Charles R. Morehead Apartments presented on March 31, 2016 and April 28, 2016 (Guillen Middle School)
- No. 16404 Stallion Apartments presented on April 28, 2016 (Townley Elementary School)

- No. 16406 New Hope Housing at Reed presented on June 30, 2016 (Young Elementary School)

In conclusion, with no other undesirable neighborhood characteristics present, this one-time performance issue for Benito Martinez Elementary School is not of sufficient severity to deem the site ineligible to compete in this Application Round. The schools of Fort Hancock ISD have a long history of acceptable performance, giving a reasonable expectation that the issue faced by Benito Martinez Elementary School with regard to its most recent TEA rating will be resolved or significantly improved by the time the proposed Development is placed into service.

Market Study

The Applicant was somewhat perplexed by the staff's notation in its June 21 letter that the primary market area and secondary market area utilized in the Market Analysis report are extraordinarily large and cause for concern. The Market Analysis is not a consideration for eligibility criteria under Sections 10.101(a)(3) or (a)(4) of the Rules. Rather, a Market Analysis is considered during the underwriting process, in accordance with Subchapter D of the Rules. In fact, when another applicant tried to submit a Third Party Request for an Administrative Deficiency based upon concerns about a competitor's Market Analysis and a market area, the staff specifically asserted at the June 30 Board meeting that underwriting issues are handled separately.

Nonetheless, the Applicant is happy to respond to these questions, and any others the underwriters might have. Section 10.302 of the Rules requires that a primary market area ("**PMA**") be formed along census tract boundaries. Fort Hancock is in Hudspeth County, and one census tract covers all of Hudspeth County. That is why the PMA in the Market Analysis is 4,958 square miles. Had the market analyst been allowed to form a PMA in accordance with generally accepted national practices, the PMA would have been much smaller in overall size. The market analyst has provided additional information to explain its position on the market, attached as Exhibit F.

Finally, it should be noted that the east side of El Paso is experiencing tremendous growth, due to the addition of a new transportation bridge into Mexico at Tornillo, Texas. That bridge is located just ten miles west of Fort Hancock and approximately ten miles east of Fabens. In the 2015 Application Round, this developer submitted an application for 40 units in Fabens. While TDHCA's underwriting staff had similar concerns about the market analysis, we are happy to report that the Fabens development is only 60% complete but already has 80 households on the waiting list. This is a notable indicator of demand for the area.

In conclusion, the Applicant trusts that any concerns with regard to its Market Analysis report will be addressed during the underwriting process. The Applicant requests that a full underwriting review be performed, and it will respond to inquiries when and as appropriate.

Conclusion

In conclusion, the Applicant has submitted sufficient evidence that the Development site is not ineligible due to proximity to a railroad. Further, the Applicant has submitted sufficient mitigation such that the Development should not be considered ineligible based upon the one-time Improvement Required rating of the elementary school. Finally, issues with a market study are not threshold items for eligibility consideration under Sections 10.101(a)(3) or (4) of the Rules. Rather, a market study is to be considered during the underwriting analysis, and a separate set of Rules and procedures will be applied to that consideration in due time.

We respectfully request that TDHCA determine this site eligible for continuation through the Application Round and ask that staff recommend such conclusion to the Board.

Sincerely,

Cynthia L Bast

Cynthia L. Bast

cc: Investment Builders, Inc.

Exhibit A - Initial Response to Administrative Deficiency Request
Exhibit B - Survey
Exhibit C - Statement from Environmental Professional
Exhibit D - Disclosure from Applicant Regarding School
Exhibit E - Superintendent Letter
Exhibit F - Supplemental Market Analysis Information

Exhibit A

Initial Response to Administrative Deficiency Request

Arx Advantage, LLC
Robbye G. Meyer
8801 Francia Trail
Austin, Texas 78748
(512) 963-2555
robbyemeyer@gmail.com

May 4, 2016

Ms. Sharon Gamble
Multifamily Housing Specialist
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Dear Ms. Gamble,

We are in receipt of the additional information/clarification requested on May 29, 2016 and have responded to those requests in the following response.

1. Please provide a more current District Improvement Plan(s) from the Fort Hancock Independent School District.
   Attached with this response is an updated 2015-2016 District Improvement Plan.

2. Page 13 of the ESA states: A noise study is recommended due to the proximity of the subject site to Railroads (3000 ft. radius- subject site is 50 feet from Southern Pacific Railroad). Per §10.101(a)(3), a site may be found ineligible if "located within 100 feet of active railroad tracks, unless the Applicant provides evidence that the city/community has adopted a Railroad Quiet Zone…"
   Attached with this response is a copy of the site plan which indicated the location of the railway and the site boundary. Also attached is a statement from the ESA provider indicating a correction of the distance between the site boundary and the railway and also provided is a revised page for the ESA report. As indicated on the site plan, the closest point of the development site is 106.5 feet from the Southern Pacific railway. This portion of the site is where the detention pond will be located. The rest of the southern boundary is 150 feet from the railway.
   Further, the Applicant has attached a certification that they will comply with any recommendations from the ESA provider (including a noise study) should the Rockview Manor application be awarded.

Should you need further clarification or correction, please do not hesitate to contact me.

Sincerely,

Robbye G Meyer

Robbye G. Meyer
Principal, Managing Member

BUILDING DATA			
TYPE	AMOUNT	S.F/UNIT	TOTAL
1 BEDROOM	4	670 S.F.	2,680 S.F
2 BEDROOM	22	940 S.F.	21,620 S.F.
3 BEDROOM	23	1,060 S.F.	23,320 S.F.
CLUB HOUSE			2,065 S.F.
TOTAL BUILDING AREA			**49,685 S.F.**

PARKING DATA			
TYPE	AMOUNT	REQUIRED	TOTAL
1 BEDROOM	4	1.5/UNIT	6
2 BEDROOM	22	2/UNIT	44
3 BEDROOM	23	2/UNIT	46
TOTAL REQUIRED			96
TOTAL SHOWN			201

A2 ARCHITECTURAL SITE PLAN

1" = 40'-0"

NOT FOR REGULATORY APPROVAL,
PERMITTING, OR CONSTRUCTION

Wright&Dalbin
ARCHITECTS, INC.
wrightdalbin.com
2112 Murchison Dr.
El Paso, Texas. 79930
Ph: 915-533-3777
Fax: 915-532-7733

CONSULTANTS

CONTRACT DOCUMENTS COORDINATION

THE DRAWINGS AND SPECIFICATIONS FOR THIS PROJECT ARE TO BE TAKEN TOGETHER AS A SINGLE CONSTRUCTION CONTRACT DOCUMENT AND ANY DIVISION BY TRADE OR OTHER DESIGNATION IS COINCIDENTAL. GENERAL CONTRACTOR AND ALL SUB-CONTRACTORS SHALL REVIEW AND COORDINATE THE ENTIRE SET OF DRAWINGS AND PROJECT MANUAL.

ROCKVIEW MANOR

BOYD & SMITH STREETS
FT. HANCOCK, TEXAS

OWNER

INVESTMENT IBI BUILDERS INC.

MARK	DATE	DESCRIPTION

151274

02/26/16

GA

FD

SHEET TITLE

ARCHITECTURAL SITE PLAN

AC-101

May 2, 2016

Investment Builders, Inc.
7400 Viscount, Suite 109
El Paso, Texas 79925

Subject: **Phase I Environmental Site Assessment-Revision One**
100 Smith St.
Ft. Hancock, TX 79839

Construction and Environmental Consultants, Inc. (CECI) is pleased to submit this revision to our Phase I Environmental Site Assessment on a 6.803 Acre parcel of land being a portion of Block A, as per Map of Knox Addition, City of Fort Hancock, Hudspeth County, Texas as described in the attached survey and further delineated by the attached aerial photograph and legal description provided by the Client. The purpose of this revision is to clarify the distance reported in the original report from the nearest property boundary to the Southern Pacific Railroad (Page 13: Section 12.0 :Additional Services: 1.0 " …subject site is 50 feet from Southern Pacific Railroad").
This is changed to state "…subject site is approximately 106.5 feet from the nearest boundary line to the nearest rail of the Southern Pacific Railroad". This change is made part of the permanent record to this assessment.

We appreciate the opportunity to be of service to you. Please call us if you have any questions or if we may be of further assistance.

Sincerely,

Alec Felhaber
Environmental Consultant
Enclosures

7.2 INTERVIEW WITH OTHERS

An interview with Investment Builders, Inc., Project Manager, Mr. Roy Lopez of the subject site property was conducted on February 22, 2016. According to the interview, Mr. Lopez to the best of his knowledge, is not aware of any past, present, or threatened environmental litigation, administrative proceedings, or notices of violations related to the subject site.

8.0 FINDINGS:

On the basis of our observations and review of publicly available information obtained during our assessment, recognized environmental conditions and/or historical environmental conditions were not identified for the subject site.

9.0 OPINIONS:

Based on information obtained to date and our site reconnaissance observations, it is our professional opinion that the potential for recognized environmental conditions, historical environmental conditions, or de minimis conditions do not exist at the subject site.

10.0 CONCLUSIONS:

CECI has performed a Phase I ESA in conformance with the scope and limitations of ASTM Practice E-1527-13 on a 6.803 Acre parcel of land being a portion of Block A, as per Map of Knox Addition, City of Fort Hancock, Hudspeth County Texas described in the attached aerial photograph and legal description provided by the Client. This study was performed in accordance with the ASTM Standard Practice for Environmental Site Assessments (E-1527-13). Any exception to, or deletions from, this practice are described in Section 11.0 of this report. **Further assessment is not recommended.**

11.0 DEVIATIONS:

This study was performed in accordance with the Environmental Protection Agency's (EPA) Standards and Practices for All Appropriate Inquiries (40 CFR Part 312) and ASTM Standard Practice for Environmental Site Assessments (E-1527-13). Any exceptions to, or deletions are as follows; None.

A chain-of-ownership review ***was not performed*** as part of this assessment, Section 4.1. No valuation was conducted on the subject site, nor on any of the surrounding adjacent properties as part of this assessment, Section 4.5.

12.0 ADDITIONAL SERVICES:

In addition to the ASTM requirements, Investment Builders Inc. requested review and comment for the following out of scope items, as they relate to the Housing Tax Credit Development:

1. **State if a noise study is recommended. - Response: A noise study is recommended due to the proximity of the subject site to Railroads (3000 ft. radius- subject site is 150 feet from Southern Pacific Railroad per Wright and Dalbin Site Plan) and major roads (1000 ft. radius- subject site is 590 feet from Interstate Highway 10). Airports (15 mile radius-subject site is compliant)**
2. Provide a copy of the Current FEMA flood insurance rate map. A copy is attached in Section 16.8. - Response: The subject site lies within, Flood Zone C- "Area of Minimal Flood Hazard".

INVESTMENT IBI BUILDERS INC.

May 4, 2016

Ms. Sharon Gamble
9% Competitive Housing Tax Credit Program Administrator
Texas Department of Housing and Community Affairs
P O Box 13941
Austin, TX 78711

Re: Application #16274 Rockview Manor

Dear Ms. Gamble:

This letter certifies that the Development Owner, Rockview Manor, Ltd., will comply with any and all recommendations made by the ESA provider, Construction & Environmental Consultants, Inc. should the Rockview Manor application receive an award of Housing Tax Credits.

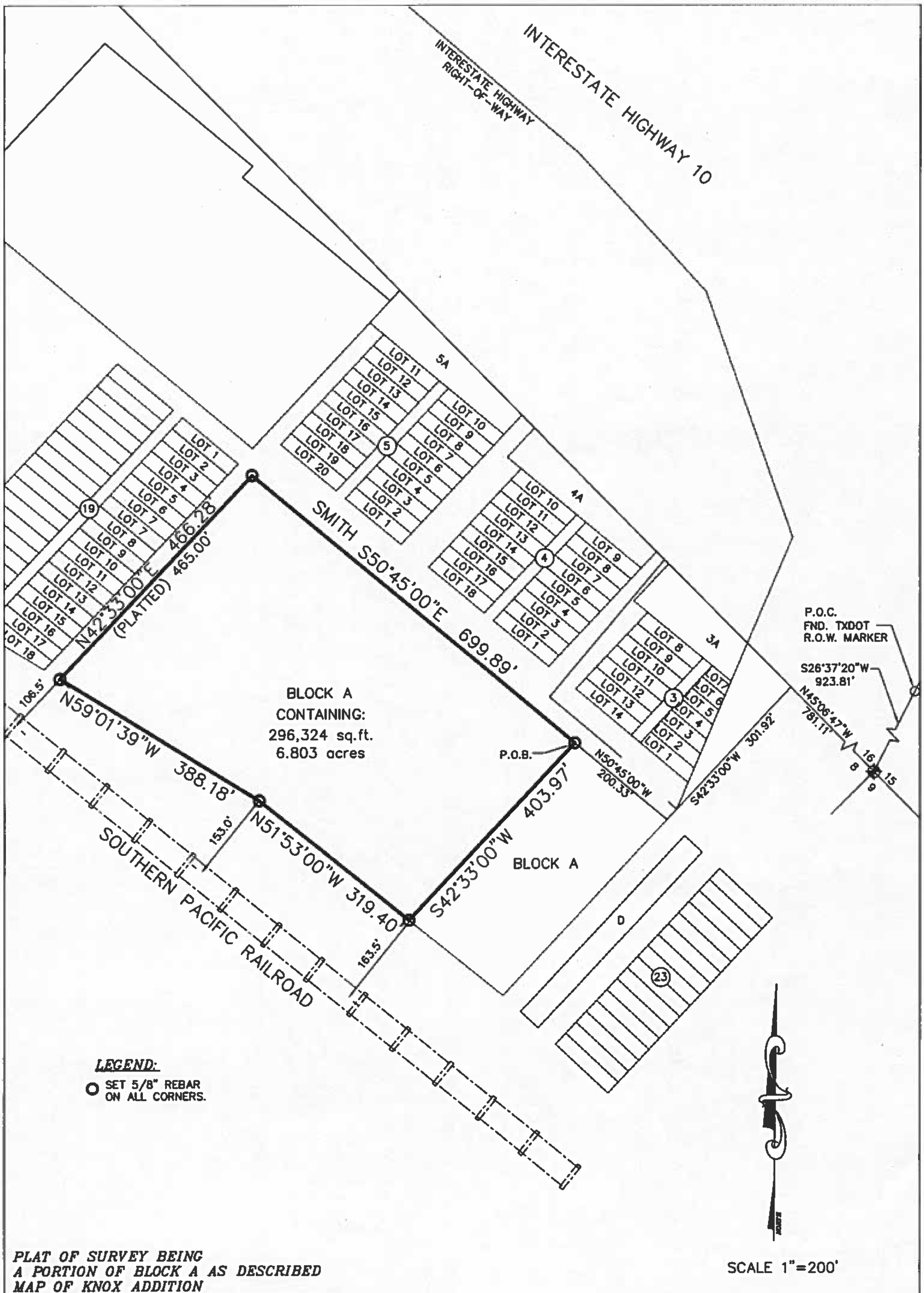
Yours truly,

Investment Builders, Inc.

By:________________________
Ike J. Monty

Exhibit B

Survey



PLAT OF SURVEY BEING
A PORTION OF BLOCK A AS DESCRIBED
MAP OF KNOX ADDITION
BY METES AND BOUNDS IN EXHIBIT "A"
CITY OF FORT HANCOCK
HUDSPETH COUNTY, TEXAS
EL PASO COUNTY RECORDS

PREPARED BY AND UNDER THE SUPERVISION OF

ENRIQUE A. REY
3505

ENRIQUE A. REY
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 3505

NOTE:
THIS PROPERTY LIES IN ZONE C, AS DESIGNATED BY THE F.E.M.A. FLOOD INSURANCE RATE MAP, COMMUNITY PANEL NO.480361 0800B, DATED, NOVEMBER 01, 1985 EL PASO COUNTY, TEXAS

D.M.	*FEBRUARY 25, 2016*
JOB NO. 2016-73742	*INVESTMENT BUILDERS*

REY ENGINEERING INC.
CONSULTING ENGINEERING-SURVEYING-LAND PLANNING
9434 VISCOUNT DR. SUITE 148 EL PASO TEXAS, 79925
PH. (915)309-1889 FAX (915) 633-8060
TEXAS FIRM REGISTRATION F-3368

P:\ 2016\ 2016 surveys\fthancock.dwg

Exhibit C

Statement from Environmental Professional

CONSTRUCTION & ENVIRONMENTAL CONSULTANTS, INC.
ASBESTOS/LEAD BASE PAINT CONSULTING • ENVIRONMENTAL SITE ASSESSMENTS •
PHASE I & II • MOLD • INDOOR/OUTDOOR AIR TESTING

July 6, 2016

Ms. Marni Holloway
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
221 East 11th
Austin, Texas 78701

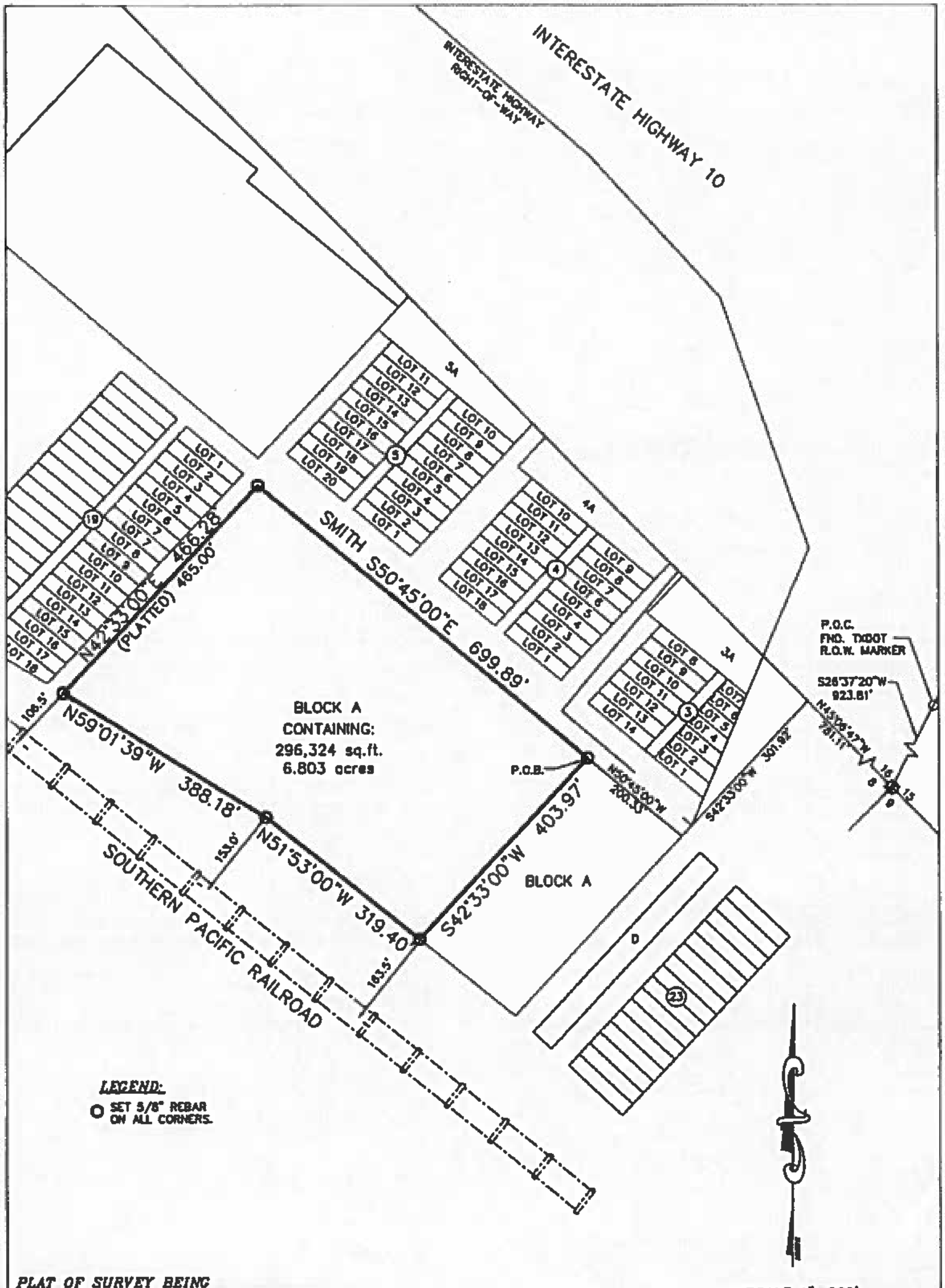
Re: Phase I Environmental Site Assessment-Revision One
Rockview Manor (#16274)
100 Smith St.
Ft. Hancock, TX 79839

Dear Ms. Holloway,

This letter is to advise all parties that Construction & Environmental Consultants, Inc. relied upon the attached survey prepared by Rey Engineering Inc. to establish the approximate distance from the nearest project property boundary to the Southern Pacific Railroad as part of our Environmental Site Assessment revision dated May 2, 2016. If you have any questions regarding this matter, please contact us at (915) 533-1147.

Sincerely,

Alec Felhaber
Environmental Consultant



PLAT OF SURVEY BEING
A PORTION OF BLOCK A AS DESCRIBED
MAP OF KNOX ADDITION
BY METES AND BOUNDS IN EXHIBIT "A"
CITY OF FORT HANCOCK
HUDSPETH COUNTY, TEXAS
EL PASO COUNTY RECORDS

PREPARED BY AND UNDER THE SUPERVISION OF

Ke Rey

ENRIQUE A. REY 3505

ENRIQUE A. REY
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS NO. 3505

NOTE:
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D.M.	FEBRUARY 25, 2016
JOB NO. 2016-73742	INVESTMENT BUILDERS

REY ENGINEERING INC.
CONSULTING ENGINEERING-SURVEYING-LAND PLANNING
9434 VISCOUNT DR. SUITE 148 EL PASO TEXAS, 79925
PH. (915)309-1889 FAX (915) 633-8060
TEXAS FIRM REGISTRATION F-3368

P:\ 2016\ 2016 surveys\fthancock.dwg

May 2, 2016

Investment Builders, Inc.
7400 Viscount, Suite 109
El Paso, Texas 79925

Subject: **Phase I Environmental Site Assessment-Revision One**
100 Smith St.
Ft. Hancock, TX 79839

Construction and Environmental Consultants, Inc. (CECI) is pleased to submit this revision to our Phase I Environmental Site Assessment on a 6.803 Acre parcel of land being a portion of Block A, as per Map of Knox Addition, City of Fort Hancock, Hudspeth County, Texas as described in the attached survey and further delineated by the attached aerial photograph and legal description provided by the Client. The purpose of this revision is to clarify the distance reported in the original report from the nearest property boundary to the Southern Pacific Railroad (Page 13: Section 12.0 :Additional Services: 1.0 " ...subject site is 50 feet from Southern Pacific Railroad").
This is changed to state "...subject site is approximately 106.5 feet from the nearest boundary line to the nearest rail of the Southern Pacific Railroad". This change is made part of the permanent record to this assessment.

We appreciate the opportunity to be of service to you. Please call us if you have any questions or if we may be of further assistance.

Sincerely,

Alec Felhaber
Environmental Consultant
Enclosures

Exhibit D

Disclosure from Applicant Regarding School

INVESTMENT IBI BUILDERS INC.

February 29, 2016

Ms. Marni Holloway
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
P O Box 13941
Austin, TX 78711

Re: Application #16274 Rockview Manor

Dear Ms. Holloway:

Pursuant to Section 10.101(a)(4)(B)(iv) of the Multifamily Rules, an Applicant is required to disclose if the "Development Site is located within the attendance zones of an elementary school, a middle school and a high school that does not have a Met Standard rating by the Texas Education Agency." The Applicant believes that the plain language of this rule indicates that disclosure should be made only if each of the elementary school, the middle school, and the high school do not have a Met Standard rating. Consistent with Section 311.011 of the Code Construction Act, whereby words and phrases shall be construed according to the rules of grammar and common usage, the word "and" unquestionably indicates that all three schools must have the given characteristic. Nonetheless, the Applicant recognizes that TDHCA has chosen to interpret the Rules differently, such that disclosure is made if any of the elementary school, the middle school, or the high school does not have a Met Standard rating. While the Applicant disputes TDHCA's interpretation of the Rules, out of an abundance of caution, it is disclosing characteristics regarding the schools serving the Development Site as follows:

"The Elementary School does not have a Met Standard rating by the Texas Education Agency. Both the Middle and High School have Met Standard ratings."

Should there be a need for an appeal concerning this disclosure, the Applicant strongly believes according to the statues and administrative rules this disclosure is inconsistent with the governing rule approved by the Board and the Governor of the State of Texas. Accordingly, the Applicant hereby reserves his right to pursue all means to defend this required disclosure.

Yours truly,

Investment Builders, Inc.

By:____________________________
Ike J. Monty

Exhibit E

Superintendent Letter

Fort Hancock ISD

Jose G. Franco
Superintendent of Schools
jgfranco@fhisd~~-nv.ft-hancock.k12.tx.us~~
.net

P.O. Box 98
100 School Dr.
Fort Hancock, TX 79839
Office: (915) 769-3811
Fax: (915) 769-3940

June 29, 2016

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Rockview Manor, TDHCA No. 16274

Ladies and Gentlemen:

I am the Superintendent of the Fort Hancock Independent School District. This letter is being provided in conjunction with an application for low-income housing tax credits for the development of Rockview Manor, and affordable housing complex that will be served by our school district. We are a small school district, with only one elementary, one middle school, and one high school. Our district has achieved a Met Standard rating in each of the years 2013, 2014, and 2015.

We understand TDHCA has inquired about Benito Martinez Elementary School, because it had an Improvement Required rating for 2015. The district views this rating as an anomaly for this school, as evidenced by its prior years' performance. Benito Martinez had a Met Standard rating in each of 2013 and 2014. Further, between 2004 and 2011, under a prior rating system, Benito Martinez was Academically Acceptable in four years and Recognized in four years. The testing year 2015 was the first time in over a decade that Benito Martinez failed to receive an acceptable rating.

Even though Benito Martinez has consistently performed well, we are not overlooking the 2015 Improvement Required result; we never want our schools to fall below Met Standard. Further, we are consistently striving for even better achievement and opportunity for our students and their families. Fort Hancock Independent School District has an improvement plan in place, which I understand has been provided to TDHCA. I am familiar with the strategies that are set forth in this plan, how they have been used successfully in other circumstances, and how our school district is implementing them. Our plan includes curricular enhancement and regular assessment to ensure the students are reaching their full academic potential. Under the plan, we provide significant support to students with the greatest need, including bilingual students, those with learning challenges, and the youngest students (pre-kindergarten).

I understand that, if Rockview Manor receives an award of tax credits, construction and occupancy are likely to be completed in the 2017-18 school year. In my judgement, based upon all the information described in this letter, I expect that all of the schools serving the property, including Benito Martinez Elementary School, will have a Met Standard rating by the time the property is placed into service.

I am happy to respond to any further questions TDHCA may have.

Sincerely,

Jose G Franco

Jose G. Franco
Superintendent

Exhibit F

Supplemental Market Analysis Information

NOVOGRADAC
& COMPANY LLP®
CERTIFIED PUBLIC ACCOUNTANTS

July 6, 2016

Mr. Roy Lopez
Investment Builders, Inc.
7400 Viscount, Suite 109
Fort Hancock, TX 79925

RE: Revised Demand Letter for Rockview Manor in Fort Hancock, TX.

Dear Mr. Lopez:

At your request, Novogradac & Company LLP has performed a revised analysis of the demand for multifamily housing in the Fort Hancock, TX area with respect to the Subject property, Rockview Manor. This analysis is an update to a previous TDHCA application market study for the Subject property completed by Novogradac with an effective date of March 4, 2016.

We are providing an updated analysis regarding the above-referenced market. This analysis focuses on information for a revised PMA. The following information incorporates the current demographic data and a new capture rate analysis in accordance with 2016 TDHCA guidelines.

This analysis contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The depth of discussion contained in the report is specific to the needs of the client and the requirements of the TDHCA.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,
Novogradac and Company LLP

John Cole
Partner

Lindsey Sutton
Manager
Lindsey.Sutton@Novoco.com

DeAnna Unger
Real Estate Analyst

11044 RESEARCH BOULEVARD, BUILDING C,SUITE 400, AUSTIN, TX 78759 TELEPHONE (512)340-0420 FACSIMILE (512)340-0421
http://www.novoco.com

PROJECT DESCRIPTION

Subject Property Description and Improvements: Rockview Manor of Fort Hancock, the Subject, is a proposed new construction LIHTC development that will offer 4 one-, 22 two-, and 23 three-bedroom units. The LIHTC rental units will be restricted to households earning 30, 50, and 60 percent of AMI or less. The Subject site currently consists of a vacant lot. Upon completion, the Subject will consist of three two-story garden-style residential buildings and a clubhouse. Rockview Manor (the Subject) will be located at the southeast intersection of West Smith Street (existing) and Boyd Street (to be developed) in Fort Hancock, Hudspeth County, Texas 79839.

Proposed Rents: The following table details proposed rents for the Subject, which are restricted to the 2015 maximum allowable levels. It should be noted that the 2016 AMI levels were not available as of the effective date of the original market study.

PROPOSED RENTS

Unit Type	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2015 LIHTC Maximum Allowable Gross Rent	HUD Fair Market Rents
				30% AMI		
1BR	2	$229	$75	$304	$304	$500
2BR	2	$265	$100	$365	$365	$643
				50% AMI		
1BR	2	$432	$75	$507	$507	$500
2BR	5	$508	$100	$608	$608	$643
3BR	3	$578	$125	$703	$703	$948
				60% AMI		
2BR	15	$630	$100	$730	$730	$643
3BR	20	$718	$125	$843	$843	$948
Total	**49**					

Notes (1) Source of Utility Allowance provided by the Housing Authority of El Paso County, effective 5/2015

PRIMARY & SECONDARY MARKET INFORMATION

REGIONAL AND LOCAL AREA SUMMARY

The Subject is located in the city of Fort Hancock, Texas in Hudspeth County. The 2010 U.S. Census data estimated the population of the city of Fort Hancock to be 1,750. Based on TDHCA guidelines, the boundaries of the PMA were defined by census tracts. Thus, for the purposes of this study, the Subject's Primary Market Area (PMA) is comprised of census tracts 482299503.00 and 481410105.04.

General boundaries of this PMA include:

North: Texas-New Mexico Border
East: Fort Hancock-Hudspeth County Line
South: Texas-Mexico Border
West: Texas-Mexico Border, FM-1109, FM-3380, Interstate 10, & El Paso-Hudspeth County Line

Per TDHCA guidelines, the base year (2015) population of the PMA is 5,381, and does not exceed 100,000 persons.

This area comprises a southwest portion of Hudspeth County and includes all of Fort Hancock, and was defined based upon conversations with local property managers, city officials, major roadways, and overall similarities in market characteristics observed during the field inspection. It is assumed that more than 80 percent of the income-qualified and size-eligible household demand for the Subject will be generated from within the PMA. A map of the PMA follows. It should be noted that the Subject site is located in a census tract that accounts for approximately 90 percent of the PMA area. However, the population of this census tract alone is only 3,476 people.

PMA Map

The PMA encompasses approximately 4,598 square miles.

SMA Map

The SMA encompasses approximately 4,958 square miles.

Similarly, the boundaries of the Subject's Secondary Market Area were defined by Census Tract. For the purposes of this market study, the Subject's Secondary Market Area (SMA) is comprised of the following Census Tracts:

CENSUS TRACTS

		SMA		
481410104.07	481410105.05	481410103.32	481410104.09	481410103.44
481410105.01	481410105.06	481410103.33	481410104.01	481410103.47
481410105.02	482299503.00	481410103.34	481410104.04	481410104.06
481410105.04	481410104.08	481410103.35	481410104.05	

General boundaries of the SMA include:

North: Texas-New Mexico Border
East: Fort Hancock-Hudspeth County Line
South: Texas-Mexico Border
West: Texas-Mexico Border, Highway 180, and Horizon Boulevard

Per TDHCA guidelines, the base year (2015) population of the SMA is 96,003, and does not exceed 250,000 persons. This area consists of the southern portion of Hudspeth County and includes all of Fort Hancock.

All of the Census Tracts included in the PMA are also included in the SMA.

POPULATION, HOUSEHOLD, AND INCOME TRENDS

The following section provides an analysis of the demographic characteristics within the Subject's market area. Data such as population, households, and growth patterns are studied, to determine if the PMA and the SMA are areas of growth or contraction. Per TDHCA guidelines, the current base year (2015), the most recent available from ESRI and Ribbon Demographics) is requested to be shown. We have utilized the most recent demographic estimates and projections (2015) and five-year projections (2020). We have also illustrated data for the Subject's estimated placed in service date, September 2017.

Population

The table below illustrates population in the PMA and SMA from 2000 through 2020.

TOTAL POPULATION

Year	PMA		SMA	
	Number	Annual Change	Number	Annual Change
2000	5,210	-	67,746	-
2010	5,310	0.2%	86,476	2.8%
2015	5,381	0.3%	96,003	2.1%
Projected Mkt Entry September 2017	5,394	0.1%	99,538	1.7%
2020	5,411	0.1%	104,161	1.7%

Source: Esri Demographics 2015, Novogradac & Company LLP, July 2016

TOTAL NUMBER OF HOUSEHOLDS

Year	PMA		SMA	
	Number	Annual Change	Number	Annual Change
2000	1,564	-	16,952	-
2010	1,643	0.5%	22,872	3.5%
2015	1,677	0.4%	25,693	2.3%
Projected Mkt Entry September 2017	1,683	0.2%	26,718	1.8%
2020	1,691	0.2%	28,059	1.8%

Source: Esri Demographics 2015, Novogradac & Company LLP, July 2016

As illustrated above, the population and household growth in the PMA is anticipated to continue through 2020 at a slower annual rate relative to the SMA.

Average Household Size

The following table illustrates the average household size for the PMA and SMA from 2000 to 2020.

AVERAGE HOUSEHOLD SIZE				
Year	PMA		SMA	
	Number	Annual Change	Number	Annual Change
2000	3.31	-	3.96	-
2010	3.18	-0.4%	3.75	-0.5%
2015	3.16	-0.1%	3.71	-0.2%
Projected Mkt Entry September 2017	3.15	-0.1%	3.70	-0.1%
2020	3.15	-0.1%	3.69	-0.1%

In 2015, the average household size in the PMA was smaller than the SMA at 3.16 persons in the PMA, compared to 3.71 persons in the SMA. The average household size in both the PMA and SMA is expected to decrease marginally through 2020. These large household sizes bode well for the Subject's proposed unit mix, which includes one, two, and three-bedroom units.

Median Household Income Levels

The table below illustrates median household income in the PMA, SMA, and nation.

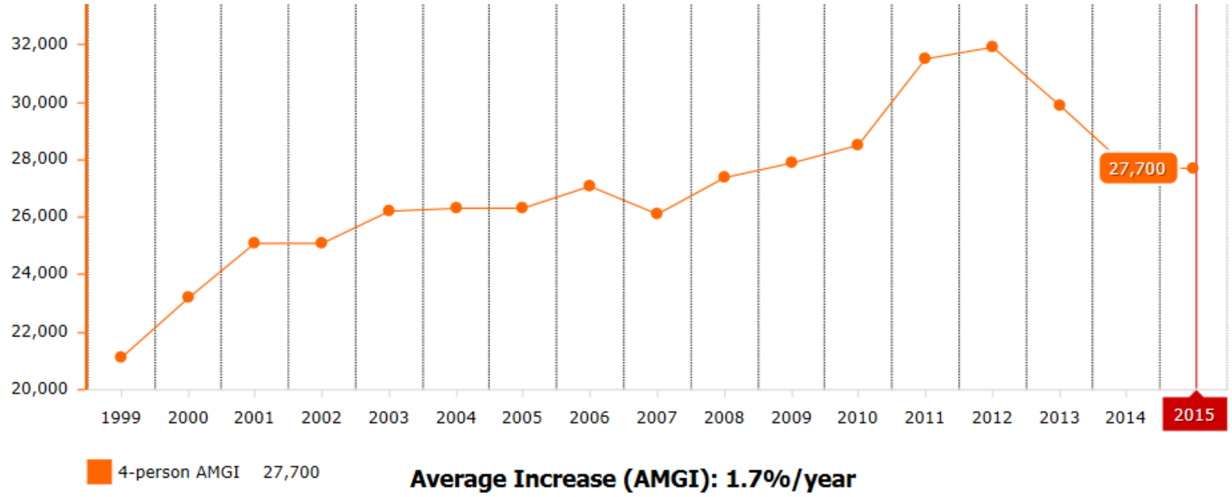
MEDIAN HOUSEHOLD INCOME						
Year	PMA		SMA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	$20,707	-	$22,685	-	$42,164	-
2010	$24,190	1.7%	$27,605	2.2%	$54,442	2.9%
2015	$23,337	-0.7%	$29,112	1.0%	$53,217	-0.4%
2020	$26,127	2.4%	$32,144	2.1%	$60,683	2.8%

Source: Esri Demographics 2015, Novogradac & Company LLP, July 2016

The median household income in the PMA has remained lower than to that of the SMA since 2000, and both areas have remained significantly below the nation. Through 2020, the median household income in the PMA is projected to increase at an annual rate of 2.4 percent, slightly faster than in the SMA, but slightly slower than the nation as a whole. The income gap between the PMA and the SMA and the nation will remain, which will increase demand for affordable housing in the PMA.

Median Household Income Levels

The following chart illustrates the area median gross income (AMGI) of a four-person household in Hudspeth County between 2000 and 2015.



As illustrated in the previous chart, AMGI from 2000 through 2012 generally increased annually, with the exception of 2007, with an overall average increase of 1.7 percent annually. Nationally, 84 percent of counties experienced a decrease in the 2013 AMI level due to decreased income limits in the approximately 50 percent of counties nationwide. It appears that Hudspeth County was affected by this decrease in limits, and the AMI experienced decreases each year from 2012 to 2015. The 2015 AMGI is $27,700, a slight decrease from the 2014 AMGI of $27,800. As the Subject's LIHTC rents are set at the maximum allowable levels, increases in in rent will be constrained by increases in AMI.

Renter Household Income

HISTA is a custom four-way cross tabulation of household data designed specifically for affordable housing analysis that has been built by Nielsen (formerly Claritas), a leading provider of demographic data worldwide. It is based on actual cross tabulation of Census (ACS) Data.

HISTA provides the most accurate counts of households eligible for income-restricted housing, such the LIHTC program. By breaking down households by income, household size, tenure (renter/owner) and age groups for every Census Tract in the nation, HISTA allows for a precise calculation of the number of renter households that qualify for LIHTC and market rate housing in specific areas. The following tables illustrate renter household income distribution by household size in the PMA for 2015, the date of market entry, and 2020.

PMA - Renter Household Income Distribution by Household Size - All Ages

2015 Income Cohort	1 Person	2 Person	3 Person	4 Person	5+ Person	Total
$0-9,999	37	25	28	7	6	102
$10,000-19,999	48	25	1	4	8	87
$20,000-29,999	2	0	25	17	16	60
$30,000-39,999	4	1	0	16	6	27
$40,000-49,999	12	2	1	0	16	31
$50,000-59,999	12	0	1	1	0	15
$60,000-74,999	3	2	4	0	6	16
$75,000-99,999	2	9	0	8	0	19
$100,000-124,999	1	3	0	0	0	4
$125,000-149,999	0	0	0	1	1	2
$150,000-199,999	0	0	0	0	0	0
$200,000+	0	0	0	0	0	0
Total	**124**	**67**	**61**	**54**	**57**	**363**

Source: Ribbon Demographics 2014, Novogradac & Company LLP, July 2016

Projected Mkt Entry September 2017 - ALL AGES

Income Cohort	1 Person	2 Person	3 Person	4 Person	5+ Person	Total
$0-9,999	37	24	27	7	6	100
$10,000-19,999	47	26	1	5	8	86
$20,000-29,999	2	0	26	17	16	62
$30,000-39,999	4	1	0	16	5	25
$40,000-49,999	12	2	1	0	16	33
$50,000-59,999	14	0	1	1	0	16
$60,000-74,999	3	2	4	0	6	15
$75,000-99,999	2	9	0	8	0	19
$100,000-124,999	1	4	0	0	0	5
$125,000-149,999	0	0	0	1	1	3
$150,000-199,999	0	0	0	0	0	0
$200,000+	0	0	0	0	0	1
Total	**124**	**69**	**61**	**54**	**58**	**365**

Source: Ribbon Demographics 2014, Novogradac & Company LLP, July 2016

2020

Income Cohort	1 Person	2 Person	3 Person	4 Person	5+ Person	Total
$0-9,999	37	23	25	7	6	97
$10,000-19,999	45	28	0	6	8	86
$20,000-29,999	2	1	28	16	17	64
$30,000-39,999	3	0	0	16	3	23
$40,000-49,999	13	2	1	1	17	34
$50,000-59,999	17	0	0	0	1	18
$60,000-74,999	3	1	3	0	6	14
$75,000-99,999	2	9	0	8	0	19
$100,000-124,999	0	5	0	0	0	5
$125,000-149,999	0	1	1	1	0	3
$150,000-199,999	0	0	1	0	0	1
$200,000+	1	0	1	0	0	2
Total	**124**	**70**	**61**	**55**	**58**	**368**

Source: Ribbon Demographics 2014, Novogradac & Company LLP, July 2016

As illustrated, approximately 76.0 percent of the renter population in the PMA earned below $40,000 in 2015. By 2020, the percentage of renters earning below $40,000 in the PMA is expected to decrease slightly, to 74.0 percent. This data provides strong support for affordable rental housing in the Subject’s PMA.

DEMAND ANALYSIS

The Subject is a proposed 49-unit LIHTC development located at the southeast intersection of West Smith Street and Boyd Street in Fort Hancock, Texas. The development will offer 49 one, two, and three-bedroom Low-Income Housing Tax Credit (LIHTC) units restricted to households earning 30, 50, and 60 percent of the area median income (AMI) or less.

Per TDHCA guidelines, the current base year is requested to be shown. Therefore, we have utilized the most recent ESRI and Ribbon demographic estimates and projections (2015) and five-year projections (2020).

The results provide an indication of the total number of renter-occupied households that are age, income, and size-qualified to reside at the Subject.

GROSS DEMAND FROM EXISTING HOUSEHOLDS - PMA

Number of Existing Households for the Current Year
The total number of households in the PMA in 2000 was 1,564, and the total number of households in the base year (2015) was 1,677. This is a beginning point for analysis.

Number of Renters
Information provided to us by ESRI indicates that of the occupied housing units in 2015, renter-occupied households comprise approximately 363 households, or 21.6 percent of the occupied housing unit households in the PMA.

New Renter Households at Market Entry
According to ESRI Demographics, the number of renter households in the PMA will increase from 363 to 368 between 2015 and 2020.

Number of Income and Size Qualified Renter Households
The Subject represents 49 LIHTC units. LIHTC maximum rent and income limits are based on the area median gross income (AMI), adjusted for household size, for the Subject’s location. HUD estimates the relevant income levels with annual updates. The rents are calculated by HUD assuming that the gross rent a household pays is 30 percent of its household income at the relevant AMI level (30, 50, and 60 percent for the Subject). HUD assumes household size to be 1.5 persons per bedroom for LIHTC rent calculation purposes.

If the tenant pays utilities in addition to the rent, the rent is reduced by a utility allowance, which is generally estimated by the local Housing Authority. By multiplying the total number of renter households by the percentage of income eligible households, we can estimate the number of income eligible renter households in the local market area. Per TDHCA guidelines, if some households are eligible for more than one unit type due to overlapping eligible ranges for income or household size, we have adjusted Gross Demand to avoid including households more than once.

Setting the Minimum and Maximum Eligible Income Ranges

To establish the number of income eligible potential tenants for the Subject, the calculations are as follows:

First, we estimate the Subject minimum and maximum income levels for the proposed LIHTC project. Per TDHCA guidelines, minimum income levels for LIHTC units were calculated based on the assumption that lower income households should pay no more than 35 percent of their income to gross rent.

Often, lower income households pay a higher percentage of income to rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high incomes.

Secondly, we illustrate the household population segregated by income band and household size to determine those who are income qualified to reside in the Subject property.

Third, we combine the allowable income range with the income distribution analysis to determine the number of potential income qualified households. In some cases the LIHTC income eligible band overlaps with more than one census income range. In those cases, the prorated share of more than one census range will be calculated. This provides an estimate of the total number of households and the percentage of households that are income eligible.

The proposed LIHTC rents are to be set at 30, 50, and 60 percent of the AMI. HUD establishes the maximum income level for the Subject based on household size. For demand calculation purposes, we will assume 1.5 persons per bedroom when establishing maximum income eligibility for all units. The regulations promulgated by TDHCA indicate that the minimum income level scenario should assume that a household is not paying more than 35 percent of its income on housing, using the gross LIHTC rent.

The maximum and minimum eligible household income limits for the Subject's units are as follows:

INCOME LIMITS

	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	30% AMI		*50% AMI*		*60% AMI*	
1 Person	$10,423	$11,370	$17,383	$18,950	-	-
2 Person	$12,514	$12,990	$20,846	$21,650	$25,029	$25,980
3 Person	$12,514	$14,610	$20,846	$24,350	$25,029	$29,220
4 Person	$15,600	$16,230	$24,103	$27,050	$28,903	$32,460
5 Person	$15,600	$17,520	$24,103	$29,200	$28,903	$35,040

Number of Appropriate Sized Households

In order to determine the number of appropriate sized households for each bedroom type, we first analyze the number of persons in each household by renter tenure, as detailed in the following table.

RENTER HOUSEHOLDS BY NUMBER OF PERSONS - PMA

	2015	
	Number	Percentage
With 1 Person	942	16.7%
With 2 Persons	980	17.3%
With 3 Persons	1,013	17.9%
With 4 Persons	1,112	19.7%
With 5+ Persons	1,608	28.4%
Total Renter Households	5,656	100.0%

Calculation of Potential Household Demand by Income Cohort by Person

To avoid double counting, we have illustrated the potential household demand by person for each set aside.

Calculation of Potential Household Demand by Income Cohort by Person

1 PERSON		30% AMI	50% AMI	60% AMI	LIHTC ONLY TOTAL	
Minimum Income Limit		$10,423	$17,383	-	Eligible	Ineligible
Maximum Income Limit		$11,370	$18,950	-		
$0-9,999	37	0	0	0	0	37
$10,000-19,999	47	4	7	0	12	35
$20,000-29,999	2	0	0	0	0	2
$30,000-39,999	4	0	0	0	0	4
$40,000-49,999	12	0	0	0	0	12
$50,000-59,999	14	0	0	0	0	14
$60,000-74,999	3	0	0	0	0	3
$75,000-99,999	2	0	0	0	0	2
$100,000-124,999	1	0	0	0	0	1
$125,000-149,999	0	0	0	0	0	0
$150,000-199,999	0	0	0	0	0	0
$200,000+	0	0	0	0	0	0
Subtotal	124	4	7	0	12	112

Calculation of Potential Household Demand by Income Cohort by Person

2 PERSON		**30% AMI**	**50% AMI**	**60% AMI**	**LIHTC ONLY TOTAL**	
Minimum Income Limit		$12,514	$20,846	$25,029	Eligible	Ineligible
Maximum Income Limit		$12,990	$21,650	$25,980		
$0-9,999	24	0	0	0	0	24
$10,000-19,999	26	1	0	0	1	25
$20,000-29,999	0	0	0	0	0	0
$30,000-39,999	1	0	0	0	0	1
$40,000-49,999	2	0	0	0	0	2
$50,000-59,999	0	0	0	0	0	0
$60,000-74,999	2	0	0	0	0	2
$75,000-99,999	9	0	0	0	0	9
$100,000-124,999	4	0	0	0	0	4
$125,000-149,999	0	0	0	0	0	0
$150,000-199,999	0	0	0	0	0	0
$200,000+	0	0	0	0	0	0
Subtotal	69	1	0	0	1	67

3 PERSON		**30% AMI**	**50% AMI**	**60% AMI**	**LIHTC ONLY TOTAL**	
Minimum Income Limit		$12,514	$20,846	$25,029	Eligible	Ineligible
Maximum Income Limit		$14,610	$24,350	$29,220		
$0-9,999	27	0	0	0	0	27
$10,000-19,999	1	0	0	0	0	1
$20,000-29,999	26	0	9	11	20	6
$30,000-39,999	0	0	0	0	0	0
$40,000-49,999	1	0	0	0	0	1
$50,000-59,999	1	0	0	0	0	1
$60,000-74,999	4	0	0	0	0	4
$75,000-99,999	0	0	0	0	0	0
$100,000-124,999	0	0	0	0	0	0
$125,000-149,999	0	0	0	0	0	0
$150,000-199,999	0	0	0	0	0	0
$200,000+	0	0	0	0	0	0
Subtotal	61	0	9	11	20	41

4 PERSON		**30% AMI**	**50% AMI**	**60% AMI**	**LIHTC ONLY TOTAL**	
Minimum Income Limit		$15,600	$24,103	$28,903	Eligible	Ineligible
Maximum Income Limit		$16,230	$27,050	$32,460		
$0-9,999	7	0	0	0	0	7
$10,000-19,999	5	0	0	0	0	5
$20,000-29,999	17	0	5	15	20	-3
$30,000-39,999	16	0	0	4	4	12
$40,000-49,999	0	0	0	0	0	0
$50,000-59,999	1	0	0	0	0	1
$60,000-74,999	0	0	0	0	0	0
$75,000-99,999	8	0	0	0	0	8
$100,000-124,999	0	0	0	0	0	0
$125,000-149,999	1	0	0	0	0	1
$150,000-199,999	0	0	0	0	0	0
$200,000+	0	0	0	0	0	0
Subtotal	54	0	5	19	24	31

5 PERSON		30% AMI	50% AMI	60% AMI	LIHTC ONLY TOTAL	
Minimum Income Limit		$15,600	$24,103	$29,200	Eligible	Ineligible
Maximum Income Limit		$17,520	$29,200	$35,040		
$0-9,999	6	0	0	0	0	6
$10,000-19,999	8	2	0	0	2	6
$20,000-29,999	16	0	8	1	10	7
$30,000-39,999	5	0	0	2	2	2
$40,000-49,999	16	0	0	0	0	16
$50,000-59,999	0	0	0	0	0	0
$60,000-74,999	6	0	0	0	0	6
$75,000-99,999	0	0	0	0	0	0
$100,000-124,999	0	0	0	0	0	0
$125,000-149,999	1	0	0	0	0	1
$150,000-199,999	0	0	0	0	0	0
$200,000+	0	0	0	0	0	0
Subtotal	58	2	8	4	14	44

The following table illustrates the total income qualified households by AMI level and household size.

SUPPLY BY AMI LEVEL AND BEDROOM TYPE

	1 Person	2 Person	3 Person	4 Person	5 Person
30% AMI Level	4	1	0	0	2
50% AMI Level	7	0	9	19	8
60% AMI Level	0	0	11	19	4

We made assumptions (consistent with TDHCA minimum and maximum estimates of persons per bedroom) based on the average household size in the market to estimate the distribution of households by unit type. Following are these assumptions.

HOUSEHOLD DISTRIBUTION MATRIX

Household Size	1BR	2BR	3BR
1 person	50%	50%	
2 persons	25%	75%	
3 persons		50%	50%
4 persons			100%
5+ persons			100%

Third, we multiply the percentage of renter households among each household size by bedroom type, by the distribution of households by income cohort and number of persons at the time of market entry, as illustrated in the following table. The sum of these calculations is the appropriate number of size and income qualified renter households for each bedroom type by AMI level. This calculation does not allow for overlap among bedroom types, and does not allow households to be counted more than once.

Individual Unit Capture Rates

For each Unit Type by number of Bedrooms and rent restriction categories, the individual unit capture rate is defined as the Relevant Supply of proposed and unstabilized Comparable Units divided by the eligible demand for that Unit. The following table illustrates our calculation of Individual Unit Capture Rates. In accordance with TDHCA guidelines, none of the Individual Unit Capture Rates for any unit type exceed 100 percent.

INDIVIDUAL CAPTURE RATES & GROSS CAPTURE RATE

	Relevant Supply						
	Subject's Units	Comparable Units	Total Relevant Supply		Gross Demand		Capture Rate
30% AMI Level							
1BR	2	0	2	/	3	=	79.3%
2BR	2	0	2	/	3	=	62.4%
50% AMI Level							
1BR	2	0	2	/	4	=	54.3%
2BR	5	0	5	/	8	=	60.7%
3BR	3	0	3	/	28	=	10.6%
60% AMI Level							
2BR	15	0	15	/	5	=	274.2%
3BR	20	0	20	/	28	=	72.2%
GROSS DEMAND (LIHTC UNITS)							
All LIHTC Units	**49**	**0**	**49**	**/**	**134**	**=**	**36.5%**

All LIHTC Units – Gross Demand

The calculation of Gross Demand for all LIHTC units is illustrated in the table below. Per the 2016 TDHCA Market Study Guide, "If some households are eligible for more than one Unit Type due to overlapping eligible ranges for income or household size, Gross Demand should be adjusted to avoid including households more than once."

The following table illustrates the eligible incomes at the Subject by household size.

INCOME LIMITS

	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	30% AMI		*50% AMI*		*60% AMI*	
1 Person	$10,423	$11,370	$17,383	$18,950	-	-
2 Person	$12,514	$12,990	$20,846	$21,650	$25,029	$25,980
3 Person	$12,514	$14,610	$20,846	$24,350	$25,029	$29,220
4 Person	$15,600	$16,230	$24,103	$27,050	$28,903	$32,460
5 Person	$15,600	$17,520	$24,103	$29,200	$28,903	$35,040

As the Subject will offer one, two, and three-bedroom units to one thru five person households, we have utilized all income-qualified renter households at the time of market entry (September 2017) in the PMA, as illustrated in the table below.

GROSS DEMAND - ALL LIHTC UNITS

Income Cohort	All Renter Households in the PMA (1-5+ Persons)			
		cohort overlap	*% in cohort*	*# in cohort*
$0-9,999	100			
$10,000-19,999	86	7,537	75.38%	65
$20,000-29,999	62	9,153	91.54%	56
$30,000-39,999	25	5,040	50.41%	13
$40,000-49,999	33			
$50,000-59,999	16			
$60,000-74,999	15			
$75,000-99,999	19			
$100,000-124,999	5			
$125,000-149,999	3			
$150,000-199,999	0			
$200,000+	1			
Total	**365**		**36.73%**	**134**

The gross demand for all LIHTC (30, 50, and 60 percent AMI level) units is 134 households out of a total of 365 renter households in the PMA at the time of market entry.

Relevant Supply

According to TDHCA, the Relevant Supply of proposed and unstabilized Comparable Units includes:

1) The proposed Subject Units
2) Comparable Units with priority over the Subject that have made application to the Department and have not been presented to the Board for decision
3) Comparable Units in previously approved but Unstabilized Developments (A Development with Comparable Units that has been approved for funding by the TDHCA Board or is currently under construction or has not maintained a 90% occupancy level for at least 12 consecutive months following construction completion) in the PMA.
4) Comparable Units in previously approved but Unstabilized Developments in the SMA, in the same proportion as the proportion of Potential Demand from the SMA that is included in Gross Demand

We have addressed each of the Relevant Supply criteria in the following manor:

1) We have included the proposed Subject LIHTC units in our capture rate.

2) We are unaware of any comparable units with priority over the Subject that has submitted an application to the Departments.

3) No projects located within the Subject's PMA have been allocated LIHTC funding in the PMA since 2011.

There is adequate demand in the PMA for the Subject, and additional demand from the SMA has not been included.

GROSS CAPTURE RATE

TDHCA defines the Gross Capture Rate as the Relevant Supply divided by the Gross Demand. We have evaluated the Gross Capture Rate for the Subject as a whole and by number of bedrooms and rent restriction categories, as illustrated in the following table. Also illustrated are the individual unit capture rates.

INDIVIDUAL CAPTURE RATES & GROSS CAPTURE RATE

		Relevant Supply					
	Subject's Units	**Comparable Units**	**Total Relevant Supply**		**Gross Demand**		**Capture Rate**
30% AMI Level							
1BR	2	0	2	/	3	=	79.3%
2BR	2	0	2	/	3	=	62.4%
50% AMI Level							
1BR	2	0	2	/	4	=	54.3%
2BR	5	0	5	/	8	=	60.7%
3BR	3	0	3	/	28	=	10.6%
60% AMI Level							
2BR	15	0	15	/	5	=	274.2%
3BR	20	0	20	/	28	=	72.2%
GROSS DEMAND (LIHTC UNITS)							
All LIHTC Units	**49**	**0**	**49**	/	**134**	**=**	**36.5%**

Dividing the Subject's 49 total LIHTC units by the total demand of 134 households indicates a capture rate of 36.5 percent, which is drawing only from the PMA. However, based on conversations with local property managers, a significant portion of income eligible tenants originate from outside the PMA. Thus, we believe it is reasonable to include demand from the SMA in our overall capture rate analysis.

GROSS DEMAND FROM EXISTING HOUSEHOLDS - SMA

Number of Existing Households for the Current Year

The total number of households in the SMA in 2000 was 16,952 and the total number of households in the base year (2015) was 25,693. This is a beginning point for analysis.

Number of Renters

Information provided to us by ESRI indicates that of the occupied housing units in 2015, renter-occupied households comprise approximately 5,656 households, or 22.0 percent of the occupied housing unit households in the SMA.

New Renter Households at Market Entry

According to ESRI Demographics, the number of renter households in the SMA will increase from 5,656 to 6,352 between 2015 and 2015, which is an increase of 696 renter households.

Number of Income and Size Qualified Renter Households

The Subject will offer 49 LIHTC units. LIHTC maximum rent and income limits are based on the area median gross income (AMI), adjusted for household size, for the Subject's location. HUD estimates the relevant income levels with annual updates. The rents are calculated by HUD assuming that the gross rent a household pays is 30 percent of its household income at the relevant AMI level (60 percent for the Subject). HUD assumes household size to be 1.5 persons per bedroom for LIHTC rent calculation purposes.

If the tenant pays utilities in addition to the rent, the rent is reduced by a utility allowance, which is generally estimated by the local Housing Authority. By multiplying the total number of renter households by the percentage of income eligible households, we can estimate the number of income eligible renter households in the local market area. Per TDHCA guidelines, if some households are eligible for more than one unit type due to overlapping eligible ranges for income or household size, we have adjusted Gross Demand to avoid including households more than once.

Setting the Minimum and Maximum Eligible Income Ranges

To establish the number of income eligible potential tenants for the Subject, the calculations are as follows:

First, we estimate the Subject minimum and maximum income levels for the proposed LIHTC project. Per TDHCA guidelines, minimum income levels for LIHTC units were calculated based on the assumption that lower income households should pay no more than 35 percent of their income to gross rent.

Often, lower income households pay a higher percentage of income to rent due to their income level. Although higher income households generally spend a smaller portion of their income on rent, the area is not dominated by high incomes.

Secondly, we illustrate the household population segregated by income band and household size to determine those who are income qualified to reside in the Subject property.

Third, we combine the allowable income range with the income distribution analysis to determine the number of potential income qualified households. In some cases the LIHTC income eligible band overlaps with more than one census income range. In those cases, the prorated share of more than one census range will be calculated. This provides an estimate of the total number of households and the percentage of households that are income eligible.

The proposed LIHTC rents are to be set at 60 percent of the AMI and market rate. HUD establishes the maximum income level for the Subject based on household size. For demand calculation purposes, we will assume 1.5 persons per bedroom when establishing maximum income eligibility for all units. The regulations promulgated by TDHCA indicate that the minimum income level scenario should assume that a household is not paying more than 35 percent of its income on housing, using the gross LIHTC rent.

The maximum and minimum eligible household income limits for the Subject's units are as follows:

INCOME LIMITS

	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	30% AMI		*50% AMI*		*60% AMI*	
1 Person	$10,423	$11,370	$17,383	$18,950	-	-
2 Person	$12,514	$12,990	$20,846	$21,650	$25,029	$25,980
3 Person	$12,514	$14,610	$20,846	$24,350	$25,029	$29,220
4 Person	$15,600	$16,230	$24,103	$27,050	$28,903	$32,460
5 Person	$15,600	$17,520	$24,103	$29,200	$28,903	$35,040

Number of Appropriate Sized Households

In order to determine the number of appropriate sized households for each bedroom type, we first analyze the number of persons in each household by renter tenure, as detailed in the following table.

RENTER HOUSEHOLDS BY NUMBER OF PERSONS - SMA

	2015	
	Number	Percentage
With 1 Person	942	16.7%
With 2 Persons	980	17.3%
With 3 Persons	1,013	17.9%
With 4 Persons	1,112	19.7%
With 5+ Persons	1,608	28.4%
Total Renter Households	5,656	100.0%

Source: ESRI Demographics 2015, Novogradac & Company LLP, July 2016

Calculation of Potential Household Demand by Income Cohort by Person

To avoid double counting, we have illustrated the potential household demand by person for each set aside in the SMA.

Calculation of Potential Household Demand by Income Cohort by Person

1 PERSON		30% AMI	50% AMI	60% AMI	LIHTC ONLY TOTAL	
Minimum Income Limit		$10,423	$17,383	-	Eligible	Ineligible
Maximum Income Limit		$11,370	$18,950	-		
$0-9,999	373	0	0	0	0	373
$10,000-19,999	257	24	40	0	65	192
$20,000-29,999	111	0	0	0	0	111
$30,000-39,999	78	0	0	0	0	78
$40,000-49,999	42	0	0	0	0	42
$50,000-59,999	36	0	0	0	0	36
$60,000-74,999	31	0	0	0	0	31
$75,000-99,999	22	0	0	0	0	22
$100,000-124,999	15	0	0	0	0	15
$125,000-149,999	4	0	0	0	0	4
$150,000-199,999	11	0	0	0	0	11
$200,000+	10	0	0	0	0	10
Subtotal	991	24	40	0	65	926

Calculation of Potential Household Demand by Income Cohort by Person

2 PERSON		30% AMI	50% AMI	60% AMI	LIHTC ONLY TOTAL	
Minimum Income Limit		$12,514	$20,846	$25,029	Eligible	Ineligible
Maximum Income Limit		$12,990	$21,650	$25,980		
$0-9,999	242	0	0	0	0	242
$10,000-19,999	306	15	0	0	15	291
$20,000-29,999	95	0	8	9	17	79
$30,000-39,999	79	0	0	0	0	79
$40,000-49,999	90	0	0	0	0	90
$50,000-59,999	47	0	0	0	0	47
$60,000-74,999	47	0	0	0	0	47
$75,000-99,999	54	0	0	0	0	54
$100,000-124,999	37	0	0	0	0	37
$125,000-149,999	14	0	0	0	0	14
$150,000-199,999	12	0	0	0	0	12
$200,000+	9	0	0	0	0	9
Subtotal	1,033	15	8	9	31	1,002

3 PERSON		30% AMI	50% AMI	60% AMI	LIHTC ONLY TOTAL	
Minimum Income Limit		$12,514	$20,846	$25,029	Eligible	Ineligible
Maximum Income Limit		$14,610	$24,350	$29,220		
$0-9,999	200	0	0	0	0	200
$10,000-19,999	232	49	0	0	49	183
$20,000-29,999	210	0	74	88	162	48
$30,000-39,999	142	0	0	0	0	142
$40,000-49,999	120	0	0	0	0	120
$50,000-59,999	18	0	0	0	0	18
$60,000-74,999	45	0	0	0	0	45
$75,000-99,999	24	0	0	0	0	24
$100,000-124,999	55	0	0	0	0	55
$125,000-149,999	8	0	0	0	0	8
$150,000-199,999	8	0	0	0	0	8
$200,000+	9	0	0	0	0	9
Subtotal	1,072	49	74	88	210	861

4 PERSON		30% AMI	50% AMI	60% AMI	LIHTC ONLY TOTAL	
Minimum Income Limit		$15,600	$24,103	$28,903	Eligible	Ineligible
Maximum Income Limit		$16,230	$27,050	$32,460		
$0-9,999	277	0	0	0	0	277
$10,000-19,999	271	17	0	0	17	254
$20,000-29,999	219	0	65	195	260	-41
$30,000-39,999	119	0	0	29	29	90
$40,000-49,999	69	0	0	0	0	69
$50,000-59,999	60	0	0	0	0	60
$60,000-74,999	12	0	0	0	0	12
$75,000-99,999	75	0	0	0	0	75
$100,000-124,999	38	0	0	0	0	38
$125,000-149,999	25	0	0	0	0	25
$150,000-199,999	7	0	0	0	0	7
$200,000+	3	0	0	0	0	3
Subtotal	1,175	17	65	224	306	869

5 PERSON		30% AMI	50% AMI	60% AMI	LIHTC ONLY TOTAL	
Minimum Income Limit		$15,600	$24,103	$29,200	Eligible	Ineligible
Maximum Income Limit		$17,520	$29,200	$35,040		
$0-9,999	236	0	0	0	0	236
$10,000-19,999	369	71	0	0	71	298
$20,000-29,999	428	0	218	34	252	176
$30,000-39,999	210	0	0	106	106	104
$40,000-49,999	123	0	0	0	0	123
$50,000-59,999	85	0	0	0	0	85
$60,000-74,999	78	0	0	0	0	78
$75,000-99,999	96	0	0	0	0	96
$100,000-124,999	35	0	0	0	0	35
$125,000-149,999	13	0	0	0	0	13
$150,000-199,999	10	0	0	0	0	10
$200,000+	4	0	0	0	0	4
Subtotal	1,686	71	218	140	429	1,258

The following table illustrates the total income qualified households by AMI level and household size.

SUPPLY BY AMI LEVEL AND BEDROOM TYPE

	1 Person	2 Person	3 Person	4 Person	5 Person
30% AMI Level	24	15	49	17	71
50% AMI Level	40	8	74	65	218
60% AMI Level	0	9	88	224	140

We made assumptions (consistent with TDHCA minimum and maximum estimates of persons per bedroom) based on the average household size in the market to estimate the distribution of households by unit type. Following are these assumptions.

HOUSEHOLD DISTRIBUTION MATRIX			
Household Size	**1BR**	**2BR**	**3BR**
1 person	50%	50%	
2 persons	25%	75%	
3 persons		50%	50%
4 persons			100%
5+ persons			100%

Third, we multiply the percentage of renter households among each household size by bedroom type, by the distribution of households by income cohort and number of persons at the time of market entry, as illustrated in the following table. The sum of these calculations is the appropriate number of size and income qualified renter households for each bedroom type by AMI level. This calculation does not allow for overlap among bedroom types, and does not allow households to be counted more than once.

All LIHTC Units – Gross Demand

The calculation of Gross Demand for all LIHTC units is illustrated in the table below. Per the 2016 TDHCA Market Study Guide, "If some households are eligible for more than one Unit Type due to overlapping eligible ranges for income or household size, Gross Demand should be adjusted to avoid including households more than once."

The following table illustrates the eligible incomes at the Subject by household size.

INCOME LIMITS

	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	30% AMI		*50% AMI*		*60% AMI*	
1 Person	$10,423	$11,370	$17,383	$18,950	-	-
2 Person	$12,514	$12,990	$20,846	$21,650	$25,029	$25,980
3 Person	$12,514	$14,610	$20,846	$24,350	$25,029	$29,220
4 Person	$15,600	$16,230	$24,103	$27,050	$28,903	$32,460
5 Person	$15,600	$17,520	$24,103	$29,200	$28,903	$35,040

As the Subject will offer one, two, and three-bedroom units to one to five person households, we have utilized all income-qualified renter households at the time of market entry (September 2017) in the SMA, as illustrated in the table below.

GROSS DEMAND - ALL LIHTC UNITS

Income Cohort	All Renter Households in the SMA (1-5+ Persons)	*cohort overlap*	*% in cohort*	*# in cohort*
$0-9,999	1,327			
$10,000-19,999	1,435	7,537	75.38%	1,082
$20,000-29,999	1,064	9,153	91.54%	974
$30,000-39,999	628	5,040	50.41%	317
$40,000-49,999	443			
$50,000-59,999	246			
$60,000-74,999	214			
$75,000-99,999	272			
$100,000-124,999	181			
$125,000-149,999	65			
$150,000-199,999	48			
$200,000+	34			
Total	**5,958**		**39.81%**	**2,372**

The gross demand for all LIHTC units is 2,372 households out of a total of 5,958 renter households in the SMA at the time of market entry.

Relevant Supply

According to TDHCA, the Relevant Supply of proposed and unstabilized Comparable Units includes:

5) The proposed Subject Units
6) Comparable Units with priority over the Subject that have made application to the Department and have not been presented to the Board for decision
7) Comparable Units in previously approved but Unstabilized Developments (A Development with Comparable Units that has been approved for funding by the TDHCA Board or is currently under construction or has not maintained a 90% occupancy level for at least 12 consecutive months following construction completion) in the PMA.
8) Comparable Units in previously approved but Unstabilized Developments in the SMA, in the same proportion as the proportion of Potential Demand from the SMA that is included in Gross Demand

We have addressed each of the Relevant Supply criteria in the following manor:

4) We have included the proposed Subject LIHTC units in our capture rate.

5) We are unaware of any comparable units with priority over the Subject that has submitted an application to the Departments.

6) Three projects located within the Subject’s PMA have been allocated LIHTC funding in El Paso County since 2011.

Clint Palms, a 76-unit project located 29 miles northwest of the Subject, was allocated funding in 2012 for the new construction of one, two, three, and four-bedroom units restricted at 30, 50, and 60 percent of AMI. Clint Palms was completed in 2013 and is operating at a stabilized occupancy of 97.4 percent. Thus, no units were deducted from the demand analysis as this property has been stabilized for over a year.

Presidio Palms II, an 80-unit project located 32 miles northwest of the Subject, was allocated funding in 2011 for the new construction of one, two, three, and four-bedroom units restricted at 30, 50, and 60 percent of AMI. Presidio Palms II was completed in 2012 and is operating at a stabilized occupancy of 93.8 percent. Thus, no units were deducted from the demand analysis as this property has been stabilized for over a year.

Laureles Del Este, a 40-unit project located 23 miles northwest of the Subject, was allocated funding in 2015 for the new construction of one, two, and three-bedroom units restricted at 30, 50, and 60 percent of AMI, similar to the Subject. This property has not completed construction or stabilized, and we deducted a total of 40 competitive units from the demand analysis.

GROSS CAPTURE RATE-SMA

TDHCA defines the Gross Capture Rate as the Relevant Supply divided by the Gross Demand. We have evaluated the Gross Capture Rate for the Subject as a whole and by number of bedrooms and rent restriction categories, as illustrated in the following table.

INDIVIDUAL CAPTURE RATES & GROSS CAPTURE RATE

	Relevant Supply						
	Subject's Units	Comparable Units	Total Relevant Supply		Gross Demand		Capture Rate
30% AMI Level							
1BR	2	2	4	/	16	=	25.3%
2BR	2	1	3	/	47	=	6.3%
50% AMI Level							
1BR	2	2	4	/	24	=	16.7%
2BR	5	5	10	/	63	=	15.9%
3BR	3	1	4	/	273	=	1.5%
60% AMI Level							
2BR	15	14	29	/	51	=	57.1%
3BR	20	15	35	/	408	=	8.6%
GROSS DEMAND (LIHTC UNITS)							
All LIHTC Units	**49**	**40**	**89**	**/**	**2,372**	**=**	**3.8%**

Dividing the Subject's 49 total LIHTC units by the total demand of 2,372 households indicates a capture rate of 3.8 percent.

As illustrated above, there is a total Gross Demand of approximately 2,372 units in the SMA, which also includes demand from the PMA. As discussed in the following section, there are approximately 134 units of demand in the PMA alone. The following table summarizes the total potential net demand from the SMA.

Total Demand from SMA	2,372
Total Demand from PMA	134
Net Demand from SMA	2,238

Thus, there is a net demand of approximately 2,238 units in the SMA. Based on conversations with local property managers as well as anecdotal evidence from comparable rental properties in the PMA, we believe it is reasonable to include a small portion of the available demand from the SMA in the Gross Demand for the Subject property. The following capture rate analysis assumes approximately 30 households, originates from the SMA, which represents less than two person of net demand.

GROSS CAPTURE RATE –PMA & SMA

TDHCA defines the Gross Capture Rate as the Relevant Supply divided by the Gross Demand. We have evaluated the Gross Capture Rate for the Subject as a whole and by number of bedrooms and rent restriction categories, as illustrated in the following table.

INDIVIDUAL CAPTURE RATES & GROSS CAPTURE RATE							
	Relevant Supply						
	Subject's Units	**Comparable Units**	**Total Relevant Supply**		**Gross Demand**		**Capture Rate**
30% AMI Level							
1BR	2	0	2	/	3	=	79.3%
2BR	2	0	2	/	3	=	62.4%
50% AMI Level							
1BR	2	0	2	/	4	=	54.3%
2BR	5	0	5	/	8	=	60.7%
3BR	3	0	3	/	28	=	10.6%
60% AMI Level							
2BR	15	0	15	/	5	=	274.2%
3BR	20	0	20	/	28	=	72.2%
GROSS DEMAND (LIHTC UNITS)							
All LIHTC Units	**49**	**0**	**49**	**/**	**164**	**=**	**29.9%**

Dividing the Subject's 49 total LIHTC units by the total demand of 164 households indicates a capture rate of 29.9 percent.

Demand Analysis Conclusions

The Demand Analysis illustrates demand for the Subject based on capture rates of size and income eligible renter households. When viewing total eligible renter households for the 49 LIHTC units, the calculation illustrates an overall gross capture rate of 29.9 percent for all units.

6d

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JULY 14, 2016

Presentation, Discussion and Possible Action on Staff Determinations regarding Application Disclosures under 10 TAC §10.101(a)(4) related to Applicant Disclosure of Undesirable Neighborhood Characteristics

16108	Timber Ridge Apartments	Chandler
16214	Heritage Pines	Texarkana
16237	Hawks Landing	Iowa Park
16246	Gala at Four Corners	Four Corners
16251	Provision at Clodine Road	Houston
16317	Blue Line Lofts	Rowlett

RECOMMENDED ACTION

WHEREAS, pursuant to 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, if a Development Site has any of the characteristics described in subparagraph B of the subsection, the Applicant must disclose the presence of each such characteristic to the Department at the time the Application is submitted to the Department;

WHEREAS, for the items requiring disclosure under §10.101(a)(4), staff received nine such disclosures associated with priority applications, two of which are the subject of a separate action item, and another that is currently under review; and

WHEREAS, pursuant to 10 TAC §10.101(a)(4)(A), staff has conducted a further review of the proposed sites and the surrounding neighborhoods and prepared a summary for the Board with recommendations with respect to the eligibility of the sites;

NOW, therefore, it is hereby,

RESOLVED, that the Board accepts staff recommendation, and finds the six sites for Applications 16108, 16214, 16237, 16246, 16251 and 16317 eligible in satisfaction of the requirements of 10 TAC §10.101(a)(4) of the Uniform Multifamily Rules.

BACKGROUND

The following tables describe the staff reviews and determinations for 2016 Competitive Housing Tax Credit ("HTC") applications that included disclosures related to §10.101(a)(4) of the 2016 Uniform Multifamily Rules (the "Rules"), related to Undesirable Neighborhood Characteristics. Pursuant to the rule, such disclosures are required if one of three undesirable neighborhood characteristics exists where the proposed Development Site is located.

Each entry identifies the HTC development/application identification number (TDHCA ID#), the name of the development, city, region, and application review status, along with staff's recommendation with respect to eligibility of the site. A brief summary of each disclosure has been included and is followed by Department staff's analysis of the site.

Under a separate item, staff is recommending that two sites (#16200 Kirby Park Villas and #16274 Rockview Manor) be found ineligible. The applicants have been notified and given the opportunity to appeal the staff recomendation. In addition, where staff is recommending in this report that a site be found eligible, the Department's Governing Board has final decision making authority in making an affirmative determination or finding the site ineligible. Pursuant to 10 TAC §10.101(a)(4), should the Board make the determination that a Development Site is ineligible based on this report, the termination of the Application resulting from such Board action is not subject to appeal.

<table>
<tr><td>TDHCA ID#</td><td>16108</td><td colspan="2">Development Name:</td><td colspan="2">Timber Ridge Apartments</td></tr>
<tr><td>City:</td><td>Chandler</td><td>Region:</td><td>4</td><td>Review Status:</td><td>Complete</td></tr>
<tr><td>Staff recommendation:</td><td colspan="5">Site is eligible under §10.101(a)(3)</td></tr>
</table>

Summary of Disclosure: The Environmental Site Assessment identified a Recognized Environmental Condition ("REC") from the National Priorities List ("NPL"), Comprehensive Environmental Response, Compensation & Liability Information System ("CERCLIS"). North 0.3 Miles (0.5 Miles south of Hwy 31). There was a train derailment on March 4, 2007, .3 miles north of the Development. The Derailment involved a railcar containing 23,000-gallons of lube oil as part of the 28 car derailment. The site is not currently on the NPL and required removal activities only, no site assessment work needed. The site was removed from NPL on August 23, 2007.

Site Analysis: Review of the site indicates that the area is predominately rural, single family residential with no evidence of the prior environmental event. Median household income is $50,280 which places the census tract in the first quartile. The poverty rate for the census tracts is 12.90. The subject development is the rehabilitation of an existing Housing Tax Credit Development (#91123). There is a second Housing Tax Credit Development, Silverleaf at Chandler (#10026), approximately 1.15 miles away. Both serve the Elderly population. The Chandler Crossing Apartments is a market rate development in Chandler that has 26 units and appears to have no vacancies. The railroad is approximately .34 miles north of the Development Site.

Because this is a Rehabilitation Development that has ongoing assistance from USDA, staff is recommending that the Board find the Development Site eligible as the Development preserves existing occupied affordable housing units that are subject to existing federal rent or income restrictions.

<table>
<tr><td>TDHCA ID#</td><td>16214</td><td colspan="2">Development Name:</td><td colspan="2">Heritage Pines</td></tr>
<tr><td>City:</td><td>Texarkana</td><td>Region:</td><td>4</td><td>Review Status:</td><td>Complete</td></tr>
<tr><td>Staff recommendation:</td><td colspan="5">Site is eligible under §10.101(a)(4)</td></tr>
</table>

Summary of Disclosure: The Development Site is located within the ASTM-required search distance from the approximate site boundaries of Resource Conservation and Recovery Act info ("RCRA") sites that generate small quantities of hazardous waste. The site is within a 1/4-mile radius of a Wal Mart, which has been designated a small quantity generator due to its inventory of items such as cleaning products and pesticides, and in some cases the operation of automotive services. Wal Mart has entered in to a Consent Agreement and Final Order with the U.S. Environmental Protection Agency which governs how the company will dispose of its solid waste in each of its stores in all fifty states. According to the ESA provider, the facility does not represent a recommended environmental concern.

Site Analysis: Review of the site indicates that the Development Site is surrounded by Highway 82 on the north and vacant or sparsely populated wooded land on the south and west, with a veterinary clinic and an auto dealership to the east. Median household income is $56,974 which places the census tract in the first quartile. The poverty rate for the census tracts is 14.00. Texarkana has eight other Housing Tax Credit Developments, the most recent is Rosehill Ridge (#11097). The closest to the site is Renaissance Plaza (#060050), approximately 1.65 miles away. Two of the eight existing developments serve the Elderly population, as will Heritage Pines. Texarkana has many market rate developments. Of the three closest to the Development site, only one has vacancies. The Wal Mart that is the subject of the disclosure is located north of the Development Site, across Highway 82.

Staff is recommending that the Board find the Development Site eligible as the reported action has been archived by the EPA and requires no mitigation. The undesirable characteristic that was disclosed is not of such a nature or severity that it should render the Development Site ineligible.

TDHCA ID#	16237	**Development Name:**		Hawks Landing	
City:	Iowa Park	**Region:**	2	**Review Status:**	Complete
Staff recommendation:	Site is eligible under §10.101(a)(4)				

Summary of Disclosure: The Development Site is located within the ASTM-required search distance from the approximate site boundaries of a Resource Conservation and Recovery Act info ("RCRA") site that generates small quantities of hazardous waste. The site is within a 1/4-mile radius of Kidds Auto Supply, Inc., which the ESA provider is of the opinion is of no concern to the Development Site. The undesirable neighborhood characteristic is mitigated by the RCRA's distance from site, the fact that the RCRA is down gradient (downhill) of the site, and that the RCRA has never had a reported violation or spill.

Site Analysis: Review of the site indicates that the Development Site is surrounded by Highway 287 on the south and vacant wooded land on the north and west, with single family development further north and to the east. Median household income is $62,817 which places the census tract in the first quartile. The poverty rate for the census tracts is 4.00. Iowa Park has one other Housing Tax Credit Development, the Quail Run Apartments (#06677), which is approximately 2.30 miles away. Quail Run has 24 units and serves a General population, as will Hawks Landing. Iowa Park has one market rate development, which appears to have no vacancies. Kidds Auto Supply is located on the adjacent tract immediately south and east of the Development Site.

Staff is recommending that the Board find the Development Site eligible as the reported action has been archived by the EPA and requires no mitigation. The undesirable characteristic that was disclosed is not of such a nature or severity that it should render the Development Site ineligible.

TDHCA ID#	16246	**Development Name:**		Gala at Four Corners	
City:	Four Corners	**Region:**	6	**Review Status:**	Complete
Staff recommendation:	Site is eligible under §10.101(a)(4)				

Summary of Disclosure: The Development Site is located within the ASTM-required search distance from the approximate site boundaries of a facility listed in the state voluntary cleanup program ("VCP") database. According to the Environmental Site Assessment ("ESA") submitted with the Application, the VCP facility is in the Providence Shopping Center, located approximately 0.3 miles southeast (hydrologically down-gradient) of the proposed Development. According to the regulatory database, the VCP application was received by TCEQ on September 29, 1995. A release of contaminants including volatile organic compounds (VOCs) affected soil and groundwater. The site was undergoing groundwater monitoring until it was withdrawn from the VCP in 2007 and entered into the Dry Cleaning Remediation Program (DCRP). The ESA provider contacted the TCEQ DCRP project manager, who stated the VCP site is no longer in the VCP, but is currently undergoing groundwater monitoring in the DCRP. Based on the current regulatory oversight provided by TCEQ, the relative distance of the facility to the subject property, and the inferred groundwater gradient, this listing is not expected to present a significant environmental concern.

Site Analysis: Review of the site indicates that the Development Site is surrounded by single-family development with some retail and light industrial uses nearby at the Providence Shopping Center. Four Corners is a Census Designated Place northeast of Sugarland. Median household income is $67,982 which places the census tract in the second quartile. The poverty rate for the census tracts is 13.80. Provision at Four Corners (#15076) will serve the General population and will be located next to Gala at Four Corners, which will serve an Elderly Population. There appear to be no market rate developments in Four Corners.

Staff is recommending that the Board find the Development Site eligible as the reported action has been archived by the EPA and requires no mitigation. The undesirable characteristic that was disclosed is not of such a nature or severity that it should render the Development Site ineligible.

TDHCA ID#	16251	**Development Name:**		Provision at Clodine Road	
City:	Houston	**Region:**	6	**Review Status:**	Complete
Staff recommendation:	Site is eligible under §10.101(a)(4)				

Summary of Disclosure: The Development Site is located within the ASTM-required search distance from the approximate site boundaries of a facility listed in the Comprehensive Environmental Response, Compensation and Liability Information System - No Further Remedial Action Planned ("CERCLIS - NFRAP") database. The Fort Bend Shooting Range is within approximately 0.50 miles. Lead residue has been found in the soil.

Site Analysis: Review of the site indicates that the Development Site is surrounded by some light industrial uses. The remainder of the neighborhood appears to have previously been farmland but is undergoing massive single-family development. The site is approximately 1.5 miles from the Gala at Four Corners site discussed above and is located within the same census tract. The former shooting range is across a four-lane divided road from the Development Site, at a lower elevation.

The environmental action was archived in 1996. The archive designation means that, to the best of EPA's knowledge, assessment at a site has been completed and that EPA has determined no further steps will be taken to list this site on the National Priorities List (NPL). This decision does not necessarily mean that there is no hazard associated with a given site; it only means that, based upon available information, the location is not judged to be a potential NPL site.

Staff is recommending that the Board find the Development Site eligible as the reported action has been archived by the EPA and requires no mitigation. The undesirable characteristic that was disclosed is not of such a nature or severity that it should render the Development Site ineligible.

TDHCA ID#	16317	**Development Name:**		Blue Line Lofts	
City:	Rowlett	**Region:**	3	**Review Status:**	Complete
Staff recommendation:	Site is eligible under §10.101(a)(4)				

Summary of Disclosure: The Development Site is located within the ASTM-required search distance from the approximate site boundaries of two dry cleaners, both listed as RCRA Generators/Handlers of Hazardous Waste associated with use of chlorinated solvents and related waste generation.

The former Comet Cleaners was previously located in the commercial/retail shopping center adjoining north and topographically up-gradient of the subject property. Dry cleaning operations were conducted for approximately 30 years between 1985 and 2015 in a suite located approximately 100 feet north of the subject property. The regulatory information for the facility cited use of chlorinated (a.k.a. halogenated) solvents including PCE during dry cleaning activities. Since cessation of dry cleaning, the former facility has been remodeled and occupied by a hardware supply retailer. No indications of a release or subsurface investigation near the former suite were observed during the area reconnaissance. The ESA provider did not find indications of a release or subsurface investigation near the location where the dry cleaners formerly operated.

Former Cowboy Cleaners

The former Cowboy Cleaners was previously located in the commercial/retail shopping center adjoining north and topographically up-gradient of the subject property. Dry cleaning operations were conducted for about 19 years between 1994 and 2013 in a suite located approximately 300 feet north of the subject property. The regulatory information for the facility cited use of chlorinated solvents including PCE during dry cleaning activities. Since cessation of dry cleaning, the former facility has been remodeled and occupied by a restaurant. No indications of a release or subsurface investigation near the former suite were observed during the area reconnaissance.

Site Analysis: Review of the site indicates that the Development Site is surrounded by light industrial and retail/commercial uses. Median household income is $63,424 which places the census tract in the second quartile. The poverty rate for the census tracts is 3.60. Rowlett has one other Housing Tax Credit Development, the Evergreen at Rowlett Senior Community (#15020), which is approximately .30 miles away. Evergreen at Rowlett will serve an Elderly population; Blue Line Lofts will serve a General population. Rowlett has six market rate developments; only one appears to have vacancies. The shopping center that contains the subject RCRA site is located on the adjacent tract immediately north of the Development Site.

Phase II Subsurface Investigation activities were completed at the subject property to determine whether historical business operations on the north adjacent property and in close proximity had negatively affected soil and/or groundwater. The scope of the investigation included advancing two (2) monitoring wells and three (3) soil-gas vapor implants and collection of soil, groundwater, and air samples. Soil and groundwater samples were laboratory analyzed for Volatile Organic Compounds ("VOCs") and TPH and air samples were laboratory analyzed for VOCs. Results of the Phase II ESA indicate that the soil and groundwater on the site property has not been negatively affected. Air sample results from soil-gas sampling exceeded EPA residential Risk Screening Levels (RSLs) for the vapor intrusion pathway for some dry cleaning solvents and petroleum compounds. Although the TCEQ has not established vapor intrusion screening levels, the site will require some form of vapor mitigation system for indoor air to be protective of human health for vapors migrating from soils and groundwater beneath the property.

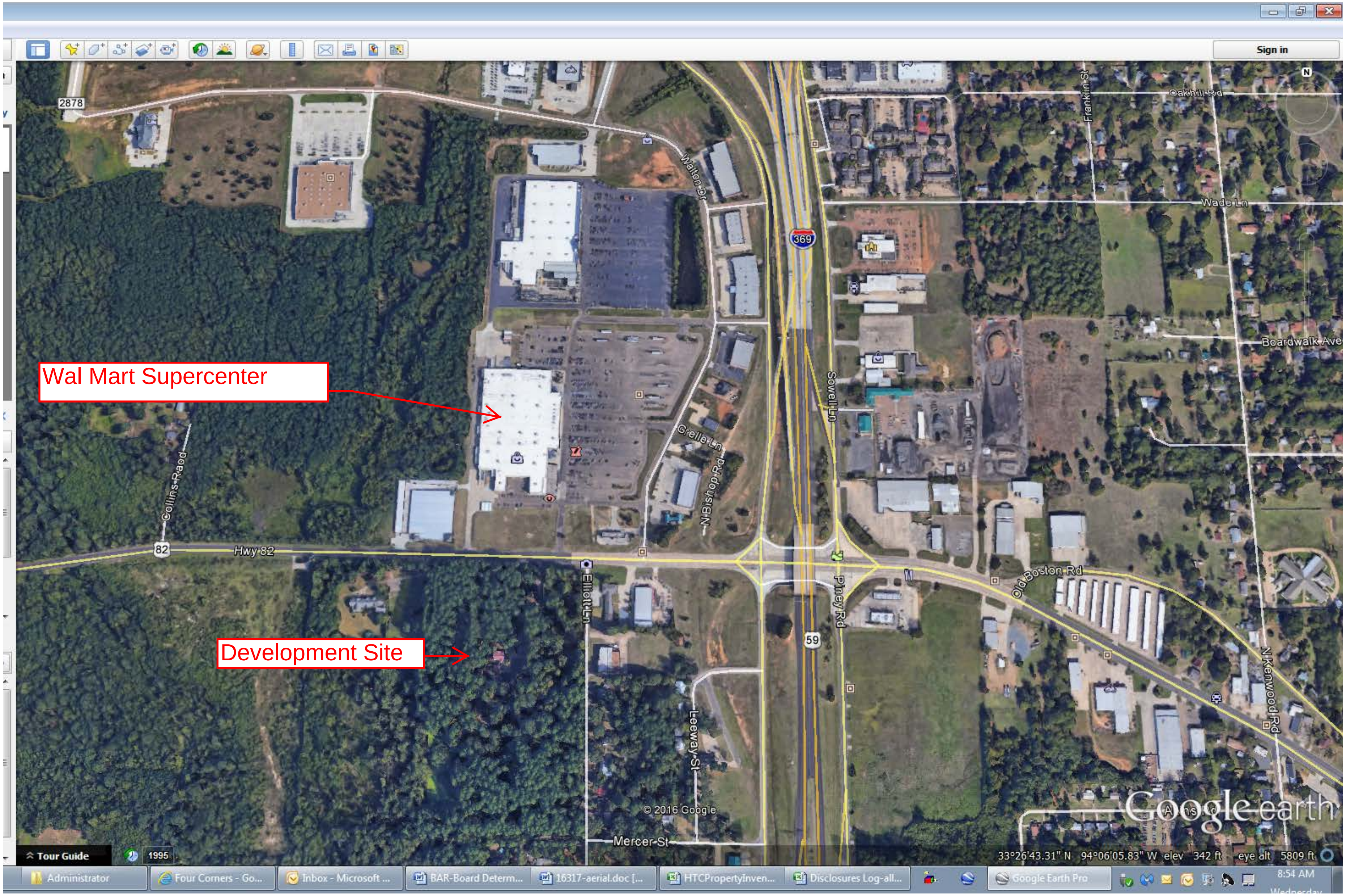
The Phase II report includes recommendations to eliminate the vapor intrusion pathway:

> The vapor intrusion exposure pathway could be eliminated using the following three options.
>
> 1. Perform Risk Calculations to try to determine whether vapors encountered could potentially migrate into future buildings and pose a threat to building occupants (especially children and women who could become pregnant).
> 2. Install additional vapor sampling points within the footprint of the planned development to see if EPA screening levels are present or exceeded within planned building footprint.
> 3. Install a sub-slab mitigation system which could include a sub-slab venting system or sub-slab vapor barrier, or combination of both. A sub-slab venting system with just a normal sub-slab moisture barrier should be sufficient to mitigate vapors.

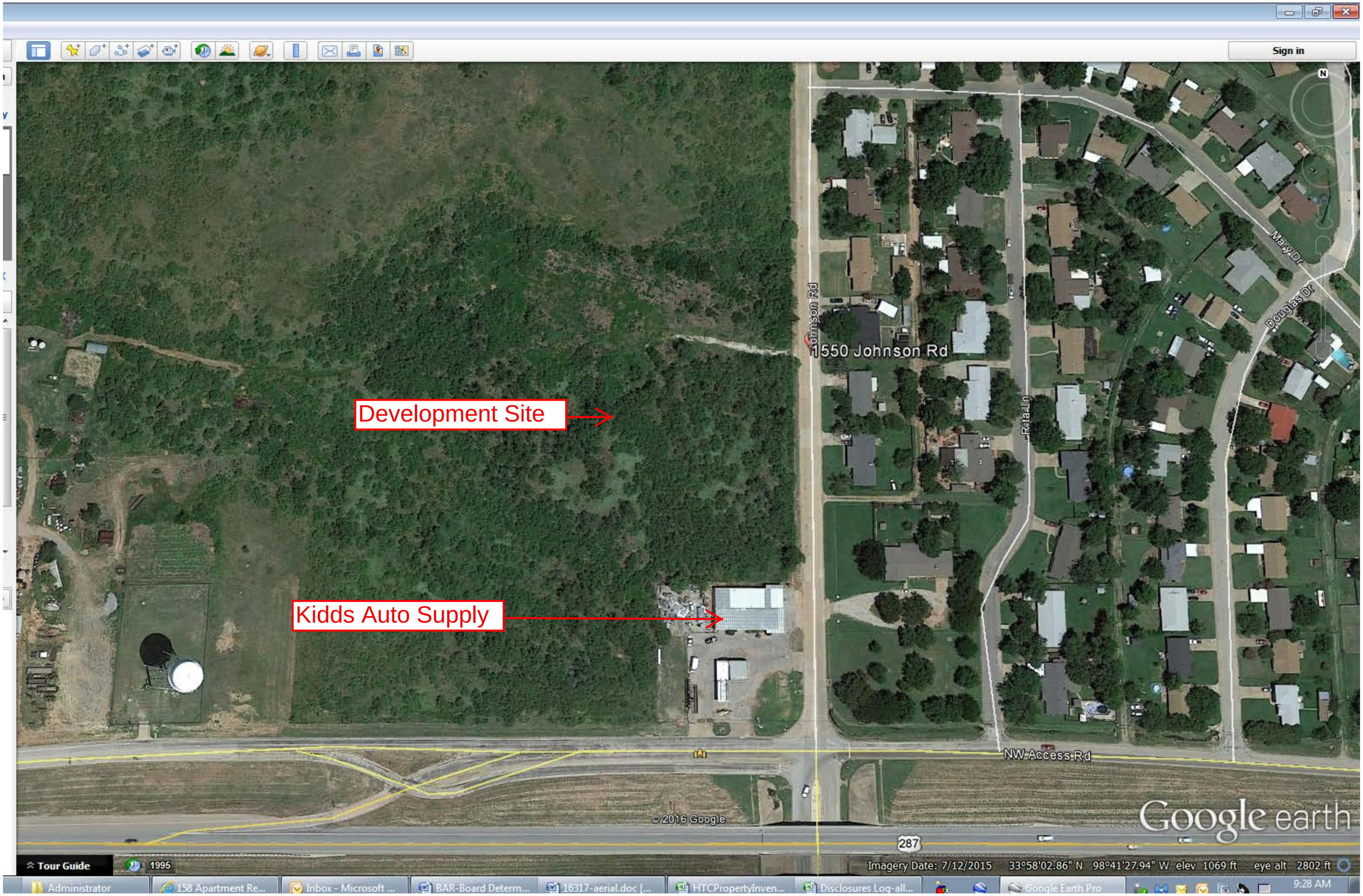
> The 3rd option would be the recommended option to pursue. If Steps 1 and 2 are unsuccessful, Step 3 would ultimately become the last alternative. Option 3 would also eliminate the long-term potential threat and would permanently close the vapor intrusion exposure pathway.

Staff is recommending that the Board find the Development Site eligible. Any award will be conditioned on the installation of a sub-slab mitigation system if necessary, as described in the ESA recommendations. Such mitigation would render the characteristic that was disclosed as not of such a nature or severity that it should render the Development Site ineligible.

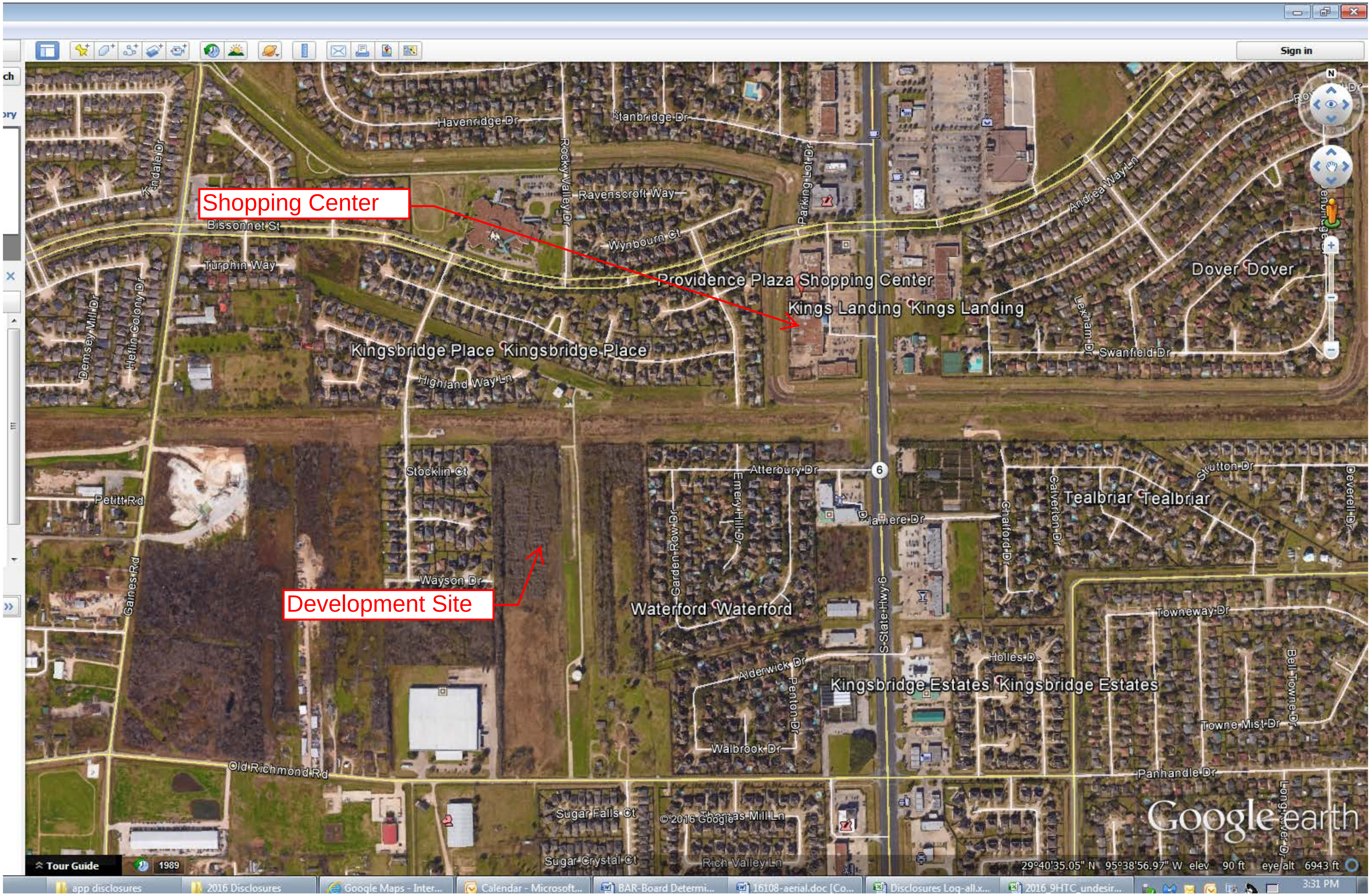
Application #16108, Timber Ridge Apartments, Chandler



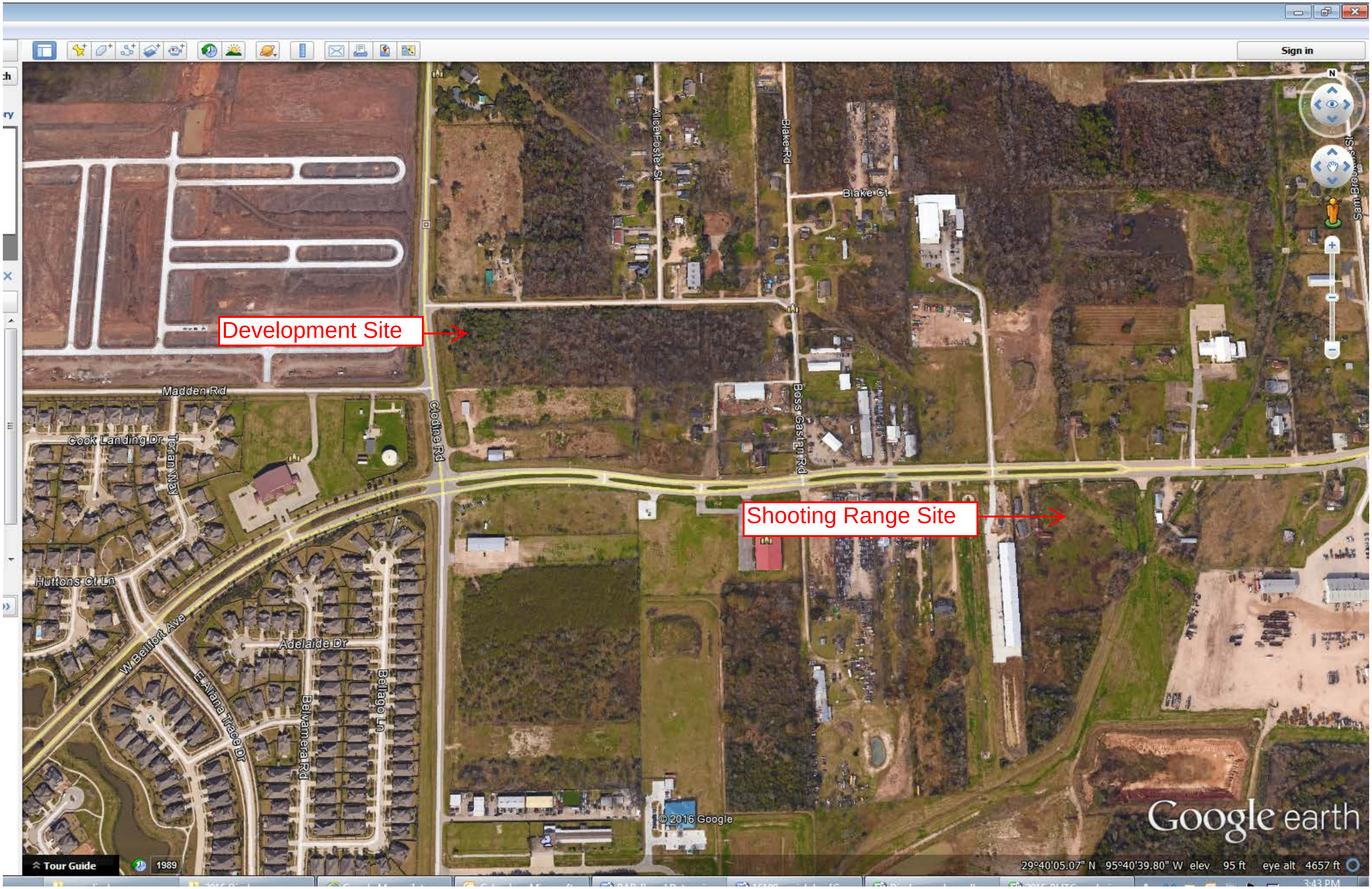
Application #16214, Heritage Pines, Texarkana



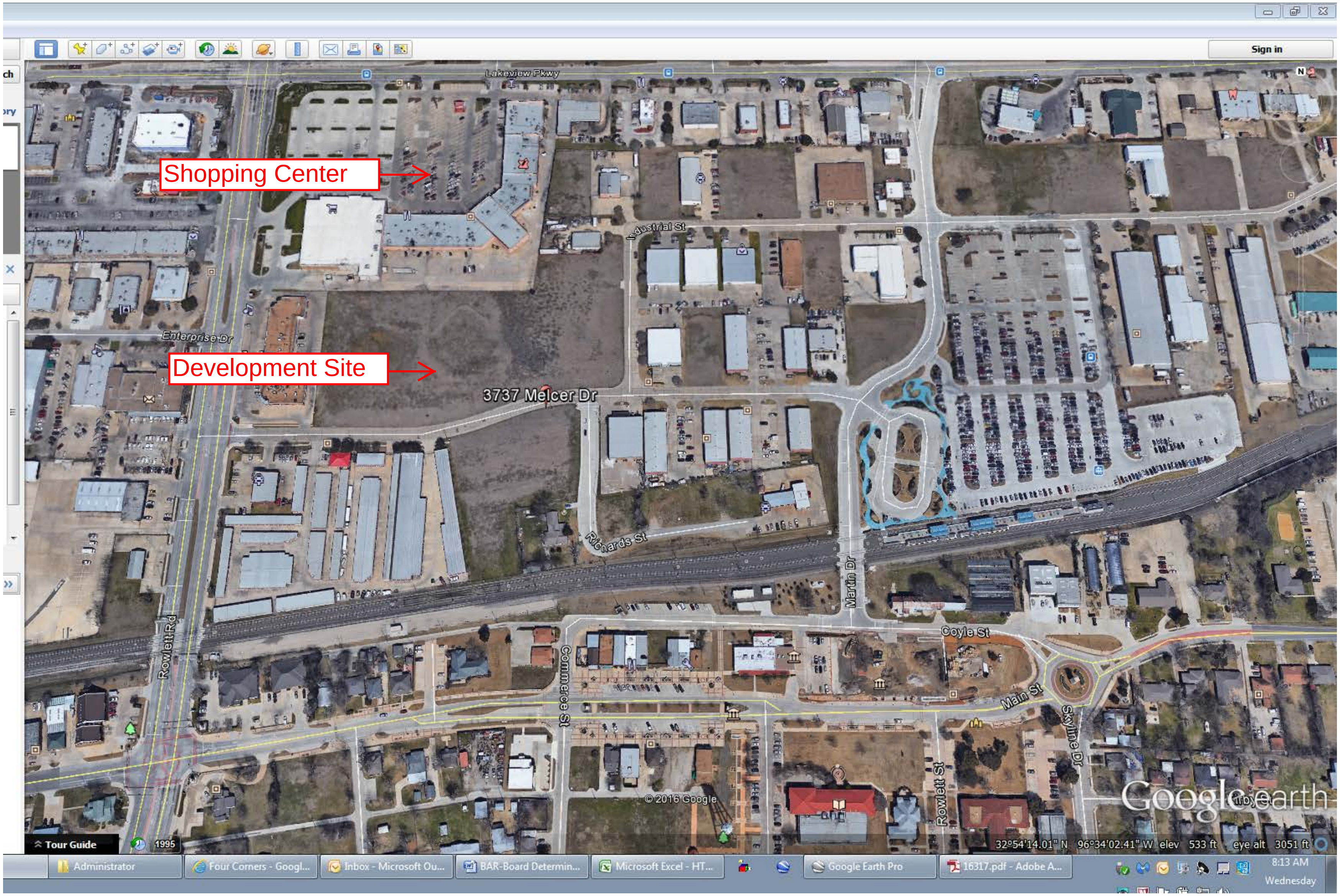
Application #16237, Hawks Landing, Iowa Park



Application #16246, Gala at Four Corners, Four Corners



Application #16251, Provision at Clodine Road, Houston



Application #16317, Blue Line Lofts, Rowlett

6e

BOARD ACTION ITEM
MULTIFAMILY FINANCE DIVISION
JULY 14, 2016

Staff will present a summary of Determinations under 10 TAC §11.10 of the 2016 Qualified Allocation Plan related to

16130	Cottages at San Saba	San Saba
16168	Stonebridge of Whitehouse	Whitehouse

BACKGROUND

Pursuant to 10 TAC §11.10 of the 2016 Qualified Allocation Plan related to Third Party Requests for Administrative Deficiency, an unrelated person or entity may bring new, material information about an Application to staff's attention. This process replaced "Challenges of Competitive Housing Tax Credit Applications" from previous years. Third parties may request that staff consider whether an Application should be the subject of an Administrative Deficiency. Staff will consider the request and proceed as it deems appropriate under the applicable rules including, if the Application in question is determined by staff to not be a priority Application, not reviewing the matter further. Requestors must provide, at the time of filing the request, all briefings, documentation, and other information that the requestor offers in support of the deficiency. Requestors must provide sufficient credible evidence that, if confirmed, would substantiate the deficiency request. Assertions not accompanied by supporting documentation susceptible to confirmation will not be considered.

The following table describes the remaining staff determinations for 2016 Competitive Housing Tax Credit ("HTC") Third Party Requests for Administrative Deficiency received and determinations made as of July 17, 2016. All requests referenced herein were received and reviewed in accordance with §11.10. Where staff determined that the request substantiated the release of a Notice of Administrative Deficiency for the Application, the Applicant was provided the opportunity to respond to the submitted request. Staff has reviewed both the request and response in making its determination.

Each entry identifies the HTC development/application identification number (TDHCA ID#), the name of the development, city, region, and the name and organization of the requestor. A brief summary of each request has been included, followed by Department staff's analysis of the request, and finally the staff resolution of the request. The Department has posted each request received, deficiency notice released, supporting documentation received from the Applicant, and staff determination to the applicable applications, which are posted on the Department's website. Any remaining Requests for Administrative Deficiency will be reported to the Board at a subsequent meeting.

The Department's Governing Board has final decision making authority on any of the issues reflected herein, and thus these determinations are subject to change. However, a requester may not formally appeal any staff determination if precluded by 10 TAC §10.902(b) related to the Appeals process.

Where staff is recommending that a request result in loss of points or other action, the Applicants have already been notified and given the opportunity to appeal the staff determination. While not required, staff has also provided notice of the result of the request to the requestor.

TDHCA ID#	16130	**Development Name:**	Cottages at San Saba
City:	San Saba	**Region:**	8
Requester:	Teresa Bowyer, Herman & Kittle Properties, Inc.		

Nature and Basis of Request: The request asked the Department to review whether the Application was eligible for the six (6) points claimed under §11.9(e)(3), Pre-application Participation, as the Development Site submitted with the Application did not remain in part the same as the Development Site submitted with the Pre-application. Staff reviewed the request and determined that the Development Site was not the same, and issued a scoring notice to the Applicant.

Applicant Response to Scoring Notice: The Applicant appealed staff's score decision to the Executive Director and to the Governing Board.

Analysis and Resolution: The appeal was denied and the final score for the Application does not include points for Pre-application Participation.

Based on these findings, staff determined that no further action was required.

TDHCA ID#	16168	**Development Name:**	Stonebridge of Whitehouse
City:	Whitehouse	**Region:**	4
Requester:	Robbye Meyer, Arx Advantage, LLC		

Nature and Basis of Request: The request asked the Department to review several items in the Application. Those items, along with staff's determination, are summarized below. It is noted that during staff review, the Application lost one point under §11.9(e)(2) Cost of Development per Square Foot and as a result did not score well enough to remain a priority application in the region.

- Request: The Applicant claimed points under §11.9(c)(6)(D) Underserved Area, For Rural Areas only, a census tract that has never received a competitive tax credit allocation serving the same Target population... The Applicant failed to provide any supporting documentation; therefore, the Application is ineligible to claim any points under §11.9(c)(6)(D).

  Response: Evidence of the points would come from the 2016 HTC Site Demographic Characteristics Report, a report compiled by the Department and placed on the Department's website for Applicant use. Staff determined that an administrative deficiency or the loss of points was not appropriate as the information that would have been provided would be the Department's own information, to which the reviewer had complete access to verify.
- Request: Site control documentation and the title commitment reflect +/- 30-acre Development Site. The Applicant was assigned site control for the full 30 acre tract and not just the acreage shown on the site plan. The Development Site, therefore, consists of 30 acres and should be consistently identified as such throughout the core application and all supplemental materials.

  Response: Site control documentation indeed indicated that the Development Site was +/- 30 acres. Staff did not pursue changes to the Application, as the loss of points under §11.9(e)(2) rendered the Application noncompetitive in the region.

- Request: Site Work Costs are over $15,000 per unit and all are included in eligible basis. A CPA letter is required for Site Work Costs over $15,000 per unit and no such letter was provided.

  Response: In determining whether Site Work Costs are over $15,000 per unit, review staff uses the amount of site work costs that are included in eligible basis. Using this amount, the cost per unit is $13,923.75. We have determined, and our Real Estate Analysis Division agrees, that a letter from a CPA is not required.

- Request: The equity letter from RBC Capital Markets is not consistent with the sources and uses. It is actually less than what is stated in the sources and uses. An equity letter matching the underwritten sources of funds must be provided.

  Response: Staff agrees the equity letter indicated an amount that is less than that indicated in the sources and uses. Staff did not pursue changes to the Application, as the loss of points under §11.9(e)(2) rendered the Application noncompetitive in the region.

- Request: The Applicant's site plan would place impervious parking areas, detention and residential buildings within both the 100-year floodplain (Zone AE) and regulator floodway associated with Blackhawk Creek.

  Response: Staff did not pursue changes to the Application, as the loss of points under §11.9(e)(2) rendered the Application noncompetitive in the region.

- Request: In accordance with §11.9(d)(2) Commitment of Funding by Local Political Subdivision, the Applicant received a resolution; however, the resolution states "a de minimis amount." It does not state an actual amount or value.

  Response: Staff agrees that the resolution did not include an amount that the City of Whitehouse was contributing, and initially did not award the requested point to the Application. As the result of another Applicant's appeal of staff's determination on this issue, the Department determined that the inconsistency could be cured through an administrative deficiency. The Applicant was issued a Notice of Administrative Deficiency.

Applicant Response to Notice of Administrative Deficiency: The Applicant cured the deficiency, and the Application was awarded the point.

Analysis and Resolution: Staff determined that all issues are resolved to the satisfaction of the rule.

Based on these findings, staff determined that no further action is required.

16130

Cottages at San Saba

Third Party Request for Administrative Deficiency

HERMAN & KITTLE PROPERTIES, INC.
Real Estate Development • General Contracting • Property Management

April 27, 2016

Sharon Gamble
Housing Tax Credit Program Administrator
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Third Party Request for Administrative Deficiency
Cottages at San Saba - TDHCA #16130

Ms. Gamble:

This letter serves as our request for staff to consider an Administrative Deficiency for the subject Application. This request is based upon the following:

§11.9(e)(3) Pre-application Participation
The Applicant is not eligible for the six (6) claimed Pre-application Participation points as a result of a site change between the submitted Pre-application and the full Application. Despite being adjacent and sharing a common Owner, the site submitted at Pre-application and the site submitted at full Application are distinctly separate and different sites. The site identified at Pre-application is on the ***west*** side of Harkey Street, while the site identified at full Application is on the ***east*** side of Harkey Street. Please see the highlighted exhibits from the Pre-application and full Application for reference.

The Department's 2016 Multifamily FAQs discusses the site control requirements for Pre-application Participation points:

> Per §11.9(e)(3)(F), the site submitted at Application cannot be an entirely new site from that submitted at pre-application if pre-application points are to be preserved. "The Development Site at Application is at least in part the Development Site at pre-application, and the census tract number listed at pre-application is the same at Application."

In the site control documentation provided at Pre-application, the Development site is identified as the "S.W. Corner 5 (five) acres out of 18.60 tract." The diagram shown in the attached site control exhibit places the site (and the larger 18.60 tract) entirely ***west*** of Harkey Street. In order to qualify for Pre-application points then, the Development site identified at Application must consist, at least in part, of land ***west*** of Harkey Street.

However, the site submitted at full Application is entirely ***east*** of Harkey Street. In the site control documentation provided at full Application, the Development site is identified as the "N.W. Corner 4.06 acres out of 80.65 tract." Although the Applicant has expanded the larger tract of land, it is clear from the accompanying exhibit diagram that the actual 4.06 acre Development site is entirely ***east*** of Harkey Street and does not contain any portion of the original Pre-application site.

Because the Development site submitted at full Application is distinctly separate and different from the site that was submitted at Pre-application, the Applicant does not meet the site control requirements of 11.9(e)(3)(F) and the Development is not eligible for the six (6) points claimed for Pre-application Participation.

Thank you in advance for your consideration of this request and please do not hesitate to contact me should you have any questions.

Sincerely,

Teresa Bowyer
Development Director
Herman & Kittle Properties, Inc.
tbowyer@hermankittle.com
806-543-8645

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC) 06-30-08

UNIMPROVED PROPERTY CONTRACT

NOTICE: Not For Use For Condominium Transactions

1. PARTIES: The parties to this contract are City of San Saba (Seller) and Texas Housing Foundation (Buyer). Seller agrees

2. PROPERTY: Lot ____________, Block S. W. Corner 5 (five)acres out of 18.60 tract Addition, City of owned by the City of San Saba, County of San Saba San Saba Texas,own as 206 N. Harkey Street,, San Saba, TX 76877 (address/zip code), or as described on attached exhibit together with all rights, privileges and appurtenances pertaining thereto, including but not limited to: water rights, claims, permits, strips and gores, easements, and cooperative or association memberships (the Property).

3. SALES PRICE:

A. Cash portion of Sales Price payable by Buyer at closing.................. $ 25,000.00

B. Sum of all financing described below (excluding any loan funding fee or mortgage insurance premium) .... $__________

C. Sales Price (Sum of A and B) .... $ 25,000.00

4. FINANCING: The portion of Sales Price not payable in cash will be paid as follows: (Check applicable boxes below)

☐ A. THIRD PARTY FINANCING: One or more third party mortgage loans in the total amount of $__________ (excluding any loan funding fee or mortgage insurance premium).

(1) Property Approval: If the Property does not satisfy the lenders' underwriting requirements for the loan(s), this contract will terminate and the earnest money will be refunded to Buyer.

(2) Financing Approval: (Check one box only)

☐ (a) This contract is subject to Buyer being approved for the financing described in the attached Third Party Financing Condition Addendum.

☐ (b) This contract is not subject to Buyer being approved for financing and does not involve FHA or VA financing.

☐ B. ASSUMPTION: The assumption of the unpaid principal balance of one or more promissory notes described in the attached TREC Loan Assumption Addendum.

☐ C. SELLER FINANCING: A promissory note from Buyer to Seller of $__________, secured by vendor's and deed of trust liens, and containing the terms and conditions described in the attached TREC Seller Financing Addendum. If an owner policy of title insurance is furnished, Buyer shall furnish Seller with a mortgagee policy of title insurance.

5. EARNEST MONEY: Upon execution of this contract by all parties, Buyer shall deposit $__________ as earnest money with Highland Lakes Title, as escrow agent, at 100 Ave. H. Ste., 102 Marble Falls, TX (address). Buyer shall deposit additional earnest money of $__________ with escrow agent within _____ days after the effective date of this contract. If Buyer fails to deposit the earnest money as required by this contract, Buyer will be in default.

6. TITLE POLICY AND SURVEY:

A. TITLE POLICY: Seller shall furnish to Buyer at ☐Seller's ☒Buyer's expense an owner policy of title insurance (Title Policy) issued by __________ (Title Company) in the amount of the Sales Price, dated at or after closing, insuring Buyer against loss under the provisions of the Title Policy, subject to the promulgated exclusions (including existing building and zoning ordinances) and the following exceptions:

(1) Restrictive covenants common to the platted subdivision in which the Property is located.

(2) The standard printed exception for standby fees, taxes and assessments.

(3) Liens created as part of the financing described in Paragraph 4.

(4) Utility easements created by the dedication deed or plat of the subdivision in which the Property is located.

(5) Reservations or exceptions otherwise permitted by this contract or as may be approved by Buyer in writing.

(6) The standard printed exception as to marital rights.

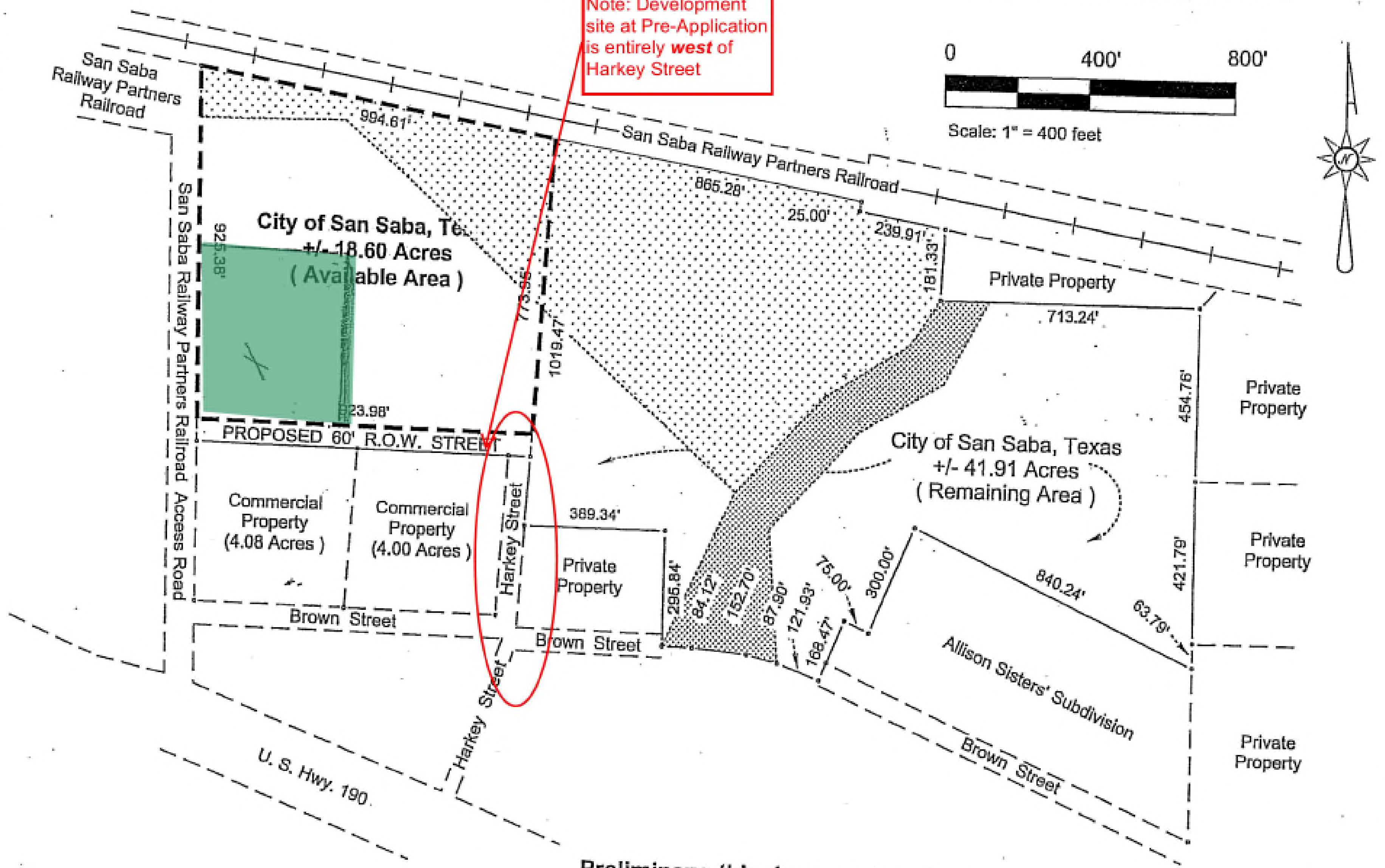
(7) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.

(8) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements. Buyer, at Buyer's expense, may have the exception amended to read, "shortages in area".

B. COMMITMENT: Within 20 days after the Title Company receives a copy of this contract, Seller shall furnish to Buyer a commitment for title insurance (Commitment) and, at Buyer's expense, legible copies of restrictive covenants and documents evidencing exceptions in the

Initialed for identification by Buyer MM ______ and Seller ______ TREC NO. 9-7

Working sketch of a tract of land lying in the City of San Saba, County of San Saba, Texas.



Note: Development site at Pre-Application is entirely ***west*** of Harkey Street

Preliminary, this document shall not be recorded for any purpose". This plat/drawing does "not" represent an on-the-ground survey.

GMA Engineering & Surveying
1807 W. Wallace
San Saba, Texas 76877
PH: (325) 372-3028
Drawing No. 102010/811/oz

George M. Amthor III
R.P.L.S. 2684
October 20, 2010 (release date)

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC) 06-30-08

EQUAL HOUSING OPPORTUNITY

UNIMPROVED PROPERTY CONTRACT

NOTICE: Not For Use For Condominium Transactions

1. **PARTIES:** The parties to this contract are City of San Saba (Seller) and Texas Housing Foundation (Buyer). Seller agrees to sell and convey to Buyer and Buyer agrees to buy from Seller the Property defined below.

2. **PROPERTY:** Lot __________, Block N. W. Corner 4.06 acres out of 80.65 tract, owned by the City of San Saba (see attached legal description) Addition, City of San Saba, County of San Saba, Texas, known as 206 N. Harkey Street, San Saba, TX 76877 (address/zip code), or as described on attached exhibit together with all rights, privileges and appurtenances pertaining thereto, including but not limited to: water rights, claims, permits, strips and gores, easements, and cooperative or association memberships (the Property).

3. **SALES PRICE:**
   - A. Cash portion of Sales Price payable by Buyer at closing................. $ 25,000.00
   - B. Sum of all financing described below (excluding any loan funding fee or mortgage insurance premium) .... $__________
   - C. Sales Price (Sum of A and B) .... $ 25,000.00

4. **FINANCING:** The portion of Sales Price not payable in cash will be paid as follows: (Check applicable boxes below)
   - ☐ A. THIRD PARTY FINANCING: One or more third party mortgage loans in the total amount of $__________ (excluding any loan funding fee or mortgage insurance premium).
     - (1) Property Approval: If the Property does not satisfy the lenders' underwriting requirements for the loan(s), this contract will terminate and the earnest money will be refunded to Buyer.
     - (2) Financing Approval: (Check one box only)
       - ☐(a) This contract is subject to Buyer being approved for the financing described in the attached Third Party Financing Condition Addendum.
       - ☐(b) This contract is not subject to Buyer being approved for financing and does not involve FHA or VA financing.
   - ☐ B. ASSUMPTION: The assumption of the unpaid principal balance of one or more promissory notes described in the attached TREC Loan Assumption Addendum.
   - ☐ C. SELLER FINANCING: A promissory note from Buyer to Seller of $__________, secured by vendor's and deed of trust liens, and containing the terms and conditions described in the attached TREC Seller Financing Addendum. If an owner policy of title insurance is furnished, Buyer shall furnish Seller with a mortgagee policy of title insurance.

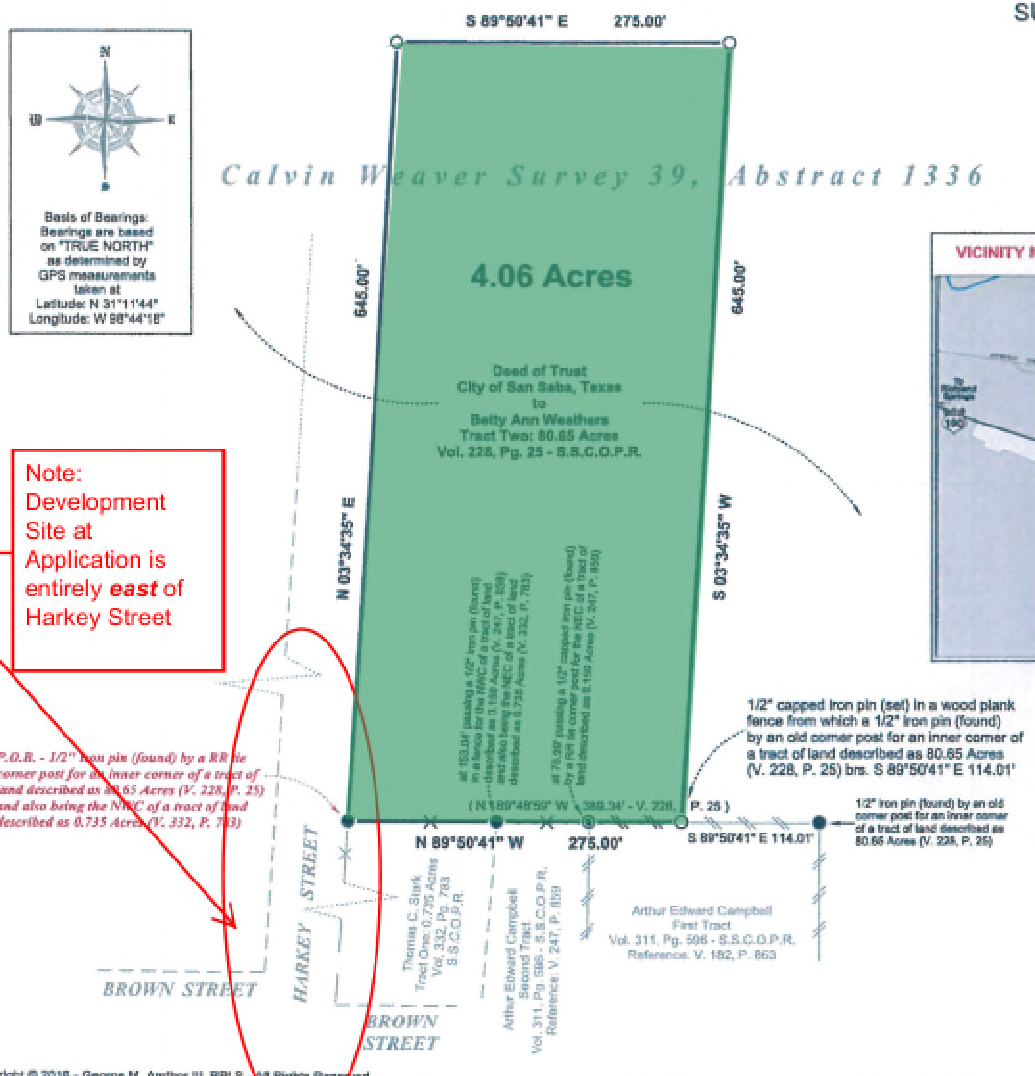
5. **EARNEST MONEY:** Upon execution of this contract by all parties, Buyer shall deposit $ 1,000.00 as earnest money with San Saba County Abstract, as escrow agent, at 200 E. Wallace St., San Saba, TX (address). Buyer shall deposit additional earnest money of $ -0- with escrow agent within ____ days after the effective date of this contract. If Buyer fails to deposit the earnest money as required by this contract, Buyer will be in default.

6. **TITLE POLICY AND SURVEY:**
   - A. TITLE POLICY: Seller shall furnish to Buyer at ☐Seller's ☒Buyer's expense an owner policy of title insurance (Title Policy) issued by __________ (Title Company) in the amount of the Sales Price, dated at or after closing, insuring Buyer against loss under the provisions of the Title Policy, subject to the promulgated exclusions (including existing building and zoning ordinances) and the following exceptions:
     - (1) Restrictive covenants common to the platted subdivision in which the Property is located.
     - (2) The standard printed exception for standby fees, taxes and assessments.
     - (3) Liens created as part of the financing described in Paragraph 4.
     - (4) Utility easements created by the dedication deed or plat of the subdivision in which the Property is located.
     - (5) Reservations or exceptions otherwise permitted by this contract or as may be approved by Buyer in writing.
     - (6) The standard printed exception as to marital rights.
     - (7) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.
     - (8) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements. Buyer, at Buyer's expense, may have the exception amended to read, "shortages in area".
   - B. COMMITMENT: Within 20 days after the Title Company receives a copy of this contract, Seller shall furnish to Buyer a commitment for title insurance (Commitment) and, at Buyer's expense, legible copies of restrictive covenants and documents evidencing exceptions in the

Initialed for identification by Buyer MM _____ and Seller _____ _____

SURVEY PLAT OF A 4.06 ACRE TRACT OF LAND LYING IN THE CITY OF SAN SABA, TEXAS.

Made For: Texas Housing Foundation LTD and City of San Saba



Note: Development Site at Application is entirely *east* of Harkey Street

LEGEND

Scale: 1 inch = 100 feet (0 to 100')

P.O.B.	Point of Beginning
○	1/2" capped iron pin (set)
●	1/2" iron pin (found)
◉	1/2" capped iron pin (found)
RDC	record deed call
—x—	wire fence
—//—	wood plank fence
---○---	chain link fence

Building Restriction Lines: For building restriction line specifications contact the City of San Saba, 325-372-5144.

Note: 1/2" capped iron pins (set) are capped with a pink plastic cap marked "G. AMTHOR - RPLS 2684".

Note: 1/2" capped iron pins (found) are capped with a yellow plastic cap marked "G. AMTHOR - RPLS 2684".

I, George M. Amthor III, R.P.L.S., do hereby certify that the plat shown hereon and accompanying field notes represent an on-the-ground survey made under my direction and supervision on February 8, 2016, and to the best of my knowledge and belief represent the facts found at the time of survey.

WITNESS MY HAND AND SEAL,

George M. Amthor III

GEORGE M. AMTHOR, III
2684

George M. Amthor III
R.P.L.S. 2684

GMA Engineering & Surveying
1807 W. Wallace
San Saba, Texas 76877
PH: (325) 372-3026
Engineering Firm No. F-6450
Surveying Firm No. 100983-00
Drawing No. 020816/1117/oz
File: THF SAN SABA LTD 02-08-16

Traverse PC

MULTIFAMILY FINANCE PRODUCTION DIVISION
Housing Tax Credit Program - 2016 Application Round
Scoring Notice - Competitive Housing Tax Credit Application

Mark Mayfield
Phone #:
Email: mmayfield@txhf.org
Second Email: Kyoungquist@hamiltonvalley.com

Date: April 27, 2016

THIS NOTICE WILL ONLY BE TRANSMITTED VIA EMAIL

RE: 2016 Competitive Housing Tax Credit (HTC) Application for Cottages at San Saba, TDHCA Number: 16130

The Texas Department of Housing and Community Affairs has completed its program review of the Application referenced above as further described in the 2016 Qualified Allocation Plan (“QAP”). This scoring notice provides a summary of staff’s assessment of the application’s score. The notice is divided into several sections.

Section 1 of the scoring notice provides a summary of the score requested by the Applicant followed by the score staff has assessed based on the Application submitted. You should note that four scoring items are not reflected in this scoring comparison but are addressed separately.

Section 2 of the scoring notice includes each of the four scoring criteria for which points could not be requested by the Applicant in the application self-score form and include: §11.9(d)(1) Local Government Support, §11.9(d)(4) Quantifiable Community Participation, §11.9(d)(5) Community Support from State Representative, and §11.9(d)(6) Input from Community Organizations.

Section 3 provides information related to any point deductions assessed under §11.9(f) of the QAP or §10.201(7)(A) of the Uniform Multifamily Rules.

Section 4 provides the final cumulative score in bold.

Section 5 includes an explanation of any differences between the requested and awarded score as well as any penalty points assessed.

The scores provided herein are merely informational at this point in the process and may be subject to change. For example, points awarded under §11.9(e)(2) “Cost of Development per Square Foot” and §11.9(e)(4) “Leveraging of Private, State, and Federal Resources” may be adjusted should the underwriting review result in changes to the Application that would affect these scores. If a scoring adjustment is necessary, staff will provide the Applicant a revised scoring notice.

Be further advised that if the Applicant failed to properly disclose information in the Application that could have a material impact on the scoring information provided herein, the score included in this notice may require adjustment and/or the Applicant may be subject to other penalties as provided for in the Department’s rules.

This preliminary scoring notice is provided by staff at this time to ensure that an Applicant has sufficient notice to exercise any appeal process provided under §10.902 of the Uniform Multifamily Rules. All information in this scoring notice is further subject to modification, acceptance, and/or approval by the Department’s Governing Board.

Page 2 of Final Scoring Notice: 16130, Cottages at San Saba

Section 1:

Score Requested by Applicant (Does not include points for §11.9(d)(1), (4), (5), or (6) of the 2016 QAP):	124
Score Awarded by Department staff (Does not include points for §11.9(d)(1), (4), (5), or (6) of the 2016 QAP):	118
Difference between Requested and Awarded:	6

Section 2:

Points Awarded for §11.9(d)(1) Local Government Support:	17
Points Awarded for §11.9(d)(4) Quantifiable Community Participation:	4
Points Awarded for §11.9(d)(5) Community Support from State Representative:	8
Points Awarded for §11.9(d)(6) Input from Community Organizations:	4

Section 3:

Points Deducted for §11.9(f) of the QAP or §10.201(7)(A) of the Uniform Multifamily Rules:	0

Section 4:

Final Score Awarded to Application by Department staff:	**151**

Section 5:

Explanation for Difference between Points Requested and Points Awarded by the Department as well as penalties assessed:

§11.9(e)(3) Pre-Application Participation. The Development Site indicated in the Application is in no part the same Development Site indicated at pre-application. (Requested 6, Awarded 0)

Restrictions and requirements relating to the filing of an appeal can be found in §10.902 of the Uniform Multifamily Rules. If you wish to appeal this scoring notice, you must file your appeal with the Department no later than 5:00 p.m. Austin local time, Wednesday, May 4, 2016. If an appeal is denied by the Executive Director, an Applicant may appeal to the Department's Board.

In an effort to increase the likelihood that Board appeals related to scoring are heard at the Board meeting, the Department has provided an Appeal Election Form for all appeals submitted to the Executive Director. In the event an appeal is denied by the Executive Director, the Applicant is able to request that the appeal automatically be added to the Board agenda.

If you have any concerns regarding potential miscalculations or errors made by the Department, please contact Sharon Gamble at (512) 936-7834 or by email at mailto:sharon.gamble@tdhca.state.tx.us.

Sincerely,

Sharon Gamble

Sharon Gamble
9% Competitive HTC Program Administrator

CGP
THE LAW OFFICES OF
CLAIRE G. PALMER, PLLC
2224 Clearspring Drive South
Irving, Texas 75063
972-948-3166
Fax: 972-432-8825
clairepalmerpllc@sbcglobal.net

May 3, 2016

Mr. Tim Irvine
Executive Director
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

RE: THF 2016 San Saba, Ltd.
Property Name: Cottages at San Saba
TDHCA #:16130

Dear Mr. Irvine:

This is a formal appeal of the scoring notice received on the above mentioned application. This appeal addresses one scoring item that we believe this application is eligible for based on the 2016 Qualified Allocation Plan ("QAP").

Section 11.9(f) of the QAP and Section 10.20(7)(A) of the 2016 Multifamily Rules (the "Rules")

Section 11.9(f) reads:

Pre-application Participation. (§2306.6704) An Application may qualify to receive up to six (6) points provided a pre-application was submitted during the Pre-Application Acceptance Period. Applications that meet the requirements described in subparagraphs (A) - (G) of this paragraph will qualify for six (6) points:
(A) The total number of Units does not increase by more than ten (10) percent from pre-application to Application;
(B) The designation of the proposed Development as Rural or Urban remains the same;
(C) The proposed Development serves the same Target Population;
(D) The pre-application and Application are participating in the same set-asides (At-Risk, USDA, Non-Profit, and/or Rural);
(E) The Application final score (inclusive of only scoring items reflected on the self score form) does not vary by more than six (6) points from what was reflected in the pre-application self score;
(F) The Development Site at Application is at least in part the Development Site at pre-application, and the census tract number listed at pre-application is the same at Application; and
(G) The pre-application met all applicable requirements.

Section 10.20(7)(A) is the Administrative Deficiency process.

Applicant, THF 2016 San Saba, Ltd. ("*Applicant*") submitted a pre-application for 9% tax credits. All requirements for submission were met. Applicant then timely submitted a full Application. The matter at issue is (f) above. "The Development Site at Application is at least in part the Development Site at pre-application, and the census tract number listed at pre-application is the same at Application".

There is no question that the census tract remained the same. The only issue is whether the Development Site at Application is at least in part the Development Site at pre-application. In the pre-application, the Applicant submitted an Unimproved Property Contract (the "*Contract*") by and between the City of San Saba, Texas and Texas Housing Foundation (a partner in the Applicant) for the purchase of property with a physical address of **206 N. Harkey Street, San Saba, TX 76877**. Based on a rough plat provided by the City of San Saba, the Contract further described the property as being "SW Corner 5 (five) acres out of 18.60 tract owned by the City of San Saba". Attached to the Contract was a copy of a drawing of the site with the property hand drawn in.. It is clearly drawn in the wrong place since it is not on Harkey Street. At the time of pre-application, the property had not been formally surveyed and there was no exact legal description. All of the 18.65 acres described in the pre-application are part of a larger parcel owned by the City of San Saba containing 80.65 acres, which contains the 4.06 acre development tract.

When the full application was filed, the property had been surveyed so the Contract was redone to describe the actual tract as STILL being **206 N. Harkey Street, San Saba, TX 76877**, but further described as being "NW Corner 4.06 acres out of 80.65 tract", with attachment clearly showing the property on Harkey Street.

The QAP requires that the Development Site at application be at least in part the Development Site at pre-application. In this case, that is a correct statement. The Development Site has always been 206 N. Harkey Street, San Saba, Texas. That is an actual address provided to the Applicant by the City of San Saba. The acreage descriptions on both the pre-application and the Application do not clearly define a site that you could find on a map. I believe this requirement is to ensure that the project site does not significantly move or change from pre-application to Application. In no way did the Applicant change the Development Site. That is clear from the street address. And in no way did the Seller or the City of San Saba, ever change the intended Development Site. In the first Contract the City of San Saba provided the Contract and described the site .T he Applicant relied on the City's description.

In addition, even if you solely relied on the description, the 18.25 acres referenced in the pre-application is part of the larger 80.65 acres referenced in the Application. Therefore, the Development Site is at least in part the same as at pre-application. Attached is a copy of the survey of the full 80.65 acres and an email from the surveyor explaining that the 18.25 is within the 80.65 acres.

Based on the reasons set forth herein, I respectfully request that the six (6) pre-application participation points be reinstated.

Thank you for your consideration and concern for this project. Should you require further information, please contact me directly.

Sincerely,

Claire G Palmer

Claire G. Palmer

Claire Palmer

Subject: FW: San Saba Title and Survey Requirements
Attachments: CITY 80.pdf

From: George A [mailto:gmarpls@centex.net]
Sent: Monday, May 02, 2016 4:33 PM
To: Kim Youngquist
Subject: Re: San Saba Title and Survey Requirements

Kim,
The 4.06 acre tract is a part of that certain 80.65 acre tract of land that we surveyed for the City on March 1, 1997 and is all the land surrounding this 4.06 acres, save and except that land that lies to the south of the 4.06 acres. The 4.06 acre tract is almost out of the center of the 80.65 acre tract. The buildings to the west the 4.06 acre tract (the new assisted living building - I think that is what it is, and the San Saba Equine Supply building); the City's soccer fields on the north side of your 4.06 acre tract; and the Allison Sister's Subdivision which lies in the southeast corner of the 80.65 acre tract make up all the tracts of land that have been sold out of the 80.65 acres, so far as I know.

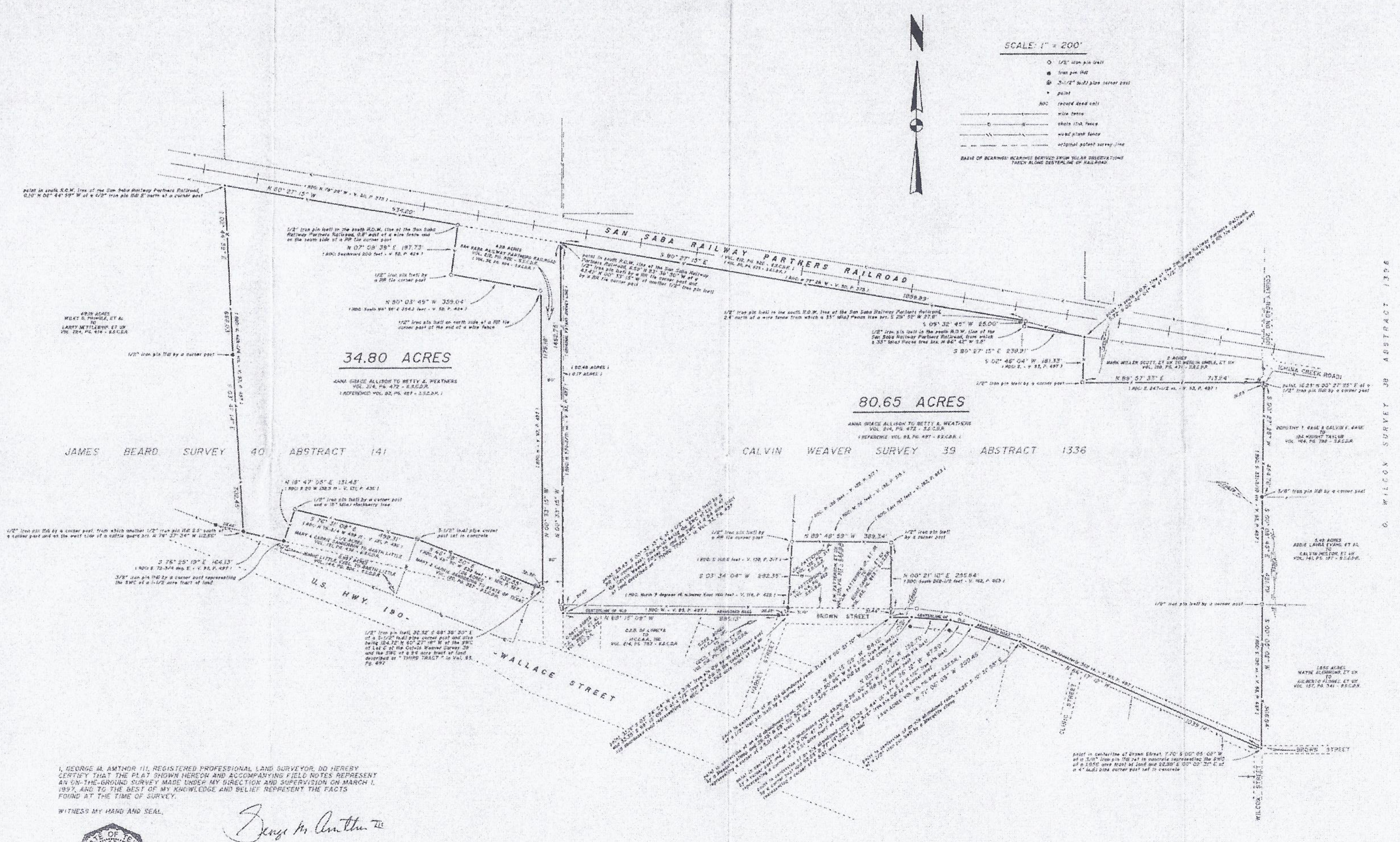
I have attached a copy of the original plat of the 80.65 acre tract for your info.. If you have any further questions, please let me know.

Thanks,

George Amthor
P.E., R.P.L.S.
Engineering Firm # F-6450
Surveying Firm # 10098300

SURVEY PLAT OF TWO (2) TRACTS OF LAND LYING IN SAN SABA COUNTY, TEXAS.

MADE FOR: CITY OF SAN SABA



I, GEORGE M. AMTHOR III, REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON AND ACCOMPANYING FIELD NOTES REPRESENT AN ON-THE-GROUND SURVEY MADE UNDER MY DIRECTION AND SUPERVISION ON MARCH 1, 1997, AND TO THE BEST OF MY KNOWLEDGE AND BELIEF REPRESENT THE FACTS FOUND AT THE TIME OF SURVEY.

WITNESS MY HAND AND SEAL,

GEORGE M. AMTHOR, III
2684

George M. Amthor III

GEORGE M. AMTHOR III
R.P.L.S. 2684

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

May 18, 2016

Writer's direct phone # (512) 475-3296
Email: tim.irvine@tdhca.state.tx.us

Ms. Claire G. Palmer
The Law Offices of Claire G. Palmer, PLLC
2224 Clearspring Drive South
Irving, Texas 75063

RE: SCORING NOTICE APPEAL: 16130 COTTAGES AT SAN SABA, SAN SABA, TEXAS

Dear Ms. Palmer:

The Texas Department of Housing and Community Affairs (the "Department") is in receipt of your appeal, dated May 3, 2016, of the scoring notice for the above referenced Application. This Application was denied points under §11.9(e)(3) of the 2016 Qualified Allocation Plan ("QAP"), related to Pre-application Participation, because the Development Site indicated in the Application is in no part the same Development Site indicated at pre-application.

In denying these points, staff referred to the site control documentation included in each submission. The documentation submitted with the pre-application indicates that the Applicant had the necessary control of a 5-acre site that is part of a tract that is 18.6 acres. The documentation submitted with the Applicant indicates that the Applicant had the necessary control of a 4.06 acre site that is part of a tract that is 80.65 acres. While the 18.6 acre tract is indeed a part of the 80.65 acre tract, the Applicant did not provide evidence of necessary control of the 80.65 acre tract at pre-application, and the 4.06 acre site is not within the 18.6 acre tract submitted with the pre-application.

In your appeal you take the position that the site depicted in the pre-application was mistakenly drawn in the wrong place. This does not appear to be the case because, as you stated in your appeal, the Unimproved Property Contract provided describes the site as being "SW corner 5 (five) acres out of 18.60 tract...", which appears to match the proximity of the site as drawn.

I do not find that the points raised in your appeal clearly demonstrate that the Development Site indicated in the Application is in any part the same Development Site indicated at pre-application, and accordingly I must deny the appeal. If you are not satisfied with this decision, you may file a further appeal with the Board of Directors of the Texas Department of Housing and Community Affairs. Please review §10.902 of the 2016 Uniform Multifamily Rules for full instruction on the appeals process.

Should you have any questions, please contact Sharon Gamble, Competitive Tax Credit Program Administrator, at sharon.gamble@tdhca.state.tx.us or by phone at 512-936-7834.

Sincerely,

Timothy K. Irvine
Executive Director

TKI

cc: Will Henderson

still in the box here.

MS. HOLLOWAY: All right. Item 4(b), application number 16130, presentation, discussion, and possible action on timely filed scoring notice appeal under the Department's multifamily program rule.

This application is for the Cottages at San Saba. This is the issue that the representative addressed when he spoke with you earlier this morning.

Staff has determined that the property described in site-control documents submitted at preapplication is for an entirely different site than submitted at full application and not within the tolerances allowed under 11.9(e)(3), preapplication participation requirements for sites that move within a larger tract, because the larger tract was not identified at preapplication.

So that's the 80 acres that the representative mentioned. The Cottages at San Saba application proposes new construction of 36 units to serve the general population in San Saba, Texas.

At preapplication the applicant submitted site-control documentation indicating the development would be built on a five-acre parcel that is part of an 18.6-acre tract.

The documentation submitted with the full application indicates that the applicant plans to construct the development on a 4.06-acre parcel that is part of a 41.91-acre tract. The 4.06-acre tract is not within the 18.6 acre-tract submitted with the preapplication, and therefore the applicant does not meet requirements for six points under the preapplication participation.

There are two property contracts -- so you saw the drawing earlier, and it’s part of your supplemental board book. There are two purchase agreement that we received -- one at preapplication and one at full application -- that I think this is not a clerical error.

Let me read to you: On the application that was received at preapp, it says, the southwest corner five, (5) acres out of an 18.6-acre tract owned by the City of San Saba. At full application, we received the northwest corner, 4.06 acres out of an 80.65-acre tract.

MR. OXER: So that’s five out of 18 or four-point-something out of 86. Is that right?

MS. HOLLOWAY: So it’s five out of 18 and then 4.06 out of 80.

MR. OXER: That seems a little divergent.

MS. HOLLOWAY: These are two different legal descriptions.

MR. OXER: Okay. What are the metes and bounds on this? Describe each of the -- are any of you here? Can you describe the metes and bounds? Okay. We will get to you in a minute. Marni, go ahead.

MS. HOLLOWAY: Staff is recommending denial of the appeal on the basis of these are two different pieces of property, between preapplication and full application.

MR. OXER: Okay. Any questions of the Board?

DR. MUÑOZ: So, Marni, I am looking at the map on this, at 117 out of 215 in the supplemental Board. And just -- I want to make sure that the -- sort of the approximate site depicted in the preapp site was in that 18.6-acre tract.

MS. HOLLOWAY: Correct.

MS. HOLLOWAY: And then the new site is an entirely separate --

MS. HOLLOWAY: Yes.

DR. MUÑOZ: And the site control for the new tract of land was not provided in the preapplication.

MS. HOLLOWAY: Correct.

DR. MUÑOZ: And so we are considering an entirely original location from what was in the preapp for which points was assigned.

MS. HOLLOWAY: Yes. That is staff’s assessment.

MR. OXER: Okay. There is a piece of property in there.

MS. HOLLOWAY: Right.

MR. OXER: They said, we are going to start with this piece inside that.

MS. HOLLOWAY: Uh-huh.

MR. OXER: And the new piece, when you went to the full application, is it in that same block to start with?

MS. HOLLOWAY: No. So originally at preapplication, so -- there is the big 80-acre piece --

MR. OXER: I know. So the answer is no.

MS. HOLLOWAY: Yes.

MR. OXER: Okay. Is it adjacent to that property?

MS. HOLLOWAY: No.

MR. OXER: Okay. Is it near that property?

MS. HOLLOWAY: It is all within the same 80-acre parcel that has been divided into two tracts.

MR. OXER: Okay.

MS. HOLLOWAY: One is the 18, one is the 40. At preapp, we got a little piece of the 18. At full app, we got a little piece of the 41. So it is two different tracts.

DR. MUÑOZ: Hey Marni, when you say two different tracts --

MS. HOLLOWAY: Uh-huh.

DR. MUÑOZ: Who has divided that? Is that your definition or --

MS. HOLLOWAY: That is a legal description. So the City of San Saba does own all of that property. At issue is not -- the requirement is not from the same seller. The requirement is the same property.

MR. OXER: Right. The same site, the same location. Because the site conditions and terms of the development and the civil -- basically, the horizontal engineering are contingent upon the site, not the owner.

MS. HOLLOWAY: Uh-huh.

MR. OXER: Okay. So with respect to the question that I had on page 117 of the supplement, for those of you who wish to look, right. That is the difference. Okay. Any questions from the Board?

(No response.)

MR. OXER: I will have a motion to consider.

DR. MUÑOZ: Move staff recommendation.

MR. GOODWIN: Second.

MR. OXER: Okay. Motion by Dr. Muñoz to approve staff recommendation on Item 4(b), application 16130. Second by Mr. Goodwin.

It looks like we have a little public comment here. From the aisle out, you are first. Remember to put your name clearly, so that we can identify it for the transcript. Let us know who you are, and let us know who you represent and have at it.

MR. MAYFIELD: Thank you, Mr. Chairman, and members of the Board. My name is Mark Mayfield. I work with the Texas Housing Foundation.

We are a regional public housing authority, and we work in communities across the state under agreement -- cooperative agreement with states [sic] that are outside of our jurisdiction. Our jurisdiction is Burnet, Blanco, and Llano Counties, but we work with multiple communities across the state under agreement as we have working right now at the City of Lamesa, and meeting with Don Bethel multiple times, and had an application pending there through the Texas Housing Foundation.

Accordingly, began to work with the City of San Saba back in 2013. In order for a housing authority outside of our jurisdiction -- according to Texas Government Code, we have to have a resolution passed and an authorizing cooperative agreement for us to even apply within these communities. San Saba, as Representative Sheffield spoke of, is a vibrant little rural community, in very dire need of workforce housing in that community, and that is what we were trying to do. Our model is to work with these communities in private public partnerships.

That is what we do as a public body working with the private developers across the state. Trying to meet the ever-growing demand in rural communities. And I can tell you, it is becoming very difficult to do it, even as a public housing authority.

But San Saba has stepped up to the plate. And you know, they have a tract of land out west of their community that is an 80.65-acre tract of land. That it has been the goal of that community to develop that site with workforce housing from the get-go.

And this property that we have, the City Manager of San Saba is going to be here to speak of it. This is all or in part of an 80.65-acre tract. It has been like that since this started. The census tract has not changed. The address has not changed.

In preapplication, it was 206 Harkey Street. And the full app is 206 Harkey Street. The part of that 80.65 acres, and there is a copy of a memo, I believe, in your packet from a surveyor out there that engineer that spoke about that it is all a part of that 80.65 acres, which is a requirement under the QAP.

So I would -- losing this six points deems this application non-competitive. This will just kill it. And we would absolutely hate this. We have been working on this since 2013.

And the City of San Saba, the city manager is here. And he is going to speak. He is the one that actually signed the role of state contract in the first place.

MR. WEIK: My name is Stan Weik. And I am the City Manager for the City of San Saba. Mr. Chairman, distinguished members of the Commission, I want to thank you for allowing us to come and ask to consider granting us those points.

I think it is -- I am not going to go through all and tell you how great San Saba is, and how we have turned the corner in economic development. Because I think if you have been through there, you know that.

What we do have is the need for affordable housing for working men and women. We have a new nursing home that is opening up, that would create up to 65 to 70 jobs. And these people are going to have to drive 80 miles a day to and from work, because there is not adequate housing for working men and women in San Saba.

We have done a lot of good about creating jobs. We have not done a good job of creating the housing. And that is what we need. We need housing.

How did this error take place? Well, I am not perfectly sure how it took place. But I do know, I believe that what took place is somebody is sitting in Marble Falls, Texas, is on the phone, with our City Secretary. And they are both looking at Google Earth. And the City of San Saba has some old plats laying around. And somebody faxes a plat to somebody.

And they are looking at it. And on that plat, that shows 80 acres. It also shows the potential of subdividing one of those acres. And they go down, and somebody puts an X on a piece of property which is included in the 80 acres.

And we assign the address of this plot of land, 206 North Harkey Street. And that 602 North Harkey Street cannot be identified on Google Map at the current location. Because it can’t pick it up, either. And so the wrong X was put on the wrong deal.

But the truth of the matter is, the City of San Saba has owned 80 acres out there. And we have been planning on developing it in the site that we were going to develop and sell. The 206 North Harkey, that site never changed from the very beginning.

At no point in time did anyone or any clerk, or the City, or the other organization attempt to defraud, to gain anything by the mistake. If the site that was originally X’d on the application was in fact the site, all the points would have been awarded.

So if we said, well, we will just go ahead and sell you that piece of land. I mean, we can't now, because they will take the points off. But if we did, we would've got those points. So there was no deception there.

There was no harm, no foul, except somebody put an X in the wrong spot. And the Texas Housing Foundation, they are not going to suffer from this mistake. The citizens and the working men and women in the City of San Saba are going to suffer if we are denied those six points.

Now, no mistake. The spirit of the rule has not been violated by this application. I understand laws. I understand ordinances. It is my job to enforce the ordinances of my City Council. And I need to quit talking?

MR. OXER: That is three minutes. Summarize.

MR. WEIK: Okay. And so I understand enforcing it. But I just don't understand the rules, laws have a spirit that is behind them. And the spirit of this rule was that somebody didn't do a bait and switch on you. I can stand on that tract of land, and pick a rock up and throw it to where the other one was. It is not like it is across town. It is right there. There was no bait and switch. There was no switching. And so I would really like for you to consider and grant us those six points. Thank you for your time, Mr. Chairman.

MR. OXER: I appreciate your comments. Do you have a comment?

MR. GUIDROZ: No, sir. I feel that --

MR. OXER: Can everybody hear Anthony. Don't talk unless you want to go up to the mic. But it is yes or no. Do you have a comment?

MR. GUIDROZ: I am Tony Guidroz, Director of Economic Development, Tourism and Marketing for the City of San Saba, Texas. And I really feel that Representative Sheffield and City Manager Stan Weik really said that there is to say, except for the fact that that is one contiguous piece of land.

MR. OXER: Right.

MR. GUIDROZ: And if you were standing on that property with me in San Saba, Texas, you could see that. And that you could throw a rock from the one piece that was erroneously marked on the application over to the piece where it was actually supposed to be set. And see that it is just one single piece of land. And with all of the jobs being created and the progress that we are making in San Saba, Texas, it is really vital for our citizens and people coming to work that we do have adequate housing.

And the issue is at this point, is if we don’t have this opportunity right now to have this housing, you know, we miss the opportunity to grow. Our rural community of San Saba, to offer more for people that want to retire. It is quality of life, and so many other issues that are affected by not having the opportunity to have this housing here.

As the Representative first stated, it is a situation where you are not going to have a major builder that is going to come into town and build a new subdivision, because they don’t feel that they can recoup their money. But with these tax credits and the points, and this type of program, that is what San Saba really would thrive with. But I thank you so much for your time.

MR. OXER: You are welcome for that. And we appreciate your comments. I would point out to everybody, and we haven’t had a single applicant here who came to us and said, we don’t really need your money. We will just talk about our project.

MR. GUIDROZ: Absolutely.

MR. OXER: I will assume that everybody here is more or less in the same circumstances that they need the money to make their project work. So while I appreciate your thought, we are not evaluating the need for San Saba. We are evaluating your application.

MR. GUIDROZ: Absolutely. God bless.

MR. OXER: Thanks.

DR. MUÑOZ: Yes. Marni, I’ve got a question. And again, I think everybody obviously understands the need and the desire to help facilitate affordable housing in San Saba, and in other areas.

But here is my question, because what I have heard repeatedly is somebody simply misapplied an X on a map. And what I am reading in our response is that the 18.6-acre tract of land is part of this larger tract. But this larger tract and site control of that larger tract was not provided in preapplication as is required.

MS. HOLLOWAY: Yes.

DR. MUÑOZ: And that the new acreage, the new --

MR. OXER: The currently defied acreage.

DR. MUÑOZ: The currently defined was not part of the 18 acres for which documentation was provided in the preapplication.

MS. HOLLOWAY: That is correct.

DR. MUÑOZ: So --

MR. OXER: Stay right there.

DR. MUÑOZ: Because again, you know --

MR. OXER: Mark.

DR. MUÑOZ: What we are hearing is somebody put the X on the wrong place on this sort of you know, plot graphic, plot graphic.

MS. HOLLOWAY: And I would add that --

MR. OXER: That is all right, Mark. Stay up there.

MS. HOLLOWAY: The description changed in the purchase agreement between the preapplication and the full application. So that to me, says yes, there definitely was a change there.

MR. OXER: I am willing to sort of go out on a limb here, and bet there wasn't a second application in San Saba.

MS. HOLLOWAY: No.

MR. OXER: Okay. So that means, that someplace else, there is another application behind this that is going to be -- were they not to get these points, they are going to be more or less out of the running. And just because of the highly competitive nature of this program, the points are not going to be lost.

Somebody is not going to be lost and go to someplace else. But the question that I have, Mark, is how do you get around what the QAP says?

MR. MAYFIELD: Well, the 18 acres that was mentioned is a part of that 80.65-acre tract. The 80.65-acre tract has never been in question.

MR. OXER: But that is not the -- that is not the part of the property that was defined as the Applicant's -- the location for the project.

MR. MAYFIELD: Well, according to our development partner, the final legal description is not required at preapp. But it cannot change from the -- it has to be all or in part of what the original was. And the tract, the 4.06 acres --

MR. OXER: Do we have a citation on that, Counselor? All right. Go ahead, Mark.

MR. ECCLES: I do, actually.

MR. MAYFIELD: It is all, or it has been done.

MR. OXER: Hold on a second.

MR. MAYFIELD: Mark's trying to be an attorney.

MR. ECCLES: QAP 11.9(e)(3)(f), the development site at application is at least in part the development site at preapplication. And the census tract number listed at preapplication is the same at application. And development site is a term that is defined in 10 TAC 10.2. I'm sorry, 10.3, "Definitions, Sub 41 as the area or a scattered site areas on which the development is proposed and to be encumbered by a LURA." So it is not just the broad site.

MR. OXER: So it is not just the 80 acres. It is the part of this that you are going to have in this 40-

year LURA, essentially, that restricts that. So if you are -- for whatever piece of that property, irrespective of how we identify it now, but if it is the one with the X, or if it is the other one that was the actual property that you are looking at, that means the rest of the property is not restricted by a LURA. Is that correct, Counsel?

MR. ECCLES: That’s correct.

MR. OXER: So it has to -- and you are absolutely correct. It is the same address. The same location. The same 80 acres. But it is not the piece that would be restricted by the Land Use Restriction Agreement. That is what we are trying to key in on, and make sure that we’ve got that right. Because that is a -- from a -- correct me, Counsel. But from an administration, a legal administration of this program, that is a key component of how this is managed in the process going forward.

That is why it is critical to be considered at this point in the application. So while we agree with you, it is the same census tract, the same general larger tract, all of those things, it is not the piece that would be restricted by the LURA. Do you see what I mean?

MR. MAYFIELD: No, sir. I don’t. I mean, I --

MR. OXER: Are one of you guys over here a lawyer?

MR. MAYFIELD: No. I mean, it is really pretty sad --

MR. OXER: Actually, that is maybe in your favor in this case.

MR. MAYFIELD: -- that it takes a lawyer to, you know. That is -- but it is what it is.

MR. OXER: No. I think we've got plenty of lawyers. They don't.

MR. MAYFIELD: I mean, we try to put the housing on the ground. It is all we can do. You know, I mean --

MR. OXER: And while I understand that, we have a -- don't misunderstand. We are sensitive to your -- to the efforts that everybody makes in these applications. They are not cheap, they are very detailed. And it is the fact that it is so competitive is why we wind up making it so detailed, and why details were critical.

MR. MAYFIELD: It is becoming impossible, just about.

MR. OXER: Well, I understand your point.

MR. MAYFIELD: Especially for public bodies that are --

MR. OXER: We accept the point. I accept your comment. You know, it is extraordinarily difficult. This is not easy. And we are the ones that made it hard, okay.

MR. MAYFIELD: Rural Texas really hurts by it.

MR. OXER: Rural Texas suffers from this program.

MR. MAYFIELD: It sure does.

MR. OXER: Suffers from the requirements that are necessary to get a successful project in this program. But you know, at this point, on this round, at this point in the round, I am not sure I can do a whole lot about that, apart from trying to do something to accommodate the more diverse needs in rural Texas.

It is not -- it's no secret this is hard to do. Okay. All right. Sign in. Tell us who you are.

MS. JUNGQUIST: I am Kim Jungquist.

MR. OXER: That will bend down. You don't have to stand on your tiptoes.

MS. JUNGQUIST: Thank you. Kim Jungquist from Hamilton Valley Management, and I represent the folks that put the application together. And I think I can shed a little light on why the mistake was made.

MR. OXER: And while we appreciate that the mistake was made and there may be a reason for it, the issue is that the mistake was made.

MS. JUNGQUIST: Well, not really, because --

MR. OXER: Yes, really. Trust me. Really.

MS. JUNGQUIST: The address stayed the same. The intent was the same. What happened was at preapp we’re not required to have our formal survey -- boundary survey yet, so we really don’t have a formal legal description. But the address was the same. It was designated by the City to us, and so that is what we used.

We got a fax of a plat that was several years old, that they had -- the City being they -- had looked at several years ago selling off a piece. It’s never been separated; it wasn’t platted or anything. It was just you know, an idea. That’s all we had to go on.

And on the phone with the secretary, it was like the bottom left corner. So that’s how it got X’d. But it was not --

MR. OXER: So it was actually the bottom left corner of the other half.

MS. JUNGQUIST: -- 80 acres.

MR. OXER: Right.

MS. JUNGQUIST: Right, right. But unfortunately the plat we had that was an old plat --

MR. OXER: Didn’t show the separation with the street down the middle.

MS. JUNGQUIST: Do what?

MR. OXER: It did not show the separation with the street that’s marked down the middle.

MS. JUNGQUIST: I don’t know. It was just --

DR. MUÑOZ: We are looking at an updated one that has it.

MR. OXER: Yes. We are looking at an updated edition that shows it on there.

MS. JUNGQUIST: Yes. We got -- well, after preapp, we ordered the full survey. We got that. We got the actual legal description and talked with the surveyor.

That 18 acres, and 41 and all of that has never been separated out; it was just an old plat that they had come up with several years ago.

DR. MUÑOZ: Can I ask a question? I’m sorry for the interruption.

MS. JUNGQUIST: Sure.

DR. MUÑOZ: But I hear you saying it was never separated and legally defined. And Marni just a few minutes ago indicated that these are legally defined.

MS. JUNGQUIST: No.

DR. MUÑOZ: Well, you’re going like this.

MS. JUNGQUIST: No, they weren’t. And the surveyor attested to that in his email. To let you all know that it was always the 80.

DR. MUÑOZ: Marni --

MS. JUNGQUIST: Originally -- I’m sorry. There have been a few little pieces sold off, and those have been platted out separately. But --

DR. MUÑOZ: Well, you heard her say a few minutes ago, that these are legally defined sections. Right?

MS. JUNGQUIST: I heard her say that, but they’re not.

DR. MUÑOZ: Okay. Okay.

MS. JUNGQUIST: It was just an old plat that they had come up with, they thought about selling several years ago. And that is where we -- it just accidentally got typed in, the 18, because that is what we saw.

And we were not required to have the actual legal description at preapp. But an address, yes, we had. And so once we got the formal survey, we knew exactly where the piece was.

And the city, the surveyor, the construction, and the developer all went out one day and chose exactly where that piece was going to be. We knew it would be up to five acres. And then the surveyor got busy and surveyed off the piece. So it was always, always in that same area. It wasn’t separated.

You can see our frustration in here. It is just --

MR. OXER: Well, I mean, it is -- I understand your frustration. Understand our frustration.

MS. JUNGQUIST: I do.

MR. OXER: Because we are trying to make sure, you know, there is a certain benefit that you, and you too, Mark, enjoy by recognizing that we will -- but these are our transparent rules. We are trying to -- I mean, there is not a whole lot of discretion that we apply. Okay.

And these were written specifically for that purpose, to try and limit the amount of discretion. So it is clear what has to happen. So in matters like this, which I recognize are compounding your frustration, you know.

We are trying to figure out how to do this. We are not opposed to it. We are trying -- I am trying to figure out how to make sure we can get you what you want while we maintain the integrity of our rule. Get it?

MS. JUNGQUIST: I understand. I have seen you all go around it a little bit to help people. So you know, if you have --

MR. OXER: We grind things pretty fine up here. Okay.

MS. JUNGQUIST: Sure. Absolutely.

DR. MUÑOZ: Marni, do you have any comment on this sort of this kind of legal definition point?

MS. HOLLOWAY: We have actually received a number of drawings. There is a drawing with the X on it that you have seen. We have also received a survey plat of two tracts that the 80 acres is one of those tracts. That survey tract that we have received --

VOICE: This is the property. It's right there.

MS. HOLLOWAY: Yes. I understand -- is actually much older than this more current drawing in that the older -- this other drawing doesn't seem to indicate some further subdivision. I have actually looked at this site. I was out there this past Friday.

It is actually -- it is a lovely place. It is green, and wildflowers and everything. Driving down Harkey Road, which is not on Google, but I found it anyway, it -- on that road, it is very clear to me where the two sites are, and, yes, you could probably throw a rock if you have a good arm. But they are two very distinct different sites.

We also have purchase contract that says the northwest corner, 4.06 acres out of the 80.65-acre tract. And we have another one that says southwest corner, five acres out of 18.6 tract.

MR. OXER: Is the -- well, is the 18 acres part of the 80?

MS. HOLLOWAY: Uh-huh.

MR. OXER: Okay. So it is like 80 acres, down to the 18, down to the five. It was really down to the 18. It was over here on the other part of the 80, is what it appears to be.

MS. HOLLOWAY: Uh-huh.

MR. OXER: Okay. So the difference between the application stage, or the preapplication and the application stage, if you’ve got it, within the 80 acres -- if you got it within the 80 acres --

MS. HOLLOWAY: So you know, if at preapplication, they had said the southwest corner, five acres out of an 18.6-acre tract, that is part of a larger 80-point-whatever-acre tract, you know, then at full application when they bring in the 80-acre tract, you know, I can draw that line. But as it sits, they are talking about two distinct pieces of property and two sites on either one of those.

MS. JUNGQUIST: And yet it does say also known as 206 North Harkey Street on both.

MS. HOLLOWAY: Yes. And I would --

DR. MUÑOZ: All 80 acres?

MS. HOLLOWAY: And to the --

DR. MUÑOZ: All 80 acres have that one address?

MS. JUNGQUIST: No. Just --

MS. HOLLOWAY: Yes. So the one thing that I would add there -- and I am sure that a number of you are aware -- until something -- until there is development on a piece of property and that address has been assigned by the Post Office as, it is on this site --

MR. OXER: On the 80 acres.

MS. HOLLOWAY: Yes. Right now --

MR. OXER: Not on the five. It is on the 80 acres.

MS. HOLLOWAY: Yes.

MR. OXER: On the five acres.

MR. MAYFIELD: The five acres.

MR. OXER: Okay.

MS. HOLLOWAY: So the five-acre parcel is way over from Harkey Street.

MR. OXER: I get it.

MS. HOLLOWAY: And it is --

MR. OXER: We’ve got the picture.

MS. JUNGQUIST: It is not that far.

MR. OXER: Trust me. We’ve got the picture. We’ve got the drawing.

MR. GANN: Mr. Chairman.

MR. OXER: Yes, sir. Mr. Gann, turn on your microphone.

MR. GANN: There’s two contracts here.

MS. HOLLOWAY: Uh-huh.

MR. GANN: The first contract draws -- is a legal description that applies to the square box of these two boxes that we are looking at to the left, which is a different legal -- and it is out of the 18.6-acre tract. And that is where the 8.6-acre tract is. This other tract over here is out of a larger tract, but basically out of a 41-acre tract.

MS. HOLLOWAY: Uh-huh.

MR. GANN: And there are two different legal descriptions. So if nothing else, they didn't have the property tied up.

At the first contract that they needed to have tied up, to make this whole thing work -- they didn't have it under contract. Can you understand that?

MR. OXER: Yes.

MS. HOLLOWAY: Yes.

MR. GANN: It was not under contract when it needed to be under contract.

MR. OXER: Okay. Can --

MR. GANN: And the 206 address, my cohort at the other end down there probably agrees that I put many addresses on many pieces of property, and you can move them around, you can change them later. And I don't think there is any problem involved. I think it was just a big mess-up, but it is a big mess-up.

MR. WEIK: But the 206 would not be --

MR. OXER: No. You have to come to the mic and state your -- you've got 30 seconds.

MR. WEIK: All right. Stan Weik, City Manager, City of San Saba. The 206 would not ever have been given to the part with the miscellaneous X, because that is on the left hand side of the road. So it would have had to been an odd number, not an even number. And Harkey Street goes here.

MR. OXER: Fair enough.

MR. GANN: It doesn't make any difference when the legal description actually controls that, not the address.

MR. OXER: Right.

MR. GANN: The address is a situs address.

MR. OXER: Okay. Mark, you've got 30 seconds. Make it quick.

MR. MAYFIELD: Yes. Two points. The fact of the site control, it is one owner. We have dealt with the City of San Saba. There is no multiple owners. There is one owner, to the layman which I am -- I am a layman; I am not an attorney.

But you read this directly out of the QAP. Section 11.9(f), qualifying for these six points, the development site at application is at least in part the development site at preapplication, and the census tract number listed at preapplication is the same at application. That has been met. And there is no other way to say it, unless you dissect this down to the nth little degree, to kill the deal. And that is what --

MR. OXER: No. We are not dissecting it to kill the deal. We are dissecting it to maintain the integrity of our rule. Do you understand the difference?

MR. MAYFIELD: Yes, sir. I do. And like I said, to a layman, I just read the rule to you.

MR. OXER: I get it. We wrote it.

MR. MAYFIELD: Thank you.

MR. OXER: Okay. Your comments are received. We understand your point.

And for the record, I recognize your frustration, Mark. We are a bit frustrated too, because we are trying to make these projects go in places where they are needed.

Okay. Kim, anything else to say?

MS. JUNGQUIST: (No audible response.)

MR. OXER: Okay. Any other comments for this one?

(No response.)

MR. OXER: Any other comment?

(No response.)

MR. OXER: Anything else from the Board?

(No response.)

MR. OXER: Ms. Bingham?

MS. BINGHAM ESCAREÑO: No.

MR. OXER: Okay. With respect to Item 4(b), application 16130. We have had a motion by Dr. Muñoz. Second by Mr. Goodwin to approve staff recommendation.

Is that correct, Marni? To approve staff recommendation to deny this appeal?

MS. HOLLOWAY: Correct.

MR. OXER: Okay. To approve staff recommendation to deny this appeal. We heard public comment. Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. It is unanimous. All right. Next item, 16260.

MS. HOLLOWAY: All right. The last application under 4(b), presentation, discussion and possible action on timely filed scoring notice appeals under the Department's multifamily program rules.

This is application 16260, Churchill at Golden Triangle. During the application review process, staff identified administrative deficiencies that required

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

June 21, 2016

Writer's direct phone # (512) 475-1676
Email: marni.holloway@tdhca.state.tx.us

Ms. Teresa Bowyer
Development Director
Herman & Kittle Properties, Inc.
500 East 96th Street Suite 300
Indianapolis, IN 46240

RE: THIRD PARTY REQUEST FOR ADMINISTRATIVE DEFICIENCY: 16130 COTTAGES AT SAN SABA

Dear Ms. Bowyer:

The Texas Department of Housing and Community Affairs ("the Department") is in receipt of the Request for Administrative Deficiency you submitted regarding the application referenced above. The request asked the Department to review whether the Application was eligible for the six (6) points claimed under §11.9(e)(3), Pre-application Participation, as the Development Site submitted with the Application did not remain in part the same as the Development Site submitted with the Pre-application.

Staff reviewed your request and determined that the Development Site was not the same. The Applicant was issued a scoring notice reflecting the loss of six (6) points. The Applicant appealed staff's score decision to the Executive Director and to the Governing Board. The appeal was denied and the final score for the Application does not include points for Pre-application Participation.

If you have questions or require further information, please contact me.

Sincerely,

Marni Holloway
Multifamily Division Director

16168

Stonebridge of Whitehouse

Third Party Request for Administrative Deficiency

Arx Advantage, LLC
Robbye G. Meyer
8801 Francia Trail
Austin, Texas 78748
(512) 963-2555
robbyemeyer@gmail.com

April 13, 2016

Marni Holloway
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

RE: Application #16168 Stonebridge of Whitehouse

Dear Ms. Holloway:

In accordance with §11.10 of the 2016 Qualified Allocation Plan ("QAP") concerning Third Party Request for Administrative Deficiency for Competitive HTC Applications, we present the following concerns with the submission of the above referenced application competing in the 2016 Housing Tax Credit Application Cycle. We believe the majority of the concerns addressed are not correctable through the administrative deficiency process based upon the rules set forth in the QAP.

1. The Applicant claimed points under §11.9(c)(6)(D) Underserved Area, For Rural Areas only, a census tract that has never received a competitive tax credit allocation serving the same Target population. However, the Applicant failed to provide documentation and documentation was required to substantiate the qualification for points. Pursuant to §11.9(a) General Information "…*Applicants that elect points where supporting documentation is required but fail to provide any supporting documentation will not be allowed to cure the issue through an Administrative Deficiency*…". The QAP does not allow the Applicant to claim points for this item since §11.9(c)(6)(D) requires documentation substantiating qualification for these points. The Applicant failed to provide any supporting documentation; therefore, the Application is ineligible to claim any points under §11.9(c)(6)(D) Underserved Area.

2. Site control documentation and the title commitment reflect +/- 30-acre Development Site. The Applicant was assigned site control for the full 30 acre tract and not just the acreage shown on the site plan. The Development Site, therefore, consists of 30 acres and should be consistently identified as such throughout the core application and all supplemental materials. In some places the 30 acres is referenced but in others the smaller acreage is referenced

3. Site Work Costs are over $15,000 per unit and all are included in eligible basis. A CPA letter is required for Site Work Costs over $15,000 per unit and no such letter was provided. The site work includes substantial use of retaining walls which are typically

not allowed in basis. Consequently, the findings of the required CPA letter will most likely require adjustments to both the sources and uses of the Applicant's underwriting and will likely reduce the eligible credit amount.

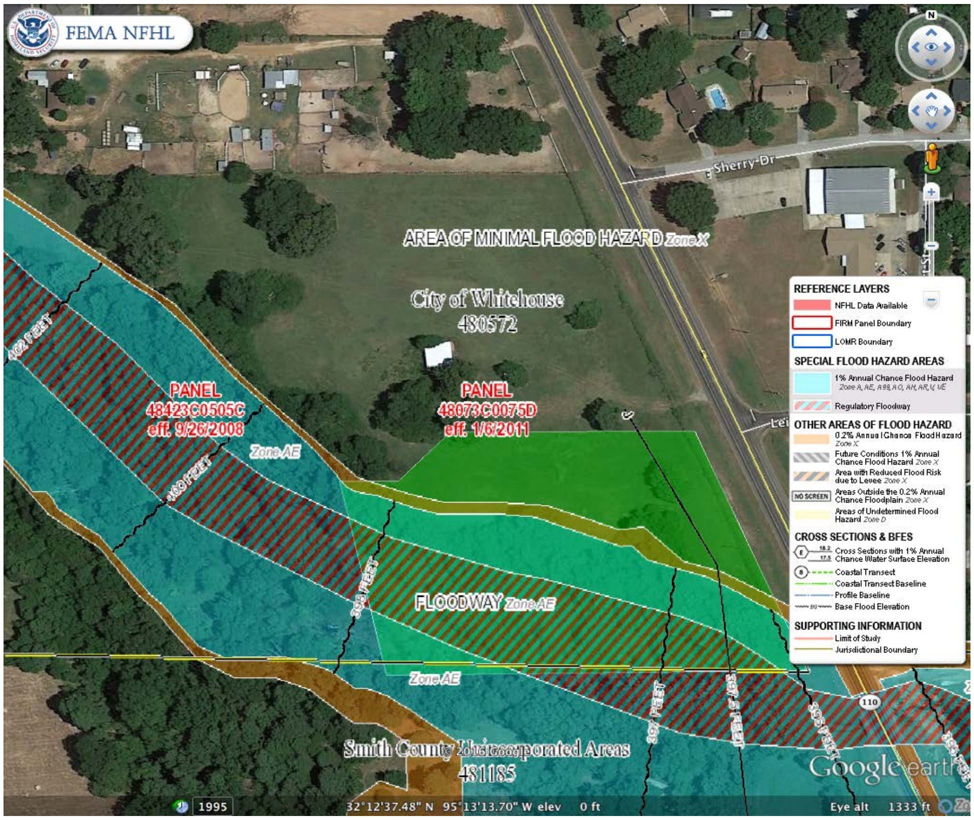
4. The equity letter from RBC Capital Markets is not consistent with the sources and uses. It is actually **less** than what is stated in the sources and uses. An equity letter matching the underwritten sources of funds must be provided.

5. In accordance with §11.9(d)(2) Commitment of Funding by Local Political Subdivision, the Applicant received a resolution; however, the resolution states "a de minimus amount." It does <u>not</u> state an actual amount or value. In the 2016 Frequently Asked Questions, which were codified by the Board in January and again in February, it states as follows:

   Q: If the contribution the LPS is providing is not factored into the underwriting, does an amount have to be specified or can it just state that there is a de minimis amount being provided?
   A: **An amount or value of the LPS must be specified.**

   As a result, the Applicant is not eligible for points under §11.9(d)(2) Commitment of Funding by Local Political Subdivision since an amount or value of contribution was not specified in the resolution.

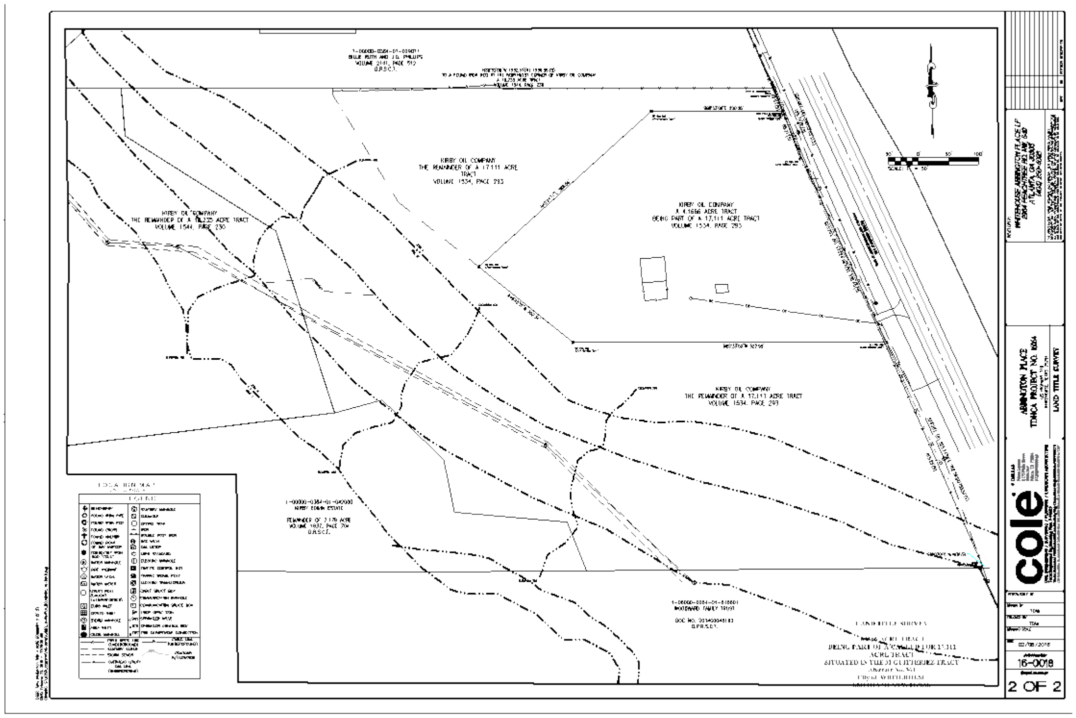
6. The Applicant's site plan would place impervious parking areas, detention and residential buildings within both the 100-year floodplain (Zone AE) and regulator floodway associated with Blackhawk Creek. An overlay of the proposed site outline and FEMA's floodplain and floodway mapping is provided below.



The feasibility study states that no development activity would occur within the floodplain, but as is evidenced above that is clearly not the case. In fact, over two-thirds of the site plan is located within the floodplain. The survey does not clearly denote the floodplain boundaries, does not appear to identify the full extent of the floodplain boundary, and does not make any distinction on the significant difference between a regulatory floodway and a 100-year floodplain.

The area which presumably represents the floodplain on the survey delineation appears to be approximately forty (40) feet south of where it should be which would put portions of the two southern buildings along with the parking lot and detention pond in the floodplain. Proper delineation of the floodplain location will show that fill within the floodplain would be necessary to accomplish the proposed site plan and development, which will require FEMA flood map revisions, a very lengthy process.

Further, the survey dated February 26, 2016 shows an encroachment of the northern boundary onto the southern boundary of another application - #16018 Abbington Place, whose survey is dated February 18, 2016. The survey stakes were set from the February 18th survey for #16018 Abbington Place, with pins set in the field and boundaries clearly flagged. These existing survey stakes and pins should have been considered at the time of the #16168 Stonebridge of Whitehouse survey. The survey from #16018 Abbington Place follows for comparison.



These errors in the engineer's evaluation of the proposed site plan area create a materially different feasibility of the proposed development. Based on the engineer's study, the development would not be built in a floodplain area while in reality the majority of the site plan would be built in both a floodplain and regulatory floodway. The boundaries of the adjacent site for #16018 Abbington Place were clearly marked in the field so it is unknown how such errors in both site plan location and floodplain could be made, or how the statements from the engineer on which the Department relies could be so factually incorrect.

We appreciate the opportunity to present this information and are happy to provide additional information at the Department's request. We trust that the Department will consider this information as appropriate in its review in the allocation process and also maintain the distinction for material changes that cannot be corrected through the normal Administrative Deficiency process.

Sincerely,

Robbye G Meyer

Robbye Meyer
Principal

cc: Sean Brady
Breck Kean
Bill Rea
Ginger McGwire

From: Sharon Gamble
To: Sharon Gamble
Subject: FW: 16168 - 9% HTC Application Deficiency Notice - TIME SENSITIVE
Date: Monday, June 27, 2016 8:01:07 AM
Importance: High

Good morning, All:

Staff has received guidance from our legal division regarding points for §11.9(d)(2) Commitment of Funding from Local Political Subdivisions. The referenced Application included inconsistent information, and the Department is seeking to clarify the information per the Administrative Deficiency process.

You should note that should the point for this item be reinstated, this would not make the Application competitive in the region, as the Application also lost one point under §11.9(e)(2) Cost of Development per Square Foot. The Application did not qualify as a high cost development, so was only eligible for 11 points under that item instead of the 12 points requested. If you choose not to pursue the issue identified in the notice below, please let me know.

In the course of the Department's Housing Tax Credit **Eligibility/Selection/Threshold** and/or Direct Loan review of the above referenced application, a possible Administrative Deficiency as defined in §10.3(a)(2) and described in §10.201(7)(A) and/or §10.201(7)(B) of the 2016 Uniform Multifamily Rules was identified. By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies. Any issue initially identified as an Administrative Deficiency may ultimately be determined to be beyond the scope of an Administrative Deficiency, and the distinction between material and non-material missing information is reserved for the Director of Multifamily Finance, Executive Director, and Board.

1. Financing Narrative and Summary of Sources and Uses: The form includes an amount of $100.00 to be contributed by the City of Whitehouse, however neither any letter nor resolution from the City supports this amount. Provide evidence that resolves this inconsistency.

The above list may not include all Administrative Deficiencies such as those that may be identified upon a supervisory review of the application. Notice of additional Administrative Deficiencies may appear in a separate notification.

All deficiencies must be corrected or otherwise resolved by 5 pm CST on the fifth business day following the date of this deficiency notice. Deficiencies resolved after 5 pm on the fifth business day will have 5 points deducted from the final score. For each additional day beyond the fifth day that any deficiency remains unresolved, the application will be treated in accordance with

§10.201(7)(A) of the 2016 Uniform Multifamily Rules.

All deficiencies related to the Direct Loan portion of the Application must be corrected or clarified by 5pm CST on the fifth business day following the date of this deficiency notice. Deficiencies resolved after 5pm CST on the fifth business day will be subject to a $500 fee for each business day that the deficiency remains unresolved. Applications with unresolved deficiencies after 5pm CST on the tenth day may be terminated.

Unless the person that issued this deficiency notice, named below, specifies otherwise, submit all documentation at the same time and in only one file using the Department's Serv-U HTTPs System. Once the documents are submitted to the Serv-U HTTPs system, please email the staff member issuing this notice. If you have questions regarding the Serv-U HTTPs submission process, contact Liz Cline at liz.cline@tdhca.state.tx.us or by phone at (512)475-3227. You may also contact Jason Burr at jason.burr@tdhca.state.tx.us or by phone at (512)475-3986.

All applicants should review §§11.1(b) and 10.2(b) of the 2016 QAP and Uniform Multifamily Rules as they apply to due diligence, applicant responsibility, and the competitive nature of the program for which they are applying.

****All deficiencies must be corrected or clarified by 5 pm on May 20, 2016. Please respond to this email as confirmation of receipt.****

Regards,

Sharon D. Gamble MSW, PMP
Competitive Housing Tax Credit Program Administrator
Texas Department of Housing and Community Affairs
(512) 936-7834

City of Whitehouse P.O. Box 776 Whitehouse, Texas 75791-0776

Office (903) 839-4914
Fax (903) 839-4915

May 19, 2016

To Whom It May Concern:

Pursuant to TDHCA Multifamily Rule §2306.6725(a)(5) the City of Whitehouse has agreed to a partial waiver of City development fees in the amount of $100.00 for the Stonebridge of Whitehouse development being constructed by GS Whitehouse Family, LP.

Sincerely,

Aaron Smith
City Manager

AS:sh

MULTIFAMILY FINANCE PRODUCTION DIVISION
Housing Tax Credit Program - 2016 Application Round
Scoring Notice - Competitive Housing Tax Credit Application

Chaz Garrett
Phone #: (903) 450-1520
Email: cgarrett@gs-hc.com
Second Email: kgarrett@statestreethousing.com

Date: June 03, 2016

THIS NOTICE WILL ONLY BE TRANSMITTED VIA EMAIL

RE: 2016 Competitive Housing Tax Credit (HTC) Application for Stonebridge of Whitehouse, TDHCA Number: 16168

The Texas Department of Housing and Community Affairs has completed its program review of the Application referenced above as further described in the 2016 Qualified Allocation Plan (“QAP”). This scoring notice provides a summary of staff’s assessment of the application’s score. The notice is divided into several sections.

Section 1 of the scoring notice provides a summary of the score requested by the Applicant followed by the score staff has assessed based on the Application submitted. You should note that four scoring items are not reflected in this scoring comparison but are addressed separately.

Section 2 of the scoring notice includes each of the four scoring criteria for which points could not be requested by the Applicant in the application self-score form and include: §11.9(d)(1) Local Government Support, §11.9(d)(4) Quantifiable Community Participation, §11.9(d)(5) Community Support from State Representative, and §11.9(d)(6) Input from Community Organizations.

Section 3 provides information related to any point deductions assessed under §11.9(f) of the QAP or §10.201(7)(A) of the Uniform Multifamily Rules.

Section 4 provides the final cumulative score in bold.

Section 5 includes an explanation of any differences between the requested and awarded score as well as any penalty points assessed.

The scores provided herein are merely informational at this point in the process and may be subject to change. For example, points awarded under §11.9(e)(2) “Cost of Development per Square Foot” and §11.9(e)(4) “Leveraging of Private, State, and Federal Resources” may be adjusted should the underwriting review result in changes to the Application that would affect these scores. If a scoring adjustment is necessary, staff will provide the Applicant a revised scoring notice.

Be further advised that if the Applicant failed to properly disclose information in the Application that could have a material impact on the scoring information provided herein, the score included in this notice may require adjustment and/or the Applicant may be subject to other penalties as provided for in the Department’s rules.

This preliminary scoring notice is provided by staff at this time to ensure that an Applicant has sufficient notice to exercise any appeal process provided under §10.902 of the Uniform Multifamily Rules. All information in this scoring notice is further subject to modification, acceptance, and/or approval by the Department’s Governing Board.

Page 2 of Final Scoring Notice: 16168, Stonebridge of Whitehouse

Section 1:

Score Requested by Applicant (Does not include points for §11.9(d)(1), (4), (5), or (6) of the 2016 QAP):	125
Score Awarded by Department staff (Does not include points for §11.9(d)(1), (4), (5), or (6) of the 2016 QAP):	124
Difference between Requested and Awarded:	1

Section 2:

Points Awarded for §11.9(d)(1) Local Government Support:	17
Points Awarded for §11.9(d)(4) Quantifiable Community Participation:	4
Points Awarded for §11.9(d)(5) Community Support from State Representative:	8
Points Awarded for §11.9(d)(6) Input from Community Organizations:	4

Section 3:

Points Deducted for §11.9(f) of the QAP or §10.201(7)(A) of the Uniform Multifamily Rules:	0

Section 4:

Final Score Awarded to Application by Department staff:	**157**

Section 5:

Explanation for Difference between Points Requested and Points Awarded by the Department as well as penalties assessed:

§11.9(e)(2) Cost of Development per Square Foot. The Application requested 12 points but is only eligible for 11 points for cost per square foot that is less than $75. (Requested 12, Awarded 11)

Note: The score for this item did not change since the original notice was issued on April 27, 2016. The time period for the Applicant to appeal the assigned score has passed.

Restrictions and requirements relating to the filing of an appeal can be found in §10.902 of the Uniform Multifamily Rules. If you wish to appeal this scoring notice, you must file your appeal with the Department no later than 5:00 p.m. Austin local time, Friday, June 10, 2016. If an appeal is denied by the Executive Director, an Applicant may appeal to the Department's Board.

In an effort to increase the likelihood that Board appeals related to scoring are heard at the Board meeting, the Department has provided an Appeal Election Form for all appeals submitted to the Executive Director. In the event an appeal is denied by the Executive Director, the Applicant is able to request that the appeal automatically be added to the Board agenda.

If you have any concerns regarding potential miscalculations or errors made by the Department, please contact Sharon Gamble at (512) 936-7834 or by email at mailto:sharon.gamble@tdhca.state.tx.us.

Sincerely,

Sharon Gamble

Sharon Gamble
9% Competitive HTC Program Administrator

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

June 22, 2016

Writer's direct phone # (512) 475-1676
Email: marni.holloway@tdhca.state.tx.us

Ms. Robbye G. Meyer
Arx Advantage, LLC
8801 Francia Trail
Austin, Texas 78748

RE: THIRD PARTY REQUEST FOR ADMINISTRATIVE DEFICIENCY: 16168 STONEBRIDGE OF WHITEHOUSE

Dear Ms. Meyer:

The Texas Department of Housing and Community Affairs ("the Department") is in receipt of the Request for Administrative Deficiency you submitted regarding the application referenced above. The request asked the Department to review several items in the Application. Those items, along with staff's determination, are summarized below. It is noted that during staff review, the Application lost one point under §11.9(e)(2) Cost of Development per Square Foot and as a result did not score well enough to remain a priority application in the region.

- Request: The Applicant claimed points under §11.9(c)(6)(D) Underserved Area, For Rural Areas only, a census tract that has never received a competitive tax credit allocation serving the same Target population. The Applicant failed to provide any supporting documentation; therefore, the Application is ineligible to claim any points under §11.9(c)(6)(D).

  Response: Evidence of the points would come from the 2016 HTC Site Demographic Characteristics Report, a report compiled by the Department and placed on the Department's website for Applicant use. Staff determined that an administrative deficiency or the loss of points was not appropriate as the information that would have been provided would be the Department's own information, to which the reviewer had complete access to verify.

- Request: Site control documentation and the title commitment reflect +/- 30-acre Development Site. The Applicant was assigned site control for the full 30 acre tract and not just the acreage shown on the site plan. The Development Site, therefore, consists of 30 acres and should be consistently identified as such throughout the core application and all supplemental materials.

  Response: Site control documentation indeed indicated that the Development Site was +/- 30 acres. Staff did not pursue changes to the Application, as the loss of points under §11.9(e)(2) rendered the Application not competitive in the region.

- Request: Site Work Costs are over $15,000 per unit and all are included in eligible basis. A CPA letter is required for Site Work Costs over $15,000 per unit and no such letter was provided.

  Response: In determining whether Site Work Costs are over $15,000 per unit, review staff uses the amount of site work costs that are included in eligible basis. Using this amount, the cost per unit is $13,923.75. We have determined, and our Real Estate Analysis Division agrees, that a letter from a CPA is not required.

- Request: The equity letter from RBC Capital Markets is not consistent with the sources and uses. It is actually **less** than what is stated in the sources and uses. An equity letter matching the underwritten sources of funds must be provided.

  Response: Staff agrees the equity letter indicated an amount that is less than that indicated in the sources and uses. Staff did not pursue changes to the Application, as the loss of points under §11.9(e)(2) rendered the Application not competitive in the region.

- Request: In accordance with §11.9(d)(2) Commitment of Funding by Local Political Subdivision, the Applicant received a resolution; however, the resolution states "a de minimis amount." It does not state an actual amount or value.

  Response: Staff agrees that the resolution did not include an amount that the City of Whitehouse was contributing, and initially did not award the requested point to the Application. As the result of another Applicant's appeal of staff's determination on this issue, the Department determined that the inconsistency could be cured through an administrative deficiency. The Applicant was issued an administrative deficiency, the Applicant cured the deficiency, and the Application was awarded the point.

- Request: The Applicant's site plan would place impervious parking areas, detention and residential buildings within both the 100-year floodplain (Zone AE) and regulator floodway associated with Blackhawk Creek.

  Response: Staff did not pursue changes to the Application, as the loss of points under §11.9(e)(2) rendered the Application not competitive in the region.

The Applicant appealed the one point loss under §11.9(e)(2), but withdrew the appeal. As the application is no longer competitive, no further review of this Application will be performed. If you have questions or require further information, please contact me.

Sincerely,

Marni Holloway
Multifamily Division Director

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TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING