BOARD BOOK
OF
May 13, 2021

Leo Vasquez III, Chair

Leslie Bingham, Vice-Chair

Paul Braden, Member

Sharon Thomason, Member

Ajay Thomas, Member

Brandon Batch, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT

Fiscal Year 2021 (*figures below through March 31, 2021*)

Owner Financing and Down Payment

- 30-year, fixed interest rate mortgage loans
- Mortgage credit certificates
- Down payment, closing cost assistance
- Homebuyer education

Programs:

- Single Family Homeownership

Expended Funds: $1,510,406,108
Total Households Served: 7,414

Energy Related Assistance

- Utility bill payment assistance
- Energy consumption education
- Weatherization for energy efficiency, TRR utility assistance

Programs:

- Comprehensive Energy Assistance Program (CEAP)
- Weatherization Assistance Program (WAP) ,

Expended Funds: $89,927,916
Total Households Served: 55,336

Multifamily New Construction

- Affordable rental units financed and developed

Programs:

- 9% Housing Tax Credits (HTC)
- 4% Housing Tax Credits (HTC)
- Multifamily Bonds
- Multifamily Direct Loan Program*

Expended Funds: $57,063,692
Total Households Served: 4,886

Homelessness Services

- Shelter building rehabilitation, conversion, operations
- Essential services e.g., health services, transportation, job training, employment services

Programs:

- Emergency Solutions Grant Program (ESG)
- Homeless Housing and Services Program (HHSP)

Expended Funds: $7,747,715
Total Individuals Served: 13,054

Multifamily Rehab Construction

- Affordable rental units financed and rehabilitated

Programs:

- 9% Housing Tax Credits (HTC)
- 4% Housing Tax Credits (HTC)
- Multifamily Bonds

Expended Funds: $43,958,306
Total Households Served: 1,168

Supportive Services

Provides administrative support for essential services for low income individuals through Community Action Agencies

Program:

- Community Services Block Grant Program (CSBG)

Expended Funds: $34,867,160
Total Individuals Served: 191,183

Owner Rehabilitation Assistance

- Home rehabilitation, reconstruction
- Manufactured housing unit replacement
- Accessibility modifications e.g., ramp, grab bar installation

Programs:

- Homeowner Reconstruction Assistance Program (HRA)*
- Amy Young Barrier Removal Program

Expended Funds: $6,947,247
Total Households Served: 121

Rental Assistance

- Short, long term rent payment help
- Assistance linked with services, Transitional assistance
- Security, utility deposits

Programs:

- Tenant-Based Rental Assistance (TBRA)*
- Section 8 Housing Choice Vouchers
- Section 811, CDBG Cares, Texas rent relief

Expended Funds: $10,169,575
Total Households Served: 3,713

Single Family Development

- Single family development, reconstruction, rehabilitation
- NSP, Do-it-yourself, “sweat equity” construction (bootstrap), rehabilitation, Contract for Deed refinance

Programs:

- Single Family Development Program (SFD)*
- Contract for Deed (CFD)

Expended Funds: $1,380,291
Total Households Served: 30

Total Expended Funds: 1,762,468,010
Total Households Served: 276,905

All FY2021 data as reported in TDHCA's 2021 performance measures.

Note: Some households may have been served by more than one TDHCA program. For some programs, allocation is used as a proxy for expenditures. Because of timing of funds request, the funds expended for the quarter may be readjusted substantially by year end.

* Administered through the federally funded HOME Investment Partnerships Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
9:00 AM
May 13, 2021

Meeting Location: In light of the March 13, 2020, disaster declaration by the Office of the Governor, and the subsequent waivers of portions of Tex. Gov't Code, Ch. 551*, this meeting of the TDHCA Governing Board will be accessible to the public via the telephone and web link information, below. In order to engage in two-way communication during the meeting, persons must first register (at no cost) to attend the webinar via the link provided. Anyone who calls into the meeting without registering online will not be able to ask questions or provide comments, but the meeting will still be audible. A recording of the meeting will be made available to the public as soon as possible following the meeting.

Governing Board Webinar registration:
https://attendee.gotowebinar.com/register/8299063603340971536

Dial-in number: +1 (914) 614-3221, access code 636-031-475 (persons who use the dial-in number and access code without registering online will only be able to hear the Board meeting and will not be able to ask questions or provide comments). Note, this meeting will be proceeding as a videoconference under Tex. Gov't Code §551.127, as modified by waiver.

If the GoToWebinar terminates prior to adjournment of the meeting (i.e. if the webinar session "crashes") the meeting will be recessed. A new link to the meeting will be posted immediately on the TDHCA Board meetings web page (https://www.tdhca.state.tx.us/board/meetings.htm) along with the time the meeting will resume. The time indicated to resume the meeting will be within six hours of the interruption of the webinar. Please note that in this contingency, the original meeting link will no longer function, and only the new link (posted on the TDHCA Board meetings web page) will work to return to the meeting.

CALL TO ORDER
ROLL CALL — **Leo Vasquez, Chair**
CERTIFICATION OF QUORUM

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.***

Resolution Recognizing May as National Mobility Awareness Month

CONSENT AGENDA

* The list of Open Meeting laws subject to temporary suspension effective March 16, 2020, is available at: https://www.texasattorneygeneral.gov/sites/default/files/images/admin/2020/Press/Open%20Meeting%20Laws%20Subject%20to%20Temporary%20Suspension.pdf

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 Tex. Gov't 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:

ASSET MANAGEMENT

a) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement

Rosalio Banuelos
Director of Asset Management

00072	Beacon Bay Apartments	Port Isabel
01073	The Greens on Turtle Creek	Port Arthur
02042	Saddle Creek Apartments at Kyle	Kyle
03009	Forest Park Apartments	Bryan
03178	Big Bass Resort Senior Apartments	Jacinto City

b) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application

14425	Dwight D. Eisenhower Memorial Apartments	El Paso
20200	Lofts at Temple Medical District	Temple

c) Presentation, discussion, and possible action regarding approval of a Multifamily Direct Loan re-subordination for Westridge Villas (HOME #1002295 and TCAP #13150015502)

COMMUNITY AFFAIRS

d) Presentation, discussion, and possible action on the 2021 Department of Energy Weatherization Assistance Program State Plan and Awards

Michael De Young
Director of Community Affairs

RULES

e) Presentation, discussion, and possible action on an order proposing the amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, Sick Leave Pool; and an order directing its publication for public comment in the Texas Register

Brooke Boston
Deputy Director of Programs

f) Presentation, discussion, and possible action on an order proposing new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, §5.802, Waiting List, directing its publication for public comment in the Texas Register

Michael De Young
Director of Community Affairs

g) Presentation, discussion, and possible action on an order adopting amendments to 10 TAC Chapter 7 Subchapter C, Section 7.33, Apportionment of ESG Funds, concerning the Emergency Solutions Grants, and directing their publication for adoption in the Texas Register

Abigail Versyp
Director of Single Family & Homeless Programs

HOUSING RESOURCE CENTER

h) Presentation, discussion, and possible action on the draft 2022 Regional Allocation Formula Methodology, and directing its publication in the Texas Register for public comment

Elizabeth Yevich
Director of Housing Resource Center

MULTIFAMILY FINANCE

i) Presentation, discussion, and possible action on a waiver of specific non-statutory requirements of 10 TAC §11.9(d)(5)(A) regarding Letters from State Representatives for 21130 Sun Pointe Apartments and 21200 Edson Lofts

Marni Holloway
Director of Multifamily Finance

BOND FINANCE

j) Presentation, discussion, and possible action regarding the adherence to a Protocol established by the International Swaps and Derivatives Association for the Department's LIBOR-based swaps — **Monica Galuski**, Director of Bond Finance

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) Media Analysis and Outreach Report (March 2021) — **Michael Lyttle**, Director of External Affairs

b) Report on the Department's 2nd Quarter Investment Report in accordance with the Public Funds Investment Act — **Joe Guevara**, Director of Financial Administration

c) Report on the Department's 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures — **Monica Galuski**, Director of Bond Finance

ACTION ITEMS

ITEM 3: EXECUTIVE

a) Presentation, Discussion and Possible Approval of an Award of Emergency Rental Assistance Funds to the Texas Access to Justice Foundation for Housing Stabilization Services — **Brooke Boston**, Deputy Director of Programs

b) Report on Activities Related to the Department's Response to COVID-19 Pandemic

c) Executive Director's Report — **Bobby Wilkinson**, Executive Director, TDHCA

ITEM 4: BOND FINANCE

a) Presentation, discussion, and possible action regarding the Issuance of a Governmental Note (Caroline Lofts) Resolution No. 21-029 and a Determination Notice of Housing Tax Credits — **Teresa Morales**, Director of Multifamily Bonds

b) Presentation, discussion, and possible action regarding the Issuance of Governmental Notes (The Citadel Apartments) Series 2021 Resolution No. 21-030, and a Determination Notice of Housing Tax Credits

c) Presentation, discussion, and possible action authorizing publication of a Notice of Public Hearing for the issuance of Single Family Mortgage Revenue Bonds — **Monica Galuski**, Director of Bond Finance

ITEM 5: MULTIFAMILY FINANCE

a) Presentation, discussion, and possible action on an Award of Direct Loan Funds from the 2020-1 Multifamily Direct Loan Notice of Funding Availability and a Determination Notice for 4% Housing Tax Credits for The Enchanted Gardens in Victoria — **Marni Holloway**, Director of Multifamily Finance

b) Presentation, discussion and possible action regarding an Award of Direct Loan Funds from the 2020-1 Multifamily Direct Loan Notice of Funding Availability for Manor Town Apartments Phase 2 in Manor

c) Report on potential assistance to 2020 competitive 9% Housing Tax Credits due to the impact of increased construction costs

d) Presentation, discussion and possible action on timely filed appeals of scoring of HTC Applications, and request for Board waiver of rule, under the Qualified Allocation Plan

21016	Houston Willow Chase Living	Houston
21139	Cypress Creek Apartments	Dallas
21144	Mariposa Apartment Homes at Plano Parkway	Plano

e) Report on the 2022 and 2023 QAP Planning Process

ITEM 6: CDBG CARES

Presentation, discussion, and possible action on the Community Development Block Grant Coronavirus Aid, Relief, and Economic Security Act Texas Emergency Mortgage Assistance Program awards and any timely filed appeals — **Rudy Bentancourt**, Director of CDBG CARES

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

EXECUTIVE SESSION

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

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;

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;

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;

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

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 Nancy Dennis, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five 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 five 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 cinco días antes de la junta para hacer los preparativos apropiados.

Texas Department of Housing and Community Affairs
RESOLUTION

WHEREAS, May 2021 is National Mobility Awareness Month, which is dedicated to showing the community at large how Persons with Disabilities can live active, mobile lifestyles, and raise awareness of the mobility solutions available in the local community;

WHEREAS, a goal of the Texas Department of Housing and Community Affairs (the Department) is to ensure that all Texans have access to safe and decent affordable housing;

WHEREAS, it is the policy of the Department to support fair housing opportunities in the administration of its Single Family and Multifamily Programs, especially in regards to Persons with Disabilities accessing new home construction, home rehabilitation, housing vouchers, and rental assistance programs and services;

WHEREAS, this year, the Department is celebrating 11 years of offering the Amy Young Barrier Removal Program, named in honor of the late advocate for Texans with Disabilities who helped shape the state-funded program to improve the quality of life for Persons with Disabilities throughout the State of Texas;

WHEREAS, the Amy Young Barrier Removal Program provides one-time grants of up to $22,500 for Persons with Disabilities, both renters and homeowners earning up to 80% of the Area Median Family Income, who need home modifications to increase accessibility and eliminate hazardous conditions in their homes;

WHEREAS, since 2010, the Department, through the Amy Young Barrier Removal Program, has completed approximately $26.2 million worth of accessibility modifications on approximately 1,318 homes of Texans with Disabilities, such as constructing roll-in showers, installing shower wands and lever faucets, widening doorways, modifying kitchens and laundry rooms with accessible cabinetry and appliances, building ramps, and improving walkways with handrails, paving, and lighting to accommodate program participants' specific needs;

WHEREAS, the Department applauds the nonprofit organizations and local governments around the state who have become Amy Young Barrier Removal Program Administrators and who advocate for their clients through quality construction, pragmatic solutions, and respectful service; and

WHEREAS, the Department encourages Texans to explore the numerous TDHCA programs and resources related to increasing and maintaining mobility during National Mobility Awareness Month and throughout the year;

NOW, therefore, it is hereby

RESOLVED, that in the pursuit of the goal and responsibility of increasing mobility opportunities of Texans with Disabilities, the Governing Board of the Texas Department of Housing and Community Affairs, does hereby celebrate May 2021 as National Mobility Awareness Month and encourages all Texas individuals and organizations, both public and private, to join and work together in this observance of National Mobility Awareness Month.

Signed this Thirteenth Day of May, 2021.

Leo Vasquez, Chair	Leslie Bingham, Vice Chair
Brandon Batch	Paul A. Braden
Ajay Thomas	Sharon Thomason
Bobby Wilkinson, Executive Director	

CONSENT AGENDA

1a

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 13, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Beacon Bay Apartments (HTC #00072)

RECOMMENDED ACTION

WHEREAS, Beacon Bay Apartments (the Development) received a 9% Housing Tax Credit (HTC) award in 2000 to construct 76 multifamily units in Port Isabel, Cameron County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal (ROFR) to purchase the Development over a two-year ROFR period, and this provision is reflected in the Land Use Restriction Agreement (LURA) for the Development;

WHEREAS, in 2015, the 84th Texas Legislature, Regular Session, amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or as amended, an entity controlled by an entity described by, 26 U.S.C. §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, Housing Associates of Port Isabel, Ltd. (the Development Owner or Owner) requests to amend the LURA for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726 in 2015; and

WHEREAS, amendment to the ROFR period in the LURA is a material change requiring Board approval under 10 TAC §10.405(b)(2)(E), and the Development Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for Beacon Bay Apartments is approved as presented to this meeting, and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Beacon Bay Apartments received a 9% HTC award in 2000 to construct 76 multifamily units in Port Isabel, Cameron County. The Development also received Community Development Block Grant Disaster Recovery funds in 2008. In a letter dated March 25, 2021, Mark D. Musemeche, representative for the Development Owner, requested amendment of the HTC LURA in relation to the ROFR provision.

In 2000, the Housing Tax Credit application allotted five points to the Development Owner in exchange for a two-year ROFR period. Upon completion of the Development, the Owner entered into a Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits recorded in Cameron County on December 20, 2001.

The additional use restrictions in the current HTC LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization or to the Department, if at any time after the 15th year of the Compliance Period the Owner decides to sell the property. The Development is currently in the 20th year of the 30-year Extended Use Period. However, the Owner desires to exercise its rights under Tex. Gov't Code §2306.6726 to amend the LURA to allow for a 180-day ROFR period.

In 2015, the Texas Legislature, Regular Session, passed HB 3576, which amended Tex. Gov't Code §2306.6725 to allow for a 180-day ROFR period and Tex. Gov't Code §2306.6726 to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, Tex. Gov't Code §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or as amended, an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's Uniform Multifamily Rules, Subchapter E, include administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a telephonic public hearing on the matter on April 21, 2021. The meeting minutes indicate no residents participated, and no public comment was received regarding the requested amendment.

Staff recommends approval of the material LURA amendment as presented herein.

HOUSING ASSOCIATES OF PORT ISABEL, LTD.
1013 Van Buren St.
Houston, Texas 77019

March 25, 2021

VIA FED EX DELIVERY
Mr. Jonathan Chilson
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 00072; Beacon Bay Townhomes (the "**Property**")

Dear Jonathan:

The undersigned, being the General Partner (herein so called) of Housing Associates of Port Isabel, Ltd., a Texas limited partnership (the "**Partnership**") and the current owner of the Property. This letter constitutes request for a material LURA amendment in order to modify the two-year Right of First Refusal ("**ROFR**") period.

Request to Amend ROFR Period

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day Right of First Refusal ("**ROFR**") period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(E) of the Rules allows for a LURA amendment in order to conform a ROFR to the provisions in Section 2306.6726. Therefore the General Partner, acting on behalf of the Partnership, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period.

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the Partnership, is delivering a fee in the amount of $2500. In addition, the Partnership commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials as to these proposed amendments. The Partnership will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Partnership requests staff recommendation in support of this request to be considered at the next available TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

HOUSING ASSOCIATES OF PORT ISABEL, LTD.,
a Texas limited partnership

By: MGroup Holdings, Inc.
a Texas corporation,
its general partner

By: ______________________________
Mark D. Musemeche, Vice-President

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 13, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for The Greens on Turtle Creek (HTC #01073)

RECOMMENDED ACTION

WHEREAS, The Greens on Turtle Creek (the Development) received a 9% Housing Tax Credit (HTC) award in 2001 to construct 84 multifamily units in Port Arthur, Jefferson County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal (ROFR) to purchase the Development over a two-year ROFR period, and this provision is reflected in the Land Use Restriction Agreement (LURA) for the Development;

WHEREAS, in 2015, the 84th Texas Legislature, Regular Session, amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or as amended, an entity controlled by an entity described by, 26 U.S.C. §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, The Greens on Turtle Creek, Ltd. (the Development Owner or Owner) requests to amend the LURA for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726 in 2015; and

WHEREAS, amendment to the ROFR period in the LURA is a material change requiring Board approval under 10 TAC §10.405(b)(2)(E), and the Development Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for The Greens on Turtle Creek is approved as presented to this meeting, and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

The Greens on Turtle Creek received a 9% HTC award in 2001 to construct 84 multifamily units in Port Arthur, Jefferson County. In a letter dated March 26, 2021, Enrique Flores, representative for the Development Owner, requested approval to amend the HTC LURA related to the ROFR provision.

In 2001, the Housing Tax Credit application allotted five points to the Development Owner in exchange for a two-year ROFR period. Upon completion of the Development, the Owner entered into a Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits recorded in Jefferson County on December 30, 2003.

The additional use restrictions in the current HTC LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization or to the Department, if at any time after the 15th year of the Compliance Period the Owner decides to sell the property. The Development is currently in the 18th year of the 40-year Extended Use Period. However, the Owner desires to exercise its rights under Tex. Gov't Code §2306.6726 to amend the LURA to allow for a 180-day ROFR period.

In 2015, the Texas Legislature, Regular Session, passed HB 3576, which amended Tex. Gov't Code §2306.6725 to allow for a 180-day ROFR period and Tex. Gov't Code §2306.6726 to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, Tex. Gov't Code §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or as amended, an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's Uniform Multifamily Rules, Subchapter E, include administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a telephonic public hearing on the matter on April 20, 2021. The attendee list indicates no residents participated. Therefore, the meeting minutes show that no public comment was received regarding the requested amendment.

Staff recommends approval of the material LURA amendment as presented herein.

THE GREENS ON TURTLE CREEK, LTD.
3200 Turtle Creek
Port Arthur, Texas 77642

March 26, 2021

VIA HAND DELIVERY
Ms. Karen Treadwell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. TX01073; The Greens on Turtle Creek (the "**Property**")

Dear Ms. Treadwell:

The undersigned, being the General Partner (herein so called) of The Greens on Turtle Creek, Ltd., a Texas limited partnership (the "**Partnership**") and the current owner of the Property. This letter constitutes request for a material LURA amendment in order to modify the two-year Right of First Refusal ("**ROFR**") period.

Request to Amend ROFR Period

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day Right of First Refusal ("**ROFR**") period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(E) of the Rules allows for a LURA amendment in order to conform a ROFR to the provisions in Section 2306.6726. Therefore, the General Partner, acting on behalf of the Partnership, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period.

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the Partnership, is delivering a fee in the amount of $2,500. In addition, the Partnership commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials as to these proposed amendments. The Partnership will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Partnership requests staff recommendation in support of this request to be considered at the next available TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

THE GREENS ON TURTLE CREEK, LTD.,
a Texas limited partnership

By: Realtex-Madhouse Housing, LLC,
a Texas limited liability company,
its general partner

By: Madhouse Development Services, Inc.,
a Texas limited liability company,
its sole member

By: Enrique F

Enrique Flores, President

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 13, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Saddle Creek Apartments at Kyle (HTC #02042)

RECOMMENDED ACTION

WHEREAS, Saddle Creek Apartments at Kyle (the Development) received a 9% Housing Tax Credit (HTC) award in 2002 for the new construction of 104 multifamily units in the City of Kyle, Hays County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal (ROFR) to purchase the Development over a two-year ROFR period, and this provision is reflected in the Land Use Restriction Agreement (LURA) for the Development;

WHEREAS, in 2015, the 84th Texas Legislature, Regular Session, amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or as amended, an entity controlled by an entity described by, 26 U.S.C. §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, Housing Associates of Kyle, Ltd. (the Development Owner or Owner) requests to amend the LURA for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726 in 2015; and

WHEREAS, amendment to the ROFR period in the LURA is a material change requiring Board approval under 10 TAC §10.405(b)(2)(E), and the Development Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for Saddle Creek Apartments at Kyle is approved as presented to this meeting, and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Saddle Creek Apartments at Kyle received a 9% HTC award in 2002 for the new construction of 104 multifamily units, 80 of which are set aside for residents at or below 60% of the area median income, in Kyle, Hays County. In a letter dated March 25, 2021, Mark D. Musemeche, representative for the Development Owner, requested approval to amend the HTC LURA related to the ROFR provision.

In 2001, the Housing Tax Credit application allotted five points to the Development Owner in exchange for a two-year ROFR period. Upon completion of the Development, the Owner entered into a Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits recorded in Hays County on December 8, 2004.

The additional use restrictions in the current HTC LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization or to the Department, if at any time after the 15th year of the Compliance Period the Owner decides to sell the property. The Development is currently in the 17th year of the 55-year Extended Use Period. However, the Owner desires to exercise its rights under Tex. Gov't Code §2306.6726 to amend the LURA to allow for a 180-day ROFR period.

In 2015, the Texas Legislature, regular session, passed HB 3576, which amended Tex. Gov't Code §2306.6725 to allow for a 180-day ROFR period and Tex. Gov't Code §2306.6726 to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, Tex. Gov't Code §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's Uniform Multifamily Rules, Subchapter E, include administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a telephonic public hearing on the matter on April 21, 2021. There were no residents on the call, and no public comment was received regarding the requested amendment.

Staff recommends approval of the material LURA amendment as presented herein.

The amendment request letter also requests approval to remove the requirement for a Historically Underutilized Business (HUB) to hold an ownership interest in the project and maintain regular, continuous, and substantial participation in the operation of the development. However, this request can be approved administratively once the requirements in 10 TAC §10.405(b)(1) have been satisfied. Therefore, action on the request related to the HUB provision will be taken separately from this item related to the ROFR provision.

HOUSING ASSOCIATES OF KYLE, LTD.
1013 Van Buren St.
Houston, Texas 77019

March 25, 2021

VIA FED EX DELIVERY
Mr. Mark Fugina
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 02042; Saddlecreek Apartments (the "**Property**")

Dear Mark,

The undersigned, being the General Partner (herein so called) of Housing Associates of Kyle, Ltd., a Texas limited partnership (the "**Partnership**") and the current owner of the Property. This letter constitutes request for a material LURA amendment in order to modify the two-year Right of First Refusal ("**ROFR**") period.

Request to Amend ROFR Period

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day Right of First Refusal ("**ROFR**") period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(E) of the Rules allows for a LURA amendment in order to conform a ROFR to the provisions in Section 2306.6726. Therefore the General Partner, acting on behalf of the Partnership, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period.

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the Partnership, is delivering a fee in the amount of $2500. In addition, the Partnership commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials as to these proposed amendments. The Partnership will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Partnership requests staff recommendation in support of this request to be considered at the next available TDHCA Board meeting.

Removal of HUB Requirement Requested.

You are aware that we are requesting this change to the ROFR process as a preliminary step in contemplation of a future sale of the Project to a Qualified Nonprofit Organization, as defined in the Uniform Multifamily Rules. You have advised us that to accomplish such sale, we would also need to amend the LURA's election to maintain a Historically Underutilized Business ("HUB") in the ownership structure as the Managing General Partner with material participation for an extended Compliance Period of 25 years. For flexibility in the future operation of the Project, we are requesting that the LURA also be amended to remove the requirement for material participation by a HUB. It is our understanding that pursuant to Section 10.406(g) of the Rules, the TDHCA is willing to amend the LURA in this regard if the following conditions apply:

(i) The selling HUB is acting of its own volition;

(ii) The participation by the HUB has been substantive and meaningful, enabling the HUB to realize financial benefit and to acquire skills relating to the ownership and operation of affordable housing; and

(iii) The proposed purchaser meets the Department's standards for ownership transfers.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

HOUSING ASSOCIATES OF KYLE, LTD.,
a Texas limited partnership

By: MGroup Holdings, Inc.
a Texas corporation,
its general partner

By: ______________________
Mark D. Musemeche, Vice-President

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 13, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Forest Park Apartments (HTC #03009)

RECOMMENDED ACTION

WHEREAS, Forest Park Apartments (the Development) received a 9% Housing Tax Credit (HTC) award in 2003 to construct 140 multifamily units in Bryan, Brazos County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal (ROFR) to purchase the Development over a two-year ROFR period, and this provision is reflected in the Land Use Restriction Agreement (LURA) for the Development;

WHEREAS, in 2015, the 84th Texas Legislature, Regular Session, amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or as amended, an entity controlled by an entity described by, 26 U.S.C. §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, One Forest Park, Ltd. (the Development Owner or Owner) requests to amend the LURA for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726 in 2015; and

WHEREAS, amendment to the ROFR period in the LURA is a material change requiring Board approval under 10 TAC §10.405(b)(2)(E), and the Development Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for Forest Park Apartments is approved as presented to this meeting, and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Forest Park Apartments received a 9% HTC award in 2003 to construct 140 multifamily units in Bryan, Brazos County. In a letter dated March 12, 2021, W. Daniel Hughes, Jr., representative for the Development Owner, requested approval to amend the HTC LURA related to the ROFR provision.

In 2003, the Housing Tax Credit application allotted five points to the Development Owner in exchange for a two-year ROFR period. Upon completion of the Development, the Owner entered into a Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits recorded in Brazos County on August 31, 2006.

The additional use restrictions in the current HTC LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization or to the Department, if at any time after the 15th year of the Compliance Period the Owner decides to sell the property. The Development is currently in the 17th year of the 40-year Extended Use Period. However, the Owner desires to exercise its rights under Tex. Gov't Code §2306.6726 to amend the LURA to allow for a 180-day ROFR period.

In 2015, the Texas Legislature, Regular Session, passed HB 3576, which amended Tex. Gov't Code §2306.6725 to allow for a 180-day ROFR period and Tex. Gov't Code §2306.6726 to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, Tex. Gov't Code §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or as amended, an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's Uniform Multifamily Rules, Subchapter E, include administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a telephonic public hearing on the matter on March 16, 2021. An attendee list and meeting minutes with resident comments were provided. There was one resident participant. The meeting minutes indicate the resident had no comment.

Staff recommends approval of the material LURA amendment as presented herein.

FOREST PARK APARTMENTS
1828 Sandy Point Road
Bryan, Brazos County, Texas 77803

March 12, 2021

VIA ELECTRONIC DELIVERY
Mr. Jonathan Chilson
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 03009; Forest Park Apartments (the "**Property**")

Dear Mr. Chilson:

The undersigned, being the current owner of the Property (the "**Owner**"), is submitting this letter to request a material LURA amendment in order to modify the two-year Right of First Refusal ("**ROFR**") period.

Request to Amend ROFR Period

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day ROFR period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(E) of the Post Award and Asset Management Requirements allows for a LURA amendment in order to conform a ROFR to the amended provisions of Section 2306.6726. Therefore the Owner, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period.

LURA Amendment

In accordance with Section 10.405(b) of the Post Award and Asset Management Requirements, the Owner is delivering a fee in the amount of $3,000.00. In addition, the Owner commits to hold a public hearing, as required by the Rules, and to notify all residents and lenders. The Owner will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Owner requests staff recommendation in support of this request to be considered at the next available TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

ONE FOREST PARK, LTD.,
a Texas limited partnership

By: Bryan Forest Park, LLC,
a Texas limited liability company,
its general partner

By: LRC GP, LLC,
a Delaware limited liability company,
its sole member

By: Envolve Communities, LLC,
(f/k/a LEDIC Realty Company, LLC),
a Delaware limited liability company,
its sole member

By:______________________
Name: W. Daniel Hughes, Jr.
Title: CEO/Chairman Envolve Communities, LLC

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 13, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Big Bass Resort Senior Apartments (HTC #03178)

RECOMMENDED ACTION

WHEREAS, Big Bass Resort Senior Apartments (the Development) received a 9% Housing Tax Credit (HTC) award in 2003 to construct 200 multifamily units in Jacinto City, Harris County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal (ROFR) to purchase the Development over a two-year ROFR period, and this provision is reflected in the Land Use Restriction Agreement (LURA) for the Development;

WHEREAS, in 2015, the 84th Texas Legislature, Regular Session, amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or as amended, an entity controlled by an entity described by, 26 U.S.C. §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, Jacinto Manor, Ltd. (the Development Owner or Owner) requests to amend the LURA for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726 in 2015; and

WHEREAS, amendment to the ROFR period in the LURA is a material change requiring Board approval under 10 TAC §10.405(b)(2)(E), and the Development Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for Big Bass Resort Senior Apartments is approved as presented to this meeting, and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Big Bass Resort Senior Apartments received a 9% HTC award in 2003 to construct 200 multifamily units in Jacinto City, Harris County. In a letter dated March 26, 2021, Enrique Flores, representative for the Development Owner, requested approval to amend the HTC LURA related to the ROFR provision.

In 2003, the Housing Tax Credit application allotted five points to the Development Owner in exchange for a two-year ROFR period. Upon completion of the Development, the Owner entered into a Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits recorded in Harris County on December 30, 2005.

The additional use restrictions in the current HTC LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization or to the Department, if at any time after the 15th year of the Compliance Period the Owner decides to sell the property. The Development is currently in the 16th year of the 40-year Extended Use Period. However, the Owner desires to exercise its rights under Tex. Gov't Code §2306.6726 to amend the LURA to allow for a 180-day ROFR period.

In 2015, the Texas Legislature, Regular Session, passed HB 3576, which amended Tex. Gov't Code §2306.6725 to allow for a 180-day ROFR period and Tex. Gov't Code §2306.6726 to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, Tex. Gov't Code §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or as amended, an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's Uniform Multifamily Rules, Subchapter E, include administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a telephonic public hearing on the matter on April 19, 2021. There were several residents on the call, and while questions were asked about the amendment, no public comment was received regarding the requested amendment.

Staff recommends approval of the material LURA amendment as presented herein.

JACINTO MANOR, LTD.
9701 Market Street
Jacinto City, Texas 77029

March 26, 2021

VIA HAND DELIVERY
Ms. Lucy Trevino
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 03178; Big Bass Resort f/k/a Jacinto Manor (the "**Property**")

Dear Ms. Trevino:

The undersigned, being the General Partner (herein so called) of Jacinto Manor, Ltd., , a Texas limited partnership (the "**Partnership**") and the current owner of the Property. This letter constitutes request for a material LURA amendment in order to modify the two-year Right of First Refusal ("**ROFR**") period.

Request to Amend ROFR Period

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day Right of First Refusal ("**ROFR**") period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(E) of the Rules allows for a LURA amendment in order to conform a ROFR to the provisions in Section 2306.6726. Therefore, the General Partner, acting on behalf of the Partnership, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period.

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the Partnership, is delivering a fee in the amount of $2,500. In addition, the Partnership commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials as to these proposed amendments. The Partnership will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Partnership requests staff recommendation in support of this request to be considered at the next available TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

JACINTO MANOR, LTD.,
a Texas limited partnership

By: Jacinto City-Madhouse Housing Associates, LLC,
a Texas limited liability company,
its general partner

By: Madhouse Development Services, Inc.,
a Texas limited liability company,
its sole member

By: ______________________
Enrique Flores, President

1b

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
MAY 13, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Dwight D. Eisenhower Memorial Apartments (HTC #14425)

RECOMMENDED ACTION

WHEREAS, Dwight D. Eisenhower Memorial Apartments (the Development) received an award of 4% Housing Tax Credits (HTCs) in 2014 for the renovation of 194 units of multifamily housing in El Paso, El Paso County;

WHEREAS, El Paso RAD I, Ltd. (the Development Owner or Owner) is requesting approval for a modification of the residential density of 22.7% after realizing that the acreage stated in the HTC Application erroneously included 6.1 acres of public right-of-ways;

WHEREAS, Board approval is required for a modification of the residential density of at least five percent as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested change does not materially alter the Development in a negative manner, was not reasonably foreseeable or preventable by the Owner at the time of Application because the survey and title documents then did not identify that the roads were owned by the City of El Paso, and would not have adversely affected the selection of the Application;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment to the Application for Dwight D. Eisenhower Memorial Apartments is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

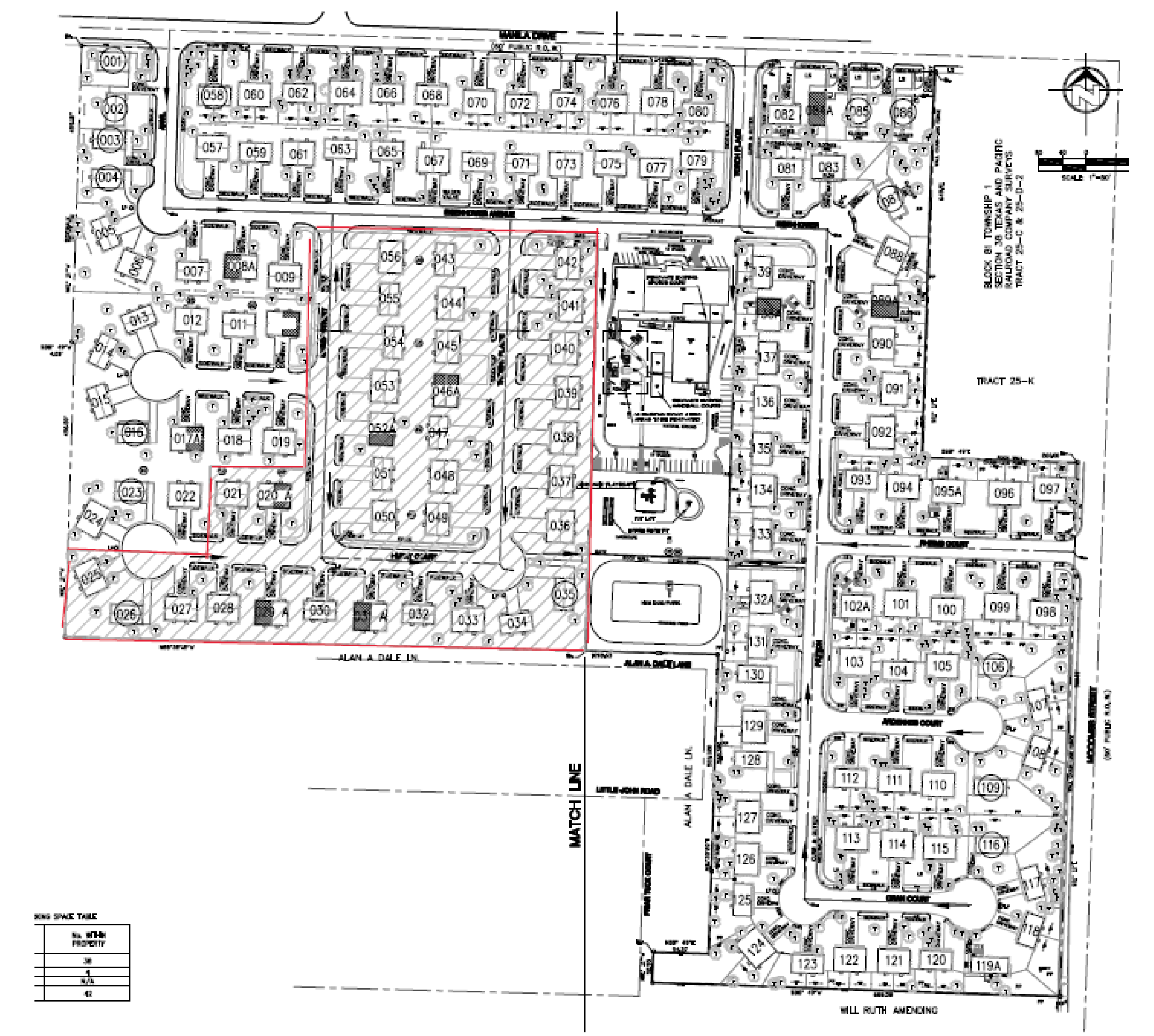
BACKGROUND

Dwight D. Eisenhower Memorial Apartments consists of 194 general multifamily housing units and is part of a portfolio in El Paso, El Paso County, that was awarded 4% Housing Tax Credits in

2014 for the acquisition and rehabilitation of 13 separate properties. Construction of the Development has been completed, and the cost certification documentation is currently under review by staff. In a letter dated April 7, 2021, Satish Bhaskar, representative for the Development Owner, requested approval for a change in the acreage and residential density noted in the original Application.

At Application, the Owner stated the site consisted of 33.012 acres. However, at Cost Certification, the Owner provided a title policy that stated the site is 42.519 acres, save-and-except a 9.507-acre portion excluded from the Application and 6.1 acres of public right-of-ways. Therefore, the net acreage for the Development is 26.9117 acres. Below is an excerpt from the survey for the Development.

Material Alterations as defined in Texas Government Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F)
Section outlined in red represents buildings that are not part of the Application



This change in acreage increased the residential density from 5.88 units per acre to 7.21 units per acre, a difference of approximately 22.7%. Board approval is required for a modification of the residential density of at least five percent as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F).

The Owner stated the error was an oversight made during the application process. However, this amendment will not have a financial impact on the Development, as it does not change any financial sources, terms, conditions, or amounts of financing.

Additionally, this amendment was not foreseeable or preventable at application because the survey and title documents then did not identify that the roads were owned by the City of El Paso. The project will still serve the same number of families as those at application, and the reduction in acreage will not impact the financial characteristics of the Development, the amenities offered, or the general layout of the Development.

Staff has reviewed the original Application against this amendment request and has concluded that the change described above would not have affected the award. The final tax credit recommendation will be determined upon finalization of the cost certification review process.

Staff recommends approval of the requested material amendment to the Application.

Housing Authority of the City of El Paso

April 7, 2021

Mark Fugina
Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78711-3941

RE: Request for Material Amendment to Application – Dwight D. Eisenhower (LITHC# 14425)

Dear Mr. Fugina,

The purpose of this correspondence is to request a Material Amendment to the Dwight D. Eisenhower (Eisenhower) Low Income Housing Tax Credit Application (Application) to correct a survey-related deficiency that was identified during Eisenhower's Final Cost Certification.

Specifically, the survey submitted at the time of Application indicated that the total area of the site used originally was 1,852,130 sq ft, 42.519 acres save and except the area outside the scope of work of 414,131 sq ft, 9.507 acres for a gross area of 1,437,999 sq ft, 33.012 gross acres. There are several public rights-of-way within the area for a total of 265,726 sq ft, 6.100 acres. The area of the rights-of- way are subtracted from the total gross area. The area of the project owned by HACEP is 1,172,273 sq ft, 26.9117 net acres.

At application, the net acreage was represented as 33.012 instead of the correct 26.9117 acres.

Pursuant to 10 TAC 10.405(a)(4)(F), a modification of the residential density of at least 5% requires a Material Amendment to the Application.

Application Amendment Requested

In order to correct the abovementioned deficiency, HACEP is requesting that the acreage in the Application be changed from 33.012 acres to 26. 9117 acres.

The error was an oversight made during the application process. However, this Material Amendment will not have a financial impact on the development as it does not change any financial sources, terms, conditions, or amounts of financing.

The corresponding $2,500 amendment fee will be sent to TDHCA via Electronic Funds Transfer.

Respectfully,

DocuSigned by:
Satish Bhaskar
F7E23837C129451...
Satish Bhaskar
Executive Vice President/CFO

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 13, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Lofts at Temple Medical District (HTC #20200)

RECOMMENDED ACTION

WHEREAS, Lofts at Temple Medical District (the Development) received an award of 9% Housing Tax Credits (HTCs) and a Multifamily Direct Loan (MFDL) award of HOME funds in 2020 for the new construction of 120 multifamily units, of which 102 are HTC units, in Temple, Bell County;

WHEREAS, Temple MD 20, LP (Applicant) requests approval for a material amendment to the Application for an increase to the number of units by 20, for a total of 140, increasing the number of Low-Income Units from 102 to 108 and increasing the market rate units from 18 to 32;

WHEREAS, Board approval is required for a modification of the number of units or bedroom mix of units and a modification of the residential density of at least 5%, as directed in Tex. Gov't Code §2306.6712(d)(2) and (6) and 10 TAC §10.405(a)(4)(B) and (F), and the Applicant has complied with the amendment requirements therein;

WHEREAS, the amendment request documentation also identifies a modification in the number of HTC and MFDL units, increasing the number of HTC units by six and decreasing the number of MFDL units by five, which still meets the program requirements;

WHEREAS, the amendment request also identifies a modification in the number of parking spaces from 129 to 170 spaces, which is deemed a Notification Item under 10 TAC §10.405(a)(2)(B); and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the amount of funding awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Lofts at Temple Medical District is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Lofts at Temple Medical District received a 9% HTC award and a MFDL award in 2020 to construct 120 units (102 HTC and 18 Market units) in Temple, Bell County. In a letter dated March 26, 2021, Jessica Krochtengel, representative for the Applicant, requested approval for the addition of 20 units, increasing the unit count from 120 units to 140 units, with 108 HTC units and 32 market rate units. The change in the number of units results in a 16.67% modification (increase) of the residential density, which will increase from 26.67 units per acre to 31.11 units per acre. This change represents a material amendment to the Application. Additionally, the Applicant proposes a modification from 129 parking spaces to 170 spaces, which is a Notification Item under 10 TAC §10.405(a)(2)(B).

The Applicant states the amendment is the result of unforeseeable increases in construction pricing and volatility in debt and equity costs as a result of the COVID-19 pandemic, and that these factors have caused the need for the addition of 20 units to ensure profitability. The Applicant has provided a letter from the City of Temple Planning Director supporting the increase of units.

The table below is a comparison of the information submitted at Application and with this amendment request:

Material Alterations as defined in Tex. Gov't Code §2306.6712(d) and 10 TAC §10.405(a)(4)

Application				Amendment				
Residential Density				**Residential Density**				
								Differences
Based on 120 Units				**Based on 140 Units**				
Original Units/Acre:	26.67			**Revised Units/Acre:**	**31.11**			**Units/Acre: 4.44**
								16.67% Increase
Original Number of Units				**Modification to Number of Units**				
BR/BA	S.F./Unit	No. of Units	NRA	**BR/BA**	**S.F./Unit**	**No. of Units**	**NRA**	
1/1	700	28	19,600	**1/1**	**700**	**46**	**32,200**	
1/1	777	32	24,864	**1/1**	**777**	**43**	**33,411**	
1/1	895	21	18,795	**1/1**	**895**	**6**	**5,370**	
2/2	943	18	16,974	**2/2**	**943**	**21**	**19,803**	
2/2	1,014	21	21,294	**2/2**	**1,014**	**24**	**24,336**	
Totals:		120	101,527			**140**	**115,120**	**13,593 s.f. Increase** **13.4% Increase**

The revised Development plan continues to meet accessibility requirements.

The change in the overall number of units will result in one additional HTC unit at 50% AMI and five additional HTC units at 60% AMI, but the number of units under the MFDL program will decrease by five. The original Application included 25 units with income and rent restrictions under the MFDL program, with five units at 50% AMFI and 20 units at 60% AMFI. However, the proposed unit mix now includes 20 MFDL units, with four units at 50% AMFI and 16 units at 60% AMFI, which meets the program requirements. Two HOME Match Units will be required with rent and income restrictions at 80% AMFI or less, and may not be designated MFDL units. This change is allowable under the HOME rules because the funds have not yet been committed in HUD’s recordkeeping system and the HOME funds were awarded in a non-competitive process.

The Applicant provided updated financial information that has been analyzed by the Real Estate Analysis (REA) Division. REA’s analysis of the updated financial information indicates that the Development is expected to be feasible, and there is no change to the previously recommended funding amounts. The Applicant has been informed that because the market rate units are now more than 15% of the Development, that the Applicant may not in the future modify its application to select income averaging, as this is prohibited by the MFDL program in 10 TAC §13.3(d)(2)(b).

Staff has determined that the proposed changes noted above would not have impacted the scoring of the Application.

Staff recommends approval of the amendment request as presented herein.

T e m p l e M D 2 0 , L P

March 26, 2021

Mr. Rosalio Banuelos, Director
Multifamily Asset Management Division
Texas Department of Housing and Community Affairs (TDHCA)
221 East 11th Street
Austin, TX 78701

Re: Amendment Request
Lofts at Temple Medical District (#20200).

Dear Mr. Banuelos,

This Material Amendment request is being submitted for Application #20200 Lofts at Temple Medical District. The proposed amendment was unforeseeable as construction pricing and the cost of debt and equity have been volatile due to the coronavirus pandemic. The coronavirus pandemic has already caused an ownership transfer for this application, and the new partners have been working diligently on minimizing changes to the original application, however, with other financial variables the Applicant has decided to request an amendment to add an additional 20 units. This will not decrease the amount of low-income units (but will in fact increase them slightly), but will decrease the amount of units designated for HOME funds. The Applicant believes this will make the project healthier long term with better financial fundamentals. Further, the site is zoned for multifamily at a higher density than the amended development proposal. The City of Temple has reviewed this change request and is supportive due to their pressing need for more senior living units at the price points we are proposing.

We request your approval of the proposed unit count increase. If you have any questions, please contact Zachary Krochtengel or Casey Bump in my office. Our team is standing by should you have any questions or require additional information.

Sincerely,

Jess Krochtengel

Jessica Krochtengel, Manager of its General Partner

Attachments:
1. Support Letter from City of Temple (Brian Chandler, Director of Planning)
2. Updated Site Plan
3. Updated Financial Package
4. Payment Receipt

Real Estate Analysis Division
April 23, 2021

Addendum to Underwriting Report

TDHCA Application #: **20200** Program(s): **9% HTC/MDL**

Lofts at Temple Medical District

Address/Location: NW of 400 SW H K Dodgen Loop

City: Temple County: Bell Zip: 76504

	APPLICATION HISTORY
Report Date	**PURPOSE**
04/23/21	**Amendment Request**
11/11/20	Initial Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
Multifamily Direct Loan (Soft Repayable)	$2,750,000	2.50%	30	18	**$2,750,000**	**2.50%**	**30**	**18**	**2**
LIHTC (9% Credit)	$1,500,000				**$1,500,000**				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), the term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

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

CONDITIONS STATUS

1 Receipt and acceptance before Direct Loan Closing

a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders

d: Substantially final draft of limited partnership agreement.

e: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.

f: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.

g: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

2 Receipt and acceptance by 10% test:

- Documentation that a noise study has been completed, and Architect certification that all recommendations from the noise study are incorporated into the development plans.

3 Receipt and acceptance by Cost Certification:

- Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

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.

SET-ASIDES

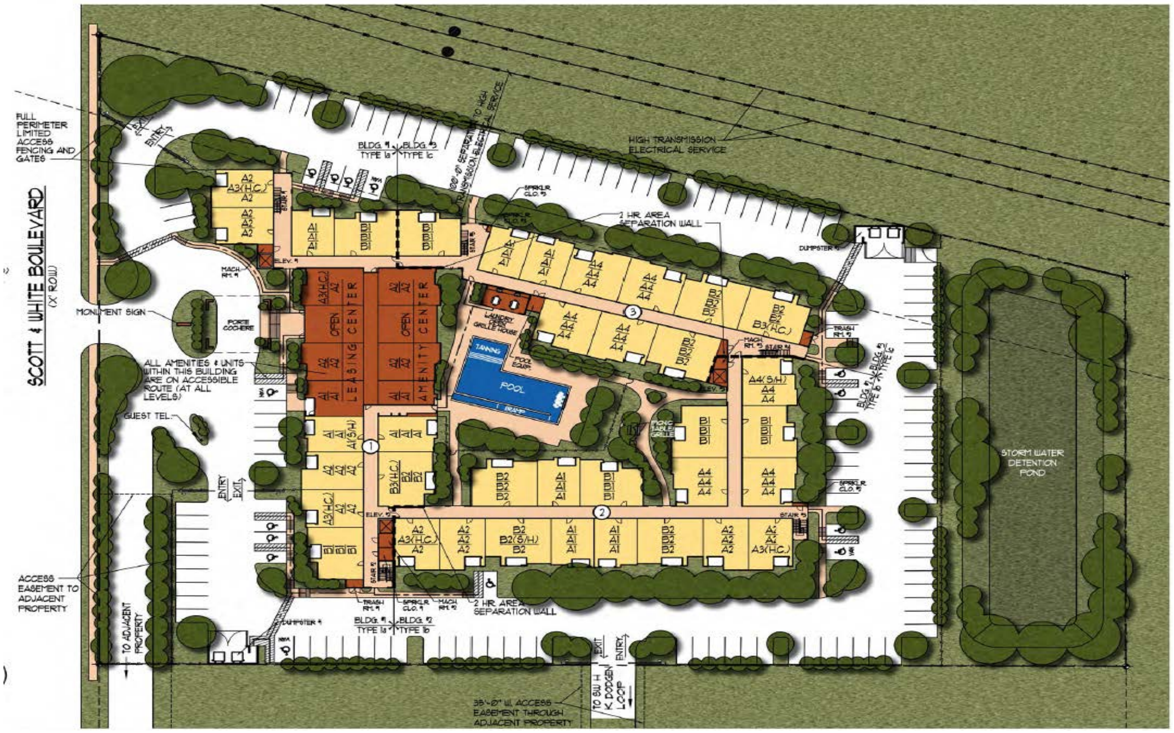
TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	22
50% of AMI	50% of AMI	22
60% of AMI	60% of AMI	64

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	Low HOME	4
60% of AMFI	High HOME	16

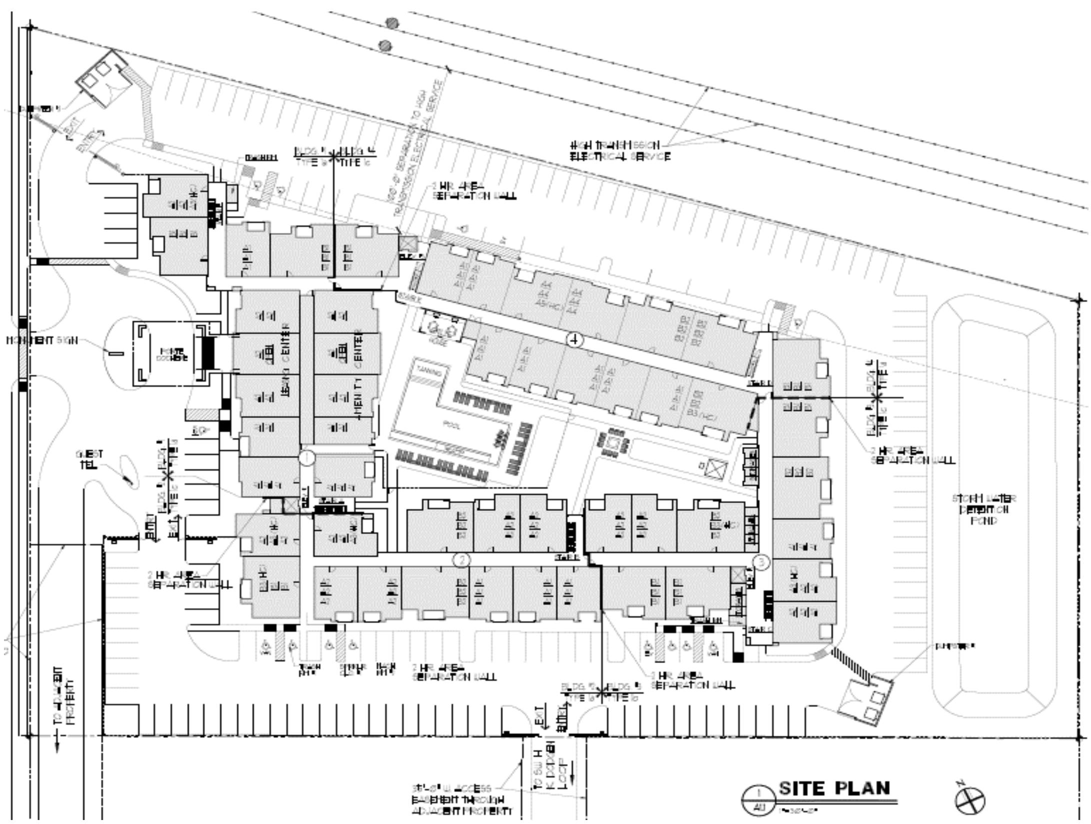
ANALYSIS

Lofts at Temple Medical District received an award of 9% Housing Tax Credits (HTCs) in 2020 for the new construction of 120 multifamily units (102 HTC units) in Temple, TX. Applicant has submitted an amendment request for a modification to the total number of units (120 to 140) with increases in the number of HTC Units (102 to 108) and market rate units (18 to 32). The amendment request includes modifications to the site plan, number of units or bedroom mix of units, architectural design, and residential density of at least five percent of the Development.

Original Site Plan



Revised Site Plan



Parking

City of Temple requires one parking space per senior dwelling unit. The original site plan provided 129 total spaces for 120 total units (1.1 spaces per unit). The revised site plan provides 170 spaces for 140 units (1.2 spaces per unit).

Operating Pro Forma

Total units have increased from 120 to 140, with additional units at 50% AMI, 60% AMI, and Market Rate. Applicant's revised rent schedule reflected 2020 Program Rents. Underwriter updated to the newly-released 2021 Program Rents.

The previous recommendation included 25 units with income and rent restrictions under the Direct Loan LURA. The current proposed unit mix includes 20 Direct Loan units.

Total Operating Expenses increased due to increased number of units. Applicant adjusted some expenses for the new unit mix while keeping some constant; Applicant's expense/unit decreased from $4,701 to $4,499. Underwriter's are adjusted for the unit mix, with expense/unit essentially unchanged ($4,665 to $4,655).

Pro forma variance remains within 5%.

Development Cost

Applicant's proposed off-site and site work costs are unchanged.

Net Rentable Area (NRA) increases 13% with the additional 20 units. Applicant's building cost estimate is 16% higher than original. Underwriter's estimate increased 19%.

Developer Fee increased 13%. Total soft costs and total financing costs have increased by 2% and 11%, respectively.

Total Development Cost increases 13%, consistent with the increase in NRA.

Sources of Funds

Debt and equity providers remain unchanged.

Chase Bank construction Loan increases from $13.28M (at 4.50%) to $15.30M (at 4.00%).

Chase Bank senior permanent loan has nearly doubled, from $2.78M (at 4.75% for 35 years) to $5.20M (at 4.40% for 35 years). Annual debt service that is senior to the TDHCA Direct Loan has increased from $163,083 to $291,460.

Chase Bank senior permanent loan has nearly doubled, from $2.78M (at 4.75% for 35 years) to $5.20M (at 4.40% for 35 years). Annual debt service that is senior to the TDHCA Direct Loan has increased from $163,083 to $291,460. But overall debt coverage decreases from 1.19 to 1.17, less than the 0.05 decrease permitted under §13.8(c)(1); therefore Board Approval is not required for the increased senior debt.

The Multifamily Direct Loan remains unchanged ($2,750,000 at 2.50% interest with 30-year amortization and 18-year term.

The Development, as amended with 20 additional units, remains feasible with the $1,500,000 annual tax credit allocation and the Multifamily Direct Loan as previously awarded.

Underwriter:	*Curtis Wilkins*
Manager of Real Estate Analysis:	*Jeanna Adams*
Director of Real Estate Analysis:	*Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

Lofts at Temple Medical District, Temple, 9% HTC/MDL #20200

LOCATION DATA	
CITY:	Temple
COUNTY:	Bell
Area Median Income	$64,700
PROGRAM REGION:	8
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	95	67.9%	0	14
2	45	32.1%	0	6
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	140	100.0%	-	20

52%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	22	15.7%
40%	-	0.0%
50%	22	15.7%
60%	64	45.7%
70%	-	0.0%
80%	-	0.0%
MR	32	22.9%
TOTAL	140	100.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	77.14%
APP % Acquisition	3.32%
APP % Construction	9.00%
Average Unit Size	822 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		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%	$364	LH/50%	$600	1	1	1	700	$364	$40	$324	$0	$0.46	$324	**$324**	**$324**	$324	$0.46	$0	$965	$1.38	$1,020
TC 30%	$364	HH/60%	$611	5	1	1	700	$364	$40	$324	$0	$0.46	$324	**$1,620**	**$1,620**	$324	$0.46	$0	$965	$1.38	$1,020
TC 30%	$364			2	1	1	700	$364	$40	$324	$0	$0.46	$324	**$648**	**$648**	$324	$0.46	$0	$965	$1.38	$1,020
TC 50%	$606			8	1	1	700	$606	$40	$566	$0	$0.81	$566	**$4,528**	**$4,528**	$566	$0.81	$0	$965	$1.38	$1,020
TC 60%	$728			19	1	1	700	$728	$40	$688	$0	$0.98	$688	**$13,072**	**$13,072**	$688	$0.98	$0	$965	$1.38	$1,020
MR				11	1	1	700	$0	$40		NA	$1.38	$965	**$10,615**	**$10,615**	$965	$1.38	NA	$965	$1.38	$1,020
TC 30%	$364	LH/50%	$600	1	1	1	777	$364	$40	$324	$0	$0.42	$324	**$324**	**$324**	$324	$0.42	$0	$1,060	$1.36	$1,060
TC 30%	$364	HH/60%	$611	5	1	1	777	$364	$40	$324	$0	$0.42	$324	**$1,620**	**$1,620**	$324	$0.42	$0	$965	$1.24	$1,060
TC 30%	$364			1	1	1	777	$364	$40	$324	$0	$0.42	$324	**$324**	**$324**	$324	$0.42	$0	$965	$1.24	$1,060
TC 50%	$606			7	1	1	777	$606	$40	$566	$0	$0.73	$566	**$3,962**	**$3,962**	$566	$0.73	$0	$965	$1.24	$1,060
TC 60%	$728			19	1	1	777	$728	$40	$688	$0	$0.89	$688	**$13,072**	**$13,072**	$688	$0.89	$0	$965	$1.24	$1,060
MR				10	1	1	777	$0	$40		NA	$1.24	$965	**$9,650**	**$9,650**	$965	$1.24	NA	$965	$1.24	$1,060
TC 30%	$364	LH/50%	$600	1	1	1	895	$364	$40	$324	$0	$0.36	$324	**$324**	**$324**	$324	$0.36	$0	$965	$1.08	$1,180
TC 50%	$606	HH/60%	$611	1	1	1	895	$606	$40	$566	$0	$0.63	$566	**$566**	**$566**	$566	$0.63	$0	$965	$1.08	$1,180
TC 60%	$728			2	1	1	895	$728	$40	$688	$0	$0.77	$688	**$1,376**	**$1,376**	$688	$0.77	$0	$965	$1.08	$1,180
MR				2	1	1	895	$0	$40		NA	$1.08	$965	**$1,930**	**$1,930**	$965	$1.08	NA	$965	$1.08	$1,180
TC 30%	$437	LH/50%	$720	1	2	2	943	$437	$52	$385	$0	$0.41	$385	**$385**	**$385**	$385	$0.41	$0	$1,035	$1.10	$1,210
TC 30%	$437	HH/60%	$785	3	2	2	943	$437	$52	$385	$0	$0.41	$385	**$1,155**	**$1,155**	$385	$0.41	$0	$1,035	$1.10	$1,210
TC 50%	$728			4	2	2	943	$728	$52	$676	$0	$0.72	$676	**$2,704**	**$2,704**	$676	$0.72	$0	$1,035	$1.10	$1,210
TC 60%	$874			9	2	2	943	$874	$52	$822	$0	$0.87	$822	**$7,398**	**$7,398**	$822	$0.87	$0	$1,035	$1.10	$1,210
MR				4	2	2	943	$0	$52		NA	$1.10	$1,035	**$4,140**	**$4,140**	$1,035	$1.10	NA	$1,035	$1.10	$1,210
TC 30%	$437	HH/60%	$785	2	2	2	1,014	$437	$52	$385	$0	$0.38	$385	**$770**	**$770**	$385	$0.38	$0	$1,035	$1.02	$1,265
TC 50%	$728			2	2	2	1,014	$728	$52	$676	$0	$0.67	$676	**$1,352**	**$1,352**	$676	$0.67	$0	$1,035	$1.02	$1,265
TC 60%	$874			15	2	2	1,014	$874	$52	$822	$0	$0.81	$822	**$12,330**	**$12,330**	$822	$0.81	$0	$1,035	$1.02	$1,265
MR				5	2	2	1,014	$0	$52		NA	$1.02	$1,035	**$5,175**	**$5,175**	$1,035	$1.02	NA	$1,035	$1.02	$1,265
TOTALS/AVERAGES:				**140**			**115,120**				**$0**	**$0.86**	**$710**	**$99,364**	**$99,364**	**$710**	**$0.86**	**$0**	**$988**	**$1.20**	**$1,110**
ANNUAL POTENTIAL GROSS RENT:														**$1,192,368**	**$1,192,368**						

STABILIZED PRO FORMA

Lofts at Temple Medical District, Temple, 9% HTC/MDL #20200

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Local Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.86	$710	$1,192,368	$966,000	$966,000	$1,192,368	$710	$0.86		0.0%	$0
Late Fees, Apps, Damage							$12.86	$21,600	21,600							
Total Secondary Income							$12.86			21,600	$21,600	$12.86			0.0%	$0
POTENTIAL GROSS INCOME								$1,213,968	$987,600	$987,600	$1,213,968				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(91,048)	(74,070)	(74,070)	(91,048)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,122,920	$913,530	$913,530	$1,122,920				0.0%	$0
General & Administrative	$57,269	$409/Unit	$54,614	$390	4.68%	$0.46	$376	$52,600	$48,600	$49,760	$54,614	$390	$0.47	4.86%	-3.7%	(2,014)
Management	$48,077	5.2% EGI	$44,519	$318	3.97%	$0.39	$318	$44,559	$36,547	$36,541	$44,917	$321	$0.39	4.00%	-0.8%	(358)
Payroll & Payroll Tax	$146,053	$1,043/Unit	$207,213	$1,480	16.70%	$1.63	$1,340	$187,530	$119,314	$119,314	$187,530	$1,340	$1.63	16.70%	0.0%	-
Repairs & Maintenance	$102,652	$733/Unit	$152,246	$1,087	6.20%	$0.60	$497	$69,640	$69,640	$72,000	$84,000	$600	$0.73	7.48%	-17.1%	(14,360)
Electric/Gas	$29,138	$208/Unit	$28,053	$200	1.88%	$0.18	$151	$21,150	$22,320	$24,045	$28,053	$200	$0.24	2.50%	-24.6%	(6,903)
Water, Sewer, & Trash	$72,167	$515/Unit	$55,895	$399	5.28%	$0.52	$424	$59,318	$61,560	$61,857	$55,895	$399	$0.49	4.98%	6.1%	3,423
Property Insurance	$46,332	$0.40 /sf	$42,203	$301	4.99%	$0.49	$400	$56,000	$67,366	$67,366	$56,000	$400	$0.49	4.99%	0.0%	-
Property Tax (@ 100%) 2.6832	$77,358	$553/Unit	$106,823	$763	8.88%	$0.87	$712	$99,723	$104,743	$94,896	$101,424	$724	$0.88	9.03%	-1.7%	(1,701)
Reserve for Replacements				$0	3.12%	$0.30	$250	$35,000	$30,000	$30,000	$35,000	$250	$0.30	3.12%	0.0%	-
Supportive Services				$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.38%	$0.04	$31	$4,320	$4,080	$4,080	$4,320	$31	$0.04	0.38%	0.0%	-
TOTAL EXPENSES					**56.09%**	**$5.47**	**$4,499**	**$ 629,840**	$564,170	$559,860	**$651,753**	**$4,655**	**$5.66**	**58.04%**	**-3.4%**	**$ (21,913)**
NET OPERATING INCOME ("NOI")					**43.91%**	**$4.28**	**$3,522**	**$493,080**	$349,360	$353,670	**$471,168**	**$3,365**	**$4.09**	**41.96%**	**4.7%**	**$21,913**
CONTROLLABLE EXPENSES							$2,787/Unit					$2,929/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Lofts at Temple Medical District, Temple, 9% HTC/MDL #20200

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Chase Bank		1.62	1.69	$291,460	4.40%	35	18	$5,200,000	$2,780,000	$2,780,000	$5,200,000	18	35	4.40%	$291,460	1.69	22.6%
TDHCA		1.12	1.17	$130,390	2.50%	30	18	$2,750,000	$2,750,000	$2,750,000	$2,750,000	18	30	2.50%	$130,390	1.17	12.0%
CASH FLOW DEBT / GRANTS																	
City of Temple		1.12	1.17		0.00%	0	0	$500	$500	$500	$500	0	0	0.00%		1.17	0.0%
Mucasey, J and B Electric		1.12	1.17		0.00%	0	0	$225,000	$225,000	$225,000	$225,000	0	0	0.00%		1.17	1.0%
				$421,850	TOTAL DEBT / GRANT SOURCES			$8,175,500	$5,755,500	$5,755,500	$8,175,500			TOTAL DEBT SERVICE	$421,850	1.17	35.6%
NET CASH FLOW		$49,318	$71,230								APPLICANT	NET OPERATING INCOME			$493,080	$71,231	NET CASH FLOW

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
RBC Equity	LIHTC Equity	60.4%	$1,500,000	0.925	$13,873,613	$13,948,605	$13,948,605	$13,873,613	$0.925	$1,500,000	60.4%	$10,714	Previous Allocation
DWR Temple MD, LP	Deferred Developer Fees	4.0%	(36% Deferred)		$928,591	$562,071	$562,071	$928,592	(36% Deferred)		4.0%	Total Developer Fee:	$2,569,070
Additional (Excess) Funds Req'd		0.0%						$0			0.0%		
TOTAL EQUITY SOURCES		64.4%			$14,802,204	$14,510,676	$14,510,676	$14,802,205			64.4%		
TOTAL CAPITALIZATION					$22,977,704	$20,266,176	$20,266,176	$22,977,705			15-Yr Cash Flow after Deferred Fee:		$506,627

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs			Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$12,143 / Unit	$1,700,000	$1,700,000	$1,700,000	$1,700,000	$12,143 / 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				$1,257 / Unit	$176,000	$176,000	$176,000	$176,000	$1,257 / Unit				0.0%	$0
Site Work		$1,157,500		$8,268 / Unit	$1,157,500	$1,157,500	$1,157,500	$1,157,500	$8,268 / Unit		$1,157,500		0.0%	$0
Site Amenities		$546,000		$3,900 / Unit	$546,000	$546,000	$546,000	$546,000	$3,900 / Unit		$546,000		0.0%	$0
Building Cost		$9,428,328	$97.20 /sf	$79,926/Unit	$11,189,665	$9,624,760	$8,990,468	$10,691,893	$76,371/Unit	$92.88 /sf	$9,428,328		4.7%	$497,772
Contingency		$556,591	5.00%	5.00%	$653,458	$694,703	$694,703	$653,458	5.20%	5.00%	$556,591		0.0%	$0
Contractor Fees		$1,636,378	14.00%	14.00%	$1,921,166	$1,359,391	$1,359,391	$1,851,479	14.00%	14.00%	$1,636,378		3.8%	$69,687
Soft Costs	0	$1,233,831		$8,813 / Unit	$1,233,831	$1,206,408	$1,206,408	$1,233,831	$8,813 / Unit		$1,233,831	$0	0.0%	$0
Financing	0	$534,299		$8,836 / Unit	$1,237,018	$1,111,590	$1,111,590	$1,237,018	$8,836 / Unit		$534,299	$0	0.0%	$0
Developer Fee	$0	$2,263,939	15.00%	15.00%	$2,569,070	$2,272,314	$2,177,170	$2,494,404	15.00%	15.00%	$2,263,939	$0	3.0%	$74,666
Reserves				7 Months	$583,997	$407,510	$407,510	$583,997	7 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$17,356,866**		$164,126 / Unit	**$22,977,705**	$20,266,176	$19,536,740	**$22,335,581**	$159,540 / Unit		**$17,356,866**	**$0**	**2.9%**	**$642,124**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		$0			$0	$0								
Financing Cost		$0												
Developer Fee	$0	$0			($0)	($0)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$17,356,866**		$164,126/unit	**$22,977,705**	$20,266,176	$19,536,740	**$22,335,581**	$159,540/unit		**$17,356,866**	**$0**	**2.9%**	**$642,124**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	$22,977,705

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Lofts at Temple Medical District, Temple, 9% HTC/MDL #20200

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$17,356,866	$0	$17,356,866
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$17,356,866	$0	$17,356,866
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$22,563,926	$0	$22,563,926
Applicable Fraction	77.14%	77.14%	77.14%	77.14%
TOTAL QUALIFIED BASIS	$0	$17,406,457	$0	$17,406,457
Applicable Percentage	3.32%	9.00%	3.32%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,566,581	$0	$1,566,581
CREDITS ON QUALIFIED BASIS	$1,566,581		$1,566,581	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9249	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,566,581	$14,489,427	----	----	----
Needed to Fill Gap	$1,600,398	$14,802,205	----	----	----
Previous Allocation	$1,500,000	$13,873,613	**$1,500,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		115,120 SF	$71.66	8,249,231
Adjustments				
Exterior Wall Finish	4.80%		3.44	$395,963
Elderly	3.00%		2.15	247,477
9-Ft. Ceilings	3.60%		2.58	296,972
Roof Adjustment(s)			3.74	430,549
Subfloor			1.61	185,343
Floor Cover			3.55	408,906
Breezeways	$30.22	28,083	7.37	848,762
Balconies	$38.75	10,537	3.55	408,309
Plumbing Fixtures	$1,080	360	3.38	388,800
Rough-ins	$530	280	1.29	148,400
Built-In Appliances	$1,830	140	2.23	256,200
Exterior Stairs	$2,460	20	0.43	49,200
Heating/Cooling			2.62	301,614
Storage Space	$30.22	0	0.00	0
Carports	$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$85.56	7,659	5.69	655,362
Elevators	$93,900	3	2.45	281,700
Other:			0.00	0
Fire Sprinklers	$2.59	150,862	3.39	390,734
SUBTOTAL			**121.12**	**13,943,523**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(12.11)	(1,394,352)
Reserved				0
TOTAL BUILDING COSTS			**109.01**	**$12,549,171**
Plans, specs, survey, bldg permits	3.30%		(3.60)	($414,123)
Contractor's OH & Profit	11.50%		(12.54)	(1,443,155)
NET BUILDING COSTS		$76,371/unit	$92.88/sf	$10,691,893

Long-Term Pro Forma

Lofts at Temple Medical District, Temple, 9% HTC/MDL #20200

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$1,122,920	$1,145,379	$1,168,286	$1,191,652	$1,215,485	$1,341,994	$1,481,670	$1,635,883	$1,806,147	$1,994,132	$2,201,683
TOTAL EXPENSES	3.00%	$629,840	$648,290	$667,284	$686,839	$706,971	$816,911	$944,085	$1,091,208	$1,261,426	$1,458,383	$1,686,298
NET OPERATING INCOME ("NOI")		**$493,080**	**$497,089**	**$501,003**	**$504,813**	**$508,514**	**$525,083**	**$537,585**	**$544,675**	**$544,721**	**$535,749**	**$515,385**
EXPENSE/INCOME RATIO		56.1%	56.6%	57.1%	57.6%	58.2%	60.9%	63.7%	66.7%	69.8%	73.1%	76.6%
MUST -PAY DEBT SERVICE												
Chase Bank		$291,460	$291,460	$291,460	$291,460	$291,460	$291,460	$291,460	$291,460	$291,460	$291,460	$291,460
TDHCA		$130,390	$130,390	$130,390	$130,390	$130,390	$130,390	$130,390	$130,390	$130,390	$130,390	$130,390
TOTAL DEBT SERVICE		$421,850	$421,850	$421,850	$421,850	$421,850	$421,850	$421,850	$421,850	$421,850	$421,850	$421,850
DEBT COVERAGE RATIO		1.17	1.18	1.19	1.20	1.21	1.24	1.27	1.29	1.29	1.27	1.22
ANNUAL CASH FLOW		**$71,231**	**$75,240**	**$79,153**	**$82,964**	**$86,665**	**$103,233**	**$115,735**	**$122,826**	**$122,871**	**$113,900**	**$93,536**
Deferred Developer Fee Balance		$857,361	$782,121	$702,968	$620,004	$533,340	$48,922	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$506,627	$1,109,043	$1,726,493	$2,317,985	$2,831,480

1c

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 13, 2021

Presentation, discussion, and possible action regarding approval of a Multifamily Direct Loan re-subordination for Westridge Villas (HOME #1002295 and TCAP #13150015502)

RECOMMENDED ACTION

WHEREAS, Westridge Villas (Development) was submitted and approved for a Multifamily Direct Loan in the amount of $4,000,000, composed of $3,000,000 awarded from the HOME program and $1,000,000 awarded from the Tax Credit Assistance Program (TCAP) – Repayment Funds in 2015 for the new construction of 132 multifamily units in McKinney, Collin County;

WHEREAS, the HOME and TCAP loans (MFDLs) are each secured with a Subordinate Parity Lien Surplus Cash Flow Promissory Note (Notes) with an outstanding principal balance of $2,871,992.71 and $957,330.90, respectively, as of April 2021, and ADC West Ridge, LP (Development Owner or Owner) is currently seeking to convert the Development's construction loan to a permanent first lien funded by an FHA 223(f) loan;

WHEREAS, as a condition to the closing, HUD requires the Department to re-subordinate the HOME and TCAP Notes, and the Owner has requested approval for such re-subordination from the Department;

WHEREAS, when the Development was last underwritten, the report dated May 5, 2016, indicated that the first lien permanent debt would be in the amount of $17,650,000 with a 3.73% interest rate, a 0.35% Mortgage Insurance Premium (MIP), and a 40-year term/amortization, resulting in annual debt service of $911,739;

WHEREAS, the Owner is now proposing an increased senior loan amount of $19,520,000 with a 2.50% interest rate, a 0.35% MIP rate, and a 35-year term/amortization, resulting in annual debt service of $905,716.79;

WHEREAS, Board approval is required for this re-subordination, as the conditions for Executive Director approval for resubordinating the MFDLs that are specified in 10 TAC §13.13(c)(2) have not been fully met, given that the refinance proposes a payment to the Development Owner, the first lien debt is greater than the original senior loan amount identified at underwriting, a proposal for partial or full repayment of the Multifamily Direct Loan (MFDL) lien is not being made with the subordination request, and the additional loan proceeds are not all being directly applied to property improvements; and

WHEREAS, the proposed increased loan amount does not negatively affect the financial feasibility of the Development and is being used to fund repairs, additional construction costs, and legal fees incurred in defense and pursuit of damages against KWA Construction, L.P., the General Contractor, for nonperformance, and a portion of the loan proceeds will be used to pay the Deferred Payment Account balance and the loan payment due June 1, 2021, for the MFDLs;

NOW, therefore, it is hereby

RESOLVED, that the request for the Department to re-subordinate its MFDLs (though not its Land Use Restriction Agreements) to a $19,520,000 senior loan is approved, and the Executive Director and his designees are hereby authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Westridge Villas originally received a Multifamily Direct Loan award in 2015 in the amount of $4,000,000, composed of two loans, together referred to as MFDLs, for the construction of 132 units of multifamily housing in McKinney, Collin County. One loan is in the amount of $3,000,000 awarded from the HOME program (HOME Loan), and the other loan is in the amount of $1,000,000 awarded from the Tax Credit Assistance Program (TCAP) – Repayment Funds (TCAP Loan). The MFDLs are structured with a 3% interest rate and 40-year term/amortization, and are subordinate to the first lien with payments subject to available surplus cash. Annual cash flow payments in the amount of $153,057.78 for the HOME Loan and $51,019.26 for the TCAP Loan began June 1, 2019, and the unpaid balances are $2,871,992.71 and $957,330.90, respectively. Due to negative cash flow, the MFDL payments due for 2019 and 2020 have been deferred and added to a Deferred Payment Account in accordance with the terms of the Notes. As a result, the HOME Loan has a Deferred Payment Account balance of $306,115.56, representing $128,007.29 for deferred principal and $178,108.27 for deferred interest. The TCAP Loan has a Deferred Payment Account balance of $102,038.52, representing $42,669.10 for deferred principal and $59,369.42 for deferred interest.

In a letter dated April 21, 2021, the Owner's representative, Terri Anderson, requested approval for a re-subordination of MFDL liens. The Owner states the Development has been in litigation with KWA Construction, L.P. (KWA), the General Contractor, due to nonperformance issues. On November 15, 2018, KWA filed a Mechanic's Lien in the amount of $1,676,065.37 against the property and filed a lawsuit to foreclose asserting breach of contract against the Owner. Although the property was issued Permission to Occupy on July 31, 2018, the Owner has disputed the issuance based on incomplete and defective portions of the project identified by the Development's architect. Therefore, the Owner asserted a counterclaim against KWA to recover damages incurred as a result of construction issues and failure to complete the project. The Owner has provided an opinion letter from Conor G. Bateman, with the office of Shackelford, Bowen, McKinley & Norton, LLP, stating that on September 17, 2020, the court issued an Order stating that KWA's lien was invalid and improper and that it should be removed. Mr. Bateman states that the only remaining claims are those filed by the Owner against KWA for its defective and incomplete work, and that KWA's deadline to amend pleadings under the current scheduling order expired several months ago. Mr. Bateman indicates it is possible the court could grant leave to KWA to amend its pleadings, but that it is the opinion of their office that it is unlikely to occur at this junction. The Owner states that their trial has been postponed to later this year.

Based on the underwriting report issued on May 5, 2016, the annual debt service for the permanent first lien was anticipated to be $937,358 based on a $17,650,000 loan with a 3.73% interest rate, 0.35% MIP rate, and a 40-year term/amortization. The Owner states that KWA did not submit the FHA 221(d)(4) documents required to convert the existing construction loan to the permanent loan phase. As a result, the Development has not fully drawn the original loan amount of $17,650,000 and has been incurring approximately $22,000 in loan extension fees each month since July 2018. The Owner is now seeking to refinance the existing debt and has a HUD commitment for a Section 223(f) loan in the amount of $19,520,000 with a 2.50% interest rate, MIP of 0.35%, and a 35-year term/amortization. The refinanced loan includes a cash out payment of $1,740,130 to the Owner.

The Owner proposes using $612,231.12 of the cash out proceeds to pay the MFDL's current Deferred Payment Account balance and the next loan payment due June 1, 2021. The Owner states that approximately $850,000 of the cash out payment will be used to pay legal fees incurred in defense of the property and in pursuit of damages sustained due to KWA's nonperformance. An additional $277,989.88 of the cash out proceeds and operating cash flow would be used towards correcting construction issues, including approximately $271,400 to replace the elevator, $190,200 for roof replacement, $29,282.50 for interior and exterior ceiling fan replacement, and $27,954.43 to correct and complete sidewalks.

Staff has confirmed that not all of the conditions specified in 10 TAC §13.13(c)(2) have been met to allow this re-subordination request to be approved administratively by the Executive Director. Therefore, the Board's approval is necessary for re-subordination of the Department's MFDL liens to the proposed increased first lien of $19,520,000, which is $1,870,000 greater than the originally proposed $17,650,000 debt at application. However, it should be noted that the debt service, including MIP, for the permanent first lien will decrease from $911,739 anticipated at underwriting to $905,716.79 due to the decrease in the interest rate from 3.73% to 2.50%.

Staff completed a financial analysis using the new proposed permanent loan terms. The income used in the financial review is based on the rental income from the May 3, 2021 rent roll, because the Owner states that the property is in the process of increasing rents to the maximum allowable limits. Additionally, the current rental income was compared to the operating expense history, excluding the atypical litigation costs that were expensed to the property from March 1, 2020 through February 28, 2021. The results indicate that the projected aggregate Debt Coverage Ratio (DCR) for the new debt and MFDLs would be 1.15, which is the Department's minimum DCR guideline for financial feasibility.

Additionally, HUD requirements for the new debt specify that repayment of subordinate debt must be from 75% of the surplus cash flow. The financial analysis indicates that 75% of the Net Cash Flow after repayment of the first lien debt service would be sufficient to make the full MFDL debt service payments. Therefore, the analysis supports that the Development is expected to maintain financial feasibility with the increased senior debt and the 75% surplus cash requirement.

Staff recommends approval of the re-subordination request for the increased first lien debt of $19,520,000, which does not negatively affect the Development's financial feasibility, and which includes a cash out payment to the Owner in the amount of $1,740,130 contingent upon using that payment of the Deferred Payment Account balance and next loan payment due for the MFDLs (approximately $612,231.12), the Owner's litigation expenses, and for correcting construction issues.

ADC WEST RIDGE, LP

April 21, 2021

Ms. LeeAnn Chance, Asset Manager (Region 3)
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

RE: Re-subordination of HOME #1002295001 and TCAP #13150015502 Loans

Dear Ms. Chance,

Pursuant to 10 TAC §13.13(c)(2), please accept this letter as a formal request for Board approval to resubordinate the existing $3,000,000 HOME Loan #1002295001 and $1,000,000 TCAP Loan #13150015502 provided to develop 132 multifamily homes known as West Ridge Villas, located in Frisco, TX, to an FHA 223f Loan in the amount of $19,520,000.

The proposed refinance is necessary due to failure of KWA Construction LP, the general contractor, to complete its work and KWA's failure to prepare and submit the required FHA 221d4 closeout documents necessary to convert the existing construction loan to the permanent loan phase. As such, the original loan amount of $17,650,000 was not fully drawn and Extension Fees in the amount of approximately $22,000/month have been paid due to our inability to close on or before July 2018. The existing loan has been amortizing since November 2017 and is subject to Pre-payment penalties.

An amendment to the attached FHA Commitment for a $19,520,000 FHA 223f loan has been requested, providing for lower debt service, cessation of monthly Extension Fees, and cash out.

New FHA 223f Mortgage		**$19,520,000**
Payoff of Existing Mortgage		**-$15,574,872**
Cash for Criticals & Non-Criticals		**-$407,834**
Critical Repairs	*-$26,960*	
Non-Critical Repairs	*-$380,874*	
Operating Deficit		**-$651,396**
Commitment, Marketing, Etc		**-$738,858**
Carrying Charges & Finance Fees	*-$246,958*	
Legal & Organizational	*-$41,900*	
Initial Deposit to RfR	*-$450,000*	
Working Capital		**-$817,298**
10% Assurance of Completion	*-$38,087*	
150% of Non-Criticals	*-$571,311*	
Pool Escrow	*-$207,900*	
Cash Out		$1,329,742
Existing Escrows Released at Closing		$410,388
Total Cash Available to Borrower		**$1,740,130**

Payment of $22,000 per month in current loan Extension Fees since July 2018 has prevented debt service of the TDHC cash flow only notes. This refinance will stop the Extension Fees and allow the Cash Available to Borrower to be used to pay TDHCA debt service totaling $612,231.12 as invoiced for 2019 and 2020, and that which will be invoiced in 2021. Additionally, the 2.5% interest rate locked on March 31, 2021 provides for lower debt service on the new loan than that approved in the original underwriting, thereby increasing the Debt Service Coverage Ratio and reducing the overall loan risk.

Approximately $850,000 will be used to pay legal fees incurred in defense of the property and in pursuit of damages sustained due to KWA's failure to perform. Approximately $277,898.88 in remaining Cash Available to Borrower plus operating cash flow may be used for construction correction and completion, including but not limited to: approximately $271,400 ($135,700 x 2) plus other construction costs for elevator replacement; approximately $190,200 for roof replacement; $29,282.50 paid for interior and exterior ceiling fan replacement; and approximately $27,954.43 for sidewalk correction and installation.

Due to continuing legal bills, and vast construction defects and deficiencies, there has been no Cash Available to Borrower and negative cash flow from property operations. As such, all cash out proceeds shall remain available to the Borrower without restriction to be used at the Borrower's sole discretion as allowed by the HUD program regulations and as described above. TDHCA's debt repayment terms are requested to remain unchanged.

The attached December 31, 2020 T-12 Operating Statement and current Rent Roll is provided for your review. Please contact me at (972) 567-4630 should you have any questions or need additional information.

We appreciate your consideration of our request.

Respectfully submitted,
ADC WEST RIDGE, LP

Terri L. Anderson

By: CHR West Ridge Villas, LLC, its general partner
By: Center for Housing Resources, Inc., its sole member and manager
By: Terri L. Anderson, Chairperson of the Board of Directors

1d

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

MAY 13, 2021

Presentation, discussion, and possible action on the 2021 Department of Energy Weatherization Assistance Program State Plan and Awards

RECOMMENDED ACTION

WHEREAS, the Department develops and submits a State Plan to the Department of Energy (DOE) each year to administer the Weatherization Assistance Program (WAP);

WHEREAS, the draft 2021 DOE WAP State Plan (the Plan) was approved for release for public comment at the Board meeting of March 11, 2021;

WHEREAS, the public comment period was open from March 26, 2021, to April 16, 2021, wherein no public comment was received;

WHEREAS, consistent with DOE requirements (10 CFR §440.17) and as permitted by Tex. Gov't Code §2110.005 and 10 TAC §6.408, the Weatherization Assistance Program Policy Advisory Council met on Friday, April 16, 2021, and upon review and discussion, recommended in favor of the Plan;

WHEREAS, the Department has prepared the final Plan including a list of the subgrantees to be awarded funds and the proposed award amounts based on the formula contained in 10 TAC §6.404, Distribution of WAP Funds for submission to DOE; and

WHEREAS, in addition to $2,575,000 in estimated carryover funding from Program year 2020, the Department received notice of an award of $7,908,820 for Program Year 2021 for a total State Plan amount of $10,483,820;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to submit the Plan to DOE and upon DOE approval of such Plan to contract for the awards represented in the Plan and in connection therewith to execute, deliver, and cause to be performed such amendments, documents, and other writings such as anticipated grant guidance on development of the Plan from DOE or to make such non-substantive technical corrections as they or any of them may deem necessary or advisable to effectuate the foregoing; and

FURTHER RESOLVED, that any subsequent 2021 DOE WAP funds received will be similarly awarded in accordance with the approved method and formula or as needed to accommodate full utilization of funds among only those providers with the ability to expend additional funds.

BACKGROUND

DOE weatherization funding provides for the installation of weatherization measures to increase energy efficiency of a home including caulking, weather-stripping, adding ceiling, wall, and floor insulation, patching holes in the building envelope, duct work, and repair or replacement of energy inefficient heating and cooling systems. Additionally, the funds allow for subgrantees to complete financial audits, household energy audits, outreach and engagement activities, and program administration. Further, DOE funding provides for State administration and State training and technical assistance activities. For 2021, of the $10,483,820, approximately $9,558,655 will be distributed to subgrantees as listed in the table below while the remaining $925,165 will be allocated to the Department's administrative, training, and technical assistance functions.

A draft of the Plan was approved at the Board meeting of March 11, 2021, for release for public comment. The draft Plan and announcement of a public comment period and public hearing was made available on the Department's website and by listserv email distribution, on Friday, March 12, 2021, in addition to being announced in the *Texas Register* issue dated March 26, 2021. The Department conducted a virtual public hearing via webinar on Tuesday, April 13, 2021. The public comment period closed at 5:00 p.m. Austin local time on Friday, April 16, 2021. No public comment was received.

DOE regulations also require a Weatherization Assistance Program Policy Advisory Council (WAP PAC) be designated in the Plan in order to provide guidance and comment on the Plan. The WAP PAC members are appointed by the Department and broadly represent organizations and agencies throughout the State that represent low-income persons. The WAP PAC meeting occurred virtually via webinar on Friday, April 16, 2021. The WAP PAC reviewed and discussed the Plan, and all members expressed support for the Plan.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) requires a review of the DOE WAP awards prior to contract execution. The review has been performed and the subgrantees listed in Attachment A have been recommended by the Executive Award Review and Advisory Committee for award. Only one subgrantee award, Big Bend Community Action Committee, Inc, has been conditioned as follows:

Agency	Recommendation Status
Big Bend Community Action Committee, Inc. (BBCAC)	This award is conditioned upon BBCAC submitting their compliant FYE 9/30/20 Single Audit to the Federal Audit Clearinghouse (FAC) and providing written notice to the Department of the submission within 5 business days of FAC submission AND BBCAC submitting a response sufficient to satisfactorily resolve their open monitoring report. Both of these actions must be completed before a 2021 DOE Contract is issued, but no later than September 8, 2021. Additionally, BBCAC is notified that failure to complete this condition may serve as good cause for nonrenewal or termination of block grant contracts subject to 10 TAC §1.411.

ATTACHMENT A

2021 Department of Energy Weatherization Assistance Program Awards

	SUBRECIPIENT	Anticipated Award ($)
1	Alamo Area Council of Governments	775,891
2	BakerRipley	1,175,603
3	Big Bend Community Action Committee*	145,934
4	Brazos Valley Community Action Program	320,679
5	City of Fort Worth	464,804
6	Combined Community Action, Inc.	216,011
7	Community Action Committee of Victoria Texas	291,687
8	Community Action Corporation of South Texas	1,050,419
9	Community Council of South Central Texas, Inc.	199,242
10	Concho Valley Community Action Agency	182,769
11	Dallas County Health and Human Services	748,175
12	Economic Opportunities Advancement Corporation	275,782
13	El Paso Community Action Program, Project Bravo	433,577
14	Greater East Texas Community Action Program	867,793
15	Hill Country Community Action Association, Inc.	263,357
16	Nueces County Community Action Agency	165,682
17	Panhandle Community Services	267,945
18	Rolling Plains Management Corporation	408,350
19	South Plains Community Action Association, Inc.	244,531
20	Texoma Council of Governments	501,609
21	Travis County Health and Human Services and Veterans Services	293,543
22	West Texas Opportunities	265,272
	TOTAL	**$9,558,655**

*The Board has placed conditions on this award which must be met before a Contract is executed.

OMB Number: 4040-004
Expiration Date: 10/31/2019

APPLICATION FOR FEDERAL ASSISTANCE SF-424 Version 02

1. Type of Submission: ☐ Preapplication ☒ Application ☐ Changed/Corrected Application	2. Type of Application: ☐ New ☒ Continuation ☐ Revision If Revision, select appropriate letter(s) Other (specify):
3. Date Received 07/01/2021	4. Applicant Identifier:
5a. Fed Entity Identifier:	5b. Federal Award Identifier: DE-EE0007952

State Use Only:

6. Date Received by State: 07/01/2021	7. State Application Identifier: TX-W-200

8. APPLICANT INFORMATION:

a. Legal Name: State of Texas

b. Employer/Taxpayer Identification Number (EIN/TIN): 742610542	c. Organizational DUNS: 806781902

d. Address:

Street 1: P.O. BOX 13941
Street 2:
City: Austin
County:
State: TX
Province:
Country: U.S.A.
Zip / Postal Code: 787113941

e. Organizational Unit:

Department Name: Texas Department of Housing and Community Affairs	Division Name: Community Affairs Division

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr First Name: Michael
Middle Name:
Last Name: DeYoung
Suffix:

Title: Community Affairs Division Director

Organizational Affiliation: Texas Dept. of Housing and Community Affairs

Telephone Number: 5124752125 Fax Number: 5124753935

Email: michael.deyoung@tdhca.state.tx.us

OMB Number: 4040-004
Expiration Date: 10/31/2019

APPLICATION FOR FEDERAL ASSISTANCE SF-424 Version 02

9. Type of Applicant:

A State Government

10. Name of Federal Agency:

U. S. Department of Energy

11. Catalog of Federal Domestic Assistance Number:

81.042

CFDA Title:

Weatherization Assistance Program

12. Funding Opportunity Number:

DE-WAP-0002021

Title:

2021 Weatherization Assistance Program

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Statewide

15. Descriptive Title of Applicant's Project:

Provide Statewide Weatherization Assistance

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

16.Congressional District Of:

a. Applicant: Texas Congressional District 01

b. Program/Project: TX-Statewide

Attach an additional list of Program/Project Congressional Districts if needed:

17. Proposed Project:

a. Start Date: 07/01/2021

b. End Date: 06/30/2022

18. Estimated Funding ($):

a. Federal	7,908,820.00
b. Applicant	0.00
c. State	0.00
d. Local	0.00
e. Other	0.00
f. Program Income	0.00
g. TOTAL	7,908,820.00

19. Is Application subject to Review By State Under Executive Order 12372 Process?:

☐ a. This application was made available to the State under the Executive Order 12372 Process for review

☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☒ c. Program is not covered by E.O. 12372

20. Is the applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation)

No

21. By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to**

☒ I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency

Authorized Representative:

Prefix: Mr

First Name: Bobby

Middle Name:

Last Name: Wilkinson

Suffix:

Title: Executive Director

Telephone Number: 5124753296

Fax Number:

Email: bobby.wilkinson@tdhca.state.tx.us

Signature of Authorized Representative: Signed Electronically

Date Signed:

OMB Approval No. 0348-0044

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. EE0007952	2. Program/Project Title Weatherization Assistance Program
3. Name and Address: State of Texas, P.O. BOX 13941, Austin, TX 787113941	4. Program/Project Start Date 07/01/2021 5. Completion Date 06/30/2022

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. DOE WAP Formula Funds	81.042	$ 2,575,000.00		$ 7,908,820.00		$ 10,483,820.00
2.						
3.						
4.						
5. TOTAL		$ 2,575,000.00	$ 0.00	$ 7,908,820.00	$ 0.00	$ 10,483,820.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total (5)
	(1) GRANTEE ADMINISTRATION	(2) SUBGRANTEE ADMINISTRA	(3) GRANTEE T&TA	(4) SUBGRANTEE T&TA	
a. Personnel	$ 200,520.00	$ 0.00	$ 210,570.00	$ 0.00	$ 411,090.00
b. Fringe Benefits	$ 69,781.00	$ 0.00	$ 73,278.00	$ 0.00	$ 143,059.00
c. Travel	$ 0.00	$ 0.00	$ 27,720.00	$ 0.00	$ 27,720.00
d. Equipment	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
e. Supplies	$ 3,000.00	$ 0.00	$ 2,000.00	$ 0.00	$ 5,000.00
f. Contract	$ 0.00	$ 706,274.00	$ 134,000.00	$ 550,000.00	$ 9,692,655.00
g. Construction	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
h. Other Direct Costs	$ 14,000.00	$ 0.00	$ 3,250.00	$ 0.00	$ 17,250.00
i. Total Direct Charges	$ 287,301.00	$ 706,274.00	$ 450,818.00	$ 550,000.00	$ 10,296,774.00
j. Indirect Costs	$ 91,237.00	$ 0.00	$ 95,809.00	$ 0.00	$ 187,046.00
k. Totals	$ 378,538.00	$ 706,274.00	$ 546,627.00	$ 550,000.00	$ 10,483,820.00
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

OMB Approval No. 0348-0044

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No.	2. Program/Project Title
EE0007952	Weatherization Assistance Program

3. Name and Address		4. Program/Project Start Date	07/01/2021
	State of Texas P.O. BOX 13941 Austin, TX 787113941	5. Completion Date	06/30/2022

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. TOTAL		$ 2,575,000.00	$ 0.00	$ 7,908,820.00	$ 0.00	$ 10,483,820.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total
	(1) PROGRAM OPERATIONS	(2) HEALTH AND SAFETY	(3) LIABILITY INSURANCE	(4) FINANCIAL AUDITS	(5)
a. Personnel	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 411,090.00
b. Fringe Benefits	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 143,059.00
c. Travel	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 27,720.00
d. Equipment	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
e. Supplies	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 5,000.00
f. Contract	$ 6,932,017.00	$ 1,223,297.00	$ 125,067.00	$ 22,000.00	$ 9,692,655.00
g. Construction	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
h. Other Direct Costs	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 17,250.00
i. Total Direct Charges	$ 6,932,017.00	$ 1,223,297.00	$ 125,067.00	$ 22,000.00	$ 10,296,774.00
j. Indirect Costs	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 187,046.00
k. Totals	$ 6,932,017.00	$ 1,223,297.00	$ 125,067.00	$ 22,000.00	$ 10,483,820.00
7. Program Income	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2021)

IV.1 Subgrantees

Subgrantee (City)	Planned Funds/Units
Alamo Area Council of Governments (San Antonio)	$775,891.00 108
BakerRipley (Houston)	$1,175,603.00 168
Big Bend Community Action Committee (Marfa)	$145,934.00 16
Brazos Valley Community Action Program (College Station)	$320,679.00 40
Combined Community Action, Inc. (Giddings)	$216,011.00 26
Community Action Committee of Victoria Texas (Victoria)	$291,687.00 36
Community Action Corporation of South Texas (Alice)	$1,050,419.00 149
Community Council of South Central Texas, Inc (Seguin)	$199,242.00 24
Concho Valley Community Action Agency (San Angelo)	$182,769.00 21
Dallas County Health & Human Services (Dallas)	$748,175.00 105
Economic Opportunities Advancement Corporation (Waco)	$275,782.00 34
El Paso Community Action Program, Project Bravo (El Paso)	$433,577.00 56
Fort Worth, City of (Fort Worth)	$464,804.00 61
Greater East Texas Community Action Program (Nacogdoches)	$867,793.00 123
Hill Country Community Action Association, Inc. (San Saba)	$263,357.00 31
Nueces County Community Action Agency (Corpus Christi)	$165,682.00 19
Panhandle Community Services (Amarillo)	$267,945.00 33
Rolling Plains Management Corporation (Crowell)	$408,350.00 53
South Plains Community Action Association, Inc. (Levelland)	$244,531.00 30
Texoma Council of Governments (Sherman)	$501,609.00 66
Travis County Health and Human Services and Veterans Services (Austin)	$293,543.00 37
West Texas Opportunities (Lamesa)	$265,272.00 33
Total:	**$9,558,655.00** **1,269**

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2021)

IV.2 WAP Production Schedule

Planned units by quarter or category are no longer required, no information required for persons.

Weatherization Plans	Units
Total Units (excluding reweatherized)	1,269 1,269
Reweatherized Units	0 0

Average Unit Costs, Units subject to DOE Project Rules

VEHICLE & EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)	
A Total Vehicles & Equipment ($5,000 or more) Budget	$0.00
B Total Units Weatherized	1,269
C Total Units Reweatherized	0
D Total Dwelling Units to be Weatherized and Reweatherized (B + C)	1,269
E Average Vehicles & Equipment Acquisition Cost per Unit (A divided by D)	$0.00
AVERAGE COST PER DWELLING UNIT (DOE RULES)	
F Total Funds for Program Operations	$6,932,017.00
G Total Dwelling Units to be Weatherized and Reweatherized (from line D)	1,269
H Average Program Operations Costs per Unit (F divided by G)	$5,462.58
I Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	$0.00
J Total Average Cost per Dwelling (H plus I)	$5,462.58

IV.3 Energy Savings

Method used to calculate savings: ☑ WAP algorithm ☐ Other (describe below)

	Units	Savings Calculator (MBtus)	Energy Savings
This Year Estimate	1269	29.3	37182
Prior Year Estimate	0	29.3	0
Prior Year Actual	0	29.3	0

Method used to calculate savings description:

IV.4 DOE-Funded Leveraging Activities

N/A

IV.5 Policy Advisory Council Members

☐ Check if an existing state council or commision serves in this category and add name below

Combined Community Action Inc.	Type of organization: Non-profit (not a financial institution) Contact Name: Kelly Franke Phone: (979)540-2985 Email: KJFranke@ccaction.com
Greater East Texas Community Action Program	Type of organization: Non-profit (not a financial institution) Contact Name: Karen Swenson, Executive Director Phone: (936)564-2491 Email: kswenson@sbcglobal.net
Health and Human Services Commission	Type of organization: Unit of State Government Contact Name: Gina Carter Phone: 5124366627 Email: gina.carter@hhsc.state.tx.us
	Type of organization: Indian Tribe

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2021)

Ysleta Del Sur Pueblo-tigua Indian Reservation	Contact Name: Phone: Email:	Albert Alvidrez 9158344925 albert.alvidrez@tdhca.state.tx.us

IV.6 State Plan Hearings (Note: attach notes and transcripts to the SF-424)

Date Held	Newspapers that publicized the hearings and the dates the notice ran
03/11/2021	TDHCA Board of Directors authorizes release of draft State Plan for public comment.
03/12/2021	Draft State Plan and notice of public hearing posted on the TDHCA website; public listserve announcement sent announcing availability of draft State Plan and public hearing details.
03/26/2021	Announcement of public hearing for draft State Plan published in Texas Register. Public comment period for draft State Plan begins.
04/13/2021	Public Hearing Webinar for the DOE State Plan begins at 2:00 pm (CST). Conducted virtually in accordance with DOE guidance as a result of the COVID19 pandemic.
04/16/2021	Comment period for the DOE State Plan ends at 5:00 pm (CST).
04/16/2021	WAPAC meeting regarding DOE State Plan.
05/13/2021	Final DOE State Plan and list of awardees presented at TDHCA Board of Directors meeting for approval. The meeting also serves as a Public Hearing.

IV.7 Miscellaneous

Recipient Business Officer
Michael De Young
Michael.deyoung@tdhca.state.tx.us
221 East 11th Street
Austin, Texas 78701
(512) 475-2125

Recipient Principal Investigator
Gavin Reid
gavin.reid@tdhca.state.tx.us
221 East 11th Street
Austin, Texas 78701
(512) 936-7828

Policy Advisory Council
The Weatherization Assistance Program Policy Advisory Council (PAC) currently has four slots and is representative of organizations and agencies and provides balance, background, and sensitivity with respect to solving the problems of low-income persons, including weatherization and energy conservation problems. The PAC meets annually at the end of the public hearing period to discuss the DOE plan and comments received.

Two of the slots, filled by the PAC members from Combined Community Action and the Greater East Texas Community Action Program, represent the low-income, elderly, and disabled population. The third slot, filled by the PAC member from the Health and Human Services Commission, represents the low-income, elderly and persons with disabilities. A fourth slot representing Native Americans is occupied by a member of the Ysleta Del Sur Pueblo-Tigua Indian Reservation.

Liability Insurance
The liability insurance separate line item includes pollution occurrence insurance in addition to the general liability insurance. Most regular liability insurance policies do not provide coverage for potential effects of many health and safety measures, such as lead disturbances and other pollution occurrence items. The Department strongly recommends the Subgrantees require their contractors to carry pollution occurrence insurance to avoid liability for any mistakes the contractors may make. Each Subgrantee should get a legal opinion regarding the best course to take for implementing the pollution occurrence insurance coverage.

2019 ACSI Action Plan (based on 2019 Survey)

After receiving the results of the 2019 ACSI Survey, TDHCA met with the Texas Association of Community Action Agencies (TACAA), representing the network of WAP Subgrantees, to analyze and discuss the results. With TACAA's input, TDHCA worked out a plan of action to address the concerns raised in the 2019 Survey. The action plan, updated in December 2020, includes the following:

1. Provide four separate opportunities to comment on the DOE State Plan to include 1) a two week period of time to provide comments on the Plan before the Department begins drafting the Plan, 2) an informal two week period to comment on the draft Plan before going to the more formal public comment period, 3) the formalized public comment process lasting 25 days, and 4) a public hearing.

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WEATHERIZATION ASSISTANCE PROGRAM (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2021)

2. To enhance the network's familiarity with the Plan, before the formal public comment period closes the Department will explain the importance of the Plan, the reason for the Plan, and the different sections of the Plan to the network during one of the regular WAP network webcalls or via a stand-alone webinar.
3. After the DOE Plan has been approved and submitted to DOE, the Department will survey the network asking for their feedback on the Plan development process and asking for suggestions on how to improve the plan process.
4. To ensure contracts are received and executed in time, Department staff will modify internal mechanisms so that boiler contract templates will be routed earlier.
5. Increased training opportunities and individualized Training and Technical Assistance to be provided from a highly qualified WAP trainer (i.e., Chad Turner).
6. To improve communication, the Department will request feedback from monitored subgrantees by sending out a Post Monitoring Services survey after each monitoring visit.
7. To address cost allocation issues, the Department will seek out and fund training opportunities provided via third party consultants familiar with State of Texas and federal regulations.
8. Provide assistance to subgrantees on how to obtain individualized comprehensive/specific training and certifications from IREC accredited training facilities.
9. Develop and implement technical courses to increase performance and expenditures.
10. Continue to collaborate with the Compliance Division to develop guidance for subgrantees and to identify training needs amongst both individual subgrantees and the network as a whole.
11. To improve consistency, Program and Compliance staff will continue to discuss rising issues and trends within the WAP network.
12. To improve communication, disseminate to all levels a WAP E-Newsletter to provide important WAP announcements, program updates, and training opportunities as information becomes available.
13. Include all WAP staff at each Subgrantee on WAP emails to ensure information reaches all levels.
14. Continue to update and maintain the TDHCA website regarding WAP best practices and information received from the federal and state levels. TDHCA notifies the network of updates either through a network email and/or within the WAP E-Newsletter.
15. To assist with increasing certifications within the network, the Department will continue to make available a proctor for QCI testing.
16. Continue to host regularly scheduled network webcalls, provide training for new program managers and new Executive Directors, and individual agency trainings that are personalized to the specific needs of a subgrantee.

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2021)

This worksheet should be completed as specified in Section III of the Weatherization Assistance Program Application Package.

V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

Provide a description of the definition of income used to determine eligibility

Eligibility for program assistance is determined under the Federal Poverty Income Guidelines and calculated as described in 10 TAC §6.4.

Describe what household eligibility basis will be used in the Program

During the application process, households will be screened for DOE Weatherization benefits and determined eligible if their income is at or below 200% of the Federal Poverty Income Guidelines.

Describe the process for ensuring qualified aliens are eligible for weatherization benefits

The Welfare Reform Act, officially referred to as the Personal Responsibility and Work Opportunity Act of 1996, H.R. 3734, placed specific restrictions on the eligibility of aliens for "Federal means-tested public benefits" for a period of five years. As defined in a Federal Register notice dated August 26, 1997 (62 FR 45256) the Department of Health and Human Services (HHS) is interpreting "Federal means-tested public benefits" to include only those benefits provided under Federal means-tested, mandatory spending programs. HHS Information Memorandum LIHEAP-IM-25 dated August 28, 1997, states that all qualified aliens, regardless of when they entered the U.S., continue to be eligible to receive assistance and services under the Low-Income Home Energy Assistance Program (LIHEAP) if they meet other program requirements.

To ensure program continuity between LIHEAP and DOE Weatherization for all Subgrantees operating both programs, the DOE Weatherization Assistance Program will follow the interpretation as adopted by HHS. The Department has provided training and will continue to provide training to those Subgrantees who have elected to use the SAVE system to verify legal status.

The DOE and LIHEAP WAP are in compliance with LIHEAP-IM-99-10, issued June 15, 1999, which states that weatherization in a multifamily building is not a covered activity for status verification.

V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

Subgrantees maintain a client file for each unit weatherized, including documented proof that the Dwelling Unit is an eligible Dwelling Unit as defined in 10 CFR §440.22. The Department verifies that weatherized units have eligibility documentation during monitoring reviews.

Describe Reweatherization compliance

Texas permits reweatherization of a unit if 15 years have passed from the unit's previous weatherization completion date in accordance with the Consolidated Appropriations Act of 2021 below. Otherwise, a unit may only be re-weatherized if such dwelling unit has been damaged by fire, flood, or an act of God and repair of the damage to weatherization materials is not paid for by insurance, per 10 CFR §440.18(f)(2)(ii).

Language from the Consolidated Appropriations Act of 2021 (Page 3269):

AMENDING RE-WEATHERIZATION DATE.—Paragraph (2) of section 415(c) of the Energy Conservation and Production Act (42 U.S.C. 6865(c)) is amended to read as follows:

(2) Dwelling units weatherized (including dwelling units partially weatherized) under this part, or under other Federal programs (in this paragraph referred to as

'previous weatherization'), may not receive further financial assistance for weatherization under this part until the date that is 15 years after the date such previous weatherization was completed. This paragraph does not preclude dwelling units that have received previous weatherization from receiving assistance and services (including the provision of information and education to assist with energy management and evaluation of the effectiveness of installed weatherization materials) other than weatherization under this part or under other Federal programs, or from receiving non-Federal assistance for weatherization.''

Previously Weatherized Home Tracking Procedure

Previously weatherized homes and their completion dates are recorded and tracked in the TDHCA Community Affairs Contract System by subgrantees and verified by TDHCA through monitoring.

Describe what structures are eligible for weatherization

10 TAC §6.2 and §6.403 includes the following definitions which describe structures eligible for weatherization:

Dwelling Unit--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters. (This is the same as the definition for Dwelling Unit in 10 CFR §440.3 Definitions)

Multifamily Dwelling Unit--A structure containing more than one Dwelling Unit.

Rental Unit--A Dwelling Unit occupied by a person who pays rent for the use of the Dwelling Unit.

Shelter--A Dwelling Unit or Units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.

Single Family Dwelling Unit--A structure containing no more than one Dwelling Unit.

Buildings with more than one Dwelling Unit under one roof must follow 10 TAC §6.414, Eligibility for Multifamily Dwelling Units and Shelters.

Describe how Rental Units/Multifamily Buildings will be addressed

In accordance with 10 CFR §440.22(b)(3), the Department requires that Subgrantees keep on file procedures that address protection of renters' rights, to ensure:

- Written permission of the building owner or his agent before commencing work.
- Cash/in-kind contribution from building owner when feasible.
- Benefits of the services accrued primarily to the low-income tenants residing in such units.
- For a reasonable period of time after completion, the household will not be subjected to rent increases (unless those increases are demonstrably related to other matters other than the weatherization work performed).
    - There are adequate procedures whereby the Grantee can receive tenant complaints and owners can appeal, should rental increases occur.
- No undue or excessive enhancement shall occur to the value of the Dwelling Unit.
- To secure the federal investment and to address issues of eviction from and sale of property, per 10 CFR §440.22(c), Grantees may seek landlord agreement to placement of a lien (or other contractual restrictions) upon the property being weatherized.

The Department will abide by 10 CFR §440.22, ensuring that not less than 66% of the eligible building units (50% for duplexes and four-unit buildings, and certain eligible types of large multifamily buildings) are dwelling units occupied by low-income households, or will become occupied by low-income households, within 180 days under a Federal, State or local government program for rehabilitating the building or making similar improvements. WPN 16-5 provides guidance on the review and verification required for Department of Housing and Urban Development (HUD), Department of Agriculture (USDA), and Low Income Housing Tax Credit (LIHTC) buildings. Assessments and client file documentation for rental units and multifamily units are also detailed in the Multifamily Weatherization Best Practice posted on the Department's website at:

https://www.tdhca.state.tx.us/community-affairs/wap/wap-best-practices.htm

In order to weatherize large multifamily buildings containing 25 or more dwelling units or those with shared central heating (e.g., boilers) and/or shared cooling plants (e.g., cooling tower that use water as the coolant) regardless of the number of dwelling units, Subgrantees must obtain prior written approval through the Department. When necessary, the Department will seek DOE approval.

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WEATHERIZATION ASSISTANCE PROGRAM (WAP)

STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0007952, State: TX, Program Year: 2021)

Subgrantees must submit to the Department a request for approval to weatherize large multifamily buildings. Request for permission must include evidence of significant energy savings because of upgrades to equipment, energy systems, common space, or the building shell. A significant energy savings is defined as having an SIR of 1.0 or greater in the energy audit.

Describe the deferral Process

A Dwelling Unit shall not be weatherized when there is a potentially harmful situation that may adversely affect the occupants or the Subgrantee's weatherization crew and staff, or when a Dwelling Unit is found to have structural concerns that render the Dwelling Unit unable to benefit from weatherization. The Subgrantee must declare their intent to defer weatherization on an eligible unit on the assessment form. The assessment form must include the client's name and address, dates of the assessment, and the date on which the client was informed of the issue in writing. The written notice to the client must include a clear description of the problem, conditions under which weatherization could continue, the responsibility of all parties involved, and any rights or options the client has. A copy of the notice must be given to the client, and a signed copy placed in the client application file. Only after the issue has been corrected to the satisfaction of the Subgrantee shall weatherization work begin.

If structural concerns or health and safety issues identified (which would be exacerbated by any weatherization work performed) on an individual unit cannot be abated within program rules or within the allowable WAP limits, the unit exceeds the scope of this program.

Crewmembers or contractors who work on a unit that could or should be a deferral or walk-away do so at their own risk.

V.1.3 Definition of Children

Definition of children (below age): **19**

V.1.4 Approach to Tribal Organizations

☐ Recommend tribal organization(s) be treated as local applicant?
If YES, Recommendation. If NO, Statement that assistance to low-income tribe members and other low-income persons is equal.

The 70th Texas Legislature created the Native American Restitutionary Program (Oil Overcharge Restitutionary Act, Texas Government Code, Chapter 2305) for the purposes of providing oil overcharge restitution to Texas Native Americans. In the Texas WAP, the Native-American Indian population is treated and served in the same manner as other applicants.

V.2 Selection of Areas to Be Served

The Texas WAP is available to eligible low-income households in all 254 counties of the state. Subgrantees are held responsible for all intake, eligibility, and weatherization activities. If the Subgrantee's performance record is satisfactory according to both state and federal regulations, then the Department may offer to renew the contract if the Subgrantee so desires. The Department's award committee may decline to recommend an award or place conditions on an award based upon its previous participation review as outlined in 10 TAC §1.302.

New or additional DOE subgrantees for counties that become unserved by the DOE WAP will be selected according to DOE regulations found in 10 CFR§440.15 and 10 TAC §1.302. If the Department determines it is necessary to permanently reassign a service area to a new subgrantee, the subgrantee will be chosen in accordance with 10 CFR §440.15 and 10 TAC §1.411. A new or additional subgrantee is defined as a CAA or other public or nonprofit entity that is not currently operating a Department-funded Weatherization Assistance Program. All counties are served by 22 Subgrantees.

The Department may deobligate all or part of the funds provided under this contract as outlined in 10 TAC §6.405 and 10 TAC §1.411. A Subgrantee’s failure to expend the funds provided under this State plan in a timely manner may also result in the Subgrantee’s ineligibility to receive additional funding during the program year.

Formula Distribution
The Department updates the budget allocation proportion by county and Subgrantee based on poverty income, elderly poverty, median household income (from

the most recent decennial U.S. Census data), and climate data (from the National Climatic Data Center, Climate Normals, 2010), as outlined in 10 TAC §6.404.

The Department allocates funds to Subgrantees by applying a formula based upon the DOE allocation for program year; or if the allocation amount is not known, based on an assumption of level funding from the previous program year. Once the allocation amount is known, the formula is re-run. The allocation formulas reflect the most recent decennial U.S. Census data. If any carryover funds are available, they will be distributed by allocation formula and used to increase the number of units to be weatherized. The Department will adjust guidance to reflect the adjusted average expenditure limit per unit for the program year.

The fund allocations for individual service areas are determined by a 5-factor distribution formula as outlined in 10 TAC §6.404:
(1) Number of non-elderly poverty households per county;
(2) Number of elderly poverty households per county;
(3) Median income variance per county;
(4) Inverse poverty household density ratio per county; and
(5) County Weather Factor (Heating/Cooling Degree days per county) as a portion of State County Weather.

V.3 Priorities

The Department will ensure by contract that its Subgrantees give priority to weatherizing dwellings owned or occupied by low-income persons who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Applicants from these groups must be placed at the top of a Subgrantee's waiting list. The Department ensures that Subgrantees give proper attention to these requirements through monitoring/evaluation of the Subgrantee.

V.4 Climatic Conditions

The climatic conditions for the State of Texas are imbedded in the algorithms of the Weatherization Assistant (WA 8.9) energy audit software developed by the Oak Ridge National Laboratory for the Department of Energy. As part of the energy audit modeling, the Department requires the Subgrantee network to select the nearest weather station to the dwelling units. The Weather files imbedded in the WA 8.9 contains 30 year data of Heating and Cooling degree days for each weather station.

As described in the report prepared by the Pacific Northwest National Laboratory for the Department of Energy, the state of Texas has several IECC climate zones. https://www.energy.gov/sites/prod/files/2015/10/f27/ba_climate_region_guide_7.3.pdf

These climate zones are used as an aid in helping Subgrantees to identify the appropriate climate designation for the counties in which they are providing WAP services. In addition to prescribing appropriate mechanical equipment (example of climate specific measures would be evaporative cooling which may be prescribed in the Hot Dry climate of Texas and not in the Mixed Humid part of Texas) the IRC prescriptive thermal envelope of measures are different. The climate zones found in Texas are as follows:

1. Hot-Humid

A hot-humid climate is defined as a region that receives more than 20 inches (50 cm) of annual precipitation and where one or both of the following occur:

- A 67°F (19.5°C) or higher wet bulb temperature for 3,000 or more hours during the warmest six consecutive months of the year; or
- A 73°F (23°C) or higher wet bulb temperature for 1,500 or more hours during the warmest six consecutive months of the year.

IRC Prescriptive Thermal Envelope Measures:

	Zone 2A	Zone 3A
Ceiling	R 38	R38

Windows	U 0.40	U 0.35
Walls	R13	R13 + 5
Floors	R13	R19
SHGC	0.25	0.25

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2. Hot-Dry

A hot-dry climate is defined as a region that receives less than 20 inches (50 cm) of annual precipitation and where the monthly average outdoor temperature remains above 45°F (7°C) throughout the year.

IRC Prescriptive Thermal Envelope Measures:

Zone 3B

Ceiling	R38
Windows	U 0.35
Walls	R13 + 5
Floors	R19
SHGC	0.25

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3. Mixed-Humid

A mixed-humid climate is defined as a region that receives more than 20 inches (50 cm) of annual precipitation, has approximately 5,400 heating degree days (65°F basis) or fewer, and where the average monthly outdoor temperature drops below 45°F (7°C) during the winter months.

IRC Prescriptive Thermal Envelope Measures:

Zone 3A

Ceiling	R38
Windows	U 0.35
Walls	R13 + 5
Floors	R19
SHGC	0.25

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4. Mixed-Dry

A mixed-dry climate is defined as a region that receives less than 20 inches (50 cm) of annual precipitation, has approximately 5,400 heating degree days (50°F basis) or less, and where the average monthly outdoor temperature drops below 45°F (7°C) during the winter months.

IRC Prescriptive Thermal Envelope Measures:

Zone 4

Ceiling	R49
Windows	U 0.35
Walls	R13 + 5
Floors	R19
SHGC	0.40

In addition to the 2015 IRC adopted by the State of Texas, several individual cities have adopted amendments to the code. The adoption and amendments to the 2015 IRC impact the WA 8.9 energy audits in that cities are required to evaluate user defined measures to meet the codes adopted by each individual city.

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

Technical Guides and Materials

All technical guides (for all single family, mobile home, and multifamily buildings) and materials meet the specifications, objectives and desired outcomes outlined in the Standard Work Specifications (SWS). Provided below is an electronic link to all the current, DOE approved field guides and/or standards for single family, mobile homes, and multifamily buildings as well as all other relevant program guidance materials. These materials are available to all Subgrantees and contractors at any time.

https://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm

Further, the Department has several Weatherization Best Practices posted at: https://www.tdhca.state.tx.us/community-affairs/wap/wap-best-practices.htm

Best practices are developed based upon repeat questions that require more clarity than an FAQ. These have proved highly effective in multiple ways: increased compliance, better understanding on how to assess and proceed, increased consistency across the Network, and reduction in calls for same issues. They often have multiple references and are based upon sound building science principles.

Materials and Work Standards

Subgrantee will include the substance of this section in all subcontracts.

A. Subrecipient shall weatherize eligible dwelling units using only weatherization materials which meet or exceed the standards prescribed by DOE in Appendix A of 10 CFR Part 440 and added approved materials noted in WPN 19-4.

B. All weatherization measures installed shall meet or exceed the standards prescribed by DOE in WPN 15-4 regarding Standard Work Specifications, as detailed in the Department's Standard Work Specifications. All Subrecipient agreements and vendor contracts contain language which clearly documents the SWS specifications for work quality outlined in WPN 15-4, Section 2. A signed contract shall confirm that the organization understands and agrees to these expectations.

C. All weatherization work must be performed in accordance to the DOE approved energy audit procedures, 10 CFR Part 440 Appendix A, State of Texas adopted International Residential Code (or that of jurisdictions authorized by State law to adopt later editions).

Field guide types approval dates

Single-Family:	
Manufactured Housing:	
Multi-Family:	

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure:	Single-Family
Audit Name:	Other (specify)
	NEAT: DOE approved June 2, 2016 NEAT: On October 20, 2020, DOE approved June 2, 2021 to June 2, 2026.
Approval Date:	

Audit Procedure:	Manufactured Housing
Audit Name:	Other (specify)
	MHEA: DOE approved June 2, 2016 MHEA: On October 20, 2020, DOE approved June 2, 2021 to June 2, 2026.
Approval Date:	

Audit Procedure:	Multi-Family
Audit Name:	Other (specify)
	NEAT: 5-24 individually heated and cooled units - DOE approved June 2, 2016, and June 2, 2021, to June 2, 2026. For Multifamily buildings of 25 units or more the Department will seek DOE approval prior to the installation of any weatherization measures.
Approval Date:	

Comments

On October 20, 2020, TDHCA received DOE approval for the State of Texas Energy Audit Procedures (i.e., the National Energy Audit Tool (NEAT) and Manufactured Home Energy Audit (MHEA) for Site-Built Single Family, Manufactured, and Small Multifamily Housing for the WAP, effective June 2, 2021 and expiring June 2, 2026. Additionally, TDHCA received approval to utilize Refrigerators and General Heat Waste Measures (i.e., Low Faucet aerators (1.0 gpm or less) and Furnace/Air Conditioner Filters) which were not listed in 10 CFR 440 Appendix A. TDHCA had already received approval on July 1, 2016 to utilize LEDs which were not listed in 10 CFR 440 Appendix A.

To comply with the requirement outlined in WPN 19-4 (Section 2), once the updated version of the NEAT and MHEA audit tool (version 10) is migrated to the web and approved for use by DOE, TDHCA will transition fully to the online version (v10) in PY21. To aid in the transition and address energy audit modeling concerns noted from the recent DOE monitoring TDHCA is planning to coordinate with an IREC accredited training center to provide Comprehensive Training which will at minimum cover WA v10 setup/use. Projected transition/T&TA timeline targets are as follows:

- April 2021
  - Review Conversion Curriculum when released to aid in determining what will be required to convert to WA v10
- September 2021
  - Review Core Curriculum once released and start coordination with IREC training facility to develop the Comprehensive Training which will at minimum cover WA v10 setup/use
  - Review COVID status to determine best suited training delivery method, i.e. virtual, regional classroom, network-wide classroom, or combination and projected time frame to determine if adjustments are necessary
- October-November 2021
  - Development of the WA v10 Comprehensive Training and materials
- December 2021
  - Review Comprehensive Training & finalize implementation plan/schedule
- Jan-March 2022
  - Provide Comprehensive Trainings in joint coordination with IREC approved facility and implement the new WA v10 energy audit for all twenty two (22) subgrantees as outlined in the implementation plan/schedule determined in Dec.
- Feb-April 2022
  - Conduct a series of in-person/virtual meetings to clarify any questions and provide any needed additional T&TA.

V.5.3 Final Inspection

The Department has provided Subgrantees with sufficient T&TA funding to obtain and/or maintain required QCI and MF-QCI certifications by an IREC certified training provider. The Department tracks Subgrantee compliance with unit inspection requirements of WPN 15-4.

The Department has six certified QCI staff who maintain their certifications. The Department annually requires all Subgrantees to report the following for determining the number of units that the Department will inspect for compliance at each agency:

Option 1 (at minimum 5% compliance final inspection required): The Subgrantee will NOT allow the QCI staff member (or third party QCI) who conducts the Final Inspection on any DOE funded/reported unit to perform any other aspect(s) associated with that same unit. E.g., Initial Assessment, NEAT Audit, Work Order, etc.

Option 2 (10% compliance final inspection required): The Subgrantee will have a QCI staff member conduct the Final Inspection on every DOE funded/reported unit AND will also perform other aspect(s) associated with that same unit. E.g., Initial Assessment, NEAT Audit, Work Order, etc.

NOTE: As scheduling permits, compliance will conduct 10% final inspections on completed units for Option 1 as well.

TDHCA survey's the WAP network annually to determine which option is appropriate for each Subgrantee while developing the monitoring schedule. Prior to conducting an onsite monitoring, the option will be verified to ensure an adequate number of units are inspected.

All units are inspected by a certified QCI. In addition to final inspections, a completed QCI Final Inspection Certification Form is required. The form can be found at: https://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm.

Subgrantees are required to follow work standards as per the SWS guidelines. This requirement is within Subgrantee contracts, and the SWS guide is posted on the Department's WAP Program Guidance Webpage at https://www.tdhca.state.tx.us/community-affairs/wap/guidance.htm

All units must meet DOE requirements and pass a QCI inspection. Any unit that fails to be brought into compliance results in disallowed costs and a finding for the reason(s) of the disallowed cost is issued in the monitoring report. The initial T&TA is provided by training staff with email guidance providing resources to resolve the findings. This is then followed by individualized T&TA, or a referral to the appropriate Comprehensive training provider, as deemed appropriate.

V.6 Weatherization Analysis of Effectiveness

Pursuant to 10 TAC, Chapter 1, Subchapter C, §1.302, a review of a Subgrantee's compliance history in Department programs must be approved by the Department's Executive Award and Review Advisory Committee (EARAC) and provided to the Department's Board of Directors in order that the Board may consider the compliance history and make and document its award decisions with full knowledge of these matters. Prior to the award of DOE funds to any

Subgrantee, EARAC reviews:

1. Deficiencies, Findings and Concerns identified during the last three years; and

2. If the Subgrantee is subject to the requirement of an annual single audit:

A. Single Audit status, any findings noted in the Single Audit, and the recommendation of the Single Audit Committee;

B. Any changes in debarment status;

C. Complaint History for the applicant

The Compliance Division submits the results of the information noted above to EARAC. If EARAC finds that a Subgrantee has outstanding monitoring or Single Audit issues, their WAP award may be subject to conditions intended to avoid future noncompliance, and limit disallowed costs.

Additionally and in a separate process, T&TA staff are copied on all monitoring reports and/or a staff meeting is held for monitors to debrief T&TA staff after each visit. In those meetings, monitoring staff relay issues found related to the Subgrantee as well as overall trends identified. Following the monitoring report, T&TA staff provide an initial email to the Subgrantee to provide resources for identified issues. T&TA staff applies this debrief information when determining the needs for agency wide specific T&TA and to plan the training curriculum.

Further, Subgrantee performance is reviewed periodically and at the end of the program year. The Department tracks subgrantee performance over time by reviewing their monthly production and expenditure reports. Subgrantees are required to submit a Production Report on the 15th of each month. If staff determines that a benchmark is missed or a Subgrantee is falling behind on expenditure and/or production, a letter is issued from the Department and the subgrantee is required to submit a written Mitigation Action Plan according to 10 TAC §6.405.

Additionally, based upon monthly submitted performance and expenditure reports, individualized TA is provided to ensure full expenditure and an adequate rate of production. T&TA staff anlayze the reports submitted by subgrantees and provide T&TA when necessary. Such T&TA may include a course on production oriented management, proper reporting, procurement, and/or other relevant topics.

Analysis of reports includes the following:

- Number of homes completed;
- Number of applications pending;
- Number of homes in progress;
- Contract amount;
- Total funds expended;
- Balance of funds; and
- Special comments

The Department enforces the Deobligation/Reobligation of Awarded Funds rule as laid out in 10 TAC §6.405. While the Department's performance review process has not achieved full expenditure of funds each Program Year (e.g., PY 2017 due to Hurricane Harvey), the Department continuously assesses its processes and researches potential modifications in order to improve. For example, the Department has a Program Specialist who is tasked with the responsibility of overseeing the performance and expenditure report and production schedule process and to provide technical assistance to individual subrecipients who are on the pathway to nonexpenditure of the full amount of their allocation.

V.7 Health and Safety

Attached to SF-424

V.8 Program Management

V.8.1 Overview and Organization

The Department is the state's lead agency responsible for affordable housing and community assistance programs. The Department annually administers funds derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

In 1991, the 72nd Texas Legislature created the Department. The Department's enabling legislation combined programs from the Texas Housing Agency, the Community Development Block Grant Program from the Texas Department of Commerce, and the Texas Department of Community Affairs.

On September 1, 1992, two programs were transferred to the Department from the Texas Department of Human Services: the Low Income Home Energy Assistance Program and the Emergency Nutrition and Temporary Emergency Relief Program. Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant and Local Government Services Programs were transferred to the newly created Office of Rural Community Affairs. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA. As a state agency, the Department is under the authority of the Governor of the State of Texas.

The Department's services are offered through three program categories: Single Family Programs, Multifamily Finance Production, and Community Affairs, which administers the WAP.

The Department subcontracts with a network of Subgrantees that provide WAP services. The network is comprised of community action agencies (CAAs), regional Councils of Government (COGs), and organizations in the other public or private nonprofit entity category. All network Subgrantees are provided a draft copy of the yearly weatherization state plan and a notice of the state public hearing. The public and all Subgrantees are invited and encouraged to participate in the public comment process.

Historically, the regular weatherization program year ran from April through March. Starting PY 2015, the weatherization program year has run from July through June.

The Department will continue to administer the program through Subgrantees in accordance with 10 CFR §440.15 provisions and State regulations. If existing Subgrantees are successfully administering the Program, the Department will offer to renew the contract if the Subgrantee so desires and if grant funds are available. When the Department determines that an organization is not administering the program satisfactorily, it may take the following action:

-Correction of the problem(s) with training or technical assistance;
-Reassignment of the service area (or service area portion) to another existing Subgrantee; or,
-Solicitation or selection of a new or additional Subgrantee in accordance with 10 CFR §440.15 provisions.

A new or additional Subgrantee is defined as a CAA or other public or nonprofit entity that is not currently operating a DOE Weatherization Assistance Program.

Consolidation/downsizing: Any downsizing will occur through normal attrition through a Subgrantee's determination that it can no longer administer the program efficiently/effectively, or through the Department's determination that a Subgrantee can no longer administer the program efficiently/effectively.

Reassignment of service areas for just cause: In the event that a service area can no longer be served by a Subgrantee, the Department reserves the right to reassign service areas. If it appears necessary to permanently reassign the service area, a new Subgrantee may be chosen in an open, competitive solicitation process in accordance with 10 CFR §440.15.

V.8.2 Administrative Expenditure Limits

The Department will use 5% of its grant funds for state administration. An additional 7.5% will be distributed for local WAP field operations under contract. Contract funds are intended for local administration, liability insurance coverage, local fiscal audit, materials, labor, program support and health and safety measures. To help ensure that Subgrantees comply with the full and proper use of all the contract funds, written definitions are to be provided to Subgrantees on budget categories as deemed necessary. The Department has elected to provide the maximum allowable funds for Subgrantee administration to Subgrantees receiving less than $350,000, so it has not included procedures for deciding which Subgrantees will receive additional funds. This decision is based on the following factors:

- Subgrantees often have to rely on other programs for WAP outreach and other administrative support;
- Subgrantees have had to adjust budgeting to keep pace with cost-of-living increases -- staff salaries, fringe benefits, rent, postage, travel, etc.;
- The State of Texas is 877 miles from Northern to Southern tips, 834 miles from Eastern to Western tips, and is comprised of a total of 266,807 square miles. The extra geography that Subgrantees have to cover to serve all the area's clients equitably requires additional staff, staff time, postage and phone costs, and vehicle wear and maintenance. (Source of Mileage Data: Texas Department of Transportation);
- Salaries, space, utilities, telephone, and similar costs associated with program support personnel should be charged to program support; and
- The increasing cost of maintaining appropriate qualified staff is challenging.

For Subgrantees receiving over $350,000, the administrative allowance will be 5% of each subgrant. For Subgrantees receiving less than $350,000, the administrative allowance will be 12.5% of each subgrant.

V.8.3 Monitoring Activities

The Department will monitor the Weatherization Assistance Program (WAP) with the Monitoring staff included in the budget. Subgrantee is defined as an organization with whom the Department contracts and provides WAP funds. Names and credentials of Department staff dedicated to monitoring DOE activities are:

- Kevin Glienke – 10+ years in WAP as a monitor/trainer, BPI Building Analyst Professional, BPI QCI, MF-QCI, BPI EA, and attended DOE sponsored conferences.
- Robert Moore – 11+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI EA, Lead certified, OSHA 30 and attended DOE sponsored conferences.
- Ben Rose – 7+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI EA, BPI Building Analyst Professional, and Lead certified.

All staff listed above conduct fiscal/administrative and inspection monitoring activities and are paid for out of administration (10%) and T&TA (30%) budget categories.

Compliance Subrecipient Monitoring is staffed with nine additional monitors not dedicated to weatherization. All of these qualified monitors may be tasked with fiscal and programmatic activities through funds provided by this State plan.

The Department will attempt to monitor each of the DOE Subgrantees during the contract period which will be July 1, 2020 through June 30, 2021. Many of the DOE Subgrantees also receive funds through the Department of Health and Human Services Community Service Block Grant and Low Income Home Energy Assistance Program. Whenever possible, all three programs will be monitored during one visit to the Subgrantee; this may result in a monitoring outside of the regular DOE contract period.

(See attached PY2021 Tentative Monitoring Schedule)

The Department understands DOE's expectation and will conduct at least one on-site visit annually to each Subrecipient for technical and fiscal/administrative monitoring.

Financial and Administrative monitoring will include, at minimum, a review of the Subgrantee's General Ledgers and policies and procedures (including procurement) as well as support documentation for reported expenditures. These documents will be reviewed to ensure compliance with DOE, Department and other applicable rules and regulations. The Department will monitor for eligibility through sampled client file reviews. Through sampled unit inspections, Department staff will monitor for installed measures that are allowable and meet or exceed DOE requirements. The Department will review whether charged measures were installed properly and determine compliance with health and safety procedures, client eligibility, energy audit procedures, client education procedures and compliance with the SWS.

The Department will inspect 5-10% of all completed weatherized units. In order to achieve the 5-10% inspection rate and comply with the requirements of WPN 15-4, the Department is requesting that Subgrantees with a QCI on staff do not have that staff member involved with the weatherized unit prior to final inspection. The Department defines prior involvement as performing the audit, creating the work order or performing any weatherization work on the weatherized unit. The Department has created a QCI Final Inspection Form for Subgrantees which will allow TDHCA to determine if a QCI employed by the Subgrantee had prior involvement with that unit. The Department will review each sampled QCI final inspection document to ensure compliance with the requirement to inspect 5% and will increase the required inspections if necessary.

The Department recognizes that there may be a need to perform additional unit inspections towards the end of the contract period to comply with the requirements of WPN 15-4 if there were not enough units available to sample during the full monitoring review.

More frequent monitoring visits (Fiscal/Administrative and/or Technical) may be conducted for Subgrantees with significant identified risk.

Monitors will complete evaluation instruments to determine a Subgrantee's compliance. The instruments cover Financial and Administrative requirements, health and safety procedures, client eligibility, energy audit procedures, client education procedures, and compliance with the SWS. Compliance Monitors also review the hard copy of the NEAT or MHEA audit which is required to be in the client file to assure that the scope of the work was directed by the audit. Monitors scan documents as support if findings are noted.

The following list provides additional monitoring details that may occur during the monitoring review:

- Monitors may request copies of fiscal records/support documentation and perform a desk review to gauge the fiscal condition of the Subgrantee prior to onsite monitoring.
- As needed, monitors may perform a desk review of records requested but not provided during the onsite review and records requested to clarify issues identified during the onsite monitoring visit. The Department recognizes the requirement to issue the monitoring letter within 30 days of the review. The Department does not consider the review complete until receipt of information needed to ascertain compliance. Monitoring letters will be issued within 30 days of receipt of all necessary information.
- Monitors may test that weatherization activities including but not limited to: energy audits, energy conservation measures, incidental repair measures and health and safety measures are only performed by properly trained Retrofit Installer/Technicians, Crew Leaders, and Energy Auditors that have received comprehensive training (not necessarily certification) that is aligned with DOE's Job Task Analysis for the position in which the weatherization worker is employed.

The Department will issue monitoring reports within 30 days of completion of the review. Subgrantees are provided a 30 day corrective action period to respond and provide evidence of correction. On a case by case basis, the Department may grant an extension to respond to the report if there is good cause and the request is made during the corrective action period. The Department will review each response and determine if the Subgrantee has resolved the compliance issue. If the Department determines the issue is not resolved, the Subgrantee will be notified and required to submit an additional response(s) until the compliance issue is resolved. In certain circumstances, the Department may "close" a compliance issue when there remains no additional actions that can be taken to resolve the issue. At the conclusion of this process, any unresolved compliance issues will be reported to DOE, as will any noncompliance that appears in two consecutive monitoring reports. Instances of suspected fraud, waste, or program abuse will be reported immediately to DOE and the Texas State Auditors Office.

The Department will review the annual Single Audits of each Subgrantee agency. The Department requires each Subgrantee to complete an Audit Certification form within 60 days of the end of the entity's fiscal year. This is used to determine if a Single Audit is required. All single audits must be uploaded to the Federal Clearinghouse within nine months of the Subgrantee's fiscal year end or within 30 days of completion. Upon receipt of the Single Audit, a review is completed to determine if the packet submitted is complete and all opinions are provided. If the audit contains findings for Department issued funds, they are reviewed and discussed by the Director of Internal Audit, the Director of Subrecipient Monitoring, the Director for Community Affairs and staff to determine the appropriate steps to ensure the entity addresses the concerns identified in the audit report or management letter. The Department issues correspondence to the entity, identifying what the entity must address, what support documentation is needed and the corrective action measures that must be performed. The entity is provided a time frame to complete the corrective action and to respond to the correspondence.

The Department's Compliance Monitor(s) keep abreast of the required timeframe for the entity to complete the corrective action and to provide the response. When the response is received, the Department reviews the documentation to determine if the corrective action requirements have been met and whether or not to refer the matter to the Department's Enforcement Committee in accordance with Department rules and standard operating procedures. During the next monitoring visit to the entity, the Department will determine if the selection of expenditures or materials reviewed reflect compliance with the respective requirement.

If it is determined that the Subgrantee is not able to administer the weatherization program, the Department will follow the requirements in 10 TAC §2.202 Contract Closeout.

Virtual Monitoring Overview

In light of the continued health concerns surrounding Coronavirus (COVID-19), the Texas Department of Housing and Community Affairs (Department) postponed Weatherization Assistance Program (WAP) on-site physical monitoring inspections in March of 2020. As of March 2021, restrictions remain in place as the virus has not subsided and Texas continues to experience a rise in active cases. Cities and municipalities throughout the state continue to struggle with active cases and hospitalizations.

In order to promote the safety of our citizens, the Department developed a virtual monitoring inspection plan and received approval from DOE to move forward with virtual inspections according to the virtual monitoring inspection plan. The Department will conduct inspections virtually until such time that restrictions are lifted and the safety of our citizens is assured.

Virtual (video) monitoring inspections, being similar to on-site inspections, will be performed to minimize contact and exposure. This type monitoring encompasses current comprehensive desk review procedures of all digitized client file documentation from intake to the final Subgrantee inspection as well as review of fiscal support documentation. During the desk review continued focus will include eligibility, complete whole house assessment leading to audit measures and needed health and safety measures. Any issue(s) identified will be noted on monitoring report for further follow-up and verification during the remote virtual (video) inspection.

Identified discrepancies, serious and/or questionable health and safety concerns will trigger intensified corrective action or possible onsite examination and confirmation.

Virtual Unit Inspection Technical Monitoring Procedures

Continue utilizing Texas State Plan Monitoring Process inserting virtual unit inspections in lieu of onsite physical inspections.

1. TDHCA issues Subgrantee Technical Monitoring Review Notification Letter.

2. TDHCA communicates with Subgrantee selecting specific weatherized unit to be reviewed.

3. Subgrantee submits selected specific weatherized units client file documentation, final inspection pictures and video recording through TDHCA secure file transfer system.

4. Comprehensive client file desk review completed.

    a. Performed with evaluation instruments to determine a Subgrantee’s compliance, with all questions or concerns noted.

5. Virtual Unit Inspection Technical Monitoring

    a. Standard final Subgrantee QCI inspections to be completed and videoed

    b. Schedule virtual instruction training with each Subgrantee to ensure understanding of required photographic and video records of final inspection.

    c. Conducted by QCI certified TDHCA Staff for units completed and reported.

    d. Requires Subgrantee’s final inspection video recording, pictures and documentation.

    e. TDHCA Monitor reviews video for completion and SWS and IRC compliance.

        1. If video contains required inspection support, no additional visit is necessary.

        2. If video doesn’t adequately address all applicable QCI requirements, then TDHCA requests/schedules an additional Subgrantee visit as a final inspection, that would be interactive (smart phone face time, zoom, etc.) for measures testing missed in the original video.

    f. Video begins at the street view and continue around entire unit allowing clear observation of all exterior surfaces.

    g. Continued tour of the unit’s interior allowing survey of general condition.

        1. Close-up (zoomed) view of specific areas of work performed and compared against work scope, SWS, and Texas Administrative Code (TAC) standards.

    h. Subgrantee videos diagnostic testing set up, staff performing tests and final test results.

    i. Required items to be provided by Subgrantee:

- Blower Door
- CAZ Testing
- Zonals
- Exhaust Flow
- Pressure Pans
- Installed Measures

j. Compliance Monitor develops summary notes on testing processes and final test results based on Standard Work Specifications, DOE approved Field Guide, current Weatherization Program Notices, and Texas Administrative Code.

k. Subgrantee required to address any identified Health and Safety issues immediately with appropriate notice to the affected household and to the Department.

l. Subgrantee afforded the opportunity to address any additional non H&S identified issues prior to required monitoring review report release.

6. DEPARTMENT ISSUED MONITORING REPORT

a. The Department will issue monitoring reports within 30 days of completion of the review.

b. Subgrantees are provided a 30 day corrective action period to respond and provide evidence of correction.

c. The Department will review each response and determine if the Subgrantee has resolved the compliance issue.

d. If the Department determines the issue is not resolved, the Subgrantee will be notified and required to submit an additional response(s) within 30 days. Failure to resolve findings may result in disallowed costs.

V.8.4 Training and Technical Assistance Approach and Activities

The Department provides Subgrantees with sufficient T&TA funding to obtain and/or maintain required certifications such as: QCI, MFQCI, Energy Auditor, Lead Safe Renovator, Lead Safe Worker, and OSHA 10 or 30. All training provided includes requirements for compliance with Quality Work Specifications. The Department will conduct trainings based upon the following:

- Grant Requirements or as directed by DOE monitor or audit reports.
- Subgrantee Request. The Department has an online request system, with a T&TA menu list, or section for the Subgrantee to make a specific request or ask specific questions. The Department will contact the requestor and customize training to meet the need. https://tdhca.wufoo.com/forms/requestforca-programassistance
    - In addition, submitted questions or requests are reviewed for creating Best Practices/FAQs or to identify topics for regional trainings, workshops, webinars or individualized training.
- Monitor Reports. The Department's compliance team shares monitoring issues with the training team. The training team will initially provide resources and guides to address any findings, and follow up with T&TA as required.
- Trends across the Network are addressed in regional trainings, workshops, webinars or quarterly webinar calls with the network.
- Management Request. Management may make a specific request and dictate the type of training needed.

The Department has six certified QCI staff who monitor and/or train weatherization Subgrantees on quality weatherization work, proper diagnostics, documentation, and compliance. The Department has at least one certified BPI Proctor on staff who administer exams for BPI written exams. The Department continues to provide T&TA to assist Subgrantees in preparing for and obtaining required certifications. The Department created an online Web page dedicated to Quality Work Plan requirements that contains guidance and resources. http://www.tdhca.state.tx.us/communityaffairs/wap/qualityworkplan.htm

NOTE: New Mexico Energy Smart Academy sometimes partners with local Subgrantees to provide IREC certified courses in Texas including MFQCI and Energy Auditor.

Comprehensive Training:

The current focus for Comprehensive training will include the following:

- Ensuring all 22 Subgrantees have staff (or subcontractors as applicable) certifed or trained in the profession in which the worker is employed.
    - Employment categories include: Energy Auditor (EA), Quality Control Inspector (QCI), Retrofit Installer (RI) and Crew Leader (CL).
- Ensuring all 22 Subgrantees receive Energy Audit Modeling training to address identified monitoring concerns and aid in the transition to the new web based Weatherization Assistant (NEAT/MHEA).

    - To comply with the requirement outlined in WPN 19-4 (Section 2), once the updated version of the NEAT and MHEA audit tool (version 10) is migrated to the web and approved for use by DOE, TDHCA will transition fully to the online version (v10) in PY21. To aid in the transition and address energy audit modeling concerns noted from the recent DOE monitoring TDHCA is planning to coordinate with an IREC accredited training center to provide Comprehensive Training which will at minimum cover WA v10 setup/use. Projected transition/T&TA timeline targets are as follows:
        - April 2021
            - Review Conversion Curriculum when released to aid in determining what will be required to convert to WA v10
        - September 2021
            - Review Core Curriculum once released and start coordination with IREC training facility to develop the Comprehensive Training which will at minimum cover WA v10 setup/use
            - Review COVID status to determine best suited training delivery method, i.e. virtual, regional classroom, network-wide classroom, or combination and projected time frame to determine if adjustments are necessary
        - October-November 2021
            - Development of the WA v10 Comprehensive Training and materials
        - December 2021
            - Review Comprehensive Training & finalize implementation plan/schedule
        - Jan-March 2022
            - Provide Comprehensive Trainings in joint coordination with IREC approved facility and implement the new WA v10 energy audit for all twenty two (22) subgrantees as outlined in the implementation plan/schedule determined in Dec.
        - Feb-April 2022
            - Conduct a series of in-person/virtual meetings to clarify any questions and provide any needed additional T&TA.

Comprehensive training will be provided by accredited IREC training providers and required certification testing will be conducted by BPI certifed proctors. TDHCA maintains the capacity to administer BPI written exams and is researching how to conduct BPI field exams as well.

In compliance with Section 4 of WPN 15-4, the Department will track that comprehensive training for each category listed above is obtained and that retraining occurs as applicable. Whereas it is the responsibility of the Department to provide funds for training through IREC training providers, it is the responsibility of the Subgrantee to ensure training is completed by staff and/or subcontractors. The Department will monitor Subgrantee progress and track credentials. Weatherization on staff may not function unsupervised until training and certi?cation requirements are met.

To assist Subgrantees with identifying appropriate staff to challenge BPI advanced certifications, TDHCA recommends successful training and completion of an appropriate BPI core certification on such as Building Analyst or Envelope Professional.

Specific Training:

Specific training will be provided by Department training and technical assistance staff or a designee. With experience as Program Officers and Trainers, the staff has experience in Subgrantee monitoring, unit assessments, audits, materials installation, inspections, and the training and technical assistance that support each. The staff consists of:

- Chad Turner – 19+ years of WAP experience including as a Texas WAP Subgrantee, BPI QCI, MF-QCI, BPI EA, BPI Building Analyst Professional, OSHA 30 and attended DOE sponsored conferences.
- Jason Gagne – 5+ years experience in WAP, BPI QCI, BPI Building Analyst Professional, Lead certified, Energy Audit certified, OSHA 10, and attended DOE sponsored conferences.
- Kevin Glienke – 10+ years in WAP as a monitor/trainer, BPI Building Analyst Professional, BPI QCI, MF-QCI, BPI EA, and attended DOE sponsored conferences.
- Robert Moore – 11+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI EA, Lead certified, OSHA 30 and attended DOE sponsored conferences.
- Ben Rose – 7+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI EA, BPI Building Analyst Professional, and Lead certified

T&TA staff provide new manager training, monitoring report based training, and technical assistance for multiple WAP Subgrantees. New manager training is required within three months of being hired. Subgrantees may request new manager training through the online training request system (i.e., Wufoo). Another form of mandatory training are trainings that arise out of necessity due to monitoring issues. Subgrantees are monitored as described in V.8.3 Monitoring Activities of this Plan and results of those monitoring visits are shared with T&TA staff. Any issues as a result of a monitoring visit are analyzed by T&TA staff to determine how best to train the Subgrantee to resolve the issue(s).

For onsite T&TA visits, a report will be produced indicating Subgrantee staff present, materials and documents presented to the Subgrantee, and expected outcomes.

Training on the Health and Safety Plan occurs via quarterly webinar calls which typically include health and safety concerns. Additionally, training and technical assistance occur throughout the year at random intervals on a case by case basis originating as a result of monitoring trends and reports and request from Subgrantee assistance. Finally, the Department also hosts a webinar at the beginning of each Program Year to assist in the implementation of the new DOE State Plan and Health and Safety Plan.

The Quarterly Network Webinar Call will cover topics based upon need and identified areas of concern. Topics typically include:

- Program Requirements and Updates
- Monitoring Concerns
- Technical Issues
- Health & Safety Concerns
- Upcoming Training Dates
- Resources

A WAP newsletter will be emailed to the network on an as-needed basis (i.e., as information becomes available) to provide WAP related information to the network (e.g., program and technical requirements, updates, training opportunities).

The Department directs Subgrantees to the "Weatherization Assistant Online Training" on the Department's website for initial training of the state approved energy audit. https://www.tdhca.state.tx.us/communityaffairs/wap/guidance.htm

Training staff will provide further technical assistance on a one-on-one basis as necessary.

Department WAP Trainers will address five key topics for 2021. The Department has chosen to focus on the following:

- Quality work through initial assessments
- Air sealing and duct sealing techniques
- Importance of aligning thermal and pressure boundaries
- Energy Audit Modeling
- Cost Allocation (provided by a third-party)

TDHCA will further reserve flexibility to respond to any T&TA needs that may arise because of grant requirements or as directed by DOE monitor or audit reports.

Ramifications for noncompliance with Comprehensive training and/or Specific training can be awards that contain condition(s) which the noncompliant Subgrantee must comply with in order to receive funding. Conditions can be minor (e.g., submittal of a credential to the Department) or severe (e.g., closely supervised final QCIs by Department training staff to determine quality of weatherization measures installed).

Evaluation of Training Activities

Subgrantees will be given the opportunity to provide feedback through online training evaluations. These evaluations are reviewed to make improvements to future T&TA. Training staff will conduct periodic surveys to solicit input from Subgrantees as to their training needs and will evaluate pass rates for certification testing. In order to evaluate compliance with the Quality Work Specifications and the efficacy of its training activities, the training staff will review a Subgrantee's training activities semiannually and compare those to the Subgrantee's monitoring reports.

Program Evaluation

The Department utilizes an online contract system to collect expenditure and performance data from Subgrantees and compares that data to a production tool at minimum on the third, fifth, and seventh program reporting deadline as identified within 10 TAC §6.405. Training staff contact Subgrantees regarding various benchmarks throughout the program year.

Another method of evaluation is provided by the compliance division. The Department's compliance staff provides training staff with a copy of the Subgrantee's most recent monitor report, which is also used to assess individualized training needs. By viewing all Subgrantee monitor reports, training staff is also able to determine if there are any network trends which need to be addressed.

Client Education

The Department requires Subgrantees to provide client education to each client. Subgrantees are required to provide (at a minimum) educational materials in verbal and written format. Client education may include temperature strips that indicate the temperature in the room, energy savings materials, and instructions for equipment operation and/or maintenance.

Percent of overall trainings

Comprehensive Trainings:	34.0
Specific Trainings:	66.0

Breakdown of T&TA training budget

Percent of budget allocated to Auditor/QCI trainings:	15.0
Percent of budget allocated to Crew/Installer trainings:	15.0
Percent of budget allocated to Management/Financial trainings:	15.0

V.9 Energy Crisis and Disaster Plan

n/a

PY2021 Monitoring Schedule*

June - August 2021	September - November 2021	December 2021 - February 2022	March - May 2022
South Plains CAA	City of Fort Worth	Community Council of South Central Texas	Brazos Valley CAP
Nueces County CAA	Community Action Corporation of South Texas	El Paso Community Action Program, Project BRAVO	Combined Community Action Corp
West Texas Opportunities, Inc.	Greater East Texas Community Action Program	Texoma Council of Governments	Economic Opportunities Advancement of Corporation Region XI
Big Bend CAA	Hill Country CAA	Alamo Area Council of Governments	Travis County HHS
Panhandle Community Services, Inc.	Rolling Plains Management Corp	Dallas County Dpt of HHS	Community Action Committee of Victoria, Texas
		Baker Ripley	Concho Valley CAA

** Schedule is subject to change based on production, contract extensions and/or other unforeseen circumstances.*

Fiscal/Administrative (F/A)

These reviews will typically start as a desk review. The F/A reviews will happen in the same month as the technical visit and will be issued as one WAP monitoring report. F/A reviews will be done by any available qualified compliance staff.

Technical/Inspections

These reviews will always be conducted onsite. Inspections will be conducted by state staff that are QCI certified. Full QCI inspections will be conducted on each unit reported as "inspected" by the state. Inspection percentages at each Subrecipient will be based off QCI staff and separation of assignments in accordance with WPN 15-4 (5 or 10%). TDHCA staff will also conduct LIHEAP inspections on the same trip to minimize visits to the Subrecipient, which is why trips begin so early in the DOE program year(LIHEAP program year ends December 31).

WEATHERIZATION HEALTH AND SAFETY PLAN 2021

TEXAS WEATHERIZATION CONTACT INFORMATION

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Table of Contents

Weatherization Grantee Health and Safety (H&S) Plan *Optional Template*

1.0 – General Information
Additional information that does not fit neatly in one of the other sections of this document.
Allowable Department of Energy (DOE) related health and safety (H&S) actions and expenditures are those necessary to maintain the physical well-being of both the occupants and/or weatherization workers where: • Costs are reasonable as determined by The Department of Energy (DOE) in accordance with this approved Master Plan; • The actions must be taken to effectively perform weatherization; or • The actions are necessary as a result of weatherization work. This plan will provide guidance to the Texas Weatherization Network. Health and Safety issues will be identified by Program Assessors during the initial assessment. Weatherization Crews (either subcontracted or in house) will perform the task(s) identified in the initial assessment and listed in the work order(s). Weatherization agencies and their representatives, including subcontractors, are required to take all reasonable precautions against performing work on homes that will subject the occupants or themselves to health and/or safety risks. This health and safety plan is taken from a DOE approved template. The text at the top of the template is boilerplate language and may not always apply to activities described in TDHCA's DOE plan. Capitalized terms in the Plan have definitions in Chapters 1, 2, or 6 of Part 1, Title 10 of the Texas Administrative Code.

2.0 – Budgeting	
Grantees are encouraged to budget H&S costs as a separate category and, thereby, exclude such costs from the Average Cost Per Unit (ACPU) cost limitation. This separate category also allows these costs to be isolated from energy efficiency costs in program evaluations. H&S costs that are budgeted and reported under the Program Operations category rather than the H&S category, the related H&S costs must be included in the calculation of the ACPU and cost-justified through the Grantee's Department of Energy (DOE)-approved energy audit tool.	
Select which option used below.	
Separate H&S Budget ☑	Contained in Program Operations ☐

3.0 – H&S Expenditure Limits

Pursuant to 10 CFR 440.16(h), Grantees must establish H&S expenditure limits for their Program and provide justification for those limits by explaining the basis and related historical H&S expenditures. DOE acknowledges that it may be necessary for Grantees to deviate from historical expenditures when certain circumstances arise (e.g. funding source changes).

10 CFR 440.16(h)(2) dictates that these limits must be expressed as a percentage of the ACPU. To calculate this percentage use the following formula:

$$\text{Total Average H\&S Cost per Unit} = \frac{\text{H\&S budget amount}}{\text{Program Operations budget amount}}$$

For example, if the ACPU is $5,000 and a Grantee's Program expends an average of $750 per dwelling on energy-related H&S measures, the Total Average H&S Cost per Unit would equal 15 percent. DOE acknowledges that this percentage may vary significantly between Grantees due to different geographical areas and depending upon the availability of other funding sources, resource availability, etc. Low percentages should include a statement of what other funding supports H&S costs, while larger percentages will require greater justification and relevant historical support.

*15 percent is not a maximum limit on H&S expenditures. DOE will conduct a secondary level of review on H&S Plans with a Grantee request of more than 15 percent of Program Operations used for H&S purposes, . **DOE strongly encourages using the table below in developing justification for the requested H&S budget amount.** In accordance with 10 CFR 440.18(d)(15), these funds are to be expended by the Program in direct weatherization activities, "of which is necessary before, or because of, installation of weatherization materials." This same section of the regulation excludes the H&S costs from the ACPU limitation if H&S costs are budgeted separately.*

DOE recommends reviewing recent budget requests and compare those to actual H&S expenditures to see if previous budget estimates have been accurate. The resulting Total Average H&S Cost per Unit multiplied by the Grantee's production estimate in the Annual File should correlate to the H&S budget amount listed in the Grantee's annual plan..

H&S expenditure limits and justification explaining the basis for setting the limits.

A thorough review of historical H&S expenditure data along with network provided feedback to aid in the completion of the H&S Measure Matrix is analyzed annually to determine the H&S expenditure limit requested.

Utilizing the spreadsheet embedded below, provide a full list of H&S measures using historical data from your program, including average cost, and frequency rate. If installing more than a single instance of one measure in a unit (e.g. multiple CO alarms), Grantees may aggregate costs so that frequency does not exceed 100%, or enter a justification into the measure column, which explains why that measure has a frequency rate of over 100%. The spreadsheet will auto calculate your expected Total Average H&S Cost per Unit.

Instructions: Double-click icon directly below to open, view and edit Measure Matrix Spreadsheet. Complete the spreadsheet by entering the required information. To save, close the spreadsheet and it will save to this document.

Measure Matrix
Final.xlsx

4.0 – Incidental Repair Measures

Any measures that could potentially be identified as H&S but the Grantee chooses to instead identify and treat those measures as incidental repair measures (IRMs), must be implemented consistently throughout the Grantee's weatherization program. The measure must fit the regulatory definition of an IRM and be cost justified along with the associated energy conservation measure and/or package of measures. 10 CFR 440.3 defines Incidental Repairs as, "those repairs necessary for the effective performance or preservation of weatherization materials."

H&S measures identified and treated as IRMs within your Program.

N/A-TDHCA strives to limit IRMs and H&S measure when feasible in an effort to maintain program focus/intent of energy efficiency.

5.0 – Occupant Pre-Existing or Potential Health Conditions and Hazard Identification and Notification Form(s)

Grantees must include policies/procedures for informing clients of the aspects of weatherization that may put a client with pre-existing health conditions at risk during installation of measures. This screening may occur as part of the initial application for weatherization and/or during the energy audit. Procedures must include what steps will be taken and/or available to the client to ensure that weatherization work will not aggravate pre-existing health conditions. Additionally H&S assessments are required to identify hazards in the home. For those hazards identified, appropriate testing is required when applicable. The client/landlord/property manager must be informed in writing of all testing results, including identification of a hazards revealed by the testing that will lead to deferral/referral.

Grantees are required to develop documentation forms that include at a minimum:

- *Occupant Pre-existing or Potential Health Conditions;*
  - *Screen occupant(s) to self-report known or suspected health concerns either as part of initial application for weatherization, during the energy audit, or other parts of the weatherization process as specified;*
  - *Inform client in writing of any known risks; and*
  - *Provide client with Subgrantee point of contact information in writing so client can inform of any issues.*
- *Hazard Identification Notification Form*
  - *The occupant(s) (and Landlord's, if applicable) name and address;*
  - *Date(s) of the energy audit/assessment and when the occupant(s) (and Landlord, if applicable) was informed of a potential H&S issue;*
  - *A clear description of the problem;*
  - *A statement indicating if, or when weatherization could continue; and*
  - *The occupant(s) (and Landlord's, if applicable) signature(s) indicating that they understand and have been informed of their rights and options.*

Procedure for soliciting occupants' health and safety concerns related to components of their homes

A Health & Safety Questionnaire/ Checklist was developed by the Department to aid Subgrantees in soliciting important occupant H&S concerns related to components of their homes. Obtained information must be taken into consideration when determining the units work scope to ensure of occupant safety. The form must is located under Client and Field Assessment Forms on the Department Website:

- Health & Safety Client Questionnaire & Inspection Checklist

Procedure for determining whether occupants suffer from health conditions which may be negatively impacted by the act of weatherizing their dwelling

Subgrantee must discuss information obtained from the questionnaire with clients and identify potential measures being considered for installation to determine if any measures could have an effect on the occupant's health. Precautions taken to avoid client health and/or safety should be well documented in the client file.

Procedure for addressing potential health concerns including pre-existing health conditions when they are identified
Weatherization agencies and their representatives, including subcontractors, are required to take all reasonable precautions against performing work on homes that will subject the occupants or themselves to health and/or safety risks. In cases where an occupant's health is fragile, or an occupant has been identified to have a health condition, and/or the crew work activities would themselves constitute a health and/or safety hazard, the occupant(s) at risk shall be required to leave during the performance of the work activities. In cases where specific weatherization material(s) present an occupant health concern, crews/contractors may substitute a comparable alternative material that meets DOE specifications. If no safe alternative material meeting DOE standards is available, subgrantees should receive case by case guidance from Department training staff. Precautions taken to avoid client health and/or safety should be well documented in the client file.
Documentation Form(s) have been included for review?
Yes ☑ No ☐
Location where forms have been uploaded/submitted
Separate attachment to SF424 ☐ Separate attachment to H&S Plan ☐ Hyperlink within guidance above ☑

6.0 – Health and Safety Categories

For each of the following H&S categories identified by DOE:

- *Explain whether you concur with existing guidance from Weatherization Program Notice (WPN) 17-7 and how that guidance will be implemented in your Program, if you are proposing an alternative action/allowability, or if the identified category will not be addressed and will always result in deferral. Alternatives require comprehensive explanations as to how it meets the intent of DOE guidance.*
- *Where an action/allowability or testing is "required" or "not allowed" through WPN 17-7, Grantees must concur, or choose to defer all units where the specific category is encountered.*
- *Any activities that are marked as deferral/referrals must contain the H&S reasons specified within the Master File Section V.1.2 Box 5 Deferral/Referral.*
- *Unless an alternate funding source(s) is declared, utilize DOE funds to address the particular category.*
- *Describe the explicit methods to address the specific category.*
- *Describe in detail what testing protocols (if any) used to assess the particular category.*
- *Define and quantify minimum thresholds that determine minor, major, and limited definitions and the criteria used to make a determination on a case-by-case basis.*
- *Define "at-risk" occupant(s) and identify minimum documentation requirements for them.*
- *Client Education activities specific to H&S reasons is required within the Master File Section V.8.4 Training and Technical Assistance of the annual application.*
- *Training activities specific to H&S reasons is required within the Master File Section V.8.4 Training and Technical Assistance of the annual application.*

6.1 – Air Conditioning and Heating Systems		
Concurrence, Alternative or Deferral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Air Conditioning Unallowable with DOE Funds ☐ Heating Unallowable with DOE Funds ☐ Other Funding Source Addresses H&S Issue ☐		
Procedure for unsafe or non-functioning <u>primary</u> heating/cooling systems		
"Red tagged", inoperable, or nonexistent primary heating and/or cooling system replacement, repair, or installation is allowed due to extreme climate conditions in Texas for Vulnerable Populations. Texas' climate conditions include climate zones 2A, 2B, 3A, 3B, and 4B which can be described as Hot-Humid, Hot-Dry, and Mixed-Dry. This diversity in climate conditions requires Texas to have the flexibility to address all scenarios related to providing heating and cooling to Vulnerable Populations. Subgrantee will use the ACCA approved Manual J to determine proper sizing of replacement heating and cooling appliances. All heating and cooling systems will be evaluated as an energy conservation measure before consideration as a health and safety measure. If the heating/cooling system issue is determined to be beyond the scope of DOE WAP, weatherization agencies will defer the work and refer the client to other resource agencies who may be able to address the problem. Texas' deferral policy and protocols shall always be strictly adhered to when deferring weatherization work. If the client is completely without cooling or heating, the weatherization agencies shall make a referral to an agency with funding that can provide Vulnerable Population clients with a portable air conditioner or temporary means of heat, such as a portable heat pump or blankets. Texas requires HVAC system installation to follow local and state code and it must be performed by a licensed HVAC professional. Weatherization agencies may subcontract licensed HVAC companies/individuals to perform heating/cooling systems installations and repairs if they follow proper state procurement procedures. When replacing a primary wood stove in a mobile/manufactured home the new unit must be listed for use with manufactured homes, and must be installed in accordance with their listings. Units that are not manufacturer approved, discovered during an initial assessment, should be replaced with an approved manufactured home appliance, under H&S. All state and local codes must be followed. Vented space heaters shall be treated as furnaces. Combustion safety testing is required when combustion appliances are present. Weatherization Assessors and Final Inspectors must conduct the combustion appliance safety inspection. This includes all of the following: carbon monoxide testing, draft measurement, spillage evaluation, worst case depressurization of the combustion appliance zone (CAZ), a safe flue pipe, chimney or vent, adequate combustion air, and gas leakage as applicable. Combustion safety test results must be acted upon appropriately according to the Standard Work Specifications and BPI protocols.		

Procedure for unsafe or non-functioning secondary heating systems, including unvented secondary space heaters
Maintenance and repair of secondary heating units is allowed. Minor maintenance activities can be performed for traditional open masonry fireplaces and wood burning stove/pellet stoves. This would be a health and safety issue requiring photo documentation and receipt of services by the professional with a description of what services were performed. Inspection, repair and or cleaning shall be sub-contracted to a qualified solid fuel heating system vendor. An unsafe, unrepairable open masonry fireplace would be treated similarly to that of an unvented space heater if it is the primary source of heat. The fireplace must be rendered inoperable and replaced with a vented heating unit. The type of existing fuel will dictate the replacement. If the client has a combustion fuel source (e.g. - gas, propane, etc.) then seal up the fireplace, and add a vented gas heater. Testing will be required to assure adequate supply of electricity is available for existing standalone electric space heaters. This will be accomplished through the use of three wire circuit testers, GFI electrical outlet testers, and line voltage testers. Repair, replacement or installation is not allowed. Removal is recommended. Unvented space heater removal is required, except as secondary heat where the unit conforms to ANSI Z21.11.2. Units that do not meet ANSI Z21.11.2 must be removed prior to weatherization, however may remain until a replacement heating system is in place. Testing for air-free carbon monoxide (CO) is to be performed. All units must have an ANSI Z21.11.1 label, and meet IRC and IFGC codes. The client must be informed of the dangers of unvented space heaters – CO, Moisture, and NO2. CO can be dangerous even if CO alarm does not sound. Assessors must calibrate the CO tester outside the home and test the ambient air in the home; following the BPI-1200 standards: • Perform an inspection of the heater. Any of the following conditions are grounds for repair or replacement: o Carbon monoxide (CO) test indicates ambient CO levels above 35 ppm o Bad burners (missing, broken, or otherwise un-repair-able) o Cross-fueled (between NG and LPG) and the orifices and/or pressure regulator have not been changed o Missing radiants o Open flame burners o Rubber supply lines o Charring or scorching If the cause cannot be determined, Subgrantee must calibrate equipment and re-test. If still indeterminable, refer to local gas company. Any time replacement is deemed necessary, first consider performing the replacement as an ECM (energy saving measure) before replacing as a Health & Safety measure.
Definition of and documentation required for “at-risk” occupants
The application will be used to determine if a household includes Vulnerable Populations (also known as at-risk occupants). Vulnerable Populations are defined as Elderly (60 or older), Disabled, or Children 5 and younger.

Testing protocols
Ensuring primary systems are present, operable, and performing correctly. Model system in the current DOE-approved audit to determine if the system can be installed as an energy conservation measure (ECM) prior to replacement as an H&S measure. Determine and document presence of Vulnerable Populations when installing air-conditioning as a Health and Safety (H&S) measure. On combustion equipment, subgrantees are required to perform an appliance safety inspection. The inspections must include the following: carbon monoxide testing, draft measurement, spillage evaluation, worst case depressurization of the combustion appliance zone (CAZ), assurance of a safe flue pipe, chimney or vent, adequate combustion air, and gas leakage as applicable. Combustion safety test results must be acted upon appropriately according to the Standard Work Specifications and BPI protocols. For solid fuel appliances look for visual evidence of soot on the walls, mantel or ceiling or creosote staining near the flue pipe.

6.2 – Asbestos (Confirmed and/or Presumed Asbestos Containing Material)

Concurrence, Alternative or Deferral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Asbestos on Heating, Ventilation and Air Conditioning (HVAC) systems, distribution, venting and other small surfaces that will be disturbed through the course of weatherization work policy		
Inspect pipes, furnaces, and other coverings for asbestos. Encapsulation is allowed by an AHERA asbestos control professional and should be conducted prior to any blower door testing. Removal may also be allowed by an AHERA asbestos control professional based on the situation as determined by the inspector or Agency Representative		
Asbestos in attics, walls, floors roofs and foundations that will be disturbed through the course of weatherization work policy		
Asbestos is the name given to a number of naturally occurring fibrous minerals with high tensile strength, the ability to be woven, and resistance to heat and most chemicals. Because of these properties, asbestos fibers have been used in a wide range of manufactured goods, including roofing shingles, ceiling and floor tiles, paper and cement products, textiles, coatings, etc. It is difficult to tell whether a material contains asbestos simply by looking at it, unless it is labeled. If in doubt, treat the material as if it contains asbestos. Do not dust, sweep, or vacuum debris that may contain asbestos. Never saw, sand, scrape, or drill holes in asbestos materials. Removal of siding is allowed to perform energy conservation measures. All precautions must be taken not to damage siding. Asbestos siding should never be cut or drilled. It is recommended, where possible, to insulate through home interior to avoid disturbing or removing the asbestos siding on the exterior of the home.		
Vermiculite that will be disturbed through the course of weatherization work policy		
When vermiculite is present, unless testing determines otherwise, take precautionary measures as if it contains asbestos, such as not using blower door tests and utilizing personal air monitoring while in attics. Encapsulation by an AHERA certified asbestos control professional shall be allowed. Removal shall not be allowed.		
Blower door testing policy when asbestos/vermiculite is present		
Subgrantees are not allowed to perform blower door testing if vermiculite is present. Prior to performing blower door testing, subgrantees are required to inspect pipe and other coverings for asbestos. Encapsulation is allowed by an AHERA asbestos control professional, and should be conducted prior to any blower door testing if the materials are friable.		

Testing protocols
Testing is only allowed by a certified AHERA tester. Visual inspection of exterior wall surface and subsurface, floors, walls, attics, and ceilings for suspected ACM.
Documentation requirements
In every instance, clients shall be informed both verbally and in writing that suspected asbestos containing materials are present. Clients shall also be informed as to the precautions that will be taken. Client written materials shall include information about the potential health risks associated with asbestos.

6.3 – Biologicals and Unsanitary Conditions
(e.g., odors, mustiness, bacteria, viruses, raw sewage, rotting wood)

Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Biological and unsanitary conditions in dwellings policy		
Remediation of conditions that may lead to or promote biological concerns and unsanitary conditions is allowed. Addressing bacteria and viruses is not an allowable cost. Deferral may be necessary in cases where a known agent is present in the home that may create a serious risk to occupants or weatherization workers. The use of personal protective equipment shall be strictly enforced. Respirators, protective eyewear, and protective clothing will be worn when there is suspicion or knowledge that biological agents may be present in order to eliminate or minimize crew exposure. In the past, remediation of conditions listed under this health and safety category was not allowed. It is allowable under WPN 17-7, except for the removal of known bacteria and viruses. Texas will assess the cost effectiveness and necessity of remediation of conditions that lead to or promote biological concerns and unsanitary conditions, on a case by case basis. Factors considered in regards to biological/unsanitary conditions remediation include, but are not limited to: allowability, safety of workers, safety of household members, size of area impacted, location of area impacted, cost for remediation, impact this area has on the ability to properly weatherize/improve energy efficiency of building structure for lifetime of measures installed, etc.		
Testing protocols		
Assessment staff are required to perform a visual/sensory inspection utilizing a Grantee designed H&S Client Questionnaire & Inspection checklist available on the Grantee's website.		

6.4 – Building Structure and Roofing (e.g., roofing, wall, foundation)

Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Structural issues in dwellings policy		
Building rehabilitation is beyond the scope of the WAP. Homes with conditions that require more than incidental repair should be deferred. While conducting the initial audit, the building structure shall be inspected for structural integrity. Minor repairs to protect the DOE materials installed may be performed to protect the energy saving investment. Dwellings whose structural integrity is in question should be referred to agencies that deliver HUD funds or other appropriate local and state agencies. Weatherization services may need to be delayed or deferred until the dwelling can be made safe for crews/contractors and occupants. Incidental (minor) repairs necessary to effectively perform or preserve weatherization materials/measures are allowed. Refer to WPN 19-5 for further guidance on determining if incidental repairs are allowable.		

Define and quantify minor or allowable structure and roofing issues. At what point are these considered beyond the scope of weatherization?
Minor repairs would be repairs that are necessary for weatherization work to proceed, and that can be allowed by WPN 19-5 if justified in the whole house SIR by the site-specific audit. Repairs would be beyond the scope of weatherization when causing the whole house SIR to drop below one. All repairs should be identified during the initial assessment. In the rare instance that necessary repairs are identified during the measure installation phase, a determination will be made if the repair is an Incidental or a Health & Safety cost. Incidental repair will necessitate that the site-specific audit be re-run, while H&S repairs do not.
If priority lists are used and these repairs are designated as IRMs, at what point is a site-specific electronic energy audit required?
N/A – Priority List is not used.

6.5 – Code Compliance

Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		

Code compliance issues in dwellings policy
Correction of pre-existing code compliance issues is not an allowable cost other than where weatherization measures are being conducted. When correction of preexisting code compliance issues is triggered and paid for with WAP funds, Subgrantee must cite specific code requirements with reference to the weatherization measure(s) that triggered the code compliance issue in the client file. State and local (or jurisdiction having authority) codes **must** be followed while installing weatherization measures. Condemned properties and properties where "red tagged" health and safety conditions exist that cannot be corrected under this guidance should be deferred. WAP funds may be used when weatherization measures are being conducted. They may not be used simply to correct pre-existing code compliance issues. Acquire all required permits and licenses pertinent to installing weatherization measures. These vary by jurisdiction and it is the responsibility of each Subgrantee agency to know what the codes are in each of the areas they work, as well as what permits and licenses are required in each of the areas they work.

6.6 – Combustion Gases

Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		

Combustion gas issues discovered during testing, including those that require an immediate response policy
Proper venting to the outside for combustion appliances, including gas dryers, is required. Correction of venting is allowed when testing indicates a problem. Based on CGD and CO detector readings, the inspector should take the following actions: • The CO detector indicates an ambient carbon monoxide level of 70 ppm or greater. The inspector should immediately notify the occupant of the need for themselves and any building occupant to evacuate; the inspector shall immediately evacuate and call 911. • Where the CO detector indicates an ambient reading between 30 ppm and 70 ppm. The inspector should advise the occupant that high CO levels have been found and recommend that all possible sources of CO should be turned off immediately and windows and doors opened. Where it appears that the source of CO is a permanently installed appliance, advice the occupant to keep the appliance off and have the appliance serviced by a qualified servicing agent. • Where CO detector indicates ambient CO below 30 ppm the inspection can continue.
Testing protocols
IRC 2015 D.2 Occupant and Inspector Safety. Prior to entering a building, the inspector should have both a combustible gas detector (CGD) and CO detector turned on, calibrated, and operating. Immediately upon entering the building, a sample of the ambient atmosphere should be taken. A complete mechanical systems assessment is required to be completed on every home. The procedure includes collecting general information; collecting and recording mechanical systems information; visual and diagnostic inspection of the venting and distribution system; and, combustion analysis and diagnostic testing of gas/propane fired equipment, and post-installation safety tests for CO. Combustion safety testing is required when combustion appliances are present. Pre and post combustion appliance safety inspections include all of the following: carbon monoxide testing, draft measurement, spillage evaluation, and worst case depressurization of the combustion appliance zone (CAZ). As applicable, every combustion appliance will be checked for a safe flue pipe, chimney or vent, adequate combustion air, and gas leakage. DOE will not permit any DOE-funded weatherization work where the dwelling unit is heated with an unvented gas- and/or liquid-fueled space heater as the primary heat source. In such cases the primary space heater must be removed and a vented code compliant heat source must be installed prior to the installation of weatherization measures. DOE will allow unvented gas- or liquid-fueled space heaters to remain as secondary heat sources provided they comply with ANSI Z21.11.2, the IRC, and the IFGC. LIHEAP-WAP may replace non-compliant secondary unvented gas- or liquid-fueled space heaters. Client shall be provided with combustion safety and hazards information, including the importance of using exhaust ventilation when cooking and keeping burners clean to limit the production of CO. Best Practice: • Combustion Appliance Zone (CAZ) Testing • Isolating the Combustion Appliance Zone (CAZ)

6.7 – Electrical		
Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Electrical hazards, including knob & tube wiring, in dwellings policy		
Minor electrical repairs are allowed where health or safety of the occupant(s) may be at risk. Upgrades and repairs are allowed when necessary to perform specific weatherization measures. Testing shall include visual inspection, as well as voltage drop and voltage detection testing. Provide client information on overloading circuits and electrical safety and risks. Aluminum wiring should be thoroughly inspected before any insulation work is done. If aluminum wiring is found to be active and in the areas to be insulated, no insulation should be added. Prior to insulating around Knob and Tube wiring, cost effectiveness must be evaluated and barriers must be installed to keep insulation at least three inches from the K&T. If K&T is permanently disabled (cannot be energized again) then it may be insulated over. Best Practice: • Knob & Tube Wiring When electrical repairs within the scope of the DOE WAP are required, the repair work must be performed by a licensed electrician.		
Define and quantify minor electrical issues. At what point are these considered beyond the scope of weatherization?		
Minor upgrades and repairs necessary for installation of weatherization measures and where the health and/or safety of the occupant(s) is at risk may be allowed. Examples of minor repairs include exposed electrical connections, damaged or nonworking switches and receptacles, and damaged or unsafe electrical wire conditions. In the event electrical hazards cannot be corrected or prevent major measure installation unit deferral is required.		
If priority lists are used and these repairs are designated as IRMs, at what point is a site-specific electronic energy audit required?		
N/A – Priority List is not used.		

6.8 – Formaldehyde, Volatile Organic Compounds (VOCs), Flammable Liquids, and other Air Pollutants		
Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Formaldehyde, VOCs, flammable liquids and other air pollutants in dwellings policy		
WAP workers may not remove pollutants. Removal of pollutants must be done by the client or a contracted professional prior to weatherization work being performed. If pollutants pose a risk to workers and removal cannot be performed by a professional or the client refuses to remove the pollutants, the unit must be deferred. Visual, sensory, combustion appliances inspection/testing, and completion of Client Questionnaire and Inspection Checklist shall be the primary detection method. All reasonable steps shall be taken to limit worker exposure to VOCs, air pollutants and biological contaminants utilizing OSHA PPE guidelines. VOCs are emitted as gas from certain solids or liquids which may have short and long-term health effects. Common sources of VOCs include paints, paint strippers, solvents, aerosol sprays, cleaning supplies, petroleum fuels, sealants, refrigerants, etc. When using products known to emit VOCs, increase ventilation is required. Meet or exceed any label precautions. Identify, and if possible, have client or a contracted professional remove the source. Biological contaminants include bacteria, molds, mildew, viruses, animal dander, cat saliva, house dust, mites, cockroaches, and pollen. There are many sources of these pollutants. Identification of these contaminants often indicate elevated relative humidity level in a home and/or improper ventilation which would need to be addressed. State and local codes and regulations regarding disposal of toxic household wastes must be followed. Texas WAP crews/contractors shall take every precaution necessary to minimize exposure to air pollutants. When using chemicals and products that may contain any of the pollutants within this category, strict adherence to label instructions and precautions shall be required. Known pollutants must be removed by the client or a contracted professional prior to performance of weatherization work. Health and Safety Guidance • EPA Guidance on Common Household Wastes & Materials • Indoor Air Quality		
Testing protocols		
Sensory inspection shall be the primary detection method.		

6.9 – Fuel Leaks (please indicate specific fuel type if policy differs by type)		
Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure ☐		

Fuel leak remediation protocols
Natural gas and LP gas piping system inspection and leakage testing will be conducted. An inspection of the accessible gas piping and connections, from the natural gas meter or LP gas tank to a point where the supply line connects to the gas valve of all appliances shall be completed. When a minor gas leak is found on the utility side of service, the utility service must be contacted before work may proceed. Where the auditor confirms gas leakage or identifies deficiencies in gas piping materials, connections, components, or supports, the deficiencies shall be marked and noted in project documentation. The homeowner/occupant shall be notified that repairs must be made. The auditor shall recommend that the homeowner/occupant immediately notify the gas company and/or a qualified professional to evaluate and perform all necessary repairs. Notify utilities and temporarily halt work when leaks are discovered that are the responsibility of the utility to address.
At what point are fuel leaks considered beyond the scope of weatherization?
Minor repairs/replacement are allowed and includes but not limited to: • Worn and/or leaking flexible gas lines and any flexible connectors manufactured prior to 1973 • Worn or damaged gas valves • Appliance gas valve/regulator housing and connections Unit deferral shall be required if major repairs are Identified that would be cost prohibitive to the subgrantee's H&S budget or leaks are found on the utility side of service.
Testing protocols
Subgrantees must test exposed gas lines for fuel leaks from utility coupling into and throughout the home. Conduct sensory inspection on bulk fuels to determine if leaks exist.

6.10 – Gas Range/Ovens		
Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Unsafe gas range/ovens policy		
Replacement of cook stoves is not allowed with DOE funding. Cook stove replacements must utilize funds from a funding source other than DOE. Repair and cleaning of cook stoves is allowed with DOE funding. **Cook Stoves with high CO**: • Clean or repair. • If it still has high CO levels, then see if another funding source is able to pay for the stove replacement. • If no other source, the house must be deferred until the occupant can address the stove. • Units containing ovens with CO levels of 225 ppm (as measured) or higher which cannot be remedied must be deferred. The money spent trying to unsuccessfully clean/repair the oven would be charged to Program Support. The Department has defined maximum acceptable CO readings of stoves as follows: • Cook stove burners will only require a visual inspection of flame quality and proper operation. • 225 ppm CO as measured maximum acceptable readings for cook stove ovens.		
Testing protocols		
Test gas ovens and burners for CO Inspect cooking burners and ovens for operability and flame quality		

6.11 – Hazardous Materials Disposal [e.g., Lead, Refrigerant, Asbestos, Mercury (including CFLs/fluorescents), etc.] *(please indicate where policy differs by material)*
Concurrence, Alternative or Deferral/Referral
Concurrence with DOE Guidance ☑ Alternative Guidance ☐ Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐
Hazardous materials disposal policy (existing material/appliance and hazardous material)
Hazardous Waste Materials generated in the course of weatherization work shall be disposed of according to all local laws, regulations and/or Federal guidelines, as applicable. Refrigerants shall be pumped into a recovery tank and disposed at an EPA approved site. Proper disposal procedures for Asbestos are available at Texas Commission on Environmental Quality (TCEQ): Special Waste Disposal: • http://www.tceq.texas.gov/permitting/waste_permits/msw_permits/msw_specialwaste.html Texas WAP crews/contractors will follow all EPA RRP requirements for disposal of lead as well as state and local code requirements. Disposal procedures for mercury will follow TCEQ guidance available here: • https://www.tceq.texas.gov/assets/public/comm_exec/pubs/rg/rg-377.pdf
Documentation requirements
Subgrantees are required to document disposal requirements in contract language with the responsible party and maintain disposal records are available upon request.

6.12 – Injury Prevention of Occupants and Weatherization Workers (e.g., repairing stairs and replacing handrails)
Concurrence, Alternative or Deferral/Referral
Concurrence with DOE Guidance ☑ Alternative Guidance ☐ Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐
Injury prevention measure(s) policy
Workers must take all reasonable precautions against performing work on homes that will subject workers or occupants to health and safety risks. Porch or stair repairs that would be required to make a home safe for weatherization workers are not an allowable measure in the program. Such situations are considered to be beyond the scope of Texas WAP. OSHA 10 for crew members and OSHA 30 for supervisors training will be scheduled by the Subgrantee for uncertified staff.
Define and quantify minor or allowable injury prevention measures. At what point are these considered beyond the scope of weatherization?
Minor injury prevention measures can include minor electrical repairs as described in section 6.7. Proper safety protocols should be followed to reduce risk of injury as described in sections 5.0 and 6.20. Other injury prevention measures would be considered beyond the scope of WAP and shall result in unit deferral.

6.13 – Lead Based Paint
Concurrence, Alternative or Deferral/Referral
Concurrence with DOE Guidance ☑ Alternative Guidance ☐ Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐

Lead safe work protocols
Weatherization requires all weatherization crews/contractors working in pre-1978 housing to be trained in Lead Safe Weatherization (LSW) and follow EPA's Lead; Renovation, Repair and Painting Program (RRP) rule. Deferral is required when the extent and condition of lead-based paint in the structure would potentially create further health and safety hazards. In all pre-1978 homes, crews/contractors must assess the physical condition of the structure prior to conducting an audit. Texas recommends assuming that lead paint may be present in any structure built prior to 1978 and to follow the proper DOE LSW protocols, OSHA regulations and EPA regulations in all pre-1978 structures. Texas WAP crews/contractors must follow all EPA RRP requirements for disposal as well as state and local code requirements. Deferral is required when the extent and condition of lead-based paint in the house would potentially create further H&S hazards. Only those costs directly associated with the testing and lead safe practices for surfaces directly disturbed during weatherization activities are allowable. State policy mandates all workers on site on any weatherization project, whether they be a crew based employee of one of the sub-contractors or a private sector contractor, must complete an eight (8) hour Lead Safe Worker Practices Workshop. Best Practice: • Lead-safe Process and RRP Requirement WX Videos • 12 Steps to Lead Safety • Health & Safety Series: Respirators & Personal Protective Equipment Health and Safety Guidance • Lead; Renovation, Repair, and Painting Program; Lead Hazard Information; • Renovate Right
Testing protocols
Testing to determine presence of lead in paint that will be disturbed by WAP measure installation is allowed with EPA-approved testing methods. Testing methods must be economically feasible and justified Job site set up and cleaning verification is required by a Certified Renovator. Texas WAP crews/contractors will use LSW work practices that decrease the amount of dust generated and follow all EPA RRP requirements. Grantee compliance staff verify crews are using lead safe work practice during the annual Subgrantee monitoring.

Documentation requirements
Documentation in the client file must include Certified Renovator certification; any training provided on-site; description of specific actions taken; lead testing and assessment documentation; and, photos of site and containment set up. Include the location of photos referenced if not in file.

6.14 – Mold and Moisture

(e.g., drainage, gutters, down spouts, extensions, flashing, sump pumps, dehumidifiers, landscape, vapor retarders, moisture barriers)

Concurrence, Alternative or Deferral/Referral

Concurrence with DOE Guidance ☑ Alternative Guidance ☐ Results in Deferral/Referral ☐

Unallowable Measure ☐ Other Funding Source Addresses H&S Issue ☐

Moisture related issues in dwellings policy

Limited water damage repairs can be addressed by weatherization workers. Correction of moisture and mold creating conditions are allowed when necessary in order to weatherize the home and to ensure the long term stability and durability of the measures. Where severe mold-like substance and moisture issues cannot be addressed, deferral is required.

Visual assessment is required and diagnostics such as moisture meters are recommended pre-assessment and prior to final inspection. The assessment shall assure existing mold-like conditions are noted, documented and disclosed to the client; and, shall assure existing building envelope conditions do not contribute to mold-like growth when weatherization measures are applied. Mold-like substance assessment means a visual assessment combined with certain allowable diagnostics. It does not mean testing for mold. **DOE funds may not be used to test for mold-like substances.**

Texas WAP crews/contractors shall follow the Mold/Moisture Assessment Checklist when conducting the mold-like substances assessment at the time of the audit. Assessment shall include a general examination of the building to include:

- Examine structure, maintenance activities, occupancy patterns
- Visually look for mold-like substances and water staining
- Look for evidence of standing water
- Look for evidence of condensation
- Check basement or crawl space and attic for proper venting and exhaust

Outdoors:

- Soil grade or drainage toward foundation
- Standing water adjacent to foundation
- Wall and roof damage allowing water intrusion
- Missing or blocked rain gutters
- No downspout extensions
- Firewood stacked adjacent to house
- Excessive shrubbery around foundation

Heating/cooling systems:

- Air intakes: debris (organic) vs. clean air
- Filters: dirty, damp, poor type
- Heat exchangers: dirty & damp coils, condensate pans, drainage, stagnant water
- Ducts: contamination, moisture

Occupied Space:

- Plumbing leaks
- Water stains on walls, ceilings and around windows
- Musty odor
- Surface Condensation (especially during mild weather)
- Mold-like substances on carpeting

- Humidifiers
- Window air conditioners
- Lack of bathroom, kitchen exhaust
- Clothes dryer not vented to outside
- Firewood stored indoors
- Wet clothes drying indoors

The DOE Training Resource:

- Mold and Moisture given by Michael Vogel of MSU Weatherization Training Center is available to all Subgrantees through TDHCA's website.

Best Practice:

- Mold-safe Process

Define and quantify minor or allowable moisture-related measures. At what point are these considered beyond the scope of weatherization?

Defined in Mold-Safe process flow-chart:

- Mold-Safe Process Flowchart

6.15 – Pests

Concurrence, Alternative or Deferral/Referral

Concurrence with DOE Guidance ☑ Alternative Guidance ☐ Results in Deferral/Referral ☐

Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐

Pests and pest intrusion prevention policy

Pest removal is allowed only where infestation would prevent weatherization or poses a health and safety concern for workers. Infestation of pests may be cause for deferral where it cannot be reasonably removed.

Determine whether the pest infestation would prevent or hamper the weatherization work. If removal is a viable and cost-effective option, take the necessary steps to remove the pest infestation problem so that the weatherization work can proceed. If removal is not a viable and cost-effective option or significant health and safety risks exist, defer the weatherization work and provide client with appropriate referral information.

Best Practice:

- Pests BP

Define and quantify pest infestation thresholds. At what point are these considered Beyond the scope of weatherization

Costs beyond $50 in labor and materials to mitigate pest infestations will be addressed by TDHCA to determine if deferral is necessary.

6.16 – Radon		
Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Procedure for radon in dwellings		
TDHCA will provide Subgrantees with a Radon Informed Consent Form and the EPA's *A Citizen's Guide to Radon*. State specific resources can be found at: • EPA Radon Resources The Texas Department of State Health Services website also contains useful information: • THHS Radon Resources		
Testing protocols		
Testing in not authorized in Texas WAP as Texas has no areas of "Highest Potential," according to the United States Environmental Protection Agency standards.		
Documentation requirements		
Client signed informed consent form.		

6.17 – Safety Devices: Smoke and Carbon Monoxide Alarms, Fire Extinguishers		
Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Installation or replacement policy for the following safety devices:		
Smoke Alarms: Smoke alarms may be installed where alarms are not present or are inoperable. Ceiling-mounted smoke alarms must be mounted at least 6 inches from any wall. Wall-mounted smoke alarms must be installed at least 6 but less than 18 inches from the ceilings. They should always be installed according to applicable local codes or ordinances. Smoke Alarms shall be installed per IRC. R314.3 Location. Smoke alarms shall be installed in the following locations: • In each sleeping room. • Outside each separate sleeping area in the immediate vicinity of the sleeping room. • On each additional story of the dwelling, including basements and habitable attics and not including crawl spaces and uninhabitable attics. In Dwelling Units with split levels and without an intervening door between the adjacent levels, a smoke alarm installed on the upper level shall suffice for the adjacent lower level provided that the lower level is less than one full story below the upper level. • Smoke alarms shall be installed not less than 3 feet (914 mm) horizontally from the door or opening of a bathroom that contains a bathtub or shower unless this would prevent placement of a smoke alarm required by Section R314.3.		

Carbon Monoxide Alarms:

Per ASHRAE 62.2, at least one CO alarm must be present in every home. CO alarms must be installed to the IRC or local code regulations.

CO alarms must be installed where alarms are not present or are inoperable.

A CO alarm should also be installed in accordance with SWS. Always install CO alarms according to the manufacturer's instructions.

R315.3 Location. Carbon monoxide alarms in Dwelling Units shall be installed outside, in the immediate vicinity, of each separate sleeping area. Where a fuel-burning appliance is located within a bedroom or its attached bathroom, a carbon monoxide alarm shall be installed within the bedroom.
R315.6.1 General. Household carbon monoxide detection systems shall comply with NFPA 720. Carbon monoxide detectors shall be listed in accordance with UL 2075.
R315.6.4 Combination detectors. Combination carbon monoxide and smoke detectors shall be permitted to be installed in carbon monoxide detection systems in lieu of carbon monoxide detectors, provided that they are listed in accordance with UL 2075 and UL 268.

Fire Extinguishers:

A fire extinguisher may be provided in homes with solid fuel burning equipment. The fire extinguisher must be installed according to the manufacturer's standards and local code in the vicinity of the primary heating source.

Testing protocols

Check existing alarms for operation.

Verify operation of installed alarms.

6.18 – Ventilation and Indoor Air Quality

Concurrence, Alternative or Deferral/Referral

Concurrence with DOE Guidance ☑ Alternative Guidance ☐ Results in Deferral/Referral ☐

Version of American Society of Heating Refrigeration and Air-conditioning Engineers (ASHRAE) 62.2 Implemented (optional: identify Addenda used)

Texas WAP has adopted the ASHRAE 62.2 2016 standard.

Procedures for complying with implemented ASHRAE standard

Pre and post ventilation requirements are calculated using the current Grantee approved calculator to ensure of ASHRAE compliance in regards to required ventilation, run-time, etc.

- ASHRAE 62.2-2016 Calculator

Calculator required inputs will be captured on the TDHCA Blower Door and Duct Blower Sheet as support documentation.

- Blower Door and Duct Blower Data Sheet (XLS).

Testing protocols

ASHRAE 62.2 evaluation to determine required ventilation.

Obtain required ASHRAE calculator data to include floor area, number of occupants/bedrooms, dwelling height, BD leakage, and measure fan flow of existing installed to verify performance.

6.19 – Window Repair, Door Repair		
Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Window repair and door repair H&S policy		
Replacement, repair, or installation is not an allowable health and safety cost but may be allowed as an efficiency measure if cost justified. Crews/contractors must be trained in Lead Safe Weatherization (LSW) and follow EPA's Lead Renovation, Repair and Painting Program (RRP) rules for pre-1978 homes.		

6.20 – Worker Safety (e.g., OSHA)		
Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☑	Alternative Guidance ☐	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Federal, state and local worker safety requirements policy		
Workers must follow OSHA standards and Safety Data Sheets (SDS) and take precautions to ensure the health and safety of themselves and other workers. SDS must be posted wherever workers may be exposed to hazardous materials. Trained in either OSHA 10 (crew members) or OSHA 30 (supervisors). As part of the safety for crew, assessors will identify health and safety hazards according the OSHA method "Focus Four" which includes, electrical, fall protection, caught in and between, and struck-by hazards. The client will be informed in writing of any hazards and the associated risks that may have been observed. Health and Safety Guidance • OSHA Focus Four		

6.21 – Water Heaters		
Concurrence, Alternative or Deferral/Referral		
Concurrence with DOE Guidance ☐	Alternative Guidance ☑	Results in Deferral/Referral ☐
Unallowable Measure with DOE Funding ☐ Other Funding Source Addresses H&S Issue ☐		
Water Heater Remediation Protocols		
Replacement or repair of water heaters is allowed on a case by case basis when the current appliance is creating moisture, combustion, and/or electrical related hazards that could impact occupant(s) Health and Safety. The Subgrantee must initially attempt to qualify existing Water Heater as an ECM. If the Water Heater does not rank, the Subgrantee may repair or replace the existing unit as a Health and Safety Measure with the caveat that there is a documented threat to the health and/or safety of the occupant(s). Further details are discussed in the Water Heater Replacement Best Practice on the TDHCA Website: • BP-Water Heater		
Testing protocols		
Visual/sensory inspection, appropriate combustion appliance testing for gas units, and water temperature testing.		

H&S Measure Matrix			
Double Click To Open For Editing			
Cells This Shade Auto-Calculate			
Measure	Average Cost	Frequency Installed/Completed	Auto-Calculated Average Cost
ASHRAE Compliance	$550.00	95.0%	$522.50
Smoke Alarms	$90.00	50.0%	$45.00
CO Alarms	$52.00	60.0%	$31.20
Replace UVSH Serving as Primary Heat Source	$1,760.00	12.0%	$211.20
Furnace Repair/Replacement	$2,500.00	2.0%	$50.00
Vulnerable HH Cooling Repair/Replacement	$3,000.00	2.0%	$60.00
Clean/Tune Cookstove	$75.00	4.0%	$3.00
CAZ Isolation/Combustion Makeup Air	$100.00	33.0%	$33.00
Revent Improperly Vented Gas Appliances	$245.00	3.0%	$7.35
LSW	$175.00	10.0%	$17.50
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
	$0.00	0.0%	$0.00
Total Average H&S Cost Per Unit			$980.75
Enter Estimated Production (Annual File: IV.2 WAP Production Schedule)			1269
Enter Estimated Program Operations Budget (Annual File - Budget)			$6,932,017.00
H&S Budget (Total Average H&S Cost Per Units * Estimated Production)			$1,244,571.75
Suggested H&S Budget Request			17.954%

Note- H&S Matrix was completed with subgrantee input and determined that pricing variables to remedy identifed H&S issues can slightly skew the estimated H&S percentage calculation (Example-Furnace repair/replacement can range from a $150.00 repair to a full system replacement at $2500.00).

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BOARD ACTION REQUEST

PROGRAMS DIVISION

MAY 13, 2021

Presentation, discussion, and possible action on an order proposing the amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, Sick Leave Pool; and an order directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, Texas Gov't Code, §661.002(c) requires that state agencies adopt rules relating to the operation of their agency sick leave pool;

WHEREAS, the current rule relating to the Department's Sick Leave Pool requires re-review, staff has determined that the rule is in need of revisions, and such revisions are being proposed through an amendment of the current rule;

WHEREAS, staff recommends to the Board that there is a continuing need for this rule to exist, which is to ensure compliance with Texas Government Code §661.002; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed action herein in the form presented to this meeting, to be published in the *Texas Register* for public comment, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, Sick Leave Pool, requires revision to bring the rule compliant with current policy. Current policy requires that an employee exhaust all accrued paid leave prior to accessing the sick leave pool. The proposed rule amendment will be released for public comment as reflected in the preamble below and returned to the Board for final adoption.

Attachment 1: Preamble, including required analysis, for proposed amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, Sick Leave Pool

The Texas Department of Housing and Community Affairs (the Department) proposes the amendment of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.3, Sick Leave Pool. The purpose of the proposed amendment is to clarify the Department's policy for its sick leave pool.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed amendment would be in effect:

1. The proposed amendment does not create or eliminate a government program but relates to changes to the Department's sick leave pool policy.

2. The proposed amendment does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The proposed amendment does not require additional future legislative appropriations.

4. The proposed amendment will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed amendment is not creating a new regulation.

6. The proposed amendment does not repeal a rule.

7. The proposed amendment will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed amendment will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated the proposed amendment and determined that the proposed amendment will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed amendment does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the proposed amendment as to its possible effects on local economies and has determined that for the first five years the proposed amendment would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the proposed amendment is in effect, the public benefit anticipated as a result of the changed sections would be a clear policy relating to the Department's sick leave pool. There will not be economic costs to individuals required to comply with the amendment section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the proposed amendment is in effect, enforcing or administering the amendment does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held May 28, 2021, to June 28, 2021, to receive input on the proposed action. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email bboston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time, June 28, 2021.

STATUTORY AUTHORITY. The proposed amendment is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed amended sections affect no other code, article, or statute.

§1.3, Sick Leave Pool

A sick leave pool is established to help alleviate hardship caused to an employee and employee's immediate family if a catastrophic illness or injury forces the employee to exhaust all accrued paid ~~sick~~ leave time earned by that employee and to lose compensation from the state.

(1) The Department's Human Resources Director is designated as the pool administrator.

(2) The pool administrator will recommend a policy, operating procedures, and forms for the administration of this section to the Executive Director for inclusion in the Department's Personnel Policies and Procedures Manual.

(3) Operation of the pool shall be consistent with ~~Texas~~ Tex. Gov't Code, Chapter 661, as amended.

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BOARD ACTION REQUEST

EXECUTIVE DIVISION

MAY 13, 2021

Presentation, discussion, and possible action on an order proposing new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, §5.802, Waiting List, directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, the Department operates a Section 8 Housing Choice Voucher Program and anticipates that it will soon be in the position to open its waiting list in certain counties where it has jurisdiction;

WHEREAS, a transparent policy to direct the Department's opening of its waiting list is needed and is being proposed as a new rule at 10 TAC §5.802; and

WHEREAS, upon Board approval, the proposed new rule will be submitted to the *Texas Register* to be released for public comment which will be accepted from May 28, 2021, through June 28, 2021;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the proposed new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, §5.802, Waiting List, in the form presented to this meeting, to be published in the *Texas Register* for public comment and in connection therewith, and make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles and any requested revisions to the preambles.

BACKGROUND

The Department operates its Housing Choice Voucher Program with three general pools of vouchers:

- Project Access (PA) vouchers: PA vouchers are sourced from several streams of funds from HUD which allow persons exiting institutions to transition into a community setting. PA vouchers are offered available statewide and have a waiting list that is always open, meaning that the Department is always accepting applications for these vouchers.

- Veterans Administration Supportive Housing (VASH): The Department currently operates project-based VASH vouchers at the Department's only project-based Section 8 property, Freedom's Path at Kerrville and a small number of tenant-based VASH vouchers in the Galveston area. These VASH vouchers have separate and distinct open waiting lists only for those limited clientele.
- Jurisdictional vouchers: These are the bulk of the Department's vouchers and are limited to certain geographic areas. The waiting list for these areas has not been opened in many years. <u>This population of vouchers is the one that is the subject of this Board action.</u>

Excluding Project Access and VASH, the Department has had a history of covering a mix of somewhat scattered counties, with those areas contracting or expanding through absorption over time. Since 2016 this list has been established with 34 counties (listed in Attachment 1).

For many years the Department operated multiple waiting lists from across those counties. While these waiting lists were closed years ago, remaining interested tenants awaiting a voucher were still retained on those lists and when a voucher became available it was offered to those tenants. Other areas within the Department's 34-county jurisdiction no longer had remaining tenants on a waiting list. As the lists have been depleted through gradual issuance of vouchers and each of those waiting lists has been exhausted, those areas have been combined into one area.

The Department is now reaching a point where it will be able to open its waiting list for its 34-county jurisdictional area. As such, it is important to make sure that the policies associated with that waiting list being opened are transparent and open for public comment. Therefore staff is recommending the attached rule to codify the waiting list policy. The proposed rule will be released for public comment and returned to the Board for adoption.

The rule proposed addresses how the opening of the waiting list will be announced in the 34-county area, affirmative outreach and marketing, how the waiting list process will be operationalized, language access considerations, reasonable accommodations, how households will be issued vouchers from the list, and notifications to households.

It should be noted that the Department has a robust PHA Administrative Plan that provides quite granular detail in the program's operations and policies. This PHA Administrative Plan is approved by HUD and available on the Department's website.

Attachment 1
TDHCA's PHA Jurisdictional Voucher List

The Department's jurisdiction list of 34 counties is identified for whole counties, with the exception that the Department will not serve a part of a county that is within another PHA's Section 8 Program jurisdiction, noted in the list below when such cases are applicable.

Atascosa County (excluding the jurisdiction of Pleasanton Housing Authority's Section 8 Program)
Austin County
Bandera County
Bosque County
Caldwell County
Chambers County
Colorado County
Comal County (excluding the jurisdiction of New Braunfels Housing Authority's Section 8 Program)
Comanche County
Crockett County
Denton County (excluding the jurisdiction of the City of Denton Housing Authority's Section 8 Program)
Ellis County
Erath County
Falls County
Fort Bend County (excluding the jurisdiction of Rosenberg Housing Authority's Section 8 Program)
Freestone County
Frio County (excluding the jurisdictions of Pearsall and Dilley Housing Authority's Section 8 Program)
Galveston County (excluding the jurisdiction of Texas City and City of Galveston Housing Authority's Section 8 Program)
Gillespie County
City of Navasota in Grimes County (excludes the jurisdiction outside of the City of Navasota which is served by the Brazos Valley Council of Government Housing Authority's Section 8 Program)
Guadalupe County (excluding the jurisdictions of Seguin and Schertz Housing Authority's Section 8 Program)
Johnson County (excluding the jurisdiction of City of Cleburne Housing Authority's Section 8 Program)
Karnes County (excluding the jurisdiction of Kennedy Housing Authority's Section 8 Program)
Kendall County (excluding the jurisdiction of Boerne Housing Authority's Section 8 Program)
Kerr County
Lee County
Llano County
McLennan County (excluding the jurisdiction of Waco Housing Authority's Section 8 Program)
McMullen County
Medina County (excluding the jurisdiction of Devine Housing Authority's Section 8 Program)
Waller County
Wharton County
Wilson County (excluding the jurisdiction of Floresville Housing Authority's Section 8 Program)
Wise County

Attachment 2: Preamble for proposing new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, §5.802, Waiting List

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, §5.802, Waiting List. The purpose of the rule is to provide how the Department, in its role as a public housing authority, will handle the waiting list in its 34-county jurisdiction including how the opening of the waiting list will be announced, affirmative outreach and marketing, how the waiting list process will be operationalized, language access considerations, reasonable accommodations, how households will be issued vouchers from the list, and notifications to households.

The Department has analyzed this rulemaking action and the analysis is described below for each category of analysis performed.

Tex. Gov't Code §2001.0045(b) does apply to the rule being adopted and no exceptions are applicable. While there are outreach and advertising costs associated with the opening of a PHA waiting list, these outreach and marketing steps are required by the U.S. Department of Housing and Urban Development (HUD) and are therefore necessary to ensure federal compliance. All costs are paid for by the federal administrative funds associated with the vouchers.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed rule will be in effect, the rule does not create or eliminate a government program, but relates to the process used to accept applications for an existing program, the Section 8 Housing Choice Voucher (HCV) program.

2. The proposed rule does not require a change in work that will require the creation of new employee positions, nor will the rule reduce work load to a degree that any existing employee positions are eliminated.

3. The proposed rule does not require additional future legislative appropriations.

4. The proposed rule does not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The proposed rule is creating a new regulation, however it is not placing regulatory requirements on any other parties, but merely providing for the transparent process used in the existing HCV program.

6. The action will not repeal any rule.

7. The proposed rule will not increase or decrease the number of individuals subject to the rule's applicability as the rule merely provides the methods by which an applicant can apply for a HCV voucher.

8. The proposed rule will not negatively or positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated this proposed rule and determined that the rule will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX GOV'T CODE §2007.043. The proposed rule does not contemplate or authorize a taking by the Department, therefore no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the proposed rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect there will be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that for each year of the first five years the rule is in effect, the public benefit anticipated as a result of the rule would be the provision of a clear policy for the administration of the Department's waiting list. There will not be economic costs to individuals required to comply with the rule.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the proposed action is in effect, enforcing or administering the rule has minimal implications related to costs or revenues of the state or local governments. There are outreach and advertising costs associated with the opening of a PHA waiting list which are required by HUD and necessary to ensure federal compliance. All costs are paid for by the federal administrative funds associated with the vouchers.

g. REQUEST FOR PUBLIC COMMENT. The public comment period will be held May 28, 2021, to June 28, 2021, to receive input on the proposed rule. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or email brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. Austin local time June 28, 2021.

STATUTORY AUTHORITY. The rule is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the rule affect no other code, article, or statute.

§5.802, Waiting List

(a) Purpose.

The U.S. Department of Housing and Urban Development (HUD) requires that the Texas Department of Housing and Community Affairs (the Department), in its role as a public housing authority (PHA) administering a Housing Choice Voucher (HCV) program, adopt a clear approach to accepting applications, placing households on the waiting list, and selecting households from the waiting list. This rule provides the Department's policies for taking applications, managing the waiting list and selecting households for HCV assistance specifically for its 34-county jurisdictional area.

(b) Applicability.

(1) This rule is applicable only to the specific geographically limited jurisdiction of the Department. This jurisdictional area is comprised of discrete areas within counties (currently 34), but may be expanded or reduced upon action of the Board. The jurisdictional area reflected on the Department's website will serve as the jurisdictional area for the purpose of this rule.

(2) This rule does not apply to the waiting list for statewide Project Access vouchers which is addressed in §5.801 of this chapter. The rule does not address the specific waiting list process for project-based vouchers administered by the Department or for VASH vouchers administered by the Department. Should any special purpose vouchers be received by the Department that serve specific populations or geographic areas other than the geographically limited jurisdiction of the Department referenced in paragraph (1) of this subsection, these waiting lists policies are not required to be utilized. Additionally, certain households might be accepted into the HCV program if required by 24 CFR §982.203, or at the direction of HUD, as directed by a court of law, or as part of a TDHCA conciliation agreement.

(c) **Definitions and HUD Regulations**.

(1) While the HUD regulations in 24 CFR Parts 5, §§ 903 and 982 use the word "family," in order to be consistent with other rules in this Part, this rule will use the word "household." Both words are intended to have the same meaning.

(2) Nothing in this rule is intended to conflict with federal statutes or regulations that govern the HCV assistance. If HUD mandates a process or procedure to be used for application or waiting list management that is not identified in this rule, the Department will follow HUD's direction and will amend this rule as soon as practicable.

(d) Outreach and Affirmative Marketing.

(1) HUD regulations require that all households have an equal opportunity to apply for and receive housing assistance, and that the PHA affirmatively further fair housing goals in the administration of the program [24 CFR §982.53].

(2) The Department will conduct sufficient outreach to ensure that a sufficient number of applications will be received. HUD requires that at least 75% of the households served by the Department are extremely low-income households, and therefore the Department may need to conduct special outreach to ensure that an adequate number of extremely low-income households apply for assistance. All outreach will specify the number of households that will be accepted onto the waiting list.

(3) All outreach efforts relating to the opening of the waiting list will take place at least 7 calendar days prior to the first day of the application acceptance period, but no longer than 45 calendar days prior to the first day of the application acceptance period.

(4) Prior to performing outreach efforts for the opening of the waiting list, the Department will analyze the characteristics of the population being served by the program and the characteristics of the population as a whole in the PHA's jurisdiction to identify underserved populations. Targeted outreach efforts will be undertaken if a comparison suggests that certain populations are underrepresented in the program. Outreach materials will be provided in English, Spanish, and any other language as determined by a 4-factor analysis within each county service area.

(5) Outreach efforts will include:

(A) marketing through press releases to local newspapers, including minority newspapers;

(B) communicating with councils of governments, regional planning councils, and community action agencies, whose jurisdictions include any one of the counties in the jurisdiction of the Department, to:

(i) request that they distribute informational materials and flyers to their clients;

(ii) offer training so that they can assist households with submitting an online application; and

(iii) request that they make available a computer or web interface for clients to apply.

(C) developing partnerships with other organizations that serve the low-income population and agencies that provide services to elderly persons, people with disabilities, and people with Limited English proficiency (LEP); and

(D) clear guidance on how a person with a disability can request a reasonable accommodation for the application process.

(6) The Department will maintain a designated telephone number where interested persons can receive specific directions on how and when to apply.

(e) Application.

(1) The Department will utilize an electronic application process available in multiple languages.

(2) Any household that wishes to receive HCV assistance must apply for admission to the program.

(3) All applications must be received through the Department's online application tool. Applications received in the mail or by hand delivery will not be considered.

(4) To be placed on the waiting list only an initial pre-application is required to be submitted. However, the Department may elect to skip the pre-application and use only the full application. Only when an applicant is being pulled from the waiting list to be offered a voucher will a full application submission be required. Form HUD-92006, Supplement to Application for Federally Assisted Housing, must be submitted as an attachment to the Department's full application. A household must submit the completed pre-application or application to ensure that the Department receives the information needed to determine the household's eligibility.

(5) Application Acceptance Period. Applications will be accepted for a 14 calendar day period.

(6) Individuals who have a disability which would prevent them from making an application online may call the Department to make special arrangements so that Department staff can complete their application in time to be included in the lottery process. A Telecommunications Device for the Deaf (TDD) is available for the deaf.

(f) Placement on Waiting List.

(1) No applicant has a right or entitlement to be listed on the waiting list, or to any particular position on the waiting list [24 CFR §982.202(c)].

(2) Placement on the waiting list does not indicate that the household is, in fact, eligible for assistance. A final determination of eligibility will be made when the household is selected from the waiting list.

(3) Creation of Waiting List. The Department will establish a single waiting list for its jurisdictional area. The Department will announce in its outreach documents the total number of households it will place on its waiting list. Except for households on a project-based waiting list, all households that are on a special purpose waiting list at the beginning of the application acceptance period and that wish to live in the Department's jurisdictional area will be placed first on the jurisdictional waiting list based on the time they have been on the special purpose waiting list (i.e. oldest time on any special purpose waiting list gets assigned the first number). All other applications received during the application acceptance period will be assigned a number using a random number generator, called a lottery process. These applications will then be placed in numerical order according to that assigned number. The Department will then place applicants on the waiting list up to the number of households the Department announced it would accept on its waiting list in rising numerical order (inclusive of the households automatically placed on the jurisdictional waiting list because they were on a special purpose waiting list at the beginning of the application acceptance period). All other applications not within the number being accepted on the wait list will not be placed on the waiting list. All applications submitted will be notified in writing of having been added to the waiting list and their number ranking, or that they were not placed on the waiting list.

(4) Ineligible for Placement on the Waiting List. If the Department can determine from the information provided that a household is ineligible, the household will not be placed on the waiting list or be able to participate in the lottery process described in this section for placement on the waiting list. Where a household is determined to be ineligible, the Department will send written notification of the ineligibility determination within 14 calendar days of receiving the complete application from the Department at the Department headquarters [24 CFR §982.201(f)].The notice will specify the reasons for ineligibility, and will inform the household of its right to request an informal review and explain the process for doing so.

(5) Applicants with Special Purpose Characteristics. The application for the jurisdictional waiting list will ask if the household qualifies for any of the open special purpose waiting lists that the Department maintains, except for a project-based waiting list or a waiting list in which a household may not directly apply. The applicant household, if qualified, may be added to one or more special purpose waiting lists at the end of the application acceptance period, but this will not impact their lottery number for the jurisdictional waiting list.

(5) If the Department permanently absorbs vouchers from another housing authority and is reassigned the contract by HUD, the waiting list from the other housing authority will be maintained, in its existing order, but will not be further expanded. That waiting list will be treated as separate from the rest of the Department's waiting list until it has been depleted. If after absorption of that area, the Department opens its jurisdictional waiting list, applicants located in the absorbed area will be eligible to also apply to this waiting list.

(g) Selection of Households from the Waiting List

(1) The actual order in which households are selected from the waiting list can be affected if a household has certain characteristics designated by HUD or the Department to receive preferential treatment, such as being impacted by a particular declared disaster. Funding earmarked exclusively for households with particular characteristics may also alter the order in which households are served. HUD requires that extremely low-income (ELI) households make up at least 75% of the households admitted to the HCV program during the Department's fiscal year. ELI households are those with annual incomes at or below 30% of the area median income. To ensure this requirement is met, the Department may skip non-ELI household on the waiting list in order to select an ELI household. [24 CFR §982.201(b)(2)]. The skipped non-ELI household will retain its position on the waiting list. Low-income households admitted to the program that are "continuously assisted" under the 1937 Housing Act [24 CFR 982.4(b)], as well as low-income or moderate-income households admitted to the program that are displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing, are not counted for income targeting purposes [24 CFR §982.201(b)(2)(v)].

(3) When a voucher becomes available, the Department will select the household at the top of the waiting list. The order of admission from the waiting list IS NOT based on household size, or on the household unit size for which the household qualifies under the occupancy guidelines. If the Department does not have sufficient funds to subsidize the household unit size of the household at the top of the waiting list, the Department WILL NOT skip the top household to admit an applicant with a smaller household unit size. Instead, the household at the top of the waiting list will be admitted when sufficient funds are available. [24 CFR §982.204(d) and (e)].

(4) When a household comes to the top of the waiting list and the Department is ready to issue a voucher, the household will be notified and required to complete the full application. The household will also be required to complete a Personal Declaration Form. A household that does not respond to the request for full application more than three times will be sent a notice consistent with program policies removing them from the waiting list.

(5) A household's decision to apply for, receive, or refuse non-PHA federal, state, or local housing assistance will not affect the household's placement on the jurisdictional waiting list, or any preferences for which the household may qualify, except as specified in §5.801 of this chapter.

(h) Reporting Changes in Household Circumstances While On the Waiting List

While a household is on the waiting list, the household must immediately inform the Department of changes in contact information, including current residence, mailing address, and phone number. The changes must be submitted in writing. Failure to provide this information may prevent the Department from being able to reach a household if a voucher becomes available and may result in removal from the waiting list.

(i) Updating of the Waiting List and Removal from the Waiting List

(1) To insure that the Department's waiting list reflects the most current applicant information the waiting list may be updated no less than every twelve months.

(2) Process.

(A) To update the waiting list, the Department will send an update request to each household on the waiting list to determine whether the household continues to be interested in, and qualifies for, the program. This update request will be sent to the last address on record for the household and to any email address provided by the household.

(B) The update request will provide a deadline by which the household must respond, which will be approximately 10 days from the date the letter is sent, and will state that failure to respond will result in the applicant's name being removed from the waiting list.

(C) The household's response to the Department must be in writing and may be delivered, by mail, or by email. Responses should be postmarked or received by the Department no later than the deadline specified in the Department's letter.

(D) If the household fails to respond by the specified deadline, the household will be removed from the waiting list without further notice. If the notice is returned to the Department by the post office with no forwarding address, the applicant will be removed from the waiting list without further notice. If the notice is returned to the Department by the post office with a forwarding address, the notice will be re-sent to the address indicated. The household will have a new deadline specified by which to respond.

(3) Removal from the Waiting List.

(A) If a household is removed from the waiting list for failure to respond, the Department may reinstate the household to their former position on the waiting list if it determines that the lack of response was due to Department error, or to circumstances beyond the household's control. Greater flexibility in this criteria may be provided as a reasonable accommodation.

(B) If a household is removed from the waiting list because they have failed to respond to the Department's request for more information/updates or the Department has determined that they are no longer eligible for assistance, a notice will be sent to the household's address of record as well as to any alternate address or email address provided on the initial application. The notice will state the reasons the household was removed from the waiting list and will inform the household that they have 10 calendar days from the date of the written correspondence to request an informal review of the Department's decision [24 CFR §982.201(f)].

(C) If a household accepts a tenant-based public housing voucher from the Department, the household will be removed from all tenant-based public housing Department waiting lists.

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BOARD ACTION REQUEST

SINGLE FAMILY AND HOMELESS PROGRAMS DIVISION

MAY 13, 2021

Presentation, discussion, and possible action on an order adopting amendments to 10 TAC Chapter 7 Subchapter C, Section 7.33, Apportionment of ESG Funds, concerning the Emergency Solutions Grants, and directing their publication for adoption in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, staff recommends adoption of amendments to 10 TAC Chapter 7, Subchapter C, Section 7.33, Apportionment of ESG Funds;

WHEREAS, the adoption would allow funding from the 2021 Emergency Solutions Grants (ESG) allocation to be awarded to existing Subrecipients awarded from the 2020 ESG allocation, to potentially be awarded to some existing Subrecipients of ESG CARES funding, and to clarify minimum requirements for an award of 2021 ESG funds;

WHEREAS, staff recommends to the Board that there is a need for these rule sections to be codified to assist Applicants for ESG funding in planning and preparation of requests for funds, and to assist subrecipients of ESG funds in administration of their grant; and

WHEREAS, the above sections for repeal and replacement in this action were published in the *Texas Register* for comment from March 19, 2021, to April 22, 2021, and one comment was received, staff response to which did not recommend change to the rule;

NOW, therefore, it is hereby

RESOLVED, that the amendment to 10 TAC Chapter 7 Subchapter C, Section 7.33 Apportionment of ESG Funds, together with the preamble presented to this meeting, are hereby; and

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the adopted amended rule at 10 TAC Chapter 7, Subchapter C, Section 7.33, Apportionment of ESG Funds to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

The ESG Program is a HUD-funded program designed to assist people experiencing homelessness or at-risk of homelessness to regain stability in permanent housing quickly after experiencing a housing crisis and/or homelessness.

The adoption of amendments to 10 TAC Chapter 7, Subchapter C, Section 7.33, Apportionment of ESG Funds, will establish that the 2021 allocation ESG funds to the Department will not be subject to a competitive application cycle. Contracts committing funds would instead be offered to eligible subrecipients who competed for and received an award of funds under the 2020 ESG allocation. The amendment outlines minimum requirements for recipients of 2020 ESG funds to receive an award of 2021 funds, and clarifies that ESG CARES Subrecipients are eligible for ESG annual funds if additional funds remain after the 2021 ESG annual funds have been offered to 2020 ESG annual Subrecipients.

On March 27, 2020, the CARES Act was signed into law. The CARES Act provided for $4 billion to be distributed through the ESG Program nationally and includes waivers of certain provisions of the ESG regulations. Of this amount, approximately $97 million was allocated to Texas. For context, the 2021 ESG annual allocation is $9,389,759, about $254 thousand less than the 2020 ESG annual allocation.

The proposed amendments were presented to the Board at the March 11, 2021 meeting. The Board approved the proposed rule amendments for publication to receive public comment. Staff received one comment on the rule from Abigail's Arms, Cooke County Family Crisis Center. The letter with the public comment is in Attachment A of this Board Action Request. No change in the proposed rule is recommended as a result of the public comment.

Through the amendment to the rule, an ESG Subrecipient would be ineligible for funding if it:

(1) does not submit an Application for funding within 21 days of the request from TDHCA;
(2) does not resolve administrative deficiencies per §7.37 of this Subchapter within the timeframe and in the manner outlined in that section;
(3) has four or more months of delinquent monthly reports for its existing contract from 2020 ESG funds;
(4) does not satisfy the requirements of the Previous Participation Review;
(5) has unresolved monitoring findings after the corrective action period; or
(6) is not approved by the Department's Governing Board.

This award process will also be reflected in the 2021 Consolidated Plan One Year Action Plan. Attached are the proposed preambles and the proposed amendments to 10 TAC §7.33.

Attachment A: Public Comment

One letter was received from Abigail’s Arms, Cooke County Family Crisis Center, in opposition to the rule change. Staff response is in Attachment B: Preamble for adoption of amendments to 10 TAC §7.33, Apportionment of ESG Funds. No changes to the adoption are recommended as a result of the public comment.

Abigail's Arms
Embracing Families in Crises
Cooke County Family Crisis Center

April 22, 2021

Texas Department of Housing and Community Affairs
Attn: Abigail Versyp
Rule Comments
PO Box 13941
Austin, TX 8711-3941

Dear Abigail Versyp,

It is our understanding per the e-mail we received on March 23rd, 2021 that under proposed amendments to 10 TAC 7.33, apportionment of ESG funds, the 2021 allocation of ESG funds received by TDHCA will only be offered to 2020 ANNUAL subrecipients. This proposed amendment will exclude Abigail's Arms Cooke County Family Crisis Center from continued ESG funding for this next fiscal year. This is unfortunate news as we are relying on this funding to continue our residential operations for the next fiscal year for victims that are homeless because they are fleeing, or attempting to flee, violent crimes.

As we continue to combat the pandemic, victims are forced to face increasing violence. Tragically, many Cooke County residents suffer at the hands of loved ones. We must protect and support those who find themselves trapped with their abuser. Repeatedly victims who have contacted us have detailed the dangerous and life-threatening conditions they have found themselves in during the pandemic.

Knowing that the COVID 19 pandemic repercussions are not over, we have significant concerns. We will continue to need to take appropriate precautions and rely on agency staff to implement our safety plan for the foreseeable future. This safety plan will ensure clients and their children are safe and that our 24-hour emergency shelter is protected against the threat of any infectious disease. Without this essential funding our agency will struggle to continue assisting clients who are impacted by homelessness due to violence in our county.

We are strongly advocating for the victims of Cooke County by requesting to be allowed to apply for the 2021/2022 ESG ANNUAL funding. By allowing us to apply for these ESG funds, you will help us continue the fight to support and protect victims in Cooke County.

Virginia Johnson
Executive Director
Abigail's Arms

P.O. Box 1221 ♦ Gainesville, Texas 76241 ♦ 940-665-2873 ♦ 940-665-3527/fax
www.abigailsarms.org

Attachment B: Preamble for adoption of amendments to 10 TAC §7.33, Apportionment of ESG Funds

The Texas Department of Housing and Community Affairs (the Department) adopts amendments to 10 TAC §7.33, Apportionment of ESG Funds. The purpose of the adoption, under the authority of Tex. Gov't Code §2306.053, is to update the rule to allow the Department to offer an award of funds to existing ESG Subrecipients from the Department's 2021 allocation of Emergency Solutions Grants program funds from the US Department of Housing and Urban Development.

Tex. Gov't Code §2001.0045(b) does not apply to the rule adopted through this action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset. The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

REASONED JUSTFICATION: The Department finds that the adopted amended rule is necessary to streamline the award process for 2021 ESG annual funds.

SUMMARY OF PUBLIC COMMENTS. The public comment period for the adopted amended rule was between March 19, 2021, and April 22, 2021. Written comments were accepted by mail, email, and facsimile. The Department received one comment from one source: Abigail's Arms, Cooke County Family Crisis Center.

COMMENT SUMMARY: The commenter indicates that there is significant need in Cook County for victims of domestic violence during the pandemic and that Abigail's Arms should be allowed to apply for 2021 ESG annual funding.

STAFF RESPONSE: Staff acknowledges the needs of victims of domestic violence and the ongoing needs of persons experiencing homelessness and at-risk of homelessness during the pandemic. Abigail's Arms is an existing subrecipient of ESG Coronavirus Aid Relief and Economic Security Act First Allocation (ESG CARES 1). Through greater flexibility of the ESG CARES 1 funds, TDHCA anticipates being able to be responsive to the changing needs of persons at-risk and experiencing homelessness due to the pandemic, including persons in Cooke County. Additional ESG CARES 1 funding is available to highly-expended ESG CARES 1 subrecipients. Once Abigail's Arms is among the highest expended in their Continuum of Care region, they may be offered additional funding (subject to availability).

The TDHCA Governing Board approved the final order adopting the new rule on May 13, 2021.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the amendments would be in effect:

1. The adopted amendments do not create or eliminate a government program. These amendments provide the framework for selection of ESG subrecipients for a year in which

allocated funds are to be awarded to existing subrecipients rather than through a new competition for funds.

2. The adopted amendments do not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The adopted amendments do not require additional future legislative appropriations.

4. The adopted amendments will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The adopted amendments are not creating a new regulation, except that it is amending a rule.

6. The adopted amendments will not limit or repeal an existing regulation, but can be considered to "expand" the existing regulations on this activity because criteria are added to determine eligibility for new funding for existing subrecipients. However, this addition to the rule is necessary to ensure compliance with federal regulations governing the ESG Program.

7. The adopted amendments will neither increase nor decrease the number of individuals subject to the rule's applicability as all persons covered by the rule are existing subrecipients already subject to the rule.

8. The adopted amendments will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting these adopted amendments, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory powers and duties of the Department outlined in Tex. Gov't Code §2306.053.

1. The Department has evaluated these adopted amendments and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. The Department has determined that because the adopted amendments are only applicable to nonprofits and local governments that are eligible subrecipients of ESG funds; there will be no economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The adopted amendments do not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the adopted amendments as to their possible effects on local economies and has determined that for the first five years the amendments will be in effect, the proposed amendments have no economic effect on local employment because the proposed amendments only apply to an established grant; therefore, no local employment impact statement is required to be prepared for the rule.

Tex. Gov’t Code §2001.022(a) states that this “impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…” Considering that the amount of funding is neither increased nor decreased, and these amendments only provide clarification for administration of an existing grant program, there are no probable effects of the proposed amendments on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV’T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the adopted amendments are in effect, the public benefit anticipated as a result of the proposed amendments will be an updated and more germane rule. There will not be any economic cost to any individuals required to comply with the amended rule because the processes described by the rule may streamline the existing award process, and this amendment provides clarity on application of an existing rule.

f. FISCAL NOTE REQUIRED BY TEX. GOV’T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new section is in effect, enforcing or administering the proposed amendments does not have any foreseeable implications related to costs or revenues of the state or local governments this rule only provides clarification for administration of an existing grant program.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the adopted amendments affect no other code, article, or statute.

RULE §7.33 Apportionment of ESG Funds

(a) The Department will retain funds for Administrative activities. A portion of these Administrative funds in an amount not to exceed .25% of the Department's total allocation of ESG funds may be retained by TDHCA to procure entities to administer a Local Competition for funding within a CoC region. Funds for Administrative or Program Participant services may be retained by TDHCA to subgrant specific ESG activities, such as legal services.

(b) If the Department receives ESG funding from HUD that has additional activity or geographic restrictions, the Department may elect not to use the Allocation Formula. Retained funds are not subject to the Allocation Formula.

(c) ESG funds not retained for the purposes outlined above will be made available by CoC region based on an Allocation Formula. Allocation Formula factors noted in paragraphs (1) - (4) of this subsection will be used to calculate distribution percentages for each CoC region as follows:

(1) Fifty percent weight will be apportioned to renter cost burden for Households with incomes less than 30% Area Median Family Income (AMFI), as calculated in the U.S. Department of Housing and Urban Development's (HUD) Comprehensive Housing Affordability Strategy;

(2) Fifty percent weight will be apportioned for the number of persons in poverty from the most recent five-year estimate of the American Community Survey released by the U.S. Census Bureau;

(3) Fifty percent weight will be apportioned to point-in-time counts, which are annual counts of sheltered and unsheltered persons experiencing homelessness on one day during the last two weeks of January as required by HUD for CoCs. If a CoC did not conduct a point-in-time count or only completed a partial point-in-time count, the results of the most recent point-in-time count conducted that covered both the sheltered and unsheltered persons experiencing homelessness will be utilized for the purposes of the Allocation Formula; and

(4) Negative 50% weight will be apportioned based on a total of all ESG funding allocated by HUD to local jurisdictions within the CoC region, and ESG funding awarded by the Department within the region from the previous fiscal year.

(d) Each CoC region is allocated a minimum amount of $100,000. This is accomplished by taking the amounts of all regions with over $100,000 during the initial allocation and redistributing a proportional share to the regions with less than $100,000. If the Department distributes by Allocation Formula less than the amount required to provide all regions with $100,000, than the funds will be split evenly among the CoC regions.

(e) Those ESG funds allocated based on the formula in subsection (b) of this section will be made available for the provision of Program Participant services, and will be made available through a NOFA which may be released on an annual or biennial basis.

(1) Not more than 60% of allocated funds may be awarded for the provision of street outreach and emergency shelter activities.

(2) Contract funding limits include the funding request for all Program Participant services proposed in the Application, HMIS, and Administrative funds.

(A) Applicant must apply for an award amount of at least $50,000 and not more than $300,000 for all Program Participant services proposed in the Application.

(B) Funds awarded for HMIS are limited to 12% of the amount of funds awarded for Program Participant services.

(C) Administrative activities are limited to three percent of the amount of funds awarded for Program Participant services.

(f) ESG funds that have been deobligated by the Department or that have been voluntarily returned from an ESG Contract may be reprogrammed at the discretion of the Department, and are not included in the Allocation Formula or award process detailed in subsections (c)-(e) or (g)-(m) of this Section.

(g) ESG funds received by the Department from HUD for its 2021 annual allocation of funds will be allocated in accordance with the Allocation Formula (less the amount retained for the Department's Administrative activities), but are not subject to the award process and requirements outlined in §7.38 of this Subchapter related to Award and Funding Process for Allocated Funds.

(h) The 2021 allocation of ESG funds received by the Department will be offered to eligible Subrecipients of ESG funds that were awarded funds under the 2020 ESG NOFA. A 2021 ESG Applicant is ineligible for funding if it:

(1) does not submit an Application for funding within 21 days of the request from TDHCA;

(2) does not resolve administrative deficiencies within the timeframe and in the manner outlined in §7.37 of this Subchapter related to the Application Review and Administrative Deficiency Process for Department NOFAs;

(3) has four or more months of delinquent monthly reports for the Contract for under the 2020 ESG NOFA or if the Applicant has no contract issued under that NOFA, than the existing Contract(s) for ESG Coronavirus Aid Relief and Economic Security (CARES) funds per §7.5(b) of this Chapter;

(4) does not satisfy the requirements of the Previous Participation Review as provided for in §1.302 of this Title, regarding Previous Participation Reviews for Department Program Awards Not Covered by §1.301 of this Subchapter;

(5) has unresolved monitoring findings in any TDHCA funded program after the corrective action period; or

(6) is not approved by the Department's Governing Board.

(i) Any offer of 2021 ESG funds made under this Section is contingent on retaining similar terms and conditions or agreeing to adjustments reflective of funding amount, including but not limited to performance and match requirements, in the Contract issued under the 2020 ESG NOFA.

(j) If the total amount of the 2021 ESG funding allocated to TDHCA (less the amount available for TDHCA's Administrative activities) is less than 100% of the award amounts of the Contracts issued under the 2020 ESG NOFA, offers of funding will be proportionally reduced based on the total reduction in the amount of the 2021 allocation.

(k) If the total amount of the 2021 ESG funding allocated to TDHCA is equal to or greater than the 2020 ESG allocation, or if there are funds available from reduced awards (e.g. an Applicant is ineligible or accepts less than the full offer of 2021 ESG funding), this subparagraph will apply. If the federal cap of no more than 60% of funds being used for emergency shelter/street outreach (or other federal limitation) for the 2021 ESG funds would be exceeded based on all awardees from the 2020 ESG NOFA accepting a potential offer of 2021 funds, a reduced award may be offered to ensure the cap is not exceeded. All other offers of funds would then be limited to ESG Applicants providing rapid re-housing and homelessness prevention program components, or other activities which are not subject to a federal cap.

(A) ESG Subrecipients that received an award under the 2020 ESG NOFA will be offered an award amount up to 100% of their 2020 ESG Contract award amount, prior to amendments.

(B) Excess amounts will be offered to ESG Subrecipients awarded under the 2020 ESG NOFA that received a partial award of funds, up to their original request. The funds will be divided among all ESG Subrecipients with partial awards under the 2020 ESG NOFA. This proportional share, or the amount needed to increase the partial awards up to the original Application request, whichever is less, will be offered to these Subrecipients. If this process results in one or more Subrecipients receiving funds adequate to fulfill the original Application request, the funds in excess of the full award amount will be offered again to the remaining Subrecipients with a partial award. This process will continue until all partial awards of these Subrecipients are funded up to the original Application request, or until excess amounts are exhausted.

(C) Any remaining 2021 ESG funds may be offered to ESG CARES Subrecipients in regions where the full allocation of 2021 ESG funds were not fully utilized, or may be retained by TDHCA to subgrant to specific ESG activities, such as legal services. All Applicants must able to satisfy the eligibility requirements of Subsection (h) of this Section (except that instead of late reports of ESG funding late reports of ESG-CV will be used), and must agree to provide Match in the amount of 100% of the award of 2021 ESG funds.

(l) An ESG Applicant may have the right to appeal funding decisions per 10 TAC §1.7 of this chapter (relating to the Appeals Process).

(m) The Department reserves the right to negotiate the final Contract amount and local Match requirement with an Applicant.

1h

BOARD ACTION REQUEST

HOUSING RESOURCE CENTER

MAY 13, 2021

Presentation, discussion, and possible action on the draft 2022 Regional Allocation Formula Methodology, and directing its publication in the Texas Register for public comment

RECOMMENDED ACTION

WHEREAS, Tex. Gov't Code §§2306.1115 and 2306.111(d) require that the Texas Department of Housing and Community Affairs (TDHCA or the Department) use a Regional Allocation Formula (RAF) to allocate its HOME Investment Partnerships (HOME) Program, Housing Tax Credit (HTC) Program, and under certain circumstances, the state Housing Trust Fund (HTF) Program funding; and

WHEREAS, the proposed RAF Methodology utilizes appropriate statistical data to measure affordable housing needs, available housing resources, and other factors determined by the Department to be relevant to the equitable distribution of housing funds in the urban and rural areas of the 13 State Service Regions used for planning purposes;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees are authorized and empowered to publish the draft 2022 Regional Allocation Formula Methodologies for the HOME, HTC, and, as applicable, HTF programs in the *Texas Register* for public comment and, in connection therewith, to make such non-substantive grammatical and technical changes as they deem necessary or advisable.

BACKGROUND

The Regional Allocation Formula (RAF) utilizes appropriate statistical data to measure the affordable housing need and available resources in the 13 State Service Regions which is used for planning purposes. It also guides the allocation of funding to rural and urban areas within each region. The Department has flexibility in determining variables to be used in the RAF, per Tex. Gov't Code §2306.1115(a)(3), "the department shall develop a formula that…includes other factors determined by the department to be relevant to the equitable distribution of housing funds."

The RAF is revised annually to reflect current data, respond to public comment, and better assess regional housing needs and available resources. In prior RAF cycles the RAF Methodology was updated to refine the use of Metropolitan Statistical Areas (MSAs) by using "MSA counties with urban places" and "Non-MSA counties or counties with only rural places" instead of using just MSA and Non-MSA counties to allocate between urban and rural areas. This accounts for the fact that even though a county may be a part of an MSA, all the places within that county may meet the definition of rural per Tex. Gov't Code §2306.004(28-a). Based on public comment in previous cycles, factors for lack of kitchen and plumbing facilities were added to the RAF Methodology to measure housing need for Single Family activities. An additional factor called the Regional Coverage Factor was added to the RAF Methodology during the 2016 RAF cycle for Single Family activities. The Regional Coverage Factor takes into account the smaller populations of rural areas as well as scattered locations of single family projects, instead of relying solely on population as an absolute.

The draft 2022 RAF Methodology explains the use of factors, in keeping with the statutory requirements, which include the need for housing assistance, the availability of housing resources, and other factors relevant to the equitable distribution of housing funds in urban and rural areas of the state.

The Single Family HOME, Multifamily HOME, HTC, and HTF program RAFs each use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. For example, Tex. Gov't Code §2306.111(c) requires that 95% of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the Single Family and Multifamily HOME RAFs only use need and available resource data for non-PJs.

The draft 2022 RAF Methodology will be made available for public comment from Monday, May 24, 2021, through Thursday, June 24, 2021, at 5:00 p.m. Austin local time. The draft RAF Methodology to be approved by the Board for release for public comment can be found online at TDHCA's Board Meeting Information Center website at http://www.tdhca.state.tx.us/board/meetings.htm. Following release it will also be located on the TDHCA Public Comment Center at https://www.tdhca.state.tx.us/public-comment.htm. A public hearing for the draft 2022 RAF Methodology will be held at 2:00 p.m. Austin local time on Wednesday, June 2, 2021, over the GoToWebinar service, utilizing the link https://attendee.gotowebinar.com/register/8184713294852204043. Participants can also call into the public hearing using the phone number 1+ (213) 929-4232 with the access code 195-032-435.

The following Attachments are provided:

A. Draft 2022 RAF Methodology
B. Draft Example 2022 HOME SF RAF
C. Draft Example 2022 HTF RAF
D. Draft Example 2022 HOME MF RAF
E. Draft Example 2022 HTC RAF

Once approved, the final 2022 RAF Methodology will be published on the Department's website. **It should be noted with this action that the Board is approving the publication of the proposed methodology for public comment, not specific allocation amounts.**

To the extent funds received/proposed to be used fall below the statutory minimum for any program/activity, or if the proposed activities fall into a statutory exception, the RAF will not be used for the program/activity in question.

DRAFT 2022 Regional Allocation Formula Methodology

Contents

Introduction

Since 2000, the Texas Department of Housing and Community Affairs (TDHCA or the Department) has used a Regional Allocation Formula (RAF) to allocate funding at the regional and subregional level for multifamily and single-family activities. The RAF is required by Tex. Gov't Code §§2306.111 and 2306.1115. It allocates funding for the following programs:

Multifamily Programs:
Housing Tax Credit (HTC) Program
HOME Investment Partnerships Program (HOME) Multifamily (MF)
Single Family Programs:
Housing Trust Fund (HTF) Program*
HOME Single Family (SF)
* The RAF is not required to be utilized for HTF as authorized by Tex. Gov't Code §2306.111(d-1). HTF is funded through state general revenue and is not to be confused with the federally funded National Housing Trust Fund (NHTF).

The following methodology explains how the RAF meets statutory requirements by accounting for housing need, housing resource availability, and other factors relevant to the equitable distribution of housing funds in urban and rural areas of the state.

The methodology also includes example allocation spreadsheets for each of the four programs subject to the RAF. These spreadsheets demonstrate how the methodology affects each program. The provided spreadsheets utilize the following total allocation amounts:

Program	**Example Total Allocation**
HTC	$65,000,000
HOME Multifamily	$12,500,000
HTF	$3,000,000
HOME Single Family	$15,000,000

These allocation amounts are only examples. After approval of the RAF Methodology by the TDHCA Governing Board, Program area staff calculate the final allocation amounts according to the most recent information on funding availability. Other planning considerations may also alter the final allocations provided by the RAF. For example, certain HOME SF activities may not release funds subregionally using the RAF. In addition, per Tex. Gov't Code §2306.111(d-1)(3), if HTF funds administered by the Department (and not otherwise set aside) do not exceed $3 million, then HTF funds are not required to be allocated using the RAF.

The draft 2022 RAF Methodology will be presented at the May 13, 2021, TDHCA Board meeting for approval to be released for public comment. A public comment period will open from Monday, May 24, 2021, through Thursday, June 24, 2021 at 5:00 pm Austin local time. A public hearing for the draft 2022 RAF Methodology will be held at 2:00 p.m. Austin local time on Wednesday, June 2, 2021, over the GoToWebinar service, utilizing the link https://attendee.gotowebinar.com/register/8184713294852204043. Participants can also call into the public hearing using the phone number 1+ (213) 929-4232 with the access code 195-032-435.

Statutory Requirement

Tex. Gov't Code §§2306.111 and 2306.1115 require that TDHCA use a formula to allocate funding for the HOME, HTF, and HTC programs.

Tex. Gov't Code §2306.1115 states:

(a) To allocate housing funds under Section 2306.111(d), the department shall develop a formula that:

(1) includes as a factor the need for housing assistance and the availability of housing resources in an urban area or rural area;

(2) provides for allocations that are consistent with applicable federal and state requirements and limitations; and

(3) includes other factors determined by the department to be relevant to the equitable distribution of housing funds under Section 2306.111(d).

(b) The department shall use information contained in its annual state low income housing plan and other appropriate data to develop the formula under this section.

The methodology detailed in this document evaluates both housing need and housing availability in urban and rural areas, as required by statute for the HOME SF, HOME MF, HTF, and HTC programs. The methodology also includes a regional coverage factor for single family programs. This coverage factor utilizes an inverse population density function to help distribute single family program funding to more rural areas of the state in accordance with the statutory requirements.

Urban and Rural Areas

Tex. Gov't Code §2306.004 states:

(28-a) "Rural area" means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area; or

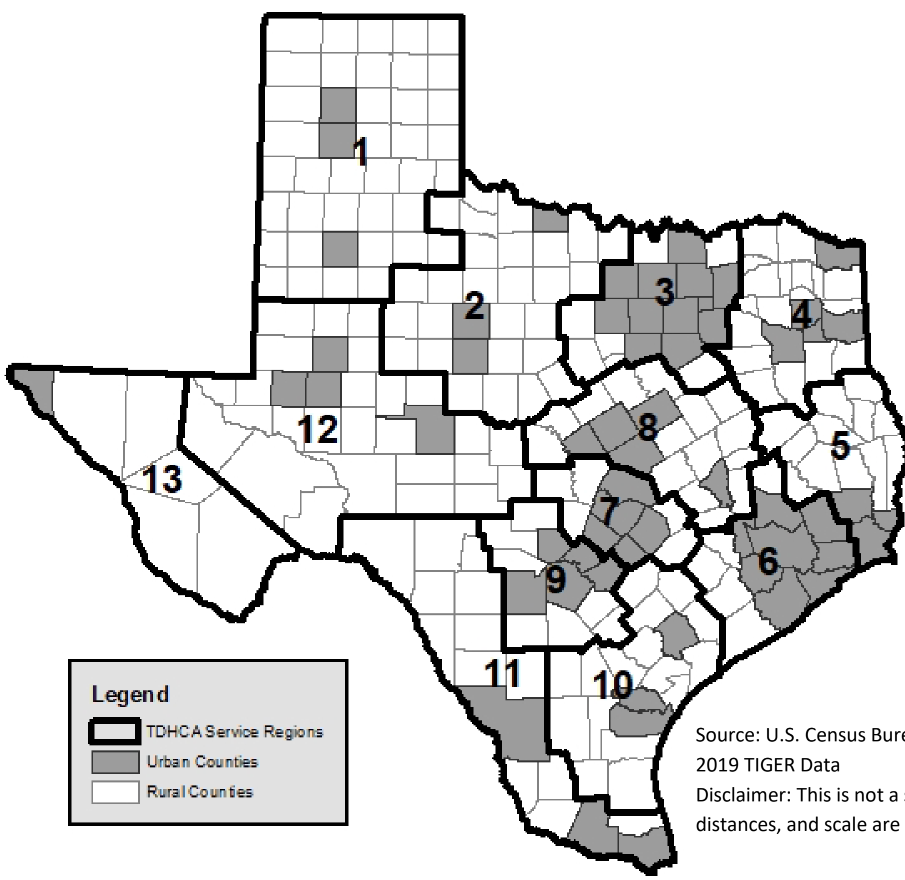
(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area.

Tex. Gov't Code §2306.004(28-a) is applied to incorporated places and Census Designated Places, as defined by the U.S. Census Bureau, collectively referred to as places. Prior to the development of the RAF each year, the parameters outlined in Tex. Gov't Code are used to determine which of these places are urban and which are rural. Organizations applying for certain site-specific TDHCA-administered funds use the urban and rural place designations to determine which subregional allocation they are eligible to apply for. If the site is located in an urban place, then that organization applies for funds allocated to the urban subregion of their region, while organizations requesting funds for sites in rural places would apply for rural subregional funds. For non-site specific funds, if a place crosses county or regional boundaries, then that place's subregion (urban or rural) is determined by the county that contains the majority area and population of the place.

Additionally, the RAF must account for the statewide need for and availability of housing. If the RAF only analyzed data from places, many unincorporated parts of the state would not be included, which would significantly hinder the RAF's utility as an equitable allocation tool. For this reason, the RAF uses county-level data to measure statewide housing need and to calculate subregional allocations. This allows for a more complete picture of the state's demographics in determining allocations.

Even if a county contains a Metropolitan Statistical Area (MSA) per the U.S. Office of Management and Budget (OMB) definitions, it's possible that all the places within that county meet the definition of a rural area per Tex. Gov't Code §2306.004(28-a). Therefore, if an MSA county has no places designated as urban, the need and availability of the whole county will be counted toward the rural allocation (*i.e.*, the MSA county had no places with a population over 25,000 or places touching a boundary of a place with a population over 25,000). The allocation process outlined in this document refers to "MSA counties with urban places" as "urban counties" and "Non-MSA counties and counties with only rural places" as "rural counties." The need and availability of "MSA counties with urban places" directs the allocation toward the urban places, and the need and availability of "Non-MSA counties and counties with only rural places" directs the allocation toward the rural places.

Map of Urban and Rural Counties in Texas by Region



Source: U.S. Census Bureau, 2015-2019 ACS Data, 2019 TIGER Data
Disclaimer: This is not a survey product, boundaries, distances, and scale are approximate only

Methodology

For many of the RAF's variables, the Department uses the most recent American Community Survey (ACS) 5-Year Estimates data available. Land area data are not available in the annually released ACS; therefore, decennial census data must be used for the Regional Coverage Factor. The RAF currently uses the 2010 Decennial Census SF1 tables for land area.

Affordable Housing Need

For the purposes of developing an allocation formula, affordable housing need is measured through variables that correspond with the assistance provided by each specific TDHCA program. Despite HTF not currently utilizing the RAF, HTF is included in the RAF methodology description if funding levels or programmatic changes require the RAF to be utilized for this program.

Income

Income is the primary measurement of eligibility for housing assistance through TDHCA. HOME, HTC, and HTF serve households that earn less than or equal to 80% Area Median Family Income (AMFI). While eligibility for housing assistance is measured by AMFI, the Comprehensive Housing Affordability Strategy (CHAS) datasets that estimate the number of households in each AMFI category lag behind the poverty data included in the ACS by one year. In order to use the most up-to-date data, the RAF will incorporate ACS data for number of individuals at or below 200% of the poverty level to help calculate affordable housing need. Individuals at or below 200% of the poverty level will qualify for a majority of the housing assistance options offered through TDHCA's HOME, HTC, and HTF programs. The ACS collects income data by individual and housing data by household. Therefore, to ensure that data on *individuals* in poverty can be accurately weighted with data on cost burdened and overcrowded *households* to calculate affordable housing need, the income data must be converted to *households* at or below 200% of poverty. To do this, the number of individuals at or below 200% poverty in each subregion is divided by the average size of a household in Texas. The number of households at or below 200% poverty is included as a variable in all four program RAFs.

Cost Burden and Overcrowding

Renter and owner need for housing assistance is measured through cost burden and overcrowding conditions. The RAF defines a cost-burdened household as one that spends 30% or more of their monthly income on rent or homeowner costs (for homeowners with a mortgage), which is a common measure of unaffordable housing. The RAF considers an overcrowded housing unit to be one that contains more than one person per room, including the kitchen and bathroom. Areas with high cost burden or overcrowding may signify a need for assistance.

Many of TDHCA's programs aim to assist households that are cost-burdened or overcrowded. HTC and HOME MF both offer assistance for reduced-rent apartments. HOME SF offers Tenant-Based Rental Assistance, which pays a portion of a recipient's rent to their landlord. HTF offers the Amy Young Barrier Removal Program, which can serve both renters and homeowners. Therefore, variables representing renters who need assistance are included in the analysis for all four program RAFs.

HOME SF offers homebuyer assistance, home repair assistance, and single family development programs. For home repair, HOME SF offers grants and no-interest loans to homeowners to rehabilitate or reconstruct their homes. For single family development, typically the homes are built by Community Housing Development Organizations (CHDOs) and purchased by low-income homeowners. HTF offers the Amy Young Barrier Removal Program, which can be used for homeowners (as well as renters), and the Bootstrap Loan Program for potential homeowners who use “sweat equity” and low- to no-interest loans to build and secure ownership of their homes. Therefore, variables representing homeowners who need assistance are included in the HOME SF and HTF RAFs.

Lack of Kitchen and Plumbing Facilities

HOME SF offers homeowner rehabilitation or reconstruction assistance. HTF includes activities for the rehabilitation, such as the Amy Young Barrier Removal Program. Since TDHCA programs fund the rehabilitation of substandard housing, the RAF includes measures for substandard housing. Common definitions of substandard housing include lack of operable indoor plumbing, usable flush toilets, usable bathtub or shower, safe electricity, safe or adequate source of heat, or kitchen facilities. Data regarding total units lacking kitchen facilities or plumbing are the only data available on both an annual basis and at a county level. The count of occupied and unoccupied units lacking kitchen facilities and the count of occupied and unoccupied units lacking plumbing are utilized in the HOME SF and HTF RAFs.

Summary of Affordable Housing Need for Single Family and Multifamily Activities

The extent of Texans needing affordable housing is measured using five variables for single family activities:
Cost burdened renter and owner households;
Overcrowded renter and owner households;
Housing units lacking kitchen facilities;
Housing units lacking plumbing; and
Individuals at or below 200% of the poverty rate.

The extent of Texans needing affordable housing is measured using three variables for multifamily activities:
Cost burdened renter households;
Overcrowded renter households; and
Individuals at or below 200% of the poverty rate.

Housing Availability

Housing availability is included to measure where existing housing resources are located. Since this includes both market-rate and subsidized units, the RAF uses vacancies as a common measurement for housing availability. A high number of vacancies may indicate that a market has an adequate or a potentially abundant supply of housing. The HOME SF and HTF RAFs incorporate both units for rent and units for sale only into their housing availability measure, while the HOME MF and HTC RAFs only incorporate units for rent.

Regional Coverage Factor

The RAF uses inverse population density to generate a regional coverage factor. Population density measures the average number of people located in a defined area (i.e. persons per square mile). This is calculated by dividing the number of people in a geographic area by the area of the land in that area. In this way, population density can be used to compare the population size of geographic areas with different dimensions. A high population density means that a geographic area has higher population relative to its available land area. Contrarily, inverse population density measures the amount of land in a geographic area per person in that area (i.e. square miles per person). This is calculated by dividing the land area by the number of people that live in that area. A high inverse population density means that a geographic area has more land area relative to its population size. In this way, high population density generally corresponds to urban regions, while high inverse population generally corresponds to more rural regions.

Inverse population density is included in the HOME SF and HTF RAFs as a Regional Coverage Factor to consider the distance between scattered-site single family activities. This includes accounting for the dispersed population within the predominantly rural areas where HOME SF and HTF administrators provide assistance. TDHCA's multifamily programs generally focus development on a single site, so the Regional Coverage Factor is not as pertinent to multifamily program allocation. The Regional Coverage Factor assists in redistributing single family program funding from urban areas to more rural parts of the state. This better aligns funding availability with the statutory requirement that 95% of HOME funds be allocated for the benefit of those areas of the state that do not receive HOME funds directly from the U.S. Department of Housing and Urban Development (HUD), primarily smaller cities and rural areas (per Tex. Gov't Code §2306.111).

Summary of Variables

The following chart shows which need, availability, and other variables are used in the RAF Methodology for each of the four applicable programs.

		Multifamily Programs		**Single Family Programs**	
		HTC	HOME MF	HTF	HOME SF
Need Variables	*Cost Burdened Renter Households*	✓	✓	✓	✓
	Cost Burdened Owner Households			✓	✓
	Overcrowded Renter Households	✓	✓	✓	✓
	Overcrowded Owner Households			✓	✓
	Units Lacking Kitchen Facilities			✓	✓
	Units Lacking Plumbing Facilities			✓	✓
	Individuals at or Below 200% of Poverty	✓	✓	✓	✓
	Vacant Units for Rent	✓	✓	✓	✓

		Multifamily Programs		Single Family Programs	
		HTC	HOME MF	HTF	HOME SF
Availability Variables	*Vacant Units for Sale*			✓	✓
Other	*Regional Coverage Factor*			✓	✓

Exceptions to the RAF

Per Tex. Gov't Code §2306.111, there are certain instances in which the RAF requirement does not apply to HOME MF, HOME SF, HTC, or HTF funds.

Set-Asides

Specific set-asides will not be subject to the RAF per Tex. Gov't Code §2306.111(d-1), including set-asides for contract-for-deed activities and set-asides mandated by state or federal law, if these set-asides are less than 10% of the total allocation of funds or credits. Set-asides for funds allocated to serve persons with disabilities will not be subject to the RAF. The total amount available through the RAF will not include funds for at-risk developments for the HTC Program or other statutorily created set-asides. Also pursuant to Tex. Gov't Code §2306.111(d-1), programmed activities for HTF that do not exceed $3 million are not subject to the RAF. It is due to these exceptions that the HTF funds, as currently programmed, do not utilize the RAF.

In addition, per Tex. Gov't Code §2306.111(c)(2), 5% of State HOME funds must be spent on activities that serve persons with disabilities in any area of the State. This portion of HOME is not subject to the RAF because it is set-aside for persons with disabilities.

In Tex. Gov't Code §2306.111(d-2), 5% of HTC funds must be allocated to developments that receive federal assistance through USDA. Any developments that receive federal assistance through USDA and HTC for rehabilitation may compete for funding separately under the "USDA Set-Aside." This funding is taken from the total tax credit ceiling prior to applying the RAF.

Participating Jurisdictions (PJs)

PJs refer to geographic areas that are under the jurisdiction of local government entities that receive HOME funding directly from HUD. In accordance with Tex. Gov't Code §§2306.111(c)(1), 95% of the funds for HOME must be spent outside of PJs. Since 95% of HOME funds cannot be spent within a PJ, the housing need, availability, and coverage variables of PJs are not counted toward the subregional allocations for the HOME SF and HOME MF RAFS.

PJ designations are subject to change annually depending on HUD funding. According to HUD's 2020 HOME allocation, 33 of the PJs are cities and eight of the PJs are counties. Five PJ cities fell completely within PJ counties, resulting in a total of 28 PJ cities and eight PJ counties that will be subtracted from the HOME SF and HOME MF RAFs.

Allocation Adjustments

The HOME SF and HTC RAFs have subregional allocation adjustments under certain conditions. Tex. Gov't Code §2306.111(d-3) requires that at least $500,000 in housing tax credits be allocated to each urban and rural subregion. In the HTC Program's 2019 Qualified Allocation Plan (QAP), the Department adopted an increase to the $500,000 figure establishing a $600,000 minimum for each region. In a further effort to meet Tex. Gov't Code §§2306.111(c)(1) and (2), the HOME SF RAF has a minimum subregional allocation of $100,000. Additional detail regarding the processes used to adjust allocations for the HOME SF RAF and the HTC RAF can be found in the single family and multifamily RAF examples.

Single Family RAF Example

Tables 1, 2, and 3 show the need variables, availability variables, and regional coverage factor used in the HOME SF RAF. The HTF RAF is very similar to the HOME SF RAF with the exception that the HTF RAF includes PJs. Example numbers are used for illustrative purposes only. The statewide average household size in the following example is 2.82.

Table 1: Example of Need Variables Used for HOME SF, by Subregion

	Region	Column A: Individuals at or below 200% Poverty without PJs	Column B: Households (HH) at or below 200% Poverty without PJs	Column C: Cost Burdened Owners without PJs	Column D: Cost Burdened Renters without PJs	Column E: Overcrowded Owners without PJs	Column F: Overcrowded Renters without PJs	Column G: Units Lacking Plumbing without PJs	Column H: Units Lacking Kitchen without PJs	Column I: Total Need Variables
MSA Counties with Urban Places	1	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	2	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	3	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	4	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	5	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	6	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	7	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	8	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	9	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	10	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	11	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	12	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	13	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	Region	Column A: Individuals at or below 200% Poverty without PJs	Column B: HH at or below 200% Poverty without PJs	Column C: Cost Burdened Owners without PJs	Column D: Cost Burdened Renters without PJs	Column E: Overcrowded Owners without PJs	Column F: Overcrowded Renters without PJs	Column G: Units Lacking Plumbing without PJs	Column H: Units Lacking Kitchen without PJs	Column I: Total Need Variables
Non-MSA counties and counties with only rural places	1	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	2	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	3	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	4	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	5	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	6	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	7	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	8	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	9	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	10	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	11	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	12	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	13	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
		Col A Total	Col B Total	Col C Total	Col D Total	Col E Total	Col F Total	Col G Total	Col H Total	Col I Total
State Total		2,570,000	911,348	121,500	287,000	62,000	49,000	123,000	149,000	1,702,848

Table 2: Example of Availability Variables Used for HOME SF, by Subregion

	Region	Column J: Vacant Units For Sale without PJs	Column K: Vacant Units For Rent without PJs	Column L: Total Availability Variables
MSA Counties with urban places	1	1,500	2,000	3,500
	2	1,000	3,000	4,000
	3	1,500	2,000	3,500
	4	1,000	3,000	4,000
	5	1,500	2,000	3,500
	6	1,000	3,000	4,000
	7	1,500	2,000	3,500
	8	1,000	3,000	4,000
	9	1,500	2,000	3,500
	10	1,000	3,000	4,000
	11	1,500	2,000	3,500
	12	1,000	3,000	4,000
	13	1,500	2,000	3,500

	Region	Column J: Vacant Units For Sale without PJs	Column K: Vacant Units For Rent without PJs	Column L: Total Availability Variables
Non-MSA counties and counties with only rural places	1	1,500	2,000	3,500
	2	2,000	2,500	4,500
	3	1,500	2,000	3,500
	4	2,000	2,500	4,500
	5	1,500	2,000	3,500
	6	2,000	2,500	4,500
	7	1,500	2,000	3,500
	8	2,000	2,500	4,500
	9	1,500	2,000	3,500
	10	2,000	2,500	4,500
	11	1,500	2,000	3,500
	12	2,000	2,500	4,500
	13	1,500	2,000	3,500

	Column J Total	Column K Total	Column L Total
State Total	39,000	61,000	100,000

Table 3: Example of Regional Coverage Factor used for HOME SF, by Subregion

	Region	Column M: Land area without PJs	Column N: Total Population without PJs	Column O: Regional Coverage Factor
MSA Counties with urban places	1	3,000	350,000	0.009
	2	2,000	250,000	0.008
	3	3,000	350,000	0.009
	4	2,000	250,000	0.008
	5	3,000	350,000	0.009
	6	2,000	250,000	0.008
	7	3,000	350,000	0.009
	8	2,000	250,000	0.008
	9	3,000	350,000	0.009
	10	2,000	250,000	0.008
	11	3,000	350,000	0.009
	12	2,000	250,000	0.008
	13	3,000	350,000	0.009

	Region	Column M: Land area without PJs	Column N: Total Population without PJs	Column O: Regional Coverage Factor
Non-MSA counties and counties with only rural places	1	15,000	200,000	0.075
	2	13,000	300,000	0.043
	3	15,000	200,000	0.075
	4	13,000	300,000	0.043
	5	15,000	200,000	0.075
	6	13,000	300,000	0.043
	7	15,000	200,000	0.075
	8	13,000	300,000	0.043
	9	15,000	200,000	0.075
	10	13,000	300,000	0.043
	11	15,000	200,000	0.075
	12	13,000	300,000	0.043
	13	15,000	200,000	0.075

	Column M Total	Column N Total	Column O Total
State Total	216,000	7,150,000	0.893

Compounded Need

To allocate funds, the RAF compares each subregion's total need to the state's total need. All of the housing need variables are added together. Then, each subregion's total need is taken as a percentage of the amount of total need in the state. Table 1, Column I, illustrates how the Total Need Variables are derived: households at 200% of poverty, cost burdened owner and renter households, overcrowded owner and renter households, units lacking kitchen facilities, and units lacking plumbing facilities are added together, thereby compounding the need.

This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need. This prevents variables from being disproportionately weighted.

Weights

Examples of how the weights operate in the RAF are in Tables 4 and 5. The column header letters (A, B, C, etc.) will build off the previous table. If column letters are not in alphabetical order, the column header letter refers to a previous table.

To apply weights, first the subregional percentage (the subregional share of statewide need), housing availability, and regional allocation factor must be calculated. Table 4 demonstrates how the percentages are derived. Table 4 shows only Urban Region 1 and the statewide total in order to simplify the example.

Table 4: Percentages Taken

Area	Column I: Total Need Variables	Column P: Percent of State's Total Need	Column L: Total Availability Variables	Column Q: Percent of State's Total Availability	Column O: Regional Coverage Factor	Column R: Percent of State's Total Regional Coverage Factor
Urban Region 1	84,691	5.0%	3,500	3.5%	0.009	1.0%
State Total	1,702,848		100,000		0.893	

Note: Column I is from Table 1, Column L is from Table 2, and Column O is from Table 3.

A successful allocation formula will provide more funding for areas with high housing need and reduce funding for areas with an abundance of housing resources. Housing availability variables have a negative weight to reflect that an abundance of available units might reduce the need for assistance. The housing need variables and the regional coverage factor have positive weights to reflect that these factors may increase the need for assistance. Renter and owner components of a single need or availability category are added together, as they represent one variable for the purposes of weighting compounded need. The weight of each variable, whether need, availability, or regional coverage factor, must equal 100%; otherwise, the initial subregion allocation will not add up to the total example allocation. The formulas to determine variable weight for the Single Family RAF are as follows:

Total Need Variables = HH at or below 200% poverty + Cost Burden + Overcrowding + Units Lacking Plumbing + Units Lacking Kitchen
Total Availability Variables = Unoccupied Units for Sale or Rent
Regional Coverage Factor = Inverse Population Density

Total Need Variables – Total Availability Variables + Regional Coverage Factor = 100%

To put it simply (with x representing the weight of each variable): 5x-x+x=100%

As a result, each variable is weighted at 20% for Single Family programs, giving the appropriate relationship between funding and current availability of resources. The compounded need variables receive 100% weight. Table 5 shows the application of the weights based on a hypothetical statewide availability of $2,500,000.

Table 5: Weight Application

Area	Column P: Percent of State's Total Need	Column S: Weight of Need Variables	Column T: Need Variable Allocation*	Column Q: Percent of State's Total Availability	Column U: Weight of Availability Variable	Column V: Availability Variable Allocation~	Column R: Percent of State's Total Regional Coverage Factor	Column W: Weight of Regional Coverage Factor	Column X: Regional Coverage Factor Allocation^	Column Y: Total Allocation+
Urban Region 1	5.0%	100%	$ 124,338	3.5%	-20%	$ (17,500)	1.0%	20%	$4,799	$ 111,637

Note: Column P, Q and R taken from Table 4.
*Column T is calculated as follows: Column P x Column S x statewide availability of funds.
~Column V is calculated as follows: Column Q x Column U x statewide availability of funds.
^ Column X is calculated as follows: Column W x Column R x statewide availability of funds.
+Column Y is calculated as follows: Column T + Column V + Column X.

HOME Subregional Allocation Adjustment

The HOME SF RAF has a subregional floor. This floor ensures sufficient funding to award at least one contract in each subregion. If the RAF results in a subregional funding amount that is less than $100,000, that subregion's funding amount is adjusted upward to provide for at least a minimum of $100,000. The process does not reallocate funds from subregions with initial funding amounts in excess of $100,000 to those subregions with initial funding amounts that are less than $100,000. Funds used to enable the floor are not subject to RAF requirements and are added as a final adjustment to the subregional allocation amounts available for award. The final adjustment adds a supplemental allocation to bring all subregions to a minimum of $100,000. The process is complete when each subregion has at least $100,000.

Table 6 shows the process of supplementing funds to subregions that have initial funding amounts that are less than $100,000. This table builds from the previous tables included in this methodology and Urban Regions 1 and 2 are included as examples of this adjustment. The column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.

Table 6: Subregion amount under $100,000

Area	Column Y: Initial Subregion amount	Column Z: Amount needed to reach $100,000	Column AA: Final Subregion Allocation
Urban Region 1	$111,637	$-	$111,637
Urban Region 2	$84,255	$15,745	$100,000

Note: Column Y is from Table 5.

Since the Urban Region 1 initial Subregion amount exceeds $100,000, no adjustment is made to this sub-allocation. However, because the Urban Region 2 initial Subregion amount is less than $100,000, a supplemental allocation amount is added to bring the subregion allocation up to the final allocation amount of $100,000.

Multifamily RAF Example

Table 7 shows the need and availability variables used in the HTC RAF. The HTC RAF is very similar to the HOME MF RAF with the exception that the HTC RAF includes PJs. Example numbers are used for clarity. The statewide average household size in the following example is 2.80.

Table 7: Example of Need and Availability Variables used for HTC, by Subregion

	Region	Column BB: Individuals at or below 200% Poverty	Column CC: HH at or below 200% Poverty	Column DD: Cost Burdened Renters	Column EE: Overcrowded Renters	Column FF: Vacant Units for Rent
MSA Counties with urban places	1	150,000	53,571	25,000	4,000	6,000
	2	100,000	35,714	20,000	2,000	4,000
	3	150,000	53,571	25,000	4,000	6,000
	4	100,000	35,714	20,000	2,000	4,000
	5	150,000	53,571	25,000	4,000	6,000
	6	100,000	35,714	20,000	2,000	4,000
	7	150,000	53,571	25,000	4,000	6,000
	8	100,000	35,714	20,000	2,000	4,000
	9	150,000	53,571	25,000	4,000	6,000
	10	100,000	35,714	20,000	2,000	4,000
	11	150,000	53,571	25,000	4,000	6,000
	12	100,000	35,714	20,000	2,000	4,000
	13	150,000	53,571	25,000	4,000	6,000

	Region	Column BB: Individuals at or below 200% Poverty	Column CC: HH at or below 200% Poverty	Column DD: Cost Burdened Renters	Column EE: Overcrowded Renters	Column FF: Vacant Units for Rent
Non-MSA counties and counties with only rural places	1	40,000	14,286	7,000	700	700
	2	25,000	8,929	2,000	400	500
	3	40,000	14,286	7,000	700	700
	4	25,000	8,929	2,000	400	500
	5	40,000	14,286	7,000	700	700
	6	25,000	8,929	2,000	400	500
	7	40,000	14,286	7,000	700	700
	8	25,000	8,929	2,000	400	500
	9	40,000	14,286	7,000	700	700
	10	25,000	8,929	2,000	400	500
	11	40,000	14,286	7,000	700	700
	12	25,000	8,929	2,000	400	500
	13	40,000	14,286	7,000	700	700

	Column BB Total	Column CC Total	Column DD Total	Column EE Total	Column FF Total
State Total	2,080,000	742,857	356,000	47,300	73,900

Compounded Need

To allocate funds, the RAF compares each subregion's total need to the state's total need. All of the housing need variables are added together. Then, each subregion's total need is taken as a percentage of the amount of total need in the state. Table 8 illustrates how the Total Need Variables are derived: households at or below 200% of poverty, cost burdened renter households, and overcrowded renter households are added together, thereby compounding the need. Table 8 shows only Urban Region 1 and the statewide total, in order to simplify the example.

Table 8: Total Need Variables

Area	Column CC: HH at or below 200% Poverty	Column DD: Cost Burdened Renters	Column EE: Overcrowded Renters	Column GG: Total Need Variables
Urban Region 1	53,571	25,000	4,000	82,571
State Total	742,857	356,000	47,300	1,146,157

Note: Columns CC, DD and EE are from Table 7.

This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need. This prevents variables from being disproportionately weighted.

Weights

Examples of how the weights work in the RAF are in Tables 9 and 10. If the letters are not in alphabetical order, the column header letter refers to a previous table.

In order to apply weights, first the subregional percentage availability, and inverse population density must be calculated. Table 9 demonstrates how the percentages are derived.

Table 9: Percentages Taken

Area	Column GG: Total Need Variables	Column HH: Percent of State's Total Need	Column II: Vacant Units for Rent	Column JJ: Percent of State's Total Availability
Urban Region 1	82,571	7.2%	6,000	8.1%
State Total	1,146,157		73,900	

Note: Column GG is from Table 8.

A successful allocation formula will provide more funding for areas with high housing need and reduce funding for areas with an abundance of housing resources. The housing availability variable has negative weight to reflect that an abundance of available units might reduce the need for assistance, while housing need variables have positive weight to reflect that these factors may increase the need for assistance. Renter and owner components of a single need or availability category are added together, as they represent one variable for the purposes of weighting the variables. The weight of each variable, whether need, availability, or regional coverage factor, must equal 100%; otherwise, the initial subregion allocation will not add up to the total example allocation. The formulas to determine variable weight for the Multifamily RAF are as follows:

Total Need Variables = HH at or below 200% poverty + Renter Cost Burden + Renter Overcrowding
Availability Variable = Unoccupied Units for Rent
Total Need Variables – Availability Variable = 100%

Simply stated (with x representing the weight of each variable): 3x-x=100%

As a result, each variable is weighted at 50% for multifamily programs, giving the appropriate relationship between funding and current availability of resources. The compounded need variables receive 150% weight. Table 10 shows the application of the weights based on a statewide availability of $40,000,000.

Table 10: Weight Application

Area	Column HH: Percent of State's Total Need	Column KK: Weight of Need Variables	Column LL: Need Variable Allocation*	Column JJ: Percent of State's Total Availability	Column MM: Weight of Availability Variable	Column NN: Availability Variable Allocation~	Column OO: Total Allocation+
Urban Region 1	7.2%	150%	$ 4,322,519	8.1%	-50%	$ (1,623,816)	$ 2,698,703

Note: Column HH and JJ taken from Table 9.
*Column LL is calculated as follows: Column HH x Column KK x statewide availability of funds.
~Column NN is calculated as follows: Column JJ x Column MM x statewide availability of funds.
+Column OO is calculated as follows: Column LL + Column NN.

HTC Subregional Allocation Adjustment

Tex. Gov't Code §2306.111(d-3) is a requirement regarding funding and the RAF that applies only to HTC. This provision requires that TDHCA allocate at least 20% of housing tax credits to rural areas and that $500,000 or more be available for each of the 26 subregions. In the 2019 QAP the Department adopted an increase to the $500,000 figure establishing a $600,000 minimum for each region. The overall state rural allocation of funds is ensured to satisfy the minimum of 20% of the credit ceiling amount in rural areas by making any needed adjustments at the time of award, if needed. Usually, the 20% allocation to rural areas occurs through the competitive process, but, if not, one or more applications from rural areas will be awarded from the statewide collapse of the RAF to ensure the requirement is met.

For the HTC RAF, the subregional funding amount is adjusted to a minimum of $600,000 if needed. This is a final adjustment to the subregional allocation amounts available for award. The process proportionately takes funds from subregions with initial funding amounts in excess of $600,000 and reallocates those funds to those subregions with initial funding amounts that are less than $600,000. The process is complete when each subregion has at least $600,000.

Tables 11 and 12 show the process of determining the amount to adjust from subregions with more than $600,000. These tables build from the previous tables included in this methodology and Urban Region 1 and 2 and Rural Region 1 and 2 are included. The column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.

These four subregions are examined because the most common movement for funds during the $600,000 adjustment is from Urban Counties to Rural Counties. The first step in the $600,000 adjustment process is to determine the amount by which each subregion is over or under $600,000 for each subregion. This is illustrated in Table 11.

Table 11: Subregional amount over/under $600,000

Area	Column OO: Initial Subregion amount	Column PP: Amount needed to reach $600,000	Column QQ: Amount over $600,000 that can be reallocated
Urban Region 1	$2,698,703	$-	$2,098,703
Urban Region 2	$1,938,732	$-	$1,338,732
Rural Region 1	$961,482	$-	$361,482

Area	Column OO: Initial Subregion amount	Column PP: Amount needed to reach $600,000	Column QQ: Amount over $600,000 that can be reallocated
Rural Region 2	$457,720	$142,280	$-
State Total	$40,000,000	$853,682.36	$25,253,682.36

Note: Column OO is from Table 10.

Column QQ in Table 11 is the amount in Column OO minus $600,000 if the amount in Column OO is over $600,000. At least $600,000 is maintained in each subregion before the adjustment process.

The next step in the adjustment process is to determine the percentage to be reallocated. The proportion of the total amount to be reallocated is in Column SS. Finally, Column OO is adjusted by Column SS to equal the final Sub-Amount in Column TT.

Table 12: Proportional adjustment

Area	Column RR: Percent of Total Amount that can be reallocated*	Column SS: Amount to be reallocated~	Column TT: Final Subregion Allocation+
Urban Region 1	8.31%	$ (70,945)	$2,627,758
Urban Region 2	5.30%	$ (45,255)	$1,893,477
Rural Region 1	1.43%	$ (12,220)	$949,262
Rural Region 2	0.00%	$142,280	$600,000
State Total	100.00%	$0	$40,000,000

**Column RR is calculated as follows: if Column OO is over $600,000, then ((Column OO-$600,000)/(Statewide total for Column QQ))*
~Column SS is calculated as followed: if Column RR is a percentage, then (Column RR$853,682.36); if Column RR is "-%", then Column SS equals Column PP.*

+Column TT is calculated as follows: Column OO + Column SS.

Attachment B: Texas Department of Housing and Community Affairs
Example 2022 HOME SF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Owners	Cost-Burdened Renters	Over-crowded Owners	Over-crowded Renters	Total Units Lacking Plumbing	Total Units Lacking Kitchen	Vacant Units For Sale	Vacant Units For Rent	Land Area	Total Population	Inverse Population Density
MSA Counties with Urban Places	1	25,930	9,130	3,029	3,364	396	472	1,431	1,721	296	565	2,494	105,702	0.024
	2	17,787	6,263	2,046	1,878	278	147	1,911	1,767	450	413	2,293	59,974	0.038
	3	469,009	165,144	90,878	87,678	10,057	10,743	11,279	21,179	5,902	12,828	7,665	2,280,132	0.003
	4	129,816	45,710	11,320	14,444	2,328	2,112	8,906	7,809	1,766	2,156	3,453	365,421	0.009
	5	56,000	19,718	5,436	6,551	1,032	827	5,236	5,697	1,072	1,626	1,941	221,914	0.009
	6	125,928	44,341	14,866	18,059	3,333	2,424	4,499	5,277	2,253	3,241	2,606	459,483	0.006
	7	255,576	89,992	48,323	50,202	5,746	6,305	4,124	8,198	3,908	7,900	3,922	1,163,634	0.003
	8	129,070	45,447	13,598	19,921	2,091	2,524	4,429	6,414	1,476	3,778	4,202	439,460	0.010
	9	88,577	31,189	14,236	12,238	1,786	1,838	2,667	4,087	1,667	2,170	3,258	394,434	0.008
	10	72,898	25,668	5,258	9,199	1,405	2,053	4,545	5,737	805	2,404	2,256	194,877	0.012
	11	107,774	37,949	4,925	5,926	3,858	2,418	2,954	2,123	445	1,638	3,991	188,641	0.021
	12	59,320	20,887	6,615	8,553	1,676	2,894	1,840	2,455	482	1,486	4,136	232,648	0.018
	13	78,858	27,767	5,674	4,903	1,955	1,013	1,271	1,555	546	883	757	156,249	0.005
	Subtotal	1,616,543	569,205	226,204	242,916	35,941	35,770	55,092	74,019	21,068	41,088	42,975	6,262,569	0.166
Non-MSA Counties and Counties with Only Rural Places	1	119,385	42,037	5,949	8,961	2,570	2,388	10,286	14,511	1,534	2,972	36,633	310,465	0.118
	2	91,730	32,299	6,652	7,446	1,949	943	12,247	11,989	1,928	2,774	24,831	260,921	0.095
	3	87,272	30,730	8,140	10,681	1,801	1,561	4,078	6,251	1,668	2,472	5,417	261,132	0.021
	4	220,448	77,623	17,820	21,206	4,635	3,233	12,797	15,687	3,076	5,013	11,856	591,515	0.020
	5	154,296	54,330	9,947	17,174	3,446	2,409	12,323	11,308	2,157	3,333	9,910	382,372	0.026
	6	70,274	24,744	4,744	9,849	1,680	1,544	5,078	4,916	981	1,575	4,577	201,660	0.023
	7	36,382	12,811	4,544	3,435	972	626	2,639	3,741	701	552	4,217	121,254	0.035
	8	101,884	35,875	7,855	9,154	2,689	1,376	9,479	10,010	1,818	1,960	12,672	287,987	0.044
	9	74,163	26,114	6,385	6,649	2,370	1,734	4,699	4,820	1,285	1,364	6,857	234,634	0.029
	10	106,154	37,378	5,695	10,105	2,987	2,447	10,102	8,467	1,208	2,909	15,155	273,195	0.055
	11	152,853	53,821	5,099	9,087	4,213	3,597	7,906	7,257	902	2,499	18,214	278,142	0.065
	12	64,781	22,810	3,445	5,336	1,557	1,230	5,927	6,727	934	1,578	35,496	192,526	0.184
	13	11,726	4,129	364	1,113	258	230	1,719	1,622	228	449	20,687	25,076	0.825
	Subtotal	1,291,348	454,700	86,639	120,196	31,127	23,318	99,280	107,306	18,420	29,450	206,522	3,420,879	1.541
	Total	2,907,891	1,023,905	312,843	363,112	67,068	59,088	154,372	181,325	39,488	70,538	249,496	9,683,448	1.706

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Texas Average HH Size: 2.84

05/13/2021

Attachment B: Texas Department of Housing and Community Affairs
Example 2022 HOME SF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variables	% of Total Availability Variables	Weighted	Regional Coverage Factor	% of Total Regional Coverage Factor	Weighted	Initial Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	19,543	0.9%	$ 135,610	861	0.8%	$ (23,476)	0.024	1.4%	$ 41,473	$ 153,607	1.02%
	2	14,290	0.7%	$ 99,158	863	0.8%	$ (23,531)	0.038	2.2%	$ 67,213	$ 142,840	0.95%
	3	396,958	18.4%	$ 2,754,468	18,730	17.0%	$ (510,697)	0.003	0.2%	$ 5,910	$ 2,249,680	15.00%
	4	92,629	4.3%	$ 642,746	3,922	3.6%	$ (106,938)	0.009	0.6%	$ 16,613	$ 552,420	3.68%
	5	44,497	2.1%	$ 308,764	2,698	2.5%	$ (73,564)	0.009	0.5%	$ 15,375	$ 250,575	1.67%
	6	92,799	4.3%	$ 643,926	5,494	5.0%	$ (149,801)	0.006	0.3%	$ 9,971	$ 504,096	3.36%
	7	212,890	9.8%	$ 1,477,228	11,808	10.7%	$ (321,960)	0.003	0.2%	$ 5,925	$ 1,161,193	7.74%
	8	94,424	4.4%	$ 655,204	5,254	4.8%	$ (143,257)	0.010	0.6%	$ 16,810	$ 528,757	3.53%
	9	68,041	3.1%	$ 472,133	3,837	3.5%	$ (104,621)	0.008	0.5%	$ 14,522	$ 382,034	2.55%
	10	53,865	2.5%	$ 373,768	3,209	2.9%	$ (87,498)	0.012	0.7%	$ 20,350	$ 306,621	2.04%
	11	60,153	2.8%	$ 417,395	2,083	1.9%	$ (56,796)	0.021	1.2%	$ 37,197	$ 397,796	2.65%
	12	44,920	2.1%	$ 311,699	1,968	1.8%	$ (53,660)	0.018	1.0%	$ 31,254	$ 289,294	1.93%
	13	44,138	2.0%	$ 306,270	1,429	1.3%	$ (38,964)	0.005	0.3%	$ 8,522	$ 275,829	1.84%
	Subtotal	1,239,147	57.3%	$ 8,598,369	62,156	56.5%	$ (1,694,763)	0.166	9.7%	$ 291,135	$ 7,194,742	47.96%
Non-MSA Counties and Counties with Only Rural Places	1	86,702	4.0%	$ 601,620	4,506	4.1%	$ (122,862)	0.118	6.9%	$ 207,432	$ 686,190	4.57%
	2	73,525	3.4%	$ 510,188	4,702	4.3%	$ (128,206)	0.095	5.6%	$ 167,302	$ 549,284	3.66%
	3	63,242	2.9%	$ 438,830	4,140	3.8%	$ (112,882)	0.021	1.2%	$ 36,470	$ 362,417	2.42%
	4	153,001	7.1%	$ 1,061,662	8,089	7.4%	$ (220,557)	0.020	1.2%	$ 35,237	$ 876,342	5.84%
	5	110,937	5.1%	$ 769,782	5,490	5.0%	$ (149,692)	0.026	1.5%	$ 45,562	$ 665,652	4.44%
	6	52,555	2.4%	$ 364,679	2,556	2.3%	$ (69,693)	0.023	1.3%	$ 39,904	$ 334,890	2.23%
	7	28,768	1.3%	$ 199,616	1,253	1.1%	$ (34,165)	0.035	2.0%	$ 61,134	$ 226,586	1.51%
	8	76,438	3.5%	$ 530,396	3,778	3.4%	$ (103,012)	0.044	2.6%	$ 77,356	$ 504,741	3.36%
	9	52,771	2.4%	$ 366,173	2,649	2.4%	$ (72,228)	0.029	1.7%	$ 51,375	$ 345,320	2.30%
	10	77,181	3.6%	$ 535,556	4,117	3.7%	$ (112,255)	0.055	3.3%	$ 97,520	$ 520,820	3.47%
	11	90,980	4.2%	$ 631,308	3,401	3.1%	$ (92,733)	0.065	3.8%	$ 115,124	$ 653,700	4.36%
	12	47,032	2.2%	$ 326,354	2,512	2.3%	$ (68,493)	0.184	10.8%	$ 324,123	$ 581,984	3.88%
	13	9,435	0.4%	$ 65,468	677	0.6%	$ (18,459)	0.825	48.3%	$ 1,450,326	$ 1,497,334	9.98%
	Subtotal	922,566	42.7%	$ 6,401,631	47,870	43.5%	$ (1,305,237)	1.541	90.3%	$ 2,708,865	$ 7,805,258	52.04%
	Total	2,161,713	100%	$ 15,000,000	110,026	100%	$ (3,000,000)	1.706	100.0%	$ 3,000,000	$ 15,000,000	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Total Sample Allocation: $15,000,000
Weight of Need Variables: 100%
Weight of Availability Variables: -20%
Weight of Regional Coverage Factor: 20%

05/13/2021

Attachment B: Texas Department of Housing and Community Affairs
Example 2022 HOME SF Regional Allocation Formula

Table 3 - Supplemental Allocation

	Region	Initial Subregion Amount	Supplemental Amount Needed to Reach Subregion Floor	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	$ 153,606.65	$ -	$ 153,606.65	1.02%
	2	$ 142,839.55	$ -	$ 142,839.55	0.95%
	3	$ 2,249,680.26	$ -	$ 2,249,680.26	15.00%
	4	$ 552,420.35	$ -	$ 552,420.35	3.68%
	5	$ 250,575.02	$ -	$ 250,575.02	1.67%
	6	$ 504,095.86	$ -	$ 504,095.86	3.36%
	7	$ 1,161,192.97	$ -	$ 1,161,192.97	7.74%
	8	$ 528,756.59	$ -	$ 528,756.59	3.53%
	9	$ 382,034.42	$ -	$ 382,034.42	2.55%
	10	$ 306,620.74	$ -	$ 306,620.74	2.04%
	11	$ 397,796.31	$ -	$ 397,796.31	2.65%
	12	$ 289,293.72	$ -	$ 289,293.72	1.93%
	13	$ 275,829.14	$ -	$ 275,829.14	1.84%
	Subtotal	$ 7,194,741.57	$ -	$ 7,194,741.57	47.96%
Non-MSA Counties and Counties with Only Rural Places	1	$ 686,190.41	$ -	$ 686,190.41	4.57%
	2	$ 549,283.79	$ -	$ 549,283.79	3.66%
	3	$ 362,416.97	$ -	$ 362,416.97	2.42%
	4	$ 876,341.56	$ -	$ 876,341.56	5.84%
	5	$ 665,652.09	$ -	$ 665,652.09	4.44%
	6	$ 334,889.97	$ -	$ 334,889.97	2.23%
	7	$ 226,585.76	$ -	$ 226,585.76	1.51%
	8	$ 504,740.50	$ -	$ 504,740.50	3.36%
	9	$ 345,319.61	$ -	$ 345,319.61	2.30%
	10	$ 520,819.92	$ -	$ 520,819.92	3.47%
	11	$ 653,699.64	$ -	$ 653,699.64	4.36%
	12	$ 581,983.87	$ -	$ 581,983.87	3.88%
	13	$ 1,497,334.34	$ -	$ 1,497,334.34	9.98%
	Subtotal	$ 7,805,258.43	$ -	$ 7,805,258.43	52.04%
	Total	$ 15,000,000.00	$ -	$ 15,000,000.00	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Subregion Allocation Floor: $100,000.00

Attachment C: Texas Department of Housing and Community Affairs
Example 2022 HTF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Owners	Cost-Burdened Renters	Over-crowded Owners	Over-crowded Renters	Total Units Lacking Plumbing	Total Units Lacking Kitchen	Vacant Units For Sale	Vacant Units For Rent	Land Area	Total Population	Inverse Population Density
MSA Counties with Urban Places	1	197,995	69,717	16,103	40,555	2,658	4,769	4,682	7,924	2,140	8,761	2,716	558,508	0.005
	2	97,755	34,421	7,891	18,017	961	1,306	5,205	5,482	1,521	3,944	2,472	288,409	0.009
	3	2,182,357	768,436	261,737	462,033	40,856	78,713	28,399	58,991	18,064	85,673	9,603	7,451,677	0.001
	4	202,281	71,226	16,376	28,613	3,412	3,026	10,147	10,085	2,744	5,544	3,563	551,863	0.006
	5	129,750	45,687	9,427	19,598	1,764	1,657	8,378	8,694	1,785	3,089	2,101	395,174	0.005
	6	2,186,207	769,791	225,591	427,475	39,912	75,085	36,659	59,142	23,079	85,789	7,612	6,854,374	0.001
	7	526,529	185,398	79,746	145,102	9,082	20,876	5,984	13,357	6,159	22,821	4,220	2,114,441	0.002
	8	339,531	119,553	27,117	69,287	4,342	6,778	7,011	10,373	3,186	12,583	4,438	918,786	0.005
	9	787,026	277,122	77,789	134,203	11,599	18,708	13,838	21,472	7,331	24,976	4,498	2,347,277	0.002
	10	189,633	66,772	15,313	32,222	3,828	4,936	7,713	10,442	2,071	6,519	2,414	520,657	0.005
	11	855,710	301,306	43,833	68,209	27,531	24,323	19,919	15,371	4,704	13,378	5,823	1,550,368	0.004
	12	126,470	44,532	12,526	21,410	2,795	4,371	4,486	5,755	1,225	4,297	4,235	452,381	0.009
	13	378,519	133,281	30,010	47,530	5,802	7,858	3,688	6,750	3,090	12,075	1,013	836,062	0.001
	Subtotal	8,199,763	2,887,240	823,459	1,514,254	154,542	252,406	156,109	233,838	77,099	289,449	54,708	24,839,977	0.055
Non-MSA Counties and Counties with Only Rural Places	1	119,385	42,037	5,949	8,961	2,570	2,388	10,286	14,511	1,534	2,972	36,633	310,465	0.118
	2	91,730	32,299	6,652	7,446	1,949	943	12,247	11,989	1,928	2,774	24,831	260,921	0.095
	3	87,272	30,730	8,140	10,681	1,801	1,561	4,078	6,251	1,668	2,472	5,417	261,132	0.021
	4	220,448	77,623	17,820	21,206	4,635	3,233	12,797	15,687	3,076	5,013	11,856	591,515	0.020
	5	154,296	54,330	9,947	17,174	3,446	2,409	12,323	11,308	2,157	3,333	9,910	382,372	0.026
	6	70,274	24,744	4,744	9,849	1,680	1,544	5,078	4,916	981	1,575	4,577	201,660	0.023
	7	36,382	12,811	4,544	3,435	972	626	2,639	3,741	701	552	4,217	121,254	0.035
	8	101,884	35,875	7,855	9,154	2,689	1,376	9,479	10,010	1,818	1,960	12,672	287,987	0.044
	9	74,163	26,114	6,385	6,649	2,370	1,734	4,699	4,820	1,285	1,364	6,857	234,634	0.029
	10	106,154	37,378	5,695	10,105	2,987	2,447	10,102	8,467	1,208	2,909	15,157	273,195	0.055
	11	152,853	53,821	5,099	9,087	4,213	3,597	7,906	7,257	902	2,499	18,214	278,142	0.065
	12	64,781	22,810	3,445	5,336	1,557	1,230	5,927	6,727	934	1,578	35,496	192,526	0.184
	13	11,726	4,129	364	1,113	258	230	1,719	1,622	228	449	20,687	25,076	0.825
	Subtotal	1,291,348	454,700	86,639	120,196	31,127	23,318	99,280	107,306	18,420	29,450	206,524	3,420,879	1.541
	Total	9,491,111	3,341,940	910,098	1,634,450	185,669	275,724	255,389	341,144	95,519	318,899	261,232	28,260,856	1.596

Texas Average HH Size: 2.84

Attachment C: Texas Department of Housing and Community Affairs
Example 2022 HTF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variables	% of Total Availability Variables	Weighted	Regional Coverage Factor	% of Total Regional Coverage Factor	Weighted	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	146,408	2.1%	$ 63,248	10,901	2.6%	$ (15,783)	0.005	0.3%	$ 1,828	$ 49,293	1.64%
	2	73,283	1.1%	$ 31,658	5,465	1.3%	$ (7,912)	0.009	0.5%	$ 3,222	$ 26,968	0.90%
	3	1,699,165	24.5%	$ 734,042	103,737	25.0%	$ (150,192)	0.001	0.1%	$ 484	$ 584,335	19.48%
	4	142,885	2.1%	$ 61,726	8,288	2.0%	$ (11,999)	0.006	0.4%	$ 2,427	$ 52,154	1.74%
	5	95,205	1.4%	$ 41,129	4,874	1.2%	$ (7,057)	0.005	0.3%	$ 1,998	$ 36,070	1.20%
	6	1,633,655	23.5%	$ 705,742	108,868	26.3%	$ (157,621)	0.001	0.1%	$ 417	$ 548,539	18.28%
	7	459,545	6.6%	$ 198,524	28,980	7.0%	$ (41,958)	0.002	0.1%	$ 750	$ 157,317	5.24%
	8	244,461	3.5%	$ 105,608	15,769	3.8%	$ (22,831)	0.005	0.3%	$ 1,816	$ 84,593	2.82%
	9	554,731	8.0%	$ 239,645	32,307	7.8%	$ (46,775)	0.002	0.1%	$ 720	$ 193,591	6.45%
	10	141,226	2.0%	$ 61,010	8,590	2.1%	$ (12,437)	0.005	0.3%	$ 1,743	$ 50,316	1.68%
	11	500,492	7.2%	$ 216,214	18,082	4.4%	$ (26,179)	0.004	0.2%	$ 1,412	$ 191,446	6.38%
	12	95,875	1.4%	$ 41,418	5,522	1.3%	$ (7,995)	0.009	0.6%	$ 3,519	$ 36,942	1.23%
	13	234,919	3.4%	$ 101,486	15,165	3.7%	$ (21,956)	0.001	0.1%	$ 455	$ 79,985	2.67%
	Subtotal	6,021,848	86.7%	$ 2,601,450	366,548	88.4%	$ (530,693)	0.055	3.5%	$ 20,791	$ 2,091,548	69.72%
Non-MSA Counties and Counties with Only Rural Places	1	86,702	1.2%	$ 37,455	4,506	1.1%	$ (6,524)	0.118	7.4%	$ 44,353	$ 75,284	2.51%
	2	73,525	1.1%	$ 31,763	4,702	1.1%	$ (6,808)	0.095	6.0%	$ 35,772	$ 60,728	2.02%
	3	63,242	0.9%	$ 27,320	4,140	1.0%	$ (5,994)	0.021	1.3%	$ 7,798	$ 29,124	0.97%
	4	153,001	2.2%	$ 66,097	8,089	2.0%	$ (11,711)	0.020	1.3%	$ 7,534	$ 61,919	2.06%
	5	110,937	1.6%	$ 47,925	5,490	1.3%	$ (7,948)	0.026	1.6%	$ 9,742	$ 49,718	1.66%
	6	52,555	0.8%	$ 22,704	2,556	0.6%	$ (3,701)	0.023	1.4%	$ 8,532	$ 27,536	0.92%
	7	28,768	0.4%	$ 12,428	1,253	0.3%	$ (1,814)	0.035	2.2%	$ 13,072	$ 23,685	0.79%
	8	76,438	1.1%	$ 33,021	3,778	0.9%	$ (5,470)	0.044	2.8%	$ 16,540	$ 44,092	1.47%
	9	52,771	0.8%	$ 22,797	2,649	0.6%	$ (3,835)	0.029	1.8%	$ 10,985	$ 29,947	1.00%
	10	77,181	1.1%	$ 33,342	4,117	1.0%	$ (5,961)	0.055	3.5%	$ 20,855	$ 48,237	1.61%
	11	90,980	1.3%	$ 39,304	3,401	0.8%	$ (4,924)	0.065	4.1%	$ 24,616	$ 58,995	1.97%
	12	47,032	0.7%	$ 20,318	2,512	0.6%	$ (3,637)	0.184	11.6%	$ 69,304	$ 85,985	2.87%
	13	9,435	0.1%	$ 4,076	677	0.2%	$ (980)	0.825	51.7%	$ 310,106	$ 313,202	10.44%
	Subtotal	922,566	13.3%	$ 398,550	47,870	11.6%	$ (69,307)	1.541	96.5%	$ 579,209	$ 908,452	30.28%
	Total	6,944,414	100%	$ 3,000,000	414,418	100%	$ (600,000)	1.596	100.0%	$ 600,000	$ 3,000,000	100.00%

Total Sample Allocation: **$3,000,000**
Weight of Need Variables: 100%
Weight of Availability Variables: -20%
Weight of Regional Coverage Factor: 20%

Attachment D: Texas Department of Housing and Community Affairs
Example 2022 HOME MF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Renters	Overcrowded Renters	Vacant Units For Rent
MSA Counties with Urban Places	1	25,930	9,130	3,364	472	565
	2	17,787	6,263	1,878	147	413
	3	469,009	165,144	87,678	10,743	12,828
	4	129,816	45,710	14,444	2,112	2,156
	5	56,000	19,718	6,551	827	1,626
	6	125,928	44,341	18,059	2,424	3,241
	7	255,576	89,992	50,202	6,305	7,900
	8	129,070	45,447	19,921	2,524	3,778
	9	88,577	31,189	12,238	1,838	2,170
	10	72,898	25,668	9,199	2,053	2,404
	11	107,774	37,949	5,926	2,418	1,638
	12	59,320	20,887	8,553	2,894	1,486
	13	78,858	27,767	4,903	1,013	883
	Subtotal	1,616,543	569,205	223,697	33,687	39,834
Non-MSA Counties and Counties with Only Rural Places	1	119,385	42,037	8,961	2,388	2,972
	2	91,730	32,299	7,446	943	2,774
	3	87,272	30,730	10,681	1,561	2,472
	4	220,448	77,623	21,206	3,233	5,013
	5	154,296	54,330	17,174	2,409	3,333
	6	70,274	24,744	9,849	1,544	1,575
	7	36,382	12,811	3,435	626	552
	8	101,884	35,875	9,154	1,376	1,960
	9	74,163	26,114	6,649	1,734	1,364
	10	106,154	37,378	10,105	2,447	2,909
	11	152,853	53,821	9,087	3,597	2,499
	12	64,781	22,810	5,336	1,230	1,578
	13	11,726	4,129	1,113	230	449
	Subtotal	1,291,348	454,700	124,284	22,639	29,945
	Total	2,907,891	1,023,905	347,981	56,326	69,779

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Texas Average HH Size: 2.84

Attachment D: Texas Department of Housing and Community Affairs
Example 2022 HOME MF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variable	% of Total Availability Variable	Weighted	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	12,966	0.9%	$ 168,119	565	0.8%	$ (50,062)	$ 118,057.34	0.94%
	2	8,288	0.6%	$ 107,461	413	0.6%	$ (36,594)	$ 70,867.67	0.57%
	3	263,565	18.2%	$ 3,417,347	12,828	18.2%	$ (1,136,621)	$ 2,280,725.93	18.25%
	4	62,266	4.3%	$ 807,330	2,156	3.1%	$ (191,032)	$ 616,298.69	4.93%
	5	27,096	1.9%	$ 351,327	1,626	2.3%	$ (144,071)	$ 207,255.71	1.66%
	6	64,824	4.5%	$ 840,497	3,241	4.6%	$ (287,168)	$ 553,329.05	4.43%
	7	146,499	10.1%	$ 1,899,480	7,900	11.2%	$ (699,977)	$ 1,199,502.50	9.60%
	8	67,892	4.7%	$ 880,281	3,778	5.4%	$ (334,749)	$ 545,531.96	4.36%
	9	45,265	3.1%	$ 586,901	2,170	3.1%	$ (192,272)	$ 394,628.54	3.16%
	10	36,920	2.6%	$ 478,704	2,404	3.4%	$ (213,006)	$ 265,697.85	2.13%
	11	46,293	3.2%	$ 600,223	1,638	2.3%	$ (145,135)	$ 455,088.77	3.64%
	12	32,334	2.2%	$ 419,242	1,486	2.1%	$ (131,667)	$ 287,575.73	2.30%
	13	33,683	2.3%	$ 436,728	883	1.3%	$ (78,238)	$ 358,489.84	2.87%
	Subtotal	847,891	58.6%	$ 10,993,640	41,088	58.2%	$ (3,640,591)	$ 7,353,049.57	58.82%
Non-MSA Counties and Counties with Only Rural Places	1	53,386	3.7%	$ 692,195	2,972	4.2%	$ (263,333)	$ 428,861.85	3.43%
	2	40,688	2.8%	$ 527,559	2,774	3.9%	$ (245,790)	$ 281,769.28	2.25%
	3	42,972	3.0%	$ 557,163	2,472	3.5%	$ (219,031)	$ 338,132.62	2.71%
	4	102,062	7.1%	$ 1,323,316	5,013	7.1%	$ (444,175)	$ 879,140.19	7.03%
	5	73,913	5.1%	$ 958,340	3,333	4.7%	$ (295,320)	$ 663,020.66	5.30%
	6	36,137	2.5%	$ 468,552	1,575	2.2%	$ (139,552)	$ 328,999.63	2.63%
	7	16,872	1.2%	$ 218,754	552	0.8%	$ (48,910)	$ 169,844.54	1.36%
	8	46,405	3.2%	$ 601,676	1,960	2.8%	$ (173,665)	$ 428,010.95	3.42%
	9	34,497	2.4%	$ 447,280	1,364	1.9%	$ (120,857)	$ 326,422.99	2.61%
	10	49,930	3.5%	$ 647,388	2,909	4.1%	$ (257,751)	$ 389,636.49	3.12%
	11	66,505	4.6%	$ 862,301	2,499	3.5%	$ (221,423)	$ 640,877.59	5.13%
	12	29,376	2.0%	$ 380,888	1,578	2.2%	$ (139,818)	$ 241,069.62	1.93%
	13	5,472	0.4%	$ 70,948	449	0.6%	$ (39,784)	$ 31,164.03	0.25%
	Subtotal	598,214	41.4%	$ 7,756,360	29,450	41.8%	$ (2,609,409)	$ 5,146,950.43	41.18%
	Total	1,446,105	100%	$ 18,750,000	70,538	100%	$ (6,250,000)	$ 12,500,000.00	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Total Sample Allocation: **$12,500,000**
Weight of Need Variables: 150%
Weight of Availability Variables: -50%

Attachment E: Texas Department of Housing and Community Affairs
Example 2022 HTC Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Renters	Overcrowded Renters	Vacant Units For Rent
MSA Counties with Urban Places	1	197,995	69,717	40,555	4,769	8,761
	2	97,755	34,421	18,017	1,306	3,944
	3	2,182,357	768,436	462,033	78,713	85,673
	4	202,281	71,226	28,613	3,026	5,544
	5	129,750	45,687	19,598	1,657	3,089
	6	2,186,207	769,791	427,475	75,085	85,789
	7	526,529	185,398	145,102	20,876	22,821
	8	339,531	119,553	69,287	6,778	12,583
	9	787,026	277,122	134,203	18,708	24,976
	10	189,633	66,772	32,222	4,936	6,519
	11	855,710	301,306	68,209	24,323	13,378
	12	126,470	44,532	21,410	4,371	4,297
	13	378,519	133,281	47,530	7,858	12,075
	Subtotal	8,199,763	2,887,240	1,514,254	252,406	289,449
Non-MSA Counties and Counties with Only Rural Places	1	119,385	42,037	8,961	2,388	2,972
	2	91,730	32,299	7,446	943	2,774
	3	87,272	30,730	10,681	1,561	2,472
	4	220,448	77,623	21,206	3,233	5,013
	5	154,296	54,330	17,174	2,409	3,333
	6	70,274	24,744	9,849	1,544	1,575
	7	36,382	12,811	3,435	626	552
	8	101,884	35,875	9,154	1,376	1,960
	9	74,163	26,114	6,649	1,734	1,364
	10	106,154	37,378	10,105	2,447	2,909
	11	152,853	53,821	9,087	3,597	2,499
	12	64,781	22,810	5,336	1,230	1,578
	13	11,726	4,129	1,113	230	449
	Subtotal	1,291,348	454,700	120,196	23,318	29,450
	Total	9,491,111	3,341,940	1,634,450	275,724	318,899

Texas Average HH Size: 2.84

Attachment E: Texas Department of Housing and Community Affairs
Example 2022 HTC Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variable	% of Total Availability Variable	Weighted	Initial Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	115,041	2.2%	$ 2,135,607	8,761	2.7%	$ (892,861)	$ 1,242,746.14	1.91%
	2	53,744	1.0%	$ 997,697	3,944	1.2%	$ (401,945)	$ 595,751.40	0.92%
	3	1,309,182	24.9%	$ 24,303,583	85,673	26.9%	$ (8,731,205)	$ 15,572,378.50	23.96%
	4	102,865	2.0%	$ 1,909,575	5,544	1.7%	$ (565,006)	$ 1,344,568.93	2.07%
	5	66,942	1.3%	$ 1,242,701	3,089	1.0%	$ (314,810)	$ 927,891.29	1.43%
	6	1,272,351	24.2%	$ 23,619,866	85,789	26.9%	$ (8,743,027)	$ 14,876,839.44	22.89%
	7	351,376	6.7%	$ 6,522,918	22,821	7.2%	$ (2,325,760)	$ 4,197,158.60	6.46%
	8	195,618	3.7%	$ 3,631,446	12,583	3.9%	$ (1,282,373)	$ 2,349,073.15	3.61%
	9	430,033	8.2%	$ 7,983,109	24,976	7.8%	$ (2,545,383)	$ 5,437,726.02	8.37%
	10	103,930	2.0%	$ 1,929,355	6,519	2.0%	$ (664,372)	$ 1,264,983.11	1.95%
	11	393,838	7.5%	$ 7,311,196	13,378	4.2%	$ (1,363,394)	$ 5,947,801.85	9.15%
	12	70,313	1.3%	$ 1,305,281	4,297	1.3%	$ (437,921)	$ 867,360.60	1.33%
	13	188,669	3.6%	$ 3,502,448	12,075	3.8%	$ (1,230,601)	$ 2,271,847.26	3.50%
	Subtotal	4,653,900	88.6%	$ 86,394,784	289,449	90.8%	$ (29,498,658)	$ 56,896,126.29	87.53%
Non-MSA Counties and Counties with Only Rural Places	1	53,386	1.0%	$ 991,055	2,972	0.9%	$ (302,886)	$ 688,168.74	1.06%
	2	40,688	0.8%	$ 755,336	2,774	0.9%	$ (282,707)	$ 472,628.50	0.73%
	3	42,972	0.8%	$ 797,722	2,472	0.8%	$ (251,929)	$ 545,793.00	0.84%
	4	102,062	1.9%	$ 1,894,665	5,013	1.6%	$ (510,891)	$ 1,383,774.82	2.13%
	5	73,913	1.4%	$ 1,372,110	3,333	1.0%	$ (339,677)	$ 1,032,433.01	1.59%
	6	36,137	0.7%	$ 670,852	1,575	0.5%	$ (160,513)	$ 510,339.12	0.79%
	7	16,872	0.3%	$ 313,203	552	0.2%	$ (56,256)	$ 256,946.83	0.40%
	8	46,405	0.9%	$ 861,454	1,960	0.6%	$ (199,750)	$ 661,703.88	1.02%
	9	34,497	0.7%	$ 640,396	1,364	0.4%	$ (139,010)	$ 501,386.15	0.77%
	10	49,930	1.0%	$ 926,901	2,909	0.9%	$ (296,465)	$ 630,435.91	0.97%
	11	66,505	1.3%	$ 1,234,605	2,499	0.8%	$ (254,681)	$ 979,923.55	1.51%
	12	29,376	0.6%	$ 545,339	1,578	0.5%	$ (160,819)	$ 384,519.63	0.59%
	13	5,472	0.1%	$ 101,580	449	0.1%	$ (45,759)	$ 55,820.59	0.09%
	Subtotal	598,214	11.4%	$ 11,105,216	29,450	9.2%	$ (3,001,342)	$ 8,103,873.71	12.47%
	Total	5,252,114	100.0%	$ 97,500,000	318,899	100%	$ (32,500,000)	$ 65,000,000.00	100.00%

Total Sample Allocation: **$65,000,000**
Weight of Need Variables: 150%
Weight of Availability Variables: -50%

05/13/2021

Attachment E: Texas Department of Housing and Community Affairs
Example 2022 HTC Regional Allocation Formula

Table 3 - Reallocation

Region	Initial Subregion Amount	Amount Needed to Reach Subregion Floor	Amount that can be Reallocated	% of Total Amount that can be Reallocated	Amount to be Reallocated	Final Subregion Allocation	% of Total Award
1	$ 1,242,746.14	$ -	$ 642,746.14	1.26%	$ (18,657.16)	$ 1,224,088.98	1.88%
2	$ 595,751.40	$ 4,248.60	$ -	0.00%	$ 4,248.60	$ 600,000.00	0.92%
3	$ 15,572,378.50	$ -	$ 14,972,378.50	29.43%	$ (434,607.20)	$ 15,137,771.30	23.29%
4	$ 1,344,568.93	$ -	$ 744,568.93	1.46%	$ (21,612.80)	$ 1,322,956.13	2.04%
5	$ 927,891.29	$ -	$ 327,891.29	0.64%	$ (9,517.79)	$ 918,373.51	1.41%
6	$ 14,876,839.44	$ -	$ 14,276,839.44	28.06%	$ (414,417.61)	$ 14,462,421.83	22.25%
7	$ 4,197,158.60	$ -	$ 3,597,158.60	7.07%	$ (104,415.68)	$ 4,092,742.92	6.30%
8	$ 2,349,073.15	$ -	$ 1,749,073.15	3.44%	$ (50,770.81)	$ 2,298,302.34	3.54%
9	$ 5,437,726.02	$ -	$ 4,837,726.02	9.51%	$ (140,425.96)	$ 5,297,300.06	8.15%
10	$ 1,264,983.11	$ -	$ 664,983.11	1.31%	$ (19,302.64)	$ 1,245,680.47	1.92%
11	$ 5,947,801.85	$ -	$ 5,347,801.85	10.51%	$ (155,232.06)	$ 5,792,569.79	8.91%
12	$ 867,360.60	$ -	$ 267,360.60	0.53%	$ (7,760.75)	$ 859,599.86	1.32%
13	$ 2,271,847.26	$ -	$ 1,671,847.26	3.29%	$ (48,529.15)	$ 2,223,318.11	3.42%
Subtotal	$ 56,896,126.29	$ 4,248.60	$ 49,100,374.89	96.51%	$ (1,421,001.00)	$ 55,475,125.28	85.35%
1	$ 688,168.74	$ -	$ 88,168.74	0.17%	$ (2,559.30)	$ 685,609.44	1.05%
2	$ 472,628.50	$ 127,371.50	$ -	0.00%	$ 127,371.50	$ 600,000.00	0.92%
3	$ 545,793.00	$ 54,207.00	$ -	0.00%	$ 54,207.00	$ 600,000.00	0.92%
4	$ 1,383,774.82	$ -	$ 783,774.82	1.54%	$ (22,750.84)	$ 1,361,023.98	2.09%
5	$ 1,032,433.01	$ -	$ 432,433.01	0.85%	$ (12,552.35)	$ 1,019,880.66	1.57%
6	$ 510,339.12	$ 89,660.88	$ -	0.00%	$ 89,660.88	$ 600,000.00	0.92%
7	$ 256,946.83	$ 343,053.17	$ -	0.00%	$ 343,053.17	$ 600,000.00	0.92%
8	$ 661,703.88	$ -	$ 61,703.88	0.12%	$ (1,791.09)	$ 659,912.79	1.02%
9	$ 501,386.15	$ 98,613.85	$ -	0.00%	$ 98,613.85	$ 600,000.00	0.92%
10	$ 630,435.91	$ -	$ 30,435.91	0.06%	$ (883.47)	$ 629,552.44	0.97%
11	$ 979,923.55	$ -	$ 379,923.55	0.75%	$ (11,028.14)	$ 968,895.41	1.49%
12	$ 384,519.63	$ 215,480.37	$ -	0.00%	$ 215,480.37	$ 600,000.00	0.92%
13	$ 55,820.59	$ 544,179.41	$ -	0.00%	$ 544,179.41	$ 600,000.00	0.92%
Subtotal	$ 8,103,873.71	$ 1,472,566.20	$ 1,776,439.91	3.49%	$ 1,421,001.00	$ 9,524,874.72	14.65%
Total	$ 65,000,000.00	$ 1,476,814.80	$ 50,876,814.80	100.00%	$ -	$ 65,000,000.00	100.00%

Subregion Allocation Floor: $600,000.00

1i

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

MAY 13, 2021

Presentation, discussion, and possible action on a waiver of a non-statutory requirement of 10 TAC §11.9(d)(5)(A) regarding Letters from State Representatives for 21130 Sun Pointe Apartments and 21200 Edson Lofts

RECOMMENDED ACTION

WHEREAS, 10 TAC §11.9(d)(5) of the 2021 Qualified Allocation Plan (QAP) related to Community Support from State Representative identifies specific requirements and restrictions related to Applications seeking points for Community Support from State Representatives;

WHEREAS, 10 TAC §11.9(d)(5)(A) requires that letters from a State Representative must be on the State Representative's letterhead;

WHEREAS, the Applicants for 21130 Sun Pointe Apartments and 21200 Edson Lofts timely submitted Applications with letters from State Representatives that met all requirements under §11.9(d)(5)(A), with the exception that the letters were not presented on the State Representative's letterhead;

WHEREAS, staff have confirmed the authenticity of the letters with the respective State Representatives and request that the Board waive this requirement, and allow the Applications to be eligible to receive points for Community Support from State Representatives;

WHEREAS, 10 TAC §11.207 related to Waiver of Rules permits staff to identify and initiate a waiver request as part of another Board action request; and

WHEREAS, staff believes that the waiver would meet the requirements of 10 TAC §11.207 under the specific circumstances and recommends that the waiver be approved;

NOW, therefore, it is hereby

RESOLVED, that the waiver limited to the requirements for submission on letterhead under 10 TAC §11.9(d)(5)(A) is hereby approved and shall apply solely to Applications

21130 Sun Pointe Apartments and 21200 Edson Lofts, and shall not constitute a general modification or waiver of the rule involved.

BACKGROUND

Staff have initiated this waiver request of the non-statutory requirement that letters be presented on the State Representative's letterhead under 10 TAC §11.9(d)(5)(A) of the 2021 Qualified Allocation Plan (QAP) related to Letter from a State Representative, to address a technical error with regard to Applications 21130 and 21200. Application 21130, Sun Pointe Apartments, is a proposed acquisition and rehabilitation development intending to serve the general population using all 146 units for 9% HTC residents with extremely low to very low income levels. Application 21200, Edson Lofts, is a proposed 105 unit new construction and adaptive reuse Elderly development seeking to reserve 52 units for 9% HTC residences with extremely low to very low income levels. Both Applications submitted letters of support from State Representatives that did not use the official letterhead as required under 10 TAC §11.9(d)(5)(A).

Per 10 TAC §11.9(d)(5)(A):

> (A) Letter from a State Representative. To qualify under this subparagraph, letters must b*e on the State Representative's letterhead*, be signed by the State Representative, identify the specific Development and express whether the letter conveys support, neutrality, or opposition…In providing this letter, pursuant to Tex. Gov't Code §2306.6710(b)(1)(J), a representative may either express their position of support, opposition, or neutrality regarding the Application, which shall be presumed to reflect their assessment of the views of their constituents, or they may provide a statement of the support, opposition, or neutrality of their constituents regarding the Application without expressing their personal views on the matter. (*emphasis added*)

The relevant statute, Tex. Gov't Code §2306.6710(b)(1)(J), provides:

> (b) If an application satisfies the threshold criteria, the department shall score and rank the application using a point system that:
>
> (1) prioritizes in descending order criteria regarding:
>
> (J) the level of community support for the application, evaluated on the basis of a written statement from the state representative who represents the district containing the proposed development site[.]

Staff reviewed the aforementioned letters using the requirements and restrictions in the QAP and statute. Staff determined both letters were timely submitted, signed by the appropriate

Representative, and clearly expressed support for the respective Applications. However, neither were submitted on the State Representative's letterhead, as required by the QAP but not statute. Because the letters were prepared by the State Representatives and their staff, it appeared the issue of the use of letterhead was outside the control of the Applicants. Thus, staff took the initiative to confirm the authenticity of the letters directly with the offices of the respective Representatives. Both confirmed the letters came from the respective State Representatives who signed the letters, though the letters were not submitted on official letterhead.

Staff determined that the unique facts and circumstances warranted initiating this request to waive the letterhead requirement under 10 TAC §11.9(d)(5)(A) of the QAP. The waiver is solely requested for Applications 21130 and 21200, limited to the requirements for submission on letterhead, and would not constitute a general modification or waiver of the rule involved. Moreover, granting the waiver would be in line with the policies and purposes articulated in Tex. Gov't Code §; §2306.6701; §2306.6710(b)(1)(J); §2306.6725(a)(2); §2306.6710(g), particularly because it would permit written support to be prioritized as required under statute.

Staff recommend approval of the waiver limited to the requirements for submission on letterhead of 10 TAC §11.9(d)(5)(A) related to Letter from a State Representative for Applications 21130 Sun Pointe Apartments and 21200 Edson Lofts.

Application 21130

Sun Pointe Apartments

TDHCA
Alena Morgan
221 East 11th Street
Austin, TX 78701

RE: TDHCA Application #21130 (Sun Pointe Apartments)

Dear Ms. Morgan:

I am writing this letter to voice my support for TDHCA Tax Credit Application # 21130 (Sun Pointe Apartments) to be located in El Paso, TX. There is a need for housing that is affordable to citizens of modest means and this development will help fulfill that need.

I encourage your support for an award and commitment. Our community's need for affordable housing is immediate, and your attention and support of this project will be greatly appreciated.

Thank you for your continued service to the state of Texas. If I may be of further assistance, please do not hesitate to contact my office at (512) 463-0638.

Sincerely,

Lina Ortega

Representative Lina Ortega
House District 77

Application 21200

Edson Lofts

Edson Lofts, LP

Attn: Matt Harris

Authorized Representative

10210 N. Central Expressway, Suite 300

Dallas, TX 75231

Email: mharris@providentrealty.net

RE: Letter of Support for Application #21200, Edson Lofts at 285 Liberty, Beaumont, TX

Dear Mr. Harris,

I received the Public Notification for Edson Lofts located at 285 Liberty, Beaumont, TX and it is in House District 22, which I represent. This project is greatly needed in this community.

I am pleased to lend my support to this renovation of the historic Edson Hotel which will serve my constituents well.

If you have any questions, please feel free to contact me at 409-724-0788.

Respectfully Requested,

Joe D. Deshotel

22nd Legislative District

1j

BOARD ACTION REQUEST

BOND FINANCE DIVISION

MAY 13, 2021

Presentation, discussion, and possible action regarding the adherence to a Protocol established by the International Swaps and Derivatives Association for the Department's LIBOR-based swaps

RECOMMENDED ACTION

WHEREAS, the Department previously issued Single Family Variable Rate Mortgage Revenue and Mortgage Revenue Refunding Bonds, several series of which have associated interest rate swap agreements (Swap Agreements);

WHEREAS, the Department has outstanding Swap Agreements as detailed below in Exhibit A;

WHEREAS, the London Interbank Offered Rate (LIBOR) was established as a benchmark index (1-month LIBOR) for each of the Department's Swap Agreements;

WHEREAS, the UK Financial Conduct Authority (FCA) has announced the future cessation and loss of representativeness of the LIBOR benchmarks; the LIBOR benchmark administrator (IBA) notified FCA that it will cease publication of 1-month, 3-month, and 6-month LIBOR after June 30, 2023;

WHEREAS, the International Swaps and Derivatives Association (ISDA), has developed a protocol (Protocol) to transition existing indices from LIBOR to the Secured Overnight Financing Rate (SOFR) plus a spread adjustment;

WHEREAS, staff has consulted with the Department's swap advisor, Stifel, and recommends that the Department adhere to the Protocol with respect to the Swap Agreements;

WHEREAS, the Governing Board wishes to adhere to the Protocol with respect to the Swap Agreements;

NOW, therefore it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for an on behalf of the Department, to take such actions and to execute such documents and instruments as necessary or convenient to elect adherence to the Protocol for the Department's Swap Agreements.

BACKGROUND

Between 2004 and 2007, the Department entered into five Swap Agreements in conjunction with the closing of single family mortgage revenue bonds (SFMRBs). Currently, four Swap Agreements remain outstanding:

Exhibit A

Swap Agreements as of March 1, 2021

Series	Swap Counterparty	Original Swap Notional	Swap Notional Outstanding	Fixed Rate to Counterpary	Floating Rate to TDHCA
2004B	Bank of New York Mellon	$53,000,000	$13,775,000	3.671%	65.5% 1-Month LIBOR + 0.20%
2004D	Goldman Sachs	35,000,000	10,010,000	3.084%	Lessor of (a) and (b): **(a)** greater of: i) 65% 1-Month LIBOR and ii) 56% 1-Month LIBOR + .45% and **(b)** 1-Month LIBOR
2005A	JP Morgan	100,000,000	12,930,000	4.010%	lessor of (a) and (b): **(a)** greater of: i) 65% 1-Month LIBOR and ii) 56% 1-Month LIBOR + .45% and **(b)** 1-Month LIBOR
2006H	Bank of New York Mellon	36,000,000	0	3.857%	63% 1-Month LIBOR + .30%
2007A	JP Morgan	143,005,000	11,945,000	4.013%	lessor of (a) and (b): (a) greater of: i) 65% 1-Month LIBOR and ii) 56% 1-Month LIBOR + .45% and (b) 1-Month LIBOR
Total Swaps Outstanding		**$367,005,000**	**$48,660,000**		

Under the Swap Agreements, the Department pays a fixed rate to the Swap Counterparty, receives a floating rate in return, and pays a variable rate on its bonds. Currently, the floating rate received from the Swap Counterparty is determined using a LIBOR-based index. Effective June 30, 2023, the publication of LIBOR as a representative index terminates.

Staff, in consultation with the Department's Swap Advisor, Stifel, recommends that the Department adhere to the Protocol, which provide for an alternative index to replace the current LIBOR-based indices, once the LIBOR-based index permanently ceases or is no longer representative. This alternative index will replace "1-Month LIBOR" with "30-day Compounded SOFR + 0.11448%" in the above table, and will become effective July 1, 2023. Prior to that time, the current floating rate indices will remain in place.

Adherence to the Protocol will allow the Department to provide for a replacement to the LIBOR index, while maintaining the flexibility to exercise its termination authority for the 2004B and 2004D Swap Agreements, as well as the ability to negotiate amendments to the Swap Agreements.

The process for adhering to the Protocol is to submit an executed adherence letter using ISDA's web-based system. ISDA has a form adherence letter that all entities use. Adhering to the Protocol incorporates the index fallback definitions into the Department's Swap Agreements. The cost is $500.

Staff recommends approval.

2a

TDHCA Outreach and Media Analysis, March 2021

A compilation of TDHCA media analysis designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public, and outreach activities, such as trainings and webinars. The following is an analysis of print and broadcast news, and social media reporting for the time period of March 1 through March 31, 2021 (news articles specifically mentioned the Department).

Total number of articles referencing TDHCA: 104
Breakdown by Medium:[1]

- Print: 13 (Editorials/Columnists = 0)
- Broadcast: 56
- Trade, Government or Internet-Based Publications: 35

Figure 1 News Tone

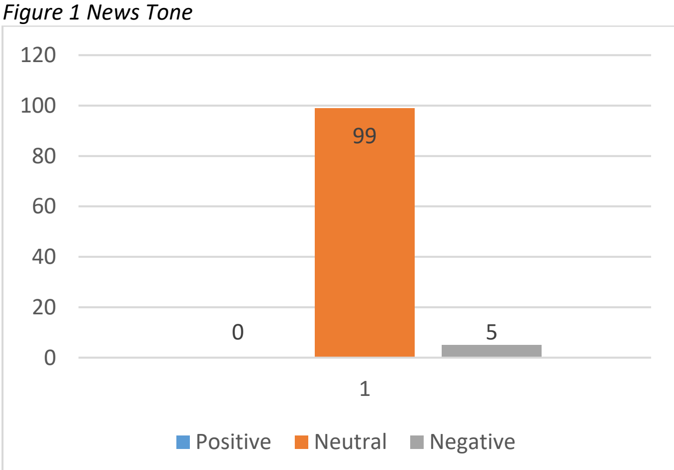
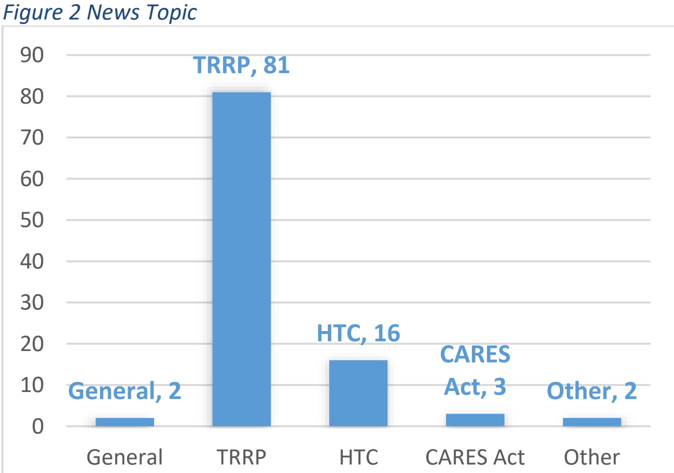
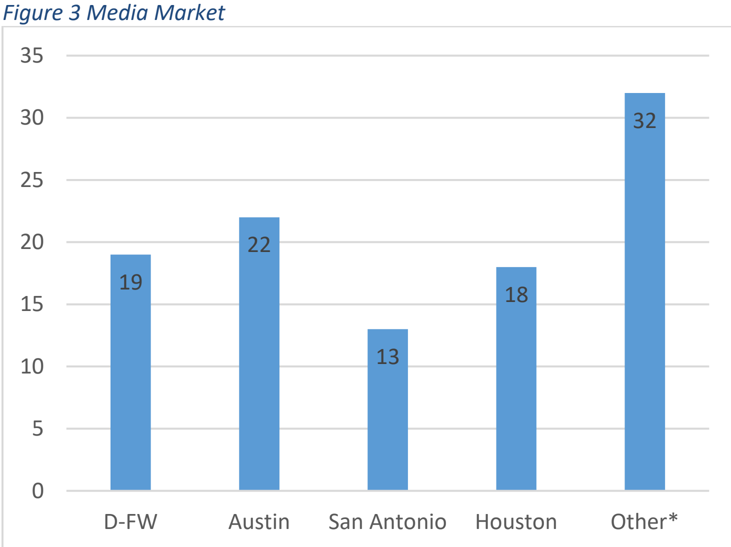


Figure 2 News Topic



[1] *Broadcast numbers may represent instances in which TDHCA was referenced on a television or radio station's website, rather than in a specific broadcast news segment*

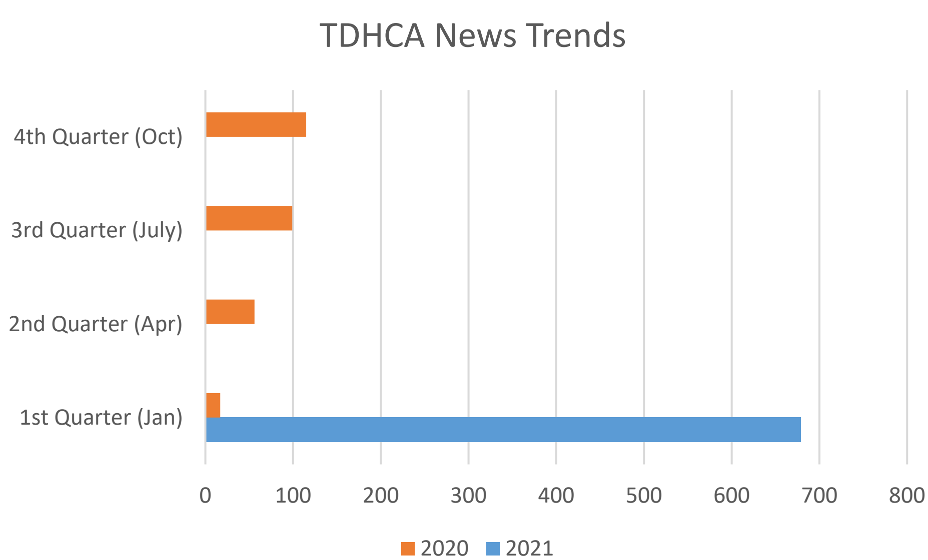
Figure 3 Media Market



Summary:

Reporting on Department activities by the news media totaled 104 references in March 2021. News mentions reflected TDHCA's Texas Rent Relief Program efforts, including updates to the launch of the program, challenges with online system, call center issues, and payments related to rent and utility bill assistance.

There were 5 perceived negative articles related to TDHCA in March. The following table illustrates the number of news mentions during each quarter of 2021 compared to 2020, starting January comparisons first.



Social media:

Currently, TDHCA's Twitter account has more than 2,600 followers and its Facebook account has more than 3,000 fans. TDHCA's YouTube views continue to grow with more than 34,600 views. The following is a summary analysis of TDHCA's efforts to engage stakeholders and the public on federal and state resources, initiatives and programs.

Month/Yr	Posts	Clicks	Engagements	Shared posts	Liked posts
January 2021	50	20	56	20	18
February 2021	52	193	2,609	1,163	18
March 2021	71	322	355	144	55

* Clicks = number of times an individual clicked on a link provided in a post. Engagements = any action a person takes on our post

Month/Yr	Tweets	Clicks	Engagements	Retweets	Liked posts
January 2021	52	224	13	4	7
February 2021	61	186	92	38	39
March 2021	80	313	77	20	37

* Clicks = number of times an individual clicked on a link provided in a post. Engagements = any action a person takes on our post

Month	Views	Watch time (hours)	Avg. view duration	Impressions	Impressions click-through rate
January 2021	684	105.8	9:16	7,760	2.2%
February 2021	11,479	1,174	6:08	91,326	1.8%
March 2021	34,663	990.5	1:42	53,853	5.6%

March 2021

Video	Views		Watch time (hours)		Subscribers		Impressions	Impressions click-through rate
Total	**34,663**		**990.5**		**260**		**53,853**	**5.6%**
Texas Rent Relief Program Completing Application Tutorial	20,892	60.3%	153.9	15.5%	91	35.0%	2,989	8.5%
Texas Rent Relief Program Registration Tutorial	8,054	23.2%	54.4	5.5%	63	24.2%	3,082	6.4%
Texas Rent Relief Webinar Fridays - March 5, 2021	1,074	3.1%	168.8	17.0%	28	10.8%	1,576	9.9%
Texas Rent Relief Program Webinar - Feb. 26, 2021	958	2.8%	151.8	15.3%	10	3.9%	872	11.9%
Texas Emergency Mortgage Assistance Program TEMAP Webinar -...	667	1.9%	62.3	6.3%	7	2.7%	4,638	7.1%
Virtual Roundtable - TDHCA's Enforcement Rule	251	0.7%	33.1	3.4%	0	0.0%	2,443	8.4%
TERAP Application Workshop	235	0.7%	20.7	2.1%	8	3.1%	3,447	3.9%
TERAP Monthly Reporting Workshop - March 1, 2021	185	0.5%	26.5	2.7%	3	1.2%	2,246	3.2%
Overview of Updates to Compliance, Affirmative Marketing and Writ...	169	0.5%	17.8	1.8%	0	0.0%	2,150	5.0%
20 IncomeDeterminationTraining	161	0.5%	27.7	2.8%	0	0.0%	1,241	9.4%
TERAP Implementation Workshop	121	0.4%	11.9	1.2%	0	0.0%	1,906	4.2%
Average Income Webinar - Sept. 2, 2020	105	0.3%	21.9	2.2%	0	0.0%	2,144	3.4%
Section 811 PRA Updates for Referral Agents	89	0.3%	4.6	0.5%	1	0.4%	1,202	5.2%
Cost Certification Roundtable - November 18, 2020	51	0.2%	7.7	0.8%	0	0.0%	2,106	1.6%
TDHCA Utility Allowance Roundtable - Oct. 13, 2020	47	0.1%	5.7	0.6%	1	0.4%	1,200	2.6%
Rental Assistance	28	0.1%	1.2	0.1%	1	0.4%	457	2.8%
Digital Outreach Webinar	23	0.1%	1.3	0.1%	0	0.0%	676	2.4%
Accessing Texas Department of Aging and Disability Services	23	0.1%	1.0	0.1%	0	0.0%	390	5.1%
TDHCA's Multifamily Direct Loan Training - Sept. 24, 2020	18	0.1%	0.6	0.1%	0	0.0%	1,197	0.8%
For Sec. 811 Referral Agents - PRA Barrier Busting Funds	11	0.0%	0.2	0.0%	0	0.0%	242	2.5%
Accessing Texas Department of State Health Services	3	0.0%	0.1	0.0%	0	0.0%	149	1.3%
Previous Participation Review 2016	3	0.0%	0.1	0.0%	0	0.0%	134	2.2%

TDHCA Outreach March 2021

A compilation of outreach activities such as meetings, trainings and webinars.

GoToMeetings		March 1, 2021 – March 31, 2021	
Last Name	**Meeting Date**	**Meeting Title**	**Attendees**
Community Development Block Grant	Mar 05, 2021	TRR Webinar Fridays	79
Compliance	Mar 10, 2021	Income Determination Training (Zoom with TAA)	165
Community Development Block Grant	Mar 10, 2021	TRR Eviction Diversion Program Overview	544

Community Development Block Grant	Mar 12, 2021	TRR Webinar Fridays	37
Community Development Block Grant	Mar 15, 2021	TDHCA CDBG-CV Meeting	7
Community Development Block Grant	Mar 16, 2021	TDHCA CDBG-CV Meeting	29
Community Development Block Grant	Mar 17, 2021	TDHCA CDBG-CV Meeting	32
Community Development Block Grant	Mar 17, 2021	CDBG-CV Funds for Disability Service Providers	13
Community Development Block Grant	Mar 17, 2021	TDHCA CDBG-CV Meeting	19
Community Development Block Grant	Mar 17, 2021	Greystar Properties, TRR Tenant & Landlord application training	149
Community Development Block Grant	Mar 18, 2021	TDHCA CDBG-CV Meeting	17
Community Development Block Grant	Mar 18, 2021	TDHCA CDBG-CV Meeting	24
Community Development Block Grant	Mar 19, 2021	TDHCA CDBG-CV Meeting	24
Community Development Block Grant	Mar 19, 2021	TDHCA CDBG-CV Meeting	22
Community Development Block Grant	Mar 22, 2021	TDHCA CDBG-CV Meeting	17
Community Development Block Grant	Mar 22, 2021	TDHCA CDBG-CV Meeting	26
Community Development Block Grant	Mar 23, 2021	TDHCA CDBG-CV Meeting	21

Community Development Block Grant	Mar 23, 2021	TDHCA CDBG-CV Meeting	34
Texas Homeownership Division	Mar 23, 2021	Lender Lunch & Learn	127
Single Family - Homeless	Mar 23, 2021	TDHCA ESG/ESG CARES and CoCs	16
Community affairs	Mar 24, 2021	WAP Network Quarterly Call	73
FHDMR	Mar 25, 2021	Fair Housing Training	119
Multifamily	Mar 26, 2021	9% HTC Cycle Meetings	13
Compliance	Mar 30, 2021	Housing Tax Credit Training (Zoom with TAA)	136
Community Development Block Grant	Mar 30, 2021	Highmark Residential, TRR Land lord & tenant application training and Q&A	103

2b

BOARD REPORT ITEM

FINANCIAL ADMINISTRATION DIVISION

MAY 13, 2021

Report on the Department's 2nd Quarter Investment Report in accordance with the Public Funds Investment Act

BACKGROUND

The Department's investment portfolio consists of two distinct parts. One part is related to bond funds under trust indentures that are not subject to the Public Funds Investment Act (PFIA), and the remaining portion is related to accounts excluded from the indentures but covered by the PFIA. The Department's total investment portfolio is $1,466,370,199 of which $1,428,676,765 is not subject to the PFIA. This report addresses the remaining $37,693,434 (see page 1 of the Internal Management Report) in investments covered by the PFIA. These investments are deposited in the General Fund, Housing Trust Fund, Compliance, and Housing Initiative accounts, which are all held at the Texas Treasury Safekeeping Trust Company (TTSTC), primarily in the form of overnight repurchase agreements. These investments are fully collateralized and secured by U.S. Government Securities. A repurchase agreement is the daily purchase of a security with an agreement to repurchase that security at a specific price and date, which in this case was March 1, 2021, with an effective interest rate of 0.01%. These investments safeguard principal while maintaining liquidity. The overnight repurchase agreements, subject to the PFIA, earned $2,011 in interest during the quarter.

Below is a description of each fund group and its corresponding accounts.

- The General Fund accounts maintain funds for administrative purposes to fund expenses related to the Department's ongoing operations. These accounts contain balances related to bond residuals, fee income generated from the Mortgage Credit Certificate (MCC) Program, escrow funds, single family and multifamily bond administration fees, and balances associated with the Below Market Interest Rate (BMIR) Program.

- The State Housing Trust Fund accounts maintain funds related to programs set forth by the Housing Trust Fund funding plan. The Housing Trust Fund provides loans and grants to finance, acquire, rehabilitate, and develop decent and safe affordable housing.

- The Compliance accounts maintain funds from compliance monitoring fees and asset management fees collected from multifamily developers. The number of low income units and authority to collect these fees is outlined in the individual Land Use Restriction Agreements (LURAs) that are issued to each Developer. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of these properties.

- The Housing Initiative accounts maintain funds from fees collected from Developers in connection with the Department's Tax Credit Program. The majority of fees collected are application fees and commitment fees. The authority for the collection of these fees is outlined in the Department's Multifamily Rules. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the administration of the Tax Credit Program.

- The Ending Homelessness Trust Fund account maintains funds from donations collected from individuals through the Texas Department of Motor Vehicles in connection with the Department's Ending Homelessness Program. The authority for the collection of these donations is outlined in House Bill 4102, 85th Texas Legislature, Regular Session. These donations are collected and disbursed for the purpose of providing grants to counties and municipalities to combat homelessness.

This report is in the format required by the Public Funds Investment Act. It shows in detail the types of investments, their maturities, their carrying (face amount) values, and fair values at the beginning and end of the quarter. The detail for investment activity is on Pages 1 and 2.

During the 2nd Quarter, as it relates to the investments covered by the PFIA, the carrying value increased by $1,252,787 (see page 1) for an ending balance of $37,693,434. The change is described below by fund groups.

General Fund: The General Fund decreased by $167,194. This consists primarily of $672,231 received in multifamily bond fees and $325,425 in MCC Fees, offset by disbursements including $1,179,560 to fund the operating budget.

The State Housing Trust Fund: The Housing Trust Fund decreased by $183,650. This consists primarily of $1,077,754 received in loan repayments offset by disbursements including $1,426,127 for loans, grants, and escrow payments.

Compliance: Compliance funds increased by $1,868,734. This consists primarily of $3,631,743 received in compliance fees offset by disbursements of $1,769,341 transferred to fund the operating budget.

Housing Initiative: Housing Initiative funds decreased by $251,503. This consists primarily of $1,009,297 received in fees related to tax credit activities offset by disbursements of $1,233,283 transferred to fund the operating budget.

Ending Homelessness Fund: Ending Homelessness funds decreased by $13,600. This consists primarily of $51,273 in donations and interest earnings on current investment balances, offset by disbursements of $64,883 for grants.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING FEBRUARY 28, 2021

Texas Department of Housing and Community Affairs
Non-Indenture Related Investment Summary
For Period Ending February 28, 2021

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/20	Beginning Market Value 11/30/20	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 02/28/21	Ending Market Value 02/28/21	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	0.01	2/26/2021	3/1/2021	756,214.93	756,214.93		(7,994.71)			748,220.22	748,220.22	-	0.00
Repo Agmt	General Fund	0.01	2/26/2021	3/1/2021	31,073.44	31,073.44		(31,073.42)			0.02	0.02	-	0.00
Repo Agmt	General Fund	0.01	2/26/2021	3/1/2021	399,713.62	399,713.62		(392,460.56)			7,253.06	7,253.06	-	0.00
Repo Agmt	General Fund	0.01	2/26/2021	3/1/2021	877,145.93	877,145.93	50,897.53				928,043.46	928,043.46	-	0.00
Repo Agmt	General Fund	0.01	2/26/2021	3/1/2021	1,232,164.05	1,232,164.05	208,855.02				1,441,019.07	1,441,019.07	-	0.00
Repo Agmt	General Fund	0.01	2/26/2021	3/1/2021	660,274.20	660,274.20	3,087.01				663,361.21	663,361.21	-	0.00
Repo Agmt	General Fund	0.01	2/26/2021	3/1/2021	239,738.69	239,738.69	15.97				239,754.66	239,754.66	-	0.00
Repo Agmt	General Fund	0.01	2/26/2021	3/1/2021	802,117.54	802,117.54	53.05				802,170.59	802,170.59	-	0.00
Repo Agmt	General Fund	0.01	2/26/2021	3/1/2021	274.21	274.21	1,425.95				1,700.16	1,700.16	-	0.00
	General Fund Total				4,998,716.61	4,998,716.61	264,334.53	(431,528.69)	0.00	0.00	4,831,522.45	4,831,522.45	0.00	0.00
Repo Agmt	Housing Trust Fund	0.01	2/26/2021	3/1/2021	52,683.03	52,683.03	37,379.39				90,062.42	90,062.42	-	0.00
Repo Agmt	Housing Trust Fund	0.01	2/26/2021	3/1/2021	3,770.58	3,770.58		(25.41)			3,745.17	3,745.17	-	0.00
Repo Agmt	Housing Trust Fund	0.01	2/26/2021	3/1/2021	375,919.80	375,919.80	38,199.59				414,119.39	414,119.39	-	0.00
Repo Agmt	General Revenue Appn	0.02	1/29/2021	2/1/2021	54,479.26	54,479.26		(203.22)			54,276.04	54,276.04	-	0.00
Repo Agmt	General Revenue Appn	0.01	2/26/2021	3/1/2021	771,055.73	771,055.73	361,078.84				1,132,134.57	1,132,134.57	-	0.00
Repo Agmt	General Revenue Appn	0.01	2/26/2021	3/1/2021	1,106,860.73	1,106,860.73	407,234.36				1,514,095.09	1,514,095.09	-	0.00
Repo Agmt	General Revenue Appn	0.01	2/26/2021	3/1/2021	69,326.83	69,326.83	162,270.96				231,597.79	231,597.79	-	0.00
Repo Agmt	General Revenue Appn	0.01	2/26/2021	3/1/2021	228,497.90	228,497.90					228,497.90	228,497.90	-	0.00
Repo Agmt	Housing Trust Fund-GR				194,233.32	194,233.32		(194,233.32)					-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	2/26/2021	3/1/2021	377,362.58	377,362.58	32,575.41				409,937.99	409,937.99	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	2/26/2021	3/1/2021	961,455.21	961,455.21		(503,701.08)			457,754.13	457,754.13	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.01	2/26/2021	3/1/2021	1,099,532.22	1,099,532.22		(128,223.59)			971,308.63	971,308.63	-	0.00
Repo Agmt	Boostrap -GR	0.01	2/26/2021	3/1/2021	231,406.42	231,406.42		(49,500.00)			181,906.42	181,906.42	-	0.00
Repo Agmt	Boostrap -GR	0.01	2/26/2021	3/1/2021	2,500,698.87	2,500,698.87		(346,500.00)			2,154,198.87	2,154,198.87	-	0.00
Repo Agmt	Boostrap -GR	0.01	2/26/2021	3/1/2021	1,200,001.33	1,200,001.33		(1.33)			1,200,000.00	1,200,000.00	-	0.00
	Housing Trust Fund Total				9,227,283.81	9,227,283.81	1,038,738.55	(1,222,387.95)	0.00	0.00	9,043,634.41	9,043,634.41	0.00	0.00
Repo Agmt	Multi Family	0.01	2/26/2021	3/1/2021	838,602.84	838,602.84		(24,846.49)			813,756.35	813,756.35	-	0.00
Repo Agmt	Multi Family	0.01	2/26/2021	3/1/2021	722,784.65	722,784.65	121,711.46				844,496.11	844,496.11	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	2/26/2021	3/1/2021	5,365,212.14	5,365,212.14	1,771,869.26				7,137,081.40	7,137,081.40	-	0.00
	Compliance Total				6,926,599.63	6,926,599.63	1,893,580.72	(24,846.49)	0.00	0.00	8,795,333.86	8,795,333.86	0.00	0.00
Repo Agmt	Asset Management	0.01	2/26/2021	3/1/2021	1,643,606.16	1,643,606.16		(7,279.16)			1,636,327.00	1,636,327.00	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	2/26/2021	3/1/2021	1,556,030.19	1,556,030.19	254,739.97				1,810,770.16	1,810,770.16	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	2/26/2021	3/1/2021	11,295,516.99	11,295,516.99		(480,286.58)			10,815,230.41	10,815,230.41	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.01	2/26/2021	3/1/2021	378,146.16	378,146.16		(18,677.38)			359,468.78	359,468.78	-	0.00
	Housing Initiatives Total				14,873,299.50	14,873,299.50	254,739.97	(506,243.12)	0.00	0.00	14,621,796.35	14,621,796.35	0.00	0.00
Repo Agmt	Homelessness - HB4102	0.04	8/31/2020	9/1/2020	414,747.45	414,747.45		(13,600.20)			401,147.25	401,147.25	-	0.00
	Homelessness - HB4102 Total				414,747.45	414,747.45	0.00	(13,600.20)	0.00	0.00	401,147.25	401,147.25	0.00	0.00
	Total Non-Indenture Related Investment Summary				36,440,647.00	36,440,647.00	3,451,393.77	(2,198,606.45)	0.00	0.00	37,693,434.32	37,693,434.32	0.00	0.00

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending February 28, 2021

	Investment Type	FAIR VALUE (MARKET) @ 11/30/20	CARRYING VALUE @ 11/30/20	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 02/28/21	FAIR VALUE (MARKET) @ 02/28/21	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 02/28/21	RECOGNIZED GAIN
NON-INDENTURE RELATED:												
General Fund	Repurchase Agreements	4,998,716.61	4,998,716.61	264,334.53	(431,528.69)			4,831,522.45	4,831,522.45	-	4.04	-
Housing Trust Fund	Repurchase Agreements	9,227,283.81	9,227,283.81	1,038,738.55	(1,222,387.95)			9,043,634.41	9,043,634.41	-	7.81	-
Compliance	Repurchase Agreements	6,926,599.63	6,926,599.63	1,893,580.72	(24,846.49)			8,795,333.86	8,795,333.86	-	7.33	-
Housing Initiatives	Repurchase Agreements	14,873,299.50	14,873,299.50	254,739.97	(506,243.12)			14,621,796.35	14,621,796.35	-	12.38	-
Ending Homelessness Trust Fund	Repurchase Agreements	414,747.45	414,747.45	-	(13,600.20)			401,147.25	401,147.25	-	1.34	-
NON-INDENTURE RELATED TOTAL		36,440,647.00	36,440,647.00	3,451,393.77	(2,198,606.45)	0.00	0.00	37,693,434.32	37,693,434.32	0.00	32.90	0.00

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on August 9, 2019
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David Cervantes
Director of Administration

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Monica Galuski
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Date 4/30/2021
Monica Galuski
Director of Bond Finance/Chief Investment Officer

2c

BOARD REPORT ITEM

BOND FINANCE DIVISION

MAY 13, 2021

Report on the Department's 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures

BACKGROUND

- The Department's Investment Policy excludes funds invested under a bond trust indenture for the benefit of bond holders because the trustee for each trust indenture controls the authorized investments in accordance with the requirements of that indenture. Management of assets within an indenture is the responsibility of the Trustee. This internal management report is for informational purposes only and, while not required under the Public Funds Investment Act, it is consistent with the prescribed format and detail as required by the Public Funds Investment Act. It details the types of investments, maturity dates, carrying (face amount) values, and fair market values at the beginning and end of the quarter.

- Overall, the portfolio carrying value increased by approximately $20 million (see page 3), resulting in an end of quarter balance of $1,428,676,765.

  The portfolio consists of those investments described in the attached Bond Trust Indentures Supplemental Management Report.

	Beginning Quarter	Ending Quarter
Mortgage Backed Securities (MBS)	81%	80%
Guaranteed Investment Contracts/Investment Agreements	3%	3%
Repurchase Agreements (Cash Equivalents)	8%	7%
Account Control Agreements (Cash Equivalents)	2%	1%
Municipal Bonds	0%	2%
Treasury Backed Mutual Funds	5%	6%
Treasury Notes / Bonds	1%	1%

The decrease in percentage of MBS is due to repayments on mortgage loans under the single family bond indenture. The increase in Municipal Bonds and Treasury Backed Mutual Funds is due to the issuance of multifamily bonds. The decrease of Repurchase Agreements and Account Control Agreements is due to the redemption of bonds and payment of interest.

Portfolio activity for the quarter:

- The MBS purchases this quarter were approximately $38 million, due to the issuance of single family bonds and the investment of proceeds in MBS.
- The maturities in MBS were approximately $35 million, which represent loan repayments or payoffs.

The table below shows the trend in MBS activity.

	2nd Qtr FY 20	3rd Qtr FY 20	4th Qtr FY 20	1st Qtr FY 21	2nd Qtr FY 21	Total
Purchases	$ 75,233,628	$ 746,799	$ 76,319,543	$ 110,008,836	$ 38,099,830	$ 300,408,636
Sales						$ -
Maturities	$ 14,887,354	$ 16,039,041	$ 29,627,468	$ 27,743,500	$ 35,950,129	$ 124,247,492
Transfers						$ -

- The process of valuing investments at fair market value identifies unrealized gains and losses. These gains or losses do not impact the overall portfolio because the Department typically holds MBS investments until maturity.

- The fair market value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) decreased $4.5 million (see pages 3 and 4), with fair market value being greater than the carrying value. The national average for a 30-year fixed rate mortgage, as reported by the Freddie Mac Primary Mortgage Market Survey as of February 28, 2021, was 2.97%, up from 2.72% at the end of November 2020. Various factors affect the fair market value of these investments, but there is a correlation between the prevailing mortgage interest rates and the change in market value.

- Given the current financial environment, this change in market value is to be expected. However, the change is cyclical and is reflective of a general movement toward higher yields in the bond market as a whole.

- The ability of the Department's investments to provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is of more importance than the assessed relative value in the bond market as a whole.

- The more relevant measures of indenture parity are reported on page 5 in the Bond Trust Indenture Parity Comparison. This report shows parity (ratio of assets to liabilities) by indenture with assets greater than liabilities in a range from 104.99% to 118.44%, which would indicate the Department has sufficient assets to meet its obligations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending February 28, 2021

	FAIR VALUE (MARKET) @ 11/30/20	CARRYING VALUE @ 11/30/20	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 02/28/21	FAIR VALUE (MARKET) @ 02/28/21	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 02/28/21	RECOGNIZED GAIN
INDENTURE RELATED:											
Single Family	829,941,114	774,879,345	40,222,430	(32,534,906)	(17,361,328)		765,205,540	822,553,722	2,286,413	2,324,241	-
RMRB	278,344,626	255,715,251	5,156,048	(5,086,290)	(7,304,723)		248,480,286	272,166,599	1,056,938	844,563	-
Taxable Mortgage Prog	2,724,591	2,724,591	178	(36,410)			2,688,359	2,688,359	-	886,058	-
Multi Family	405,768,073	375,294,000	98,037,918	(49,745,259)	(11,284,078)		412,302,581	434,864,468	(7,912,186)	602,669	-
	1,516,778,405	1,408,613,188	143,416,573	(87,402,866)	(35,950,129)	-	1,428,676,765	1,532,273,148	(4,568,835)	4,657,532	-

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

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Monica Galuski
Director of Bond Finance/Chief Investment Officer
Date: 4/30/2021

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending February 28, 2021

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 11/30/20	CARRYING VALUE @ 11/30/20	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 02/28/21	FAIR VALUE (MARKET) @ 02/28/21	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
INDENTURE RELATED:										
Mortgage-Backed Securities	1,247,086,078	1,138,920,860	38,099,830	-	(35,950,129)	-	1,141,070,561	1,244,506,899	(4,728,880)	-
Guaranteed Inv Contracts	32,363,763	32,363,763	3,495,080	(1,182,375)	-	-	34,676,468	34,676,468	-	-
Investment Agreements	658,610	658,610	1,110,603	-	-	-	1,769,213	1,769,213	-	-
Treasury-Backed Mutual Funds	67,535,195	67,535,195	63,072,715	(33,427,551)	-	-	97,180,360	97,180,360	-	-
Account Control Agreements	22,023,077	22,023,077	-	(2,931,582)	-	-	19,091,495	19,091,495	-	-
Municipal Bonds	11,934,953	11,934,953	22,465,203	(326,950)	-	-	34,073,206	34,233,250	160,045	-
Repurchase Agreements	118,167,567	118,167,567	15,173,141	(37,646,178)	-	-	95,694,531	95,694,531	-	-
Treasury Notes / Bonds	17,009,162	17,009,162	-	(11,888,230)	-	-	5,120,932	5,120,932	-	-
	1,516,778,405	1,408,613,188	143,416,573	(87,402,866)	(35,950,129)	-	1,428,676,765	1,532,273,148	(4,568,835)	-

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

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Date 4/30/2021
David Cervantes
Director of Administration

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Monica Galuski
Date 4/30/2021
Monica Galuski
Director of Bond Finance/Chief Investment Officer

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of February 28, 2021

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
PARITY COMPARISON:				
PARITY ASSETS				
Cash	$ 146,040	$ 47,354	$ 2,205,444	$ 2,398,838
Investments[1]	$ 106,623,686	$ 22,049,528	$ 450,303,515	$ 578,976,729
Mortgage Backed Securities[1]	$ 658,069,087	$ 226,430,758		$ 884,499,845
Loans Receivable[2]	$ 18,265	$ -	$ 801,667,807	$ 801,686,072
Accrued Interest Receivable	$ 2,324,241	$ 844,563	$ 3,128,649	$ 6,297,453
TOTAL PARITY ASSETS	$ 767,181,319	$ 249,372,203	$ 1,257,305,415	$ 2,273,858,937
PARITY LIABILITIES				
Notes Payable	$ -	$ 10,000,000	$ 237,663,655	$ 247,663,655
Bonds Payable[1]	$ 720,018,420	$ 222,045,000	$ 820,684,503	$ 1,762,747,923
Accrued Interest Payable	$ 10,676,259	$ 1,815,794	$ 3,194,731	$ 15,686,784
Other Non-Current Liabilities[3]				$ -
TOTAL PARITY LIABILITIES	$ 730,694,679	$ 233,860,794	$ 1,061,542,889	$ 2,026,098,362
PARITY DIFFERENCE	$ 36,486,640	$ 15,511,409	$ 195,762,526	$ 247,760,575
PARITY	**104.99%**	**106.63%**	**118.44%**	**112.23%**

(1) Investments, Mortgage Backed Securities and Bonds Payable reported at par value not fair value. This adjustment is consistent with indenture cashflows prepared for r
Also, the CHMRB Bonds were redeemed in full in January 2019.

(2) Loans Receivable include whole loans only. Special mortgage loans are excluded.

(3) Other Non-Current Liabilities include "Due to Developers" (for insurance, taxes and other operating expenses) and "Earning Due to Developers" (on investments).

Note: Based on preliminary and unaudited financial statements, subject to change in audited financial statements.

Action Items

3a

BOARD ACTION REQUEST

EXECUTIVE

MAY 13, 2021

Presentation, Discussion and Possible Approval of an Award of Emergency Rental Assistance Funds to the Texas Access to Justice Foundation for Housing Stabilization Services

RECOMMENDED ACTION

WHEREAS, in January 2021, the Department accepted Emergency Rental Assistance funds totaling $1,308,110,629 from the U.S. Treasury Department authorized under the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, to be used to provide emergency rental and utility assistance;

WHEREAS, the enabling legislation provides that up to 10% of the funds may be utilized for housing stabilization services related to the COVID-19 outbreak that enable eligible households to maintain or obtain housing;

WHEREAS, the Office of Court Administration (OCA) and the Supreme Court of Texas have requested that a portion of these funds be committed to the Texas Access to Justice Foundation (TAJF), the Court's administrator of funding for civil legal aid, for the provision of essential civil legal services to persons with housing instability affected by the pandemic;

WHEREAS, the Department has also requested that TAJF consider other possible eligible activities that it could perform to assist households in need, including providing clinics to assist households with applying to the Texas Rent Relief Program and possibly providing legal representation at eviction proceedings;

WHEREAS, the Department is eager to enter into an agreement with TAJF, or as needed an Interagency Agreement with the OCA, to promptly allow TAJF to engage attorneys and provide eligible stabilization assistance; and

WHEREAS, staff is recommending that the Board authorize the Executive Director to enter into an agreement with TAJF and/or OCA to enable TAJF to promptly provide housing stabilization services in a contract amount to be determined, but not to exceed $20 million, and conditioned on a final recommendation of approval or approval with conditions from the Compliance Division, if applicable, from this initial allocation of Emergency Rental Assistance funds;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to enter into an agreement with TAJF and/or OCA to enable TAJF to promptly provide eligible housing stabilization services, as negotiated by the Executive Director with TAJF and OCA, in a contract amount to be determined, but not to exceed $20 million, and if applicable, pending the Executive Award Approval and Advisory Committee (EARAC) review and approval or approval with conditions.

BACKGROUND

In January 2021, the Department accepted Emergency Rental Assistance (ERA 1.0) funds totaling $1,308,110,629 from the U.S. Treasury Department authorized under the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260. More recently, the American Rescue Plan Act (ARPA) authorized another tranche of ERA funds (ERA 2.0); an amount for this allocation is not yet determined, but staff estimates it will be approximately $1 billion. The deadlines associated with ERA 1.0 require commitment of funds by September 30, 2021, and expenditure of funds by September 30, 2022. ERA 2.0 funds have a longer timeline, and do not have to be expended until September 2025.

Under each of the grants, up to 10% of the funds may be used for housing stabilization services; funds not used for stabilization services may revert to use for rental or utility assistance. Housing Stabilization services may include, but are not limited to: housing counseling, fair housing counseling, case management related to housing stability, housing related services for survivors of domestic abuse or human trafficking, attorney's fees related to eviction proceedings, and specialized services for individuals with disabilities or seniors that supports their ability to access or maintain housing.

In late February 2021, the Office of Court Administration (OCA) submitted a request (attached) on behalf of OCA and the Supreme Court of Texas, asking that the Department provide $6.8 million of the ERA 1.0 stabilization funds to the Texas Access to Justice Foundation, which is the Court's administrator of funding for civil legal aid. This request was based on the urgent need for essential civil legal aid due to the pandemic, and outlined TAJF's successful operation of a grant they received from the Office of the Governor from Coronavirus Relief Funds from the CARES Act. TAJF used CARES Act funds to award 13 sub-grants to create a statewide coordinated response to pandemic-related civil legal needs of eligible Texans during the period from March 1, 2020, to December 30, 2020. Each sub-grantee provided legal services to eligible Texans negatively impacted by COVID-19; those facing eviction were a top priority. OCA, the Supreme Court of Texas and TAJF are eager to resume these critical services, and therefore submitted the request of ERA funds. It should be noted that while the earlier grant of funds was not limited to housing stability, the ERA stabilization funds do need to be correlated with obtaining, retaining, or maintaining housing for households affected by the pandemic.

The Department has not yet determined the full programming plan for these ERA 1.0 Stabilization funds. The timeline of the ERA 1.0 funds, which requires obligation by September 2021, does not lend itself to the more typical process of seeking subrecipients to deliver services via an extended announcement of funds followed by an application review process. That model would be more aligned with the timeframe authorized by ERA 2.0 funds. The request from OCA provides an efficient solution to this timing issue, as a Notice of Funds or procurement is not required. An award of funds can go directly to TAJF, or if needed, can be directed through an Interagency Agreement with the Office of Court Administration.

While the initial request from TAJF contemplated a request of $6.8 million for legal service delivery, staff has since discussed possibly expanding the scope of these activities to include additional funds for the TAJF sub-grantees to provide local in-person and online application clinics to assist low-income households in applying for the Texas Rent Relief Program or Texas Eviction Diversion Program, and possibly providing funding to enable counsel to accompany low-income households to their eviction proceedings or provide mediation services between tenants and landlords. These concepts are still under discussion, but staff did not want to delay another month in garnering Board authorization of this concept; therefore, staff is requesting that the Executive Director be granted the authority to complete negotiations with TAJF and OCA on a set of deliverables that includes not only the originally proposed legal services, but other eligible housing stabilization services that they believe can be accomplished. Because the additional stabilization service concepts proposed – in particular legal representation at eviction proceedings – may be of significantly greater cost than the original proposal contemplated, staff is also requesting that the Executive Director have the authority to establish a reasonable and necessary contract amount not to exceed $20 million.

If the Executive Director determines that it is more appropriate for a contract to be executed with TAJF, the contract with TAJF will not be executed until staff receives an EARAC recommendation of approved or approved with conditions.

3b

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Update on TDHCA Programs Addressing COVID-19 Pandemic Response
As of May 6, 2021

This report provides an update on the programs TDHCA has targeted to assist with Texas' response to COVID-19 through reprogramming of existing funds, and through the administration of CARES Act, Coronavirus Relief Bill funds, and the American Rescue Plan Act.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)	Other Notes
EARLY REPROGRAMMING OF EXISTING TDHCA PROGRAM FUNDS								
HOME Program Tenant Based Rental Assistance (TBRA) for COVID-19 DR	NA: Reservation Agreements	3-6 months of rental assistance made available through existing or new HOME subrecipients. *Geography:* Available where subrecipients apply. 23 administrators covering 120 counties. *Income Eligibility:* Households at or below 80% AMFI based on current circumstances.	All necessary waivers for this activity were authorized by the OOG and HUD via HUD's mega-waiver of April 10, 2020. The HUD waivers were extended by HUD in December 2020 to expire September 30, 2021.	Amount obligated exceeds original program funding because other previously deob-ligated available HOME funds are being used to allow eligible households to access a full 6 months of assistance.	No added TDHCA staffing. No added admin funds.	2071 Includes active, pending PCR, and closed activ-ities	Up to $11,290,076 $11,781,119* 104.34% $6,317,942 53.62%	All originally programmed funds are obligated. 2,741 (households) activities submitted, including total served. * Amount Reserved
Reprogram 2019 and 2020 CSBG Discretionary and Admin. Funds	• Board approval March 2020. • Recipients contracts effective: 3/26/20 • Expenditure Deadline: 8/31/20	Uses the existing network of Community Action Agencies to provide direct client assistance to low income households economically impacted by COVID-19. *Geography*: Available statewide (excluding CWCCP and CSI[1]) *Income Eligibility*: 200% poverty (normally is 125%)	None	Program completed 8/31/20. Final close out reports from 2 subrecipients are still outstanding.	No added TDHCA staffing. No added admin funds.	9,468 persons	$1,447,993 1,447,993 100% $1,434,352 99%	38 CAA subs

[1] CWCCP and CSI were omitted from this specific type of award because they have outstanding balances owed to the Department. The counties these two entities cover include: Anderson, Cameron, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt, and Willacy. It should be noted those counties will receive CSBG services under the CSBG CARES funds.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Recaptured 2018/2019 HHSP	• Board approval March 2020. • Spend by 8/31/20 for 2018 HHSP funds, and extensions on some 2019 HHSP funds through 12/31/20.	To allow subrecipients to perform HHSP eligible activities in addressing homelessness and those at risk of homelessness. *Geography*: Available 9 largest metro areas. *Income Eligibility*: Generally 30% AMFI if applicable	Approval from Comptroller granted.	**COMPLETED** 100% expended.	No added TDHCA staffing. No added admin funds.	462 persons	$191,939.53 $191,939.53 **100%** $191,939.53 100%	9 subs
CARES ACT FUNDS								
CSBG CARES	• Board approved April 2020. • On 9/3/20 Board programmed 7% in reserve for eviction diversion pilot. • Expend 90% by 8/31/22 • 45 day closeout	90% to CAAs using regular CSBG formula for households affected by COVID-19; 2% ($949,120) to Texas Homeless Network[2]; 7% for an eviction diversion pilot program; and 1% for state admin. *Geography*: Available statewide *Income Eligibility*: 200% of poverty (normally is 125%)	The flexibilities allowed by USHHS have been accepted.	All contracts executed. THN awarded $489,970 of their barrier funds to 11 entities covering all six regions of the Balance of State. Eviction Diversion program has been completed.	1 Art. IX FTE for CSBG reporting 1% admin ($474,560)	82,319 persons	$48,102,282 $48,102,282 **100%** $31,034,021 65%	40 CAA subs CSBG-CV Discretionary has various deadlines.
LIHEAP CARES Utility Assistance Network of statewide providers	• Board approved April 2020 • By 4/30/21 need to decide on the 9% reserve • Expend by 8/30/21 • 45 day closeout	90% to CEAP subs using regular CEAP formula for households affected by COVID-19; 9% was held in reserve for future emergency use or for subs; and 1% for state admin. No weatherization. *Geography*: Available statewide *Income Eligibility*: 150% of poverty	The flexibilities allowed by USHHS have been accepted.	The 9% of funds in reserve, as well as any funds relinquished by subrecipients and any other unobligated funds, were reallocated by 4/30/21 by formula to all subrecipients not having relinquished funds.	1 Art. IX FTE for CEAP TA/capacity (1 Filled) 1% admin ($892,670)	76,878 persons	$94,023,896 $85,561,744 91% $29,748,209 35%	37 subs with all contracts executed. No subs declined funds. Added program flexibilities to improve assistance to households impacted by Winter Storm Uri.

[2] The award to THN is to address homelessness and those at risk of homelessness as a result of COVID-19.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CDBG CARES – Phases I, II and III	Board approved general use of the funds for CDBG Phase I in April 2020 and Plan Amendment in October 2020. A second Plan Amendment was approved by the Board in January 2021. 80% of funds must be expended by 11/3/23; remaining 20% by 11/3/26. 90-day closeout	Planned Usage: rental assistance in 43 cities/counties; mortgage payment assistance; broadband planning; legal services; assistance for providers of persons with disabilities; and possible HMIS data warehouse funds. Approximately $68 million is in the process of being reprogrammed. *Geography:* Varies by activity type.	Plan Amendment reflecting use of these funds was approved by HUD on October 27, 2020. HUD agreement executed November 3, 2020. A second Plan Amendment was accepted by HUD on January 15, 2021. A third plan amendment is in process.	Rental assistance contracts w/ 41 of 44 cities/ counties now executed. Awards for mortgage assistance program pending in May/June. Contract for legal services executed and assistance for disability provider activities. A third amendment is expected in June 2021 to reprogram food expenses no longer needing to be reimbursed and to program funds in non-entitlement areas.	CDBG Director position filled. 7 other positions filled. May still hire other positions. All FTES are Art. IX Up to 7% admin and TA budget ($9,929,238)	748 house-holds	1st allocation: $40,000,886 2nd Allocation: $63,546,200 3rd Allocation: $38,299,172 Total: $141,846,258 $43,910,312* 31% $2,777,313 1.96%	*Income Eligibility:* For households at or below 80% of AMI for rental assistance. * Figure represents 42 of the 43 rental assistance contracts, 1 legal services contract and administrative funds.
ESG CARES – Phase I	• Board approved programming plan on April 2020, and conditional awards on July 23, 2020. • Expend by 9/30/22 • 90 day closeout	Four streams: • Existing subs were offered 100% to 200% of current contract amount (~$12.5M) • ESG Coordinators decided via local process for their CoC, and awards made in three areas without ESG Coordinators by offering funds to CoC awardees (~$17.2M) • Legal/HMIS ($1.9M) *Geography*: Locations of all funded grantees *Income Eligibility*: 50% AMI for homeless prevention.	HUD mega-waivers accepted. One-Year Plan/ Con Plan amendment to HUD on May 8. HUD provided guidance that the CDC moratorium is no longer a blanket cause for ineligibility.	Signed grant agreement sent to HUD 5/15/20. Funds live in HUD system 5/22/20. 101 contracts executed 3 legal service providers	4 Art. IX FTE (for all phases of ESG) 5.4% admin ($1,818,620)	27,093 persons	$33,254,679 $33,107,996 99.5% $12,739,974 38.3%	This is the first $1B of national ESG. HMIS/Coordination funds totaling $417,949 was awarded to the 8 ESG Coordinators.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
ESG CARES – Phase II	• Board approved awards January 14, 2021. • Expend by 9/30/22 • 90 Day closeout	Two streams: • $61,031,041 for Homelessness Prevention and Rapid Rehousing. • $274,649 for ESG CARES and HMIS Coordination through each Continuum of Care. Amendment being processed allowing greater flexibility upon request on eligible uses.	ESG Guidance issued by HUD on 9/1/20. Plan Amendment submitted to HUD 10/21/20. HUD signed grant agreement on 10/27/2020.	All contracts are in effect.	FTEs noted under ESG CARES Phase I will be utilized for both phases. 5% admin ($3,232,247)	415 persons	$64,537,937 $64,537,937 100% $690,965 1.7%	This is the state's share of the second (final) allocation of $2.96 billion.
Housing Choice Voucher Program Admin	HUD has clarified that expenditure must occur by June 30, 2021 (awaiting in writing, is an update from previous noted deadline of 12/31/21). 1st Award: $117,268 2nd Award: $140,871 (8/10/2020)	• Software upgrades with Housing Pro to allow more efficient remote interface. • Landlord incentive payments. • Possible damage assistance, PPE expenses, tablets • October 2020 Board approved use of funds for retention payments to existing owners to ensure their ongoing participation in the program.	Received HUD interpretation that using funds for software upgrades are acceptable. $11,620 was paid for the system purchase.	Purchases of Housing Pro upgrades complete. Training underway. Materials for landlord incentives completed. $68,827 was offered to 139 households for landlord incentives. $21,372 offered to 57 households for landlord retention payments.	No added TDHCA staffing.	17 Land-lords; 10 new landlord added	$258,139 $50,216 19.4% $14,999 (Landlord Payment) 5.8%	$380M nationally
Housing Choice Voucher Program MVP	12 months of assistance, start date begins whenever we designate with HUD. Orig. Alloc: $105,034*	15 additional MVP vouchers consistent with our award of MVP, which for us is for the Project Access List. * A supplemental allocation from HUD is provided each quarter to support the 15 vouchers (amounts vary by quarter).	None needed.	Received award from HUD. Issued the 15 vouchers on 5/22/20.	No added TDHCA staffing. No added admin funds.	3 families in current leases.	$110,302 $1,275 1.2% $3,484 3.2%	12 vouchers outstanding; all are searching for units.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CORONAVIRUS RELIEF BILL – PART OF THE CONSOLIDATED APPROPRIATIONS ACT OF 2021								
Emergency Rental Assistance 1.0 (Texas Rent Relief Program)	Signed by the President on December 27, 2020, the bill, tied to the appropriation bill, dedicated funds through Treasury specifically for rental assistance. Called ERA 1.0. Must obligate funds by 9/30/21 Expend funds by 9/30/22 (extended by American Rescue Bill)	Program provides up to 15 months of rental and utility assistance including arrears. Households must reapply every 3 months. Program run by the state directly with no subrecipients. 10% of funds may be used for Housing Stability services. 10% admin expenses allowed. A 10% set-aside of funds for eviction diversion has been established and they are processed first. *Geography:* Available statewide. *Income Eligibility:* For households at or below 80% AMI.	Treasury has provided periodic updated FAQs as informal guidance – most recently March 26, 2021. As released, policies adjusted.	One vendor, HORNE, provides system, call center, application reviews, coordination and payment processing (selected in late January). Program went live on February 15, 2021; switched to new system March 13. Two additional vendors have been contracted to assist with eligibility reviews. A separate fourth vendor to perform quality control and quality assurance services is also being selected. Revised policies to streamline released 4/21/21.	Positions filled include the Director and 7.5 positions filled. More positions posted. All FTES are Art. IX Up to 10% budget for admin ($130,811,062)	9,998	$1,308,110,629 Obligated* Expended $67,580,536 5.2%	**Eviction Diversion:** $33.2 million of the expended funds went to 3,965 households in the eviction diversion program. * While not considered obligated, as applications are still pending review, there are 130,605 active applications totaling $558.9 million.
Low-Income Household Water Assistance Program (LIHWAP)	Part of the appropriation bill; provides dedicated funds through HHS for the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program Must obligate funds by: 9/30/23 Must expend funds by: 12/30/23	Program provides funds to assist low-income households that pay a high proportion of household income for drinking water and wastewater services, by providing funds to owners/operators of public water and treatment systems to reduce arrearages charged. HHS has encouraged that grantees model the LIHEAP program and utilize their LIHEAP networks of subrecipients. *Geography:* Statewide *Income Eligibility:* TBD	The governor designated TDHCA as the recipient state agency on March 5, 2021. TDHCA submitted signed Terms & Conditions, 424 and required survey responses on April 22.	HHS has issued initial guidance. TDHCA will have access to initial admin funds, but HHS requires a state plan be put out for public input and be submitted to HHS before remainder of funds can be accessed. The final format for the plan is not yet released.	3 Art. IX FTEs Admin 15% Any FTES will be Art. IX	0	Amount for Texas TBD $0 0% $0 0%	$638M Nationally

AMERICAN RESCUE PLAN (ARPA)								
Program	**Timelines / Contract Periods**	**Planned Activities**	**Waivers and Initial Approvals Needed**	**Program Status**	**Staffing** **Admin Funds**	**Served to Date**	**Total Program Funding** **Obligated (%)** **Expended (%)**	**Other Notes**
Emergency Rental Assistance 2.0	Passed as Section 3201 of the American Rescue Plan, dedicates funds through Treasury specifically for rental assistance. While a separate federal allocation, Treasury has indicated it is considered the same program as ERA 1.0. As early as March 31, 2022 may reallocate funds to other grantees if not used. Must expend funds by 9/30/25	Program limits assistance up to 18 month (including any assistance under ERA 1.0) for rental and utility assistance including arrears. Will use the same system of delivery as ERA 1.0. Up to 10% may be used for Housing Stability services. *Geography:* Available statewide. *Income Eligibility:* For households at or below 80% of AMI.	No guidance released to date.	To be determined.	The TRR Director will include this additional fund in her oversight. FTEs noted under ERA 1.0 will be utilized for both phases. Up to 15% budget for admin (TBD)	0	Amount for Texas TBD $0 0% $0 0%	$21.5B nationally. Texas amount not yet available. Unlike ERA 1.0, 2.0 establishes High Need Grantees to receive a portion of funds. Provides the states an initial 40% of funds within the first 60 days.
Homeless Assistance and Supportive Services Program HUD program	Passed as Section 3205 of the American Rescue Plan, the program dedicates funds through HUD allowing flexible uses that can include typical HOME activities as well as homeless services and non-congregate shelter. Must expend funds by 9/30/30	Funds can be used for tenant based rental assistance, development of affordable housing, supportive services, non-congregate emergency shelter, permanent supportive housing, and operating costs for eligible nonprofit organizations. *Geography:* TBD *Households Eligibility:* For homeless, at risk of homelessness, those fleeing Domestic Violence, or others with housing instability.	HUD has released no guidance to date, but has verbally indicated that it will release guidance, and that grantees cannot submit the required Consolidated Plan amendment until that guidance is released. Therefore, until guidance is released, TDHCA is not able to take more proactive steps for moving this program forward.	Program design to be determined – will depend on HUD guidance.	Being administered through Single Family and Homelessness Division. Positions to be filled not yet determined. All FTES are Art. IX Up to 15% budget for admin and planning ($19,945,372)	0	$132,969,147 $0 0% $0 0%	$5B nationally. Note: a bill is pending in the Texas legislature that may allocate a portion of these funds for use by the Texas Health and Human Services Commission.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Homeowner Assistance Fund (HAF)	Passed as section 3206 of the American Rescue Plan, dedicates funds through Treasury specifically for preventing mortgage delinquencies, defaults, foreclosures, loss of utilities and displacement. Must expend funds by 9/30/26	Program provides mortgage payment assistance; assistance to cover reinstatements of mortgages, principal reductions, and interest rate reductions; payment of utilities including internet and broadband; homeowner's and flood insurance; HOA fees or liens; payment assistance for down payment assistance loans from nonprofit or government entities; property taxes; home repairs to ensure habitability; and housing counseling. No less than 60% of funds must go to households with incomes equal to or less than the greater of (i) 100% of AMI or (ii) 100% of national median income. A priority must be given for socially disadvantaged individuals. *Geography:* Statewide *Income Eligibility:* Household income at or below 150% AMI	TDHCA submitted a grant agreement to Treasury by the April 23 deadline. An HFA Plan (see next column) is due by June 30 to Treasury. Treasury encourages prioritizing home-owners who have FHA, VA, or USDA loans, or homeowners who have mortgages made with the proceeds of mortgage revenue bonds or other mortgage programs that target low- and moderate-income borrowers.	To receive funds beyond the initial 10%, the state must submit the HAF Plan. Staff is preparing this plan for initial public comment and will be presented to the Board in June. Plan must include needs assessment, evidence of public engagement, program design, method for targeting, goals, readiness, and a budget.	TBD relating to positions that will need to be filled. All FTES are Art. IX Up to 15% ($126,332,101) for admin, planning, community engagement and needs assessment	0	$842,214,006 $0 0% $0 0%	$9.9B nationally. Treasury encourages states to use initial disbursement of 10% of funds for creating or funding pilot programs to serve targeted populations, and focus on rapid assistance options such as mortgage reinstatement programs.
LIHEAP	Passed as Section 2911 of the American Rescue Plan, dedicates funds through HHS for home energy costs. Must expend funds by: 9/30/22	99% of funds were programmed in April 2021 to CEAP subs using a modified formula; 1% for state admin. *Geography*: Available statewide *Income Eligibility*: 150% of poverty	Not yet known.	Contracts have not yet been executed. Program flexibilities to improve assistance to households impacted by Winter Storm Uri will be included in these funds.	FTEs noted under CARES LIHEAP will be utilized for both allocations. 1% admin (TBD)	0	$134,407,308 $0 0% $0 0%	$4.5B nationally.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
LIHWAP	Passed as Section 2912 of the American Rescue Plan, dedicates funds through HHS for home water costs. Must obligate funds by: TBD Must expend funds by: TBD	See LIHWAP above. No guidance from HHS on the second allocation has been issued. *Geography:* Statewide *Income Eligibility:* TBD	The governor designated TDHCA as the recipient state agency for these funds on March 5, 2021.	Pending guidance from HHS.	FTEs noted under Appropriation Act LIHWAP will be utilized for both allocations. Admin % not yet known	0	Amount for Texas TBD $0 0% $0 0%	$500M Nationally

Note that the American Rescue Plan may also make available some limited rental assistance to TDHCA as a Public Housing Authority, to be determined.
Note that the American Rescue Plan makes available additional funds nationally for the Fair Housing Initiatives Program, which TDHCA may pursue via the competitive NOFA process.

3c

ORAL PRESENTATION

4a

BOARD ACTION REQUEST

BOND FINANCE DIVISION

MAY 13, 2021

Presentation, discussion, and possible action regarding the Issuance of a Governmental Note (Caroline Lofts) Resolution No. 21-029 and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for Caroline Lofts at the Board meeting of October 8, 2020;

WHEREAS, an application for Caroline Lofts requesting 4% Housing Tax Credits, sponsored by Caroline Lofts Advisors, LLC as the general partner, was submitted to the Department on December 11, 2020;

WHEREAS, a Certificate of Reservation was issued in the amount of $20,000,000 on January 11, 2021, with a bond delivery deadline of July 10, 2021;

WHEREAS, the applicant disclosed a Neighborhood Risk Factor relating to the proposed development site's proximity to a structure that would commonly be considered blighted or abandoned;

WHEREAS, pursuant to 10 TAC §11.101(a)(3)(A), evidence was submitted at the time of pre-application submission that satisfies the requirement for mitigation under 10 TAC §11.101(a)(3)(D)(iii) and no further information or action is required;

WHEREAS, in accordance with 10 TAC §1.301(f), the compliance history is designated as a Category 2 and was deemed acceptable by the Executive Award and Review Advisory Committee (EARAC); and

WHEREAS, EARAC recommends approval of the issuance of a Governmental Note (Series 2021) for Caroline Lofts and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a tax-exempt, unrated Governmental Note (Caroline Lofts) Series 2021 in the amount of $20,000,000, Resolution No. 21-029, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $847,717 in 4% Housing Tax Credits for Caroline Lofts, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting; and

FURTHER RESOLVED, that if approved, staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

General Information: The Note will be issued in accordance with Tex. Gov't Code §2306.353 *et seq*., which authorizes the Department to issue revenue bonds, including notes, for its public purposes, as defined therein. Tex. Gov't Code §2306.472 provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

Development Information: Caroline Lofts is to be located at 2403 Caroline Street in Houston, Harris County, and proposes the new construction of 119 units that will serve the general population. The Reservation was issued under the Priority 3 designation, which does not have a prescribed restriction on the percentage of Area Median Family Income (AMFI) that must be served. This application proposes to implement the Income Averaging set-aside where eight of the units will be rent and income restricted at 30% of AMFI, 19 of the units will be rent and income restricted at 50% of AMFI, 56 of the units will be rent and income restricted at 60% of AMFI, 12 of the units will be rent and income restricted at 80% of AMFI, and the remaining 24 units will be market rate with no rent or income restrictions.

At the time of pre-application, the applicant disclosed that there is a neighborhood risk factor associated with Caroline Lofts. Specifically, the development site is located within 1,000 feet of multiple vacant structures that have fallen into such significant disrepair, overgrowth, and/or vandalism that they would commonly be regarded as blighted or abandoned. Evidence was submitted with the pre-application that complied with the mitigation required under the rule. Specifically, staff believed the low poverty rate, first quartile median income and new construction in the area provided sufficient evidence that the neighborhood risk factor was not of a nature or severity that should render the proposed development site ineligible. The Board affirmed staff's recommendation at the time the inducement resolution was approved.

Organizational Structure and Previous Participation: The Borrower is Caroline Lofts, LP and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 2 and the previous participation was deemed acceptable by EARAC.

Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment: In light of COVID-19 and the inability for an in-person TEFRA hearing to be held, staff conducted a telephonic hearing, in accordance with IRS guidance, for the proposed development on March 11, 2021. Representatives from the Department and the Developer were present, and no public comment was made. A copy of the hearing transcript is included herein. The Department has received two letters of support for the proposed development; one from Houston City Council Member for District D, Dr. Carolyn Evans-Shabazz, and the other from State Representative for District 147, Garnet F. Coleman. Copies of those letters are included herein. The Department has received no letters of opposition for the proposed development.

Summary of Financial Structure

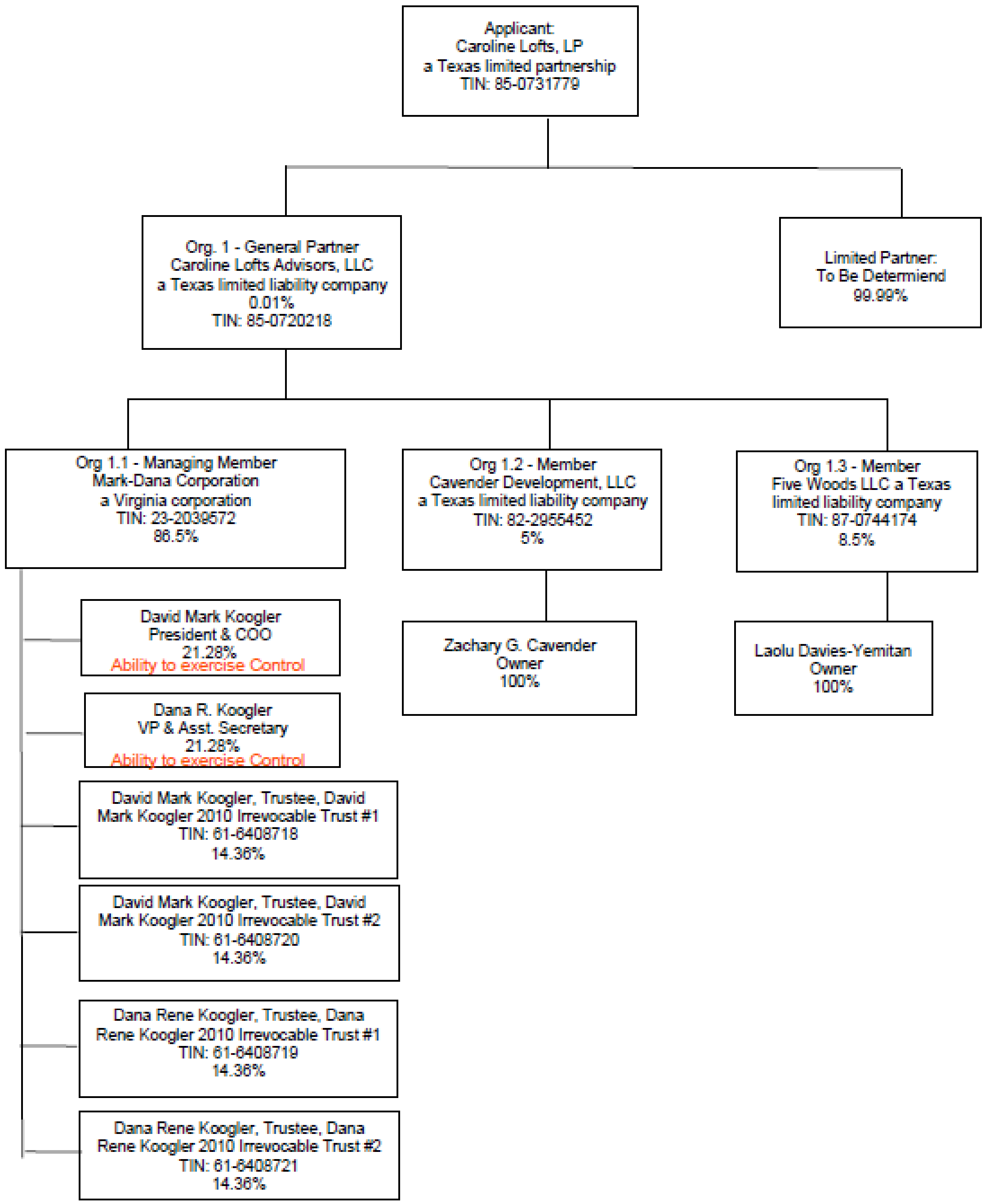
Under the proposed structure, the Department will issue an unrated tax-exempt multifamily note in the amount of $20,000,000 that will be initially placed with Amegy Bank, who will be serving as the construction lender. Amegy will acquire the loan and the Department's related multifamily note at closing, which will be used to fund the construction phase of the loan. The construction loan will carry an interest rate equal to the 30-day LIBOR plus 2.00%, which will be adjusted monthly throughout the construction period.

Upon conversion to the permanent phase, approximately $9,700,000 of the note is to be paid down in order to ensure feasibility. Once the conditions to conversion have been met, Citibank Community Capital will acquire the note from Amegy Bank, and will serve as the permanent lender and noteholder. The permanent phase interest rate will be fixed prior to closing at a rate of approximately 4.29%. The note will have an 18-year term and a 35-year amortization, with a final maturity date of May 1, 2054.

The City of Houston Housing and Community Development Department is expected to award the project a construction and permanent loan in the form of CDBG Disaster Recovery Funds in the amount of $17,836,036.

A copy of the Exhibits recommended to be approved by the Board as referenced in Resolution No. 21-029 can be found online at TDHCA's Board Meeting Information Center website at http://www.tdhca.state.tx.us/board/meetings.htm

Exhibit A


Applicant:
Caroline Lofts, LP
a Texas limited partnership
TIN: 85-0731779
Org. 1 - General Partner
Caroline Lofts Advisors, LLC
a Texas limited liability company
0.01%
TIN: 85-0720218
Limited Partner:
To Be Determiend
99.99%
Org 1.1 - Managing Member
Mark-Dana Corporation
a Virginia corporation
TIN: 23-2039572
86.5%
Org 1.2 - Member
Cavender Development, LLC
a Texas limited liability company
TIN: 82-2955452
5%
Org 1.3 - Member
Five Woods LLC a Texas
limited liability company
TIN: 87-0744174
8.5%
David Mark Koogler
President & COO
21.28%
Ability to exercise Control
Zachary G. Cavender
Owner
100%
Laolu Davies-Yemitan
Owner
100%
Dana R. Koogler
VP & Asst. Secretary
21.28%
Ability to exercise Control
David Mark Koogler, Trustee, David
Mark Koogler 2010 Irrevocable Trust #1
TIN: 61-6408718
14.36%
David Mark Koogler, Trustee, David
Mark Koogler 2010 Irrevocable Trust #2
TIN: 61-6408720
14.36%
Dana Rene Koogler, Trustee, Dana
Rene Koogler 2010 Irrevocable Trust #1
TIN: 61-6408719
14.36%
Dana Rene Koogler, Trustee, Dana
Rene Koogler 2010 Irrevocable Trust #2
TIN: 61-6408721
14.36%

RESOLUTION NO. 21-029

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS GOVERNMENTAL LENDER NOTE (CAROLINE LOFTS) SERIES 2021; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds (including notes), 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, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Housing Governmental Note (Caroline Lofts) Series 2021 (the "Governmental Lender Note") pursuant to and in accordance with the terms of a Funding Loan Agreement (the "Funding Loan Agreement") among the Department, Zions Bancorporation, N.A. dba Amegy Bank, as funding lender (the "Funding Lender"), and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"), for the purpose of providing funds in connection with the financing of the "affordable units" portion of the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Governmental Lender Note to fund a mortgage loan to Caroline Lofts, LP, a Texas limited partnership (the "Borrower") in connection with the acquisition, construction and equipping of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 8, 2020, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas; and

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

WHEREAS, it is anticipated that the Borrower Note will be secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) (the "Security Instrument") from the Borrower for the benefit of the Department and assigned to the Fiscal Agent; and

WHEREAS, the Department's rights (except for certain reserved rights) under the Borrower Loan Agreement, the Borrower Note and the Security Instrument will be assigned to the Fiscal Agent pursuant to an Assignment of Deed of Trust and Loan Documents (the "Assignment") from the Department to the Fiscal Agent; and

WHEREAS, in order to assure compliance with Section 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, the Board has determined that the Department, the Fiscal Agent and the Borrower will execute a Tax Exemption Certificate and Agreement (the "Tax Exemption Agreement"), in connection with the Governmental Lender Note, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Governmental Lender Note as exempt from gross income for federal income tax purposes; and

WHEREAS, the Board has determined that the Department, the Fiscal Agent, and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory

Agreement") with respect to the Development, which will be filed of record in the real property records of Harris County, Texas; and

WHEREAS, the Board has further determined that Funding Lender will purchase the Governmental Lender Note from the Department; and

WHEREAS, upon completion of certain conditions it is expected that Citibank, N.A., a national banking association ("Citibank") will facilitate the financing of the Development in the permanent phase by acquiring the Governmental Lender Note and in connection with the conversion to the permanent phase the Borrower will execute and deliver an Amended and Restated Multifamily Promissory Note (the "Amended Borrower Note"); and

WHEREAS, the Board has examined proposed forms of (a) the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Assignment and the Tax Exemption Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Security Instrument, the Borrower Note and the Amended Borrower Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the issuance of the Governmental Lender Note, the execution and delivery of the Issuer Documents, the acceptance of the Security Instrument and the Borrower Note and the taking of such other actions as may be necessary or convenient in connection therewith;

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

ARTICLE 1

ISSUANCE OF GOVERNMENTAL LENDER NOTE; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Governmental Lender Note. That the issuance of the Governmental Lender Note is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, all under and in accordance with the conditions set forth herein and in the Funding Loan Agreement, and that, upon execution and delivery of the Funding Loan Agreement, the Authorized Representatives of the Department named in this Resolution each are hereby authorized to execute, attest and affix the Department's seal to the Governmental Lender Note and to deliver the Governmental Lender Note to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Fiscal Agent for authentication (to the extent required in the Funding Loan Agreement), and thereafter to deliver the Governmental Lender Note to or upon the order of the Funding Lender.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price of the Governmental Lender Note. That (i) the Governmental Lender Note shall bear interest prior to the Conversion Date at the Construction Interest Rate (each term as defined in the Funding Loan Agreement), and from and after the Conversion Date at a Permanent Period Interest Rate (as defined in the Funding Loan Agreement) of a fixed rate per annum, which rate shall be determined at least six (6) business days prior to the delivery of the Governmental Lender Note, as described in the Amended Borrower Note, subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate (including any default rate) on the Governmental Lender Note exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Governmental Lender Note shall be $20,000,000; (iii) the final maturity of the Governmental Lender Note shall occur on May 1, 2054; and (iv) the price at which the Governmental Lender Note is sold to the Funding Lender shall be the principal amount thereof.

Section 1.3 Reserved.

Section 1.4 Approval, Execution and Delivery of the Funding Loan Agreement. That the form and substance of the Funding Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Funding Loan Agreement, and to deliver the Funding Loan Agreement to the Fiscal Agent and the Funding Lender.

Section 1.5 Approval, Execution and Delivery of the Borrower Loan Agreement. That the form and substance of the Borrower Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Borrower Loan Agreement, and to deliver the Borrower Loan Agreement to the Borrower.

Section 1.6 Approval, Execution and Delivery of the Tax Exemption Agreement. The form and substance of the Tax Exemption Agreement relating to the Governmental Lender Note are hereby approved and that the Authorized Representatives each are hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Fiscal Agent.

Section 1.7 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower and the Fiscal Agent and to cause the Regulatory Agreement to be filed of record in the real property records of Harris County, Texas.

Section 1.8 Sale of the Governmental Lender Note. That the sale of the Governmental Lender Note to the Funding Lender is hereby authorized and approved.

Section 1.9 Acceptance of the Borrower Note, the Amended Borrower Note and the Security Instrument. That the form and substance of the Borrower Note, the Amended Borrower Note and the Security Instrument are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Borrower Note to the order of the Fiscal Agent without recourse.

Section 1.10 Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Assignment, and to deliver the Assignment to the Fiscal Agent.

Section 1.11 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives each are hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives each are hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department ("Bond Counsel"), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Funding Loan Agreement
Exhibit C	-	Borrower Loan Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E	-	Borrower Note
Exhibit F	-	Security Instrument
Exhibit G	-	Amended Borrower Note
Exhibit H	-	Assignment
Exhibit I	-	Tax Exemption Agreement

Section 1.14 Authorized Representatives. That 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 Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership 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

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Governmental Lender Note.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Governmental Lender Note and all other Department activities.

Section 2.4 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Governmental Lender Note and the fees and revenues to be received in connection with the financing of the Development in accordance with the Funding Loan Agreement and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Funding Loan Agreement and the Tax Exemption Agreement.

Section 2.5 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel, provided such engagement is done in accordance with applicable law of the State.

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

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

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

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Borrower Loan Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

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

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Borrower Loan Agreement, the Tax Exemption Agreement and the Regulatory

Agreement, which require, among other things, that the "affordable units" portion of the Development be occupied by individuals and families of low and very low income and families of moderate income, and

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

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

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Borrower Loan established pursuant to the Borrower Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Governmental Lender Note and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Governmental Lender Note.

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

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Governmental Lender Note and the interest thereon shall be a special limited obligation of the Department payable solely from the trust estate created under the Funding Loan Agreement, including the revenues and funds of the Department pledged under the Funding Loan Agreement to secure payment of the Governmental Lender Note, and under no circumstances shall the Governmental Lender Note be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Governmental Lender Note shall not be and does not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Governmental Lender Note shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

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

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing 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, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act, regarding meetings of the Governing Board.

PASSED AND APPROVED this 13th day of May, 2021.

EXHIBIT A

Description of Development

Borrower:	Caroline Lofts, LP, a Texas limited partnership
Development:	The Development is a 119-unit multifamily community (consisting of 95 affordable units and 24 market rate units as noted below) to be known as Caroline Lofts, and to be located at 2403 Caroline Street, Houston, Harris County, TX 77004. It will consist of two (2) residential buildings with approximately 103,221 net rentable square feet. The unit mix will consist of:

65	one-bedroom/one-bath units
54	two-bedroom/two-bath units
119	Total Units

NOTE – The 119 total units are comprised of:

- 95 affordable units (51 1B/1BA and 44 2B/2BA); and
- 24 market rate units (14 1B/1BA and 10 2B/2BA).

Unit sizes will range from approximately 716 square feet to approximately 1,029 square feet.

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Real Estate Analysis Division
Underwriting Report
May 6, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **21607** Program(s): **TDHCA Bonds/4% HTC**

Caroline Lofts

Address/Location: 2403 Caroline Street

City: Houston County: Harris Zip: 77004

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

Activity: New Construction Building Type: Elevator Served Region: 6

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
Private Activity Bonds	$20,000,000	2.50%	35	18	**$20,000,000**	**4.29%**	**35**	**18**	**1**
LIHTC (4% Credit)	$847,717				**$847,717**				

CONDITIONS

1 Receipt and acceptance before Determination Notice:

- Formal approval of the $17,836,036 CDBG award by the City of Houston.

2 Receipt and acceptance by Cost Certification:

a: Certification that testing for asbestos was performed on the existing structure(s) prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

b: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

c: Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.

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.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	8
50% of AMI	50% of AMI	19
60% of AMI	60% of AMI	56
80% of AMI	80% of AMI	12

DEVELOPMENT SUMMARY

Caroline Lofts is proposed new construction located in Houston, TX. The project consists of 119 affordable units and 24 market units, providing one and two-bedroom floor plans. The development will serve the general population at 30%, 50%, 60%, and 80% Area Median Income (AMI). A parking garage will be located on the ground floor, with 5 stories of apartments above.

The sources of funding include $17.8M of CDBG-DR funding from the City of Houston.

Proposed project also includes 2,600+ sf of retail space, as indicated on the site plan and requested by neighborhood. Applicant has no specific plan for the commercial space or any tenants in mind, but will provide a minimal white box buildout finish in anticipation of renting to a low impact tenant.

RISK PROFILE

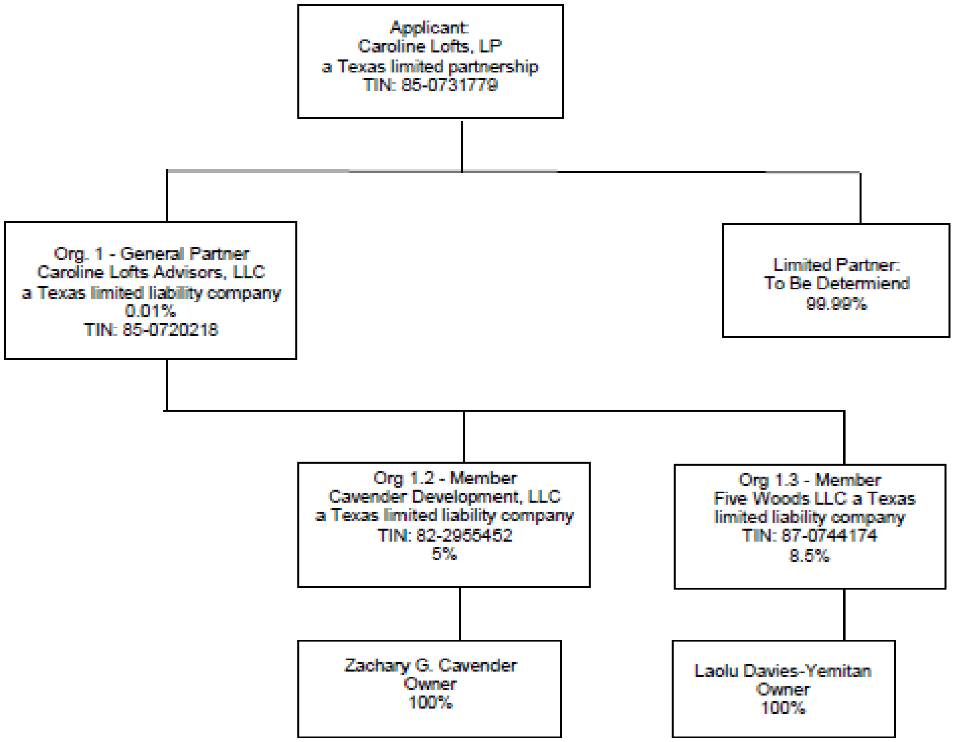
STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
▫ Developer experience with TDHCA programs	▫ Market risk on 20% of units
▫ Low-Expense Ratio	▫ 15 years to repay deferred Developer Fee
▫ Low Gross Capture Rate	▫ Parking ratio (0.6 spaces per unit)

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	David Mark Koogler	Name:	Zach Cavender
Phone:	(281) 292-1958	Phone:	(281) 292-1968
Relationship:	Developer	Relationship:	Developer

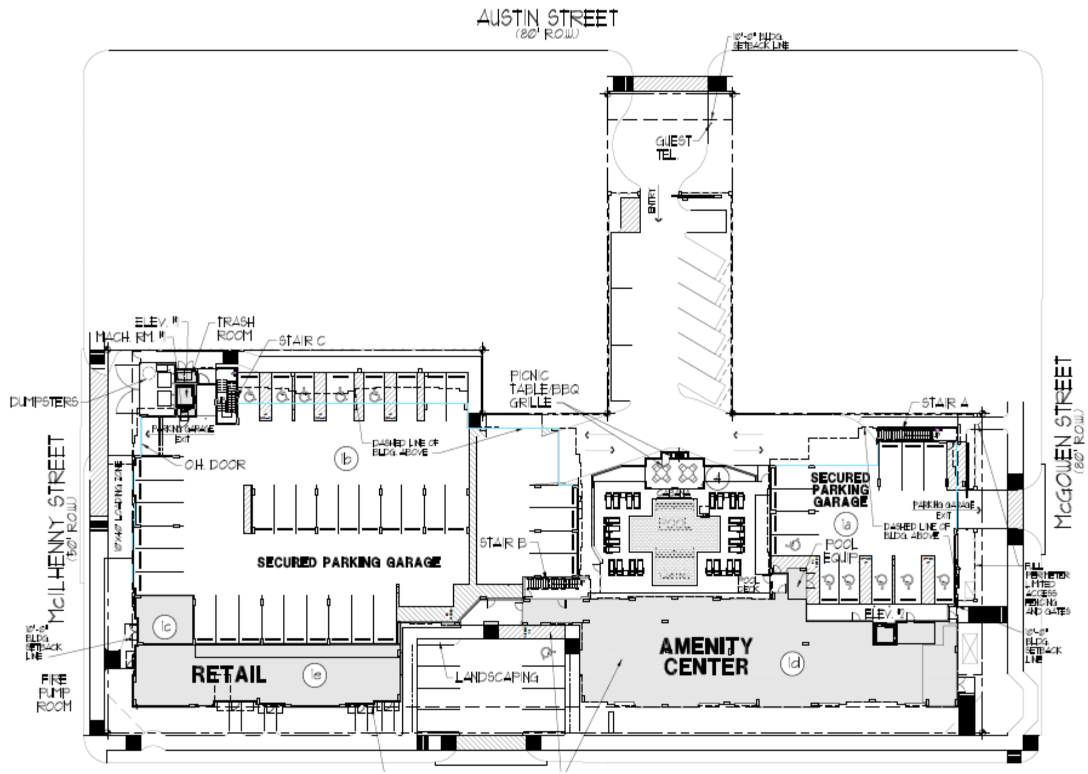
OWNERSHIP STRUCTURE

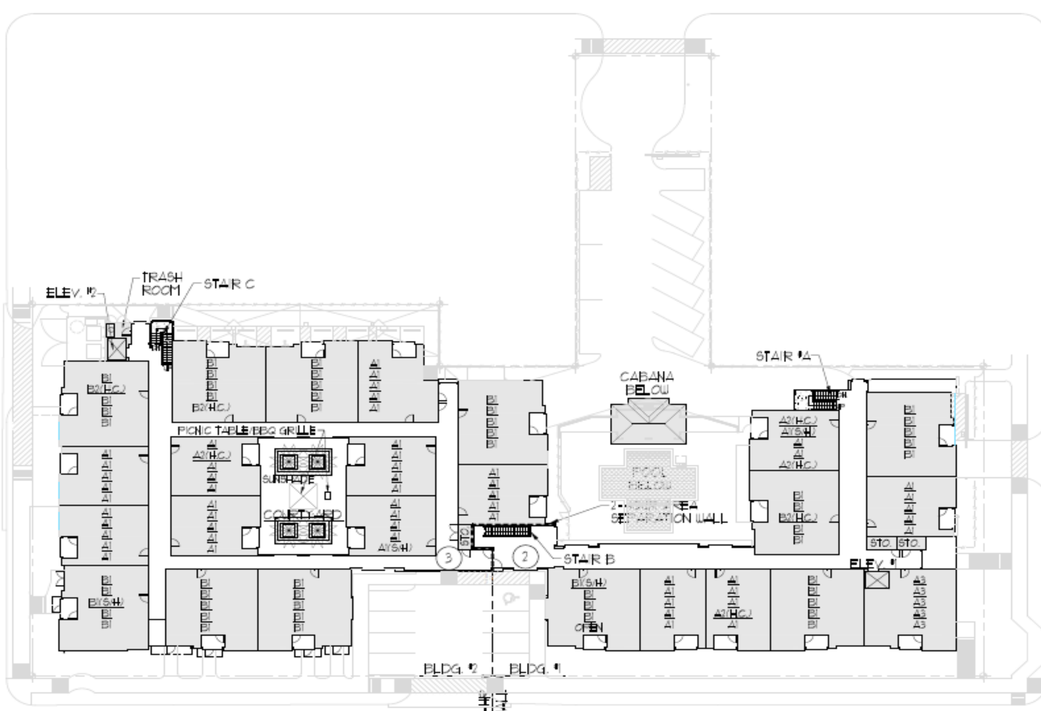


- Mark-Dana Corporation - Website: http://www.mark-dana.info - A full service real estate company that develops, builds and manages multi-family housing in Texas and Virginia. Mark-Dana Corp has 8 previous TDHCA rental developments it its portfolio, along with the recently awarded Scott Street Lofts (# 20603).

DEVELOPMENT SUMMARY

SITE PLAN





Comments:

The1.23-acre site is generally flat. Ground water flows variably to the northwest, south, and southeast. There are four proposed access points to the site along Caroline Street, McGowen Street, McIlhenny Street, and Austin Street.

Project amenities include a swimming pool and fitness center.

Parking	No Fee		Tenant-Paid		Total	
Open Surface	18	*0.2/unit*	0	--	18	*0.2/unit*
Garage	51	*0.4/unit*	0	--	51	*0.4/unit*
Total Parking	**69**	*0.6/unit*	**0**	--	**69**	*0.6/unit*

Comments:

Project will provide 18 open surface parking spaces and 51 garage spaces. These 69 total parking spaces represent 0.6 spaces/unit. The site is located in the Midtown area of Houston, which has no parking requirements.

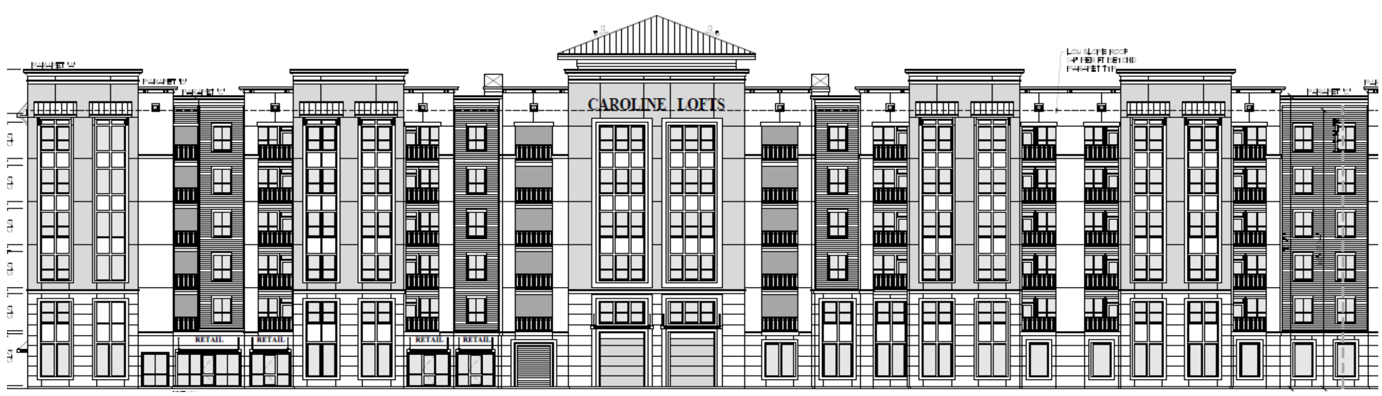
BUILDING PLAN (Typical)

Comments:

The ground floor will house the leasing/amenity center, as well as a parking garage, with five stories of apartments above. There is also 2,686 sf of commercial retail space on the ground floor, which Applicant intends to rent out to a low-impact tenant.

Each unit features 9-ft ceilings, a balcony with storage space, plumbed kitchen sinks with dishwashers, washer/ dryer hook-ups, and a study space with desk and chair. The largest one-bedroom floor plan features a den.

BUILDING ELEVATION



Comments:

Building elevation consists of plaster veneer (65%) and fiber cement siding (35%) with significant exterior articulation. The building has a flat TPO roof.

BUILDING CONFIGURATION

Building Type	1	2										Total Buildings
Floors/Stories	5	5										
Number of Bldgs	1	1										2
Units per Bldg	75	44										
Total Units	75	44										**119**

Avg. Unit Size (SF)	**867 sf**	**Total NRA (SF)**	**103,221**	**Common Area (SF)***	**5,850**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 1.23 acres Density: 96.4 units/acre

Site Control: 1.234 **Site Plan:** 1.234 **Appraisal:** N/A **ESA:** 1.234

Control Type: Commercial Contract Contract Expiration: 5/31/2021

Development Site: 1.23 acres Cost: $9,943,750 $83,561 per unit

Seller: 2515 Caroline LTD

Buyer: Mark-Dana Corporation and/or assigns or nominees

Assignee: Caroline Lofts, LP

Related-Party Seller/Identity of Interest: No

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	N/A	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	N/A	Title Issues?	No

Current Uses of Subject Site:

Unoccupied Office Building; Former Residence; Vacant Land

Surrounding Uses:

Northeast: Vacant Building; Delta Auto Alliance; Residential Lofts
Southeast: Office Building; Gypsy Poet Pizza Restaurant; Austin Radio & Speedometer; Vacant Lot
Southwest: Studio Red; Parking Lots; Office Building; Lubes Rubber Stamp Company
Northwest: Office Buildings; Parking Lots

Other Observations:

Per feasibility report, a new tap will need to be made in order to tie in to the existing water line, and a water meter will need to be installed.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 11/9/2020

Recognized Environmental Conditions (RECs) and Other Concerns:

- Per ESA, the site has likely been impacted due to past documented petroleum product releases associated with the southeast adjoining property which previously operated as a filling and automotive service station for ~70 years. ESA notes this as a recognized environmental condition and recommends further investigation of soil, groundwater, and vapor sampling and analysis at subject property via a Phase II ESA.
- Applicant had a Phase II ESA performed, which found no indication of a reportable release of petroleum products to soil or groundwater in the areas evaluated under Petroleum Storage Tank regulations based on reported releases of adjoining property. Per Phase II ESA, no further investigation appears to be warranted based on the results of the assessment.

Comments:

Provider inspected existing on-site building and confirmed the presence of asbestoses containing building materials (ACBMs) in black mastic throughout the building. Per ESA, in the event of renovation or demolition, a TDSHA licensed asbestos contractor must handle the ACBMs and, if applicable, a licensed asbestos consultant.

Per ESA, lead-based paint may be present on painted surfaces of the existing building due to the property being constructed prior to 1978. ESA notes that EPA and HUD regulations do not require further sampling or lead abetment in the event of total demolition.

ESA provider points out that testing for lead in drinking water is recommended if any of the existing plumbing systems are planned for use in future development of the subject property as a result of the buildings age. Per Applicant, the existing building will be demolished and existing plumbing systems will not be used.

Pere ESA, noise mitigation may be required due to the SW corner of the subject property being considered "Normally Unacceptable" at a calculated noise value of 68dB. Per Applicant, an environmental consultant completed a noise study as part of the Environmental Review Record required by the City of Houston and determined that proposed building materials will provide necessary noise attenuation.

MARKET ANALYSIS

Provider: Apartment MarketData, LLC Date: 12/1/2020

Primary Market Area (PMA): 10.48 sq. miles 2 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Harris County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$13,350	$13,350	$16,020	$16,020	---	---	---
	Max	$16,650	$19,020	$21,390	$23,760	---	---	---
50% AMGI	Min	$22,290	$22,290	$26,730	$26,730	---	---	---
	Max	$27,750	$31,700	$35,650	$39,600	---	---	---
60% AMGI	Min	$26,730	$26,730	$32,070	$32,070	---	---	---
	Max	$33,300	$38,040	$42,780	$47,520	---	---	---
80% AMGI	Min	$35,670	$35,670	$42,780	$42,780	---	---	---
	Max	$44,400	$50,720	$57,040	$63,360	---	---	---

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
19296	McKee City Living	No	New	General	87	120
Other Affordable Developments in PMA since 2016						
18429	Light Rail Lofts		Adapt. R-U	Supp.	n/a	56
19085	Gala at MacGregor		New	Elderly	n/a	85
21490	2100 Memorial Drive		Recontr.	Elderly	n/a	197
Stabilized Affordable Developments in PMA					Total Units	555
					Total Developments	5
					Average Occupancy	96%

Proposed, Under Construction, and Unstabilized Competitive Supply:

McKee City Living (#19296) is an awarded, general population project with 87 competitive units that sits right outside of subject's PMA boundary line. McKee's PMA does overlap census tracts with Subject's PMA and therefore shares some qualified demand to absorb the new units. Market Analyst did not include these units in their capture rate calculations.

Regency Lofts (#20097) is located outside the PMA and its PMA does not overlap with Subject's PMA, therefore they are not sharing the same demand.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	47,290			
Potential Demand from the Primary Market Area	9,337			
10% External Demand	934			
Potential Demand from Other Sources	0			
GROSS DEMAND	10,271			
Subject Affordable Units	95			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	95			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**0.9%**			

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

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	2,079	208	8	0	0.3%					
50% AMGI	1,024	102	19	0	1.7%					
60% AMGI	3,189	319	56	0	1.6%					
80% AMGI	3,045	305	12	0	0.4%					

Demand Analysis:

If we included the 87 competitive units that are located outside the Subject PMA, but share some census tracts, the GCR would be 1.8%. This is a worst case scenario as it includes the outside supply, but none of the additional demand from Mckee City Living's PMA.

Because the competitive units are located outside the Market Analyst's determined PMA, and Underwriter's worst case scenario test produced an acceptable Gross Capture Rate, Market Analyst's capture rates are used for analysis.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE

	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	618	62	4	0	0.6%					
1 BR/50%	532	53	11	0	1.9%					
1 BR/60%	799	80	29	0	3.3%					
1 BR/80%	1,070	107	6	0	0.5%					
2 BR/30%	299	30	4	0	1.2%					
2 BR/50%	224	22	8	0	3.2%					
2 BR/60%	354	35	27	0	6.9%					
2 BR/80%	467	47	6	0	1.2%					

Market Analyst Comments:

Currently, there are four market rate projects in lease up totaling 1,267 units, ten projects under construction (nine market, one supportive housing) totaling 2,903 units, and four projects in planning (11 market, one affordable senior) totaling 4,520 units. (p.12)

The occupancy rate for the income restricted one bedrooms is 93.7%, for income restricted two bedrooms it is 100%. (p. 53)

The PMA could immediately absorb 1,161 units without falling below a stabilized occupancy of 93%. (p. 53)

The 2019 AnySite data also indicated the percentage of “overburdened” household that pay more than 30% of their annual income for rent. Within the subject’s trade area, we see that 35.8% of all renter households are considered overburdened. (p.84)

Revisions to Market Study:	1

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$689,607	Avg. Rent:	$992	Expense Ratio:	48.3%
Debt Service:	$579,275	B/E Rent:	$909	Controllable Expenses:	$2,748
Net Cash Flow:	$110,332	UW Occupancy:	92.5%	Property Taxes/Unit:	$1,141
Aggregate DCR:	1.19	B/E Occupancy:	84.9%	Program Rent Year:	2021

Applicant has elected Income Averaging with a 58% property average. All restricted units are underwritten at maximum 2021 Program Rents. The remaining 24 units are unrestricted and projected to receive rent premiums of $232 (one-bedroom) and $356 (two-bedroom) over the 80% AMI units. These amounts represent $300 and $363 discounts to the achievable market rents reported by the Market Analyst.

If market units only receive the 80% rents, debt coverage drops to 1.06 times and the development would be infeasible. Market rent premiums of $214 and $338 are necessary to maintain feasibility (1.18 debt coverage with sufficient cash flow to repay the deferred Developer Fee within 15 years).

Average rent is $84 above break-even rent. Project is underwritten at 9 units vacant; Break-even vacancy is 18 units.

Management fee is assumed at 4.81% by Applicant, who is working with a related-party property management company. If we assume standard 5% fee, there is no impact to DCR. Underwriter is using 5% in their calculation.

Controllable expenses are relatively low at $2,748/unit. Applicant provided a detailed staffing plan to support their payroll expense.

Applicant's operating expenses of $5,419/unit are within 5% of Underwriter's estimate of $5,574/unit and considered reasonable. Expense ratio is 48.3%. Utility and WST expense assumptions are low due to the small site and Landlord only paying trash. Combined utility and WST assumption for Subject is $480/unit, whereas comparable properties in the market average is $549/unit. Applicant provided property insurance quote from provider to support this expense.

Deferred fee pays off in year 15; 15-year cash flow is $87K.

Per Applicant, no plans for commercial retail space or a specific tenant have been determined. Underwriting does not assume any retail income.

Related-Party Property Management Company: Yes

Revisions to Rent Schedule:	2		Revisions to Annual Operating Expenses:	1

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$8,058,797/ac	$84,639/unit	**$10,072,000**	Contractor Fee	**$2,410,273**
Off-site + Site Work		$13,375/unit	**$1,591,675**	Soft Cost + Financing	**$3,530,483**
Building Cost	$140.48/sf	$121,856/unit	**$14,500,897**	Developer Fee	**$3,413,487**
Contingency	5.99%	$8,682/unit	**$1,033,174**	Reserves	**$629,232**
Podium Parking		$8,176/unit	**$973,000**	Retail Space	**$187,638**
Total Development Cost	$322,200/unit	**$38,341,859**		**Rehabilitation Cost**	**N/A**
Qualified for 30% Basis Boost?	Not Qualified				

Acquisition:

Land cost is $9.9M, which is $84,639/unit or $8M/acre. This land cost is very high per acre and very high per door even with the 96.4 unit/acre density. As comparison, Applicant's Scott Street Loft (#20603) land cost was $2.4M/acre or $29,476/unit which is more consistent with infill sites in central Houston. #20114 33000 Caroline Street is located in Midtown as well and paid $5.98M/acre or $47k/door.

Site Work:

Site work of $10,406/unit includes on-site utilities ($393K) and rough grading ($244K). Applicant has allocated $207K for on-site paving and $139K for on-site concrete. Site work will also involve demolition. Site amenities of $2,969/ unit consists of landscaping, pool and decking, and fencing.

Detention ($208K) will be provided within an underground storage system underneath the parking garage that outflows to the existing public storm sewer system on McGowen Street. Per Applicant, design of detention complies with all governing requirements for the City of Houston.

Building Cost:

The Developer's #20603 Scott Street Lofts is located a little over a mile from the subject property and is a similar build with four levels of multifamily residential above a first level podium parking garage. Subject development will have five levels of residential above a first floor podium. Per Applicant, the extra level is a notable difference between the projects, yet per unit costs are not foreseen to be impacted significantly. Applicant notes that Scott Street Lofts required a back-up generator (~$300K), which Caroline Lofts will not require. In addition, as a result of incorporating a non-profit general contractor structure, there is a tax-exemption for construction materials that equates to an estimated savings of $600K-$700K, which differentiates the project from Scott Street Lofts.

Applicant provided the final Construction Contract Schedule of Values for Scott Street Lofts, which indicate a building cost of $135K/unit and $156/sf, including the podium. Applicant's cost for Subject is $121k/unit without the podium or $130k/unit with it. Underwriter's estimate of $132k/unit or $152.24/sf is based on the confirmed contract cost for Scott Street with an assumed 5% increase for the extra residential level. Podium cost and retail costs are not included in Underwriter's $132k/unit.

Contingency:

Applicant separated out soft cost contingency of $50K. Underwriter wrapped this into total building cost contingency, bringing cost to ~6% which is still below 7% limit.

Ineligible Costs:

Retail building cost of $187k has been excluded from eligible building cost.

Reserves:

Reserves equal 6 months of operating expenses and debt service.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$38,341,859	$26,546,939	$847,717

Related-Party Contractor: Yes

Related-Party Cost Estimator: Yes

Revisions to Development Cost Schedule:	2

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
TDHCA	$20,000,000	1/11/2021	Priority 3
Closing Deadline	**Bond Structure**		
7/10/2021	Private Placement		

Percent of Cost Financed by Tax-Exempt Bonds	60.1%

Comments:

The project will be financed with $20M in tax-exempt bonds. TDHCA will issue the bonds and receive an on-going issuer fee of 10bps throughout loan term.

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Amegy Bank	Construction Loan	$20,000,000	3.00%	54%
RCB Capital Markets	HTC	$1,169,733	$0.92	3%
City of Houston CDBG-DR Conduit	CDBG	$16,052,432	0.00%	43%
		$37,222,165	**Total Sources**	

PERMANENT SOURCES

Debt Source	PROPOSED Amount	Interest Rate	Amort	Term	UNDERWRITTEN Amount	Interest Rate	Amort	Term	LTC
Citi Bank	$10,300,000	4.29%	35	18	$10,300,000	4.29%	35	18	27%
City of Houston CDBG-DR Conduit	$17,836,036	1.00%	0	40	$17,836,036	1.00%	0	40	47%
Total	**$28,136,036**				**$28,136,036**				

Comments:

Amegy Bank will provide a $20M Construction loan with interest only payments at a 3% interest rate. A $10.3M tax-exempt permanent loan is being provided by Citi Bank with a 18-year term and a 35-year amortization schedule. Debt term sheet indicates an interest rate of 4.29% for the permanent loan.

The capital structure includes $17.8M of federally sourced CDBG funds from the City of Houston. The loan will have a 42-year maturity and 1.00% interest-only payments subject to cash flow, with the principal forgiven at maturity. At the time of application the CDBG funding was recommended for approval. Applicant provided a Letter of Interest from the city and is awaiting revised term sheets.

The City of Houston term sheet states the CDBG funds will be forgiven at maturity. If federal funding is received directly by the Applicant and subsequently forgiven, it must be treated as a federal grant and deducted from eligible basis for housing tax credits. To establish the funding as bona fide debt, the CDBG funds will be granted from the City to a conduit lender, Urban Partnerships Community Development Corp. Urban Partnerships will in turn provide the funds to the Applicant in the form of a loan at 1% simple interest, with interest and principal due and payable on the Maturity Date (co-terminus with the City of Houston loan).

The Applicant's cost schedule includes $26M of tax-credit eligible cost out of $38M of total cost. $11.79M of the CDBG funds can be applied to the cost not being paid for with housing tax credits. That leaves approximately $6M of CDBG funds that must be determined to be valid debt to avoid impact to the credit basis.

The long-term pro forma based on 2% income growth and 3% expense growth indicates $6.3M of cumulative cash flow through year 37, sufficient to repay the CDBG funds.

Equity & Deferred Fees	PROPOSED Amount	Rate	% Def	UNDERWRITTEN Amount	Rate	% TC	% Def
RCB Capital Markets	$7,798,220	$0.92		$7,798,220	$0.92	20%	
Sponsor Loan	$700,860			$0		0%	
Mark-Dana Corporation	$1,706,743		50%	$2,407,603		6%	71%
Total	**$10,205,823**			**$10,205,823**			
				$38,341,859	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$1.204	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.910	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

Sponsor Loan of $700K as a funding commitment is being provided by Developer. Term sheet for Sponsor Loan indicates 2.16% interest rate and a 40-yr term. Per TDHCA rule §11.204(7)(C), regarding Owner Contributions, "Regardless of the amount, all capital contributions other than syndication equity will be deemed to be a part of, and therefore added to, the Deferred Developer Fee for feasibility purposes..." Therefore, while Applicant has included the Sponsor Loan as a separate source, the Underwriter has excluded it. The increased Deferred Developer Fee can be repaid within 15 years.

Equity is being provided by RBC Capital Markets at a $0.92 credit price.

Revisions to Sources Schedule:	1

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$38,341,859
Permanent Sources (debt + non-HTC equity)	$28,136,036
Gap in Permanent Financing	$10,205,823

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$7,798,223	$847,717
Needed to Balance Sources & Uses	$10,205,823	$1,109,439
Requested by Applicant	$7,798,220	$847,717

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$7,798,220**	**$847,717**

	Amount	Interest Rate	Amort	Term	Lien
TDHCA-Issued Bonds	**$20,000,000**	**4.29%**	**35**	**18**	**1**

Deferred Developer Fee	**$2,407,603**	**(71% deferred)**
Repayable in	**15 years**	

Comments:

The recommended allocation is $847,717 in annual tax credits as requested by the Applicant.

Underwriter:	*Curtis Wilkins*
Manager of Real Estate Analysis:	*Jeanna Adams*
Director of Real Estate Analysis:	*Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

Caroline Lofts, Houston, TDHCA Bonds/4% HTC #21607

LOCATION DATA

CITY:	Houston
COUNTY:	Harris
Area Median Income	$79,200
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	65	54.6%	0	0
2	54	45.4%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**119**	**100.0%**	**-**	**-**

58%	Average Income	
Income	**# Units**	**% Total**
20%	-	0.0%
30%	8	6.7%
40%	-	0.0%
50%	19	16.0%
60%	56	47.1%
70%	-	0.0%
80%	12	10.1%
MR	24	20.2%
TOTAL	**119**	**100.0%**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	100%
Applicable Fraction	79.83%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	867 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
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%	$445	3	1	1	716	$445	$71	$374	$0	$0.52	$374	**$1,121**	**$1,121**	$374	$0.52	$0	$1,350	$1.89	$1,650
TC 50%	$743	10	1	1	716	$743	$71	$672	$0	$0.94	$672	**$6,716**	**$6,716**	$672	$0.94	$0	$1,350	$1.89	$1,650
TC 60%	$891	29	1	1	716	$891	$71	$820	$0	$1.14	$820	**$23,770**	**$23,770**	$820	$1.14	$0	$1,350	$1.89	$1,650
TC 80%	$1,189	5	1	1	716	$1,189	$71	$1,118	$0	$1.56	$1,118	**$5,588**	**$5,588**	$1,118	$1.56	$0	$1,350	$1.89	$1,650
MR		13	1	1	716	$0	$71		NA	$1.89	$1,350	**$17,550**	**$17,550**	$1,350	$1.89	NA	$1,350	$1.89	$1,650
TC 30%	$445	1	1	1	939	$445	$71	$374	$0	$0.40	$374	**$374**	**$374**	$374	$0.40	$0	$1,350	$1.44	$1,650
TC 50%	$743	1	1	1	939	$743	$71	$672	$0	$0.72	$672	**$672**	**$672**	$672	$0.72	$0	$1,350	$1.44	$1,650
TC 60%	$891	1	1	1	939	$891	$71	$820	$0	$0.87	$820	**$820**	**$820**	$820	$0.87	$0	$1,350	$1.44	$1,650
TC 80%	$1,189	1	1	1	939	$1,189	$71	$1,118	$0	$1.19	$1,118	**$1,118**	**$1,118**	$1,118	$1.19	$0	$1,350	$1.44	$1,650
MR		1	1	1	939	$0	$71		NA	$1.44	$1,350	**$1,350**	**$1,350**	$1,350	$1.44	NA	$1,350	$1.44	$1,650
TC 30%	$534	4	2	2	1,029	$534	$82	$452	$0	$0.44	$452	**$1,808**	**$1,808**	$452	$0.44	$0	$1,700	$1.65	$2,063
TC 50%	$891	8	2	2	1,029	$891	$82	$809	$0	$0.79	$809	**$6,472**	**$6,472**	$809	$0.79	$0	$1,700	$1.65	$2,063
TC 60%	$1,069	26	2	2	1,029	$1,069	$82	$987	$0	$0.96	$987	**$25,661**	**$25,661**	$987	$0.96	$0	$1,700	$1.65	$2,063
TC 80%	$1,426	6	2	2	1,029	$1,426	$82	$1,344	$0	$1.31	$1,344	**$8,064**	**$8,064**	$1,344	$1.31	$0	$1,700	$1.65	$2,063
MR		10	2	2	1,029	$0	$82		NA	$1.65	$1,700	**$17,000**	**$17,000**	$1,700	$1.65	NA	$1,700	$1.65	$2,063
TOTALS/AVERAGES:		**119**			**103,221**				**$0**	**$1.14**	**$992**	**$118,081**	**$118,081**	**$992**	**$1.14**	**$0**	**$1,509**	**$1.74**	**$1,837**

ANNUAL POTENTIAL GROSS RENT:	Applicant	TDHCA
	$1,416,977	**$1,416,977**

STABILIZED PRO FORMA

Caroline Lofts, Houston, TDHCA Bonds/4% HTC #21607

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		County Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.14	$992	$1,416,977	$1,416,977	$992	$1.14		0.0%	$0
Other							$18.00	$25,704						
Total Secondary Income							$18.00		$25,704	$18.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,442,681	$1,442,681				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(108,201)	(108,201)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,334,480	$1,334,480				0.0%	$0
General & Administrative	$50,353	$423/Unit	$48,824	$410	3.26%	$0.42	$366	$43,500	$48,824	$410	$0.47	3.66%	-10.9%	(5,324)
Management	$50,128	4.5% EGI	$47,016	$395	4.81%	$0.62	$540	$64,209	$66,724	$561	$0.65	5.00%	-3.8%	(2,515)
Payroll & Payroll Tax	$161,122	$1,354/Unit	$161,161	$1,354	11.35%	$1.47	$1,273	$151,493	$151,493	$1,273	$1.47	11.35%	0.0%	-
Repairs & Maintenance	$87,829	$738/Unit	$62,080	$522	5.59%	$0.72	$627	$74,600	$77,350	$650	$0.75	5.80%	-3.6%	(2,750)
Electric/Gas	$26,187	$220/Unit	$20,232	$170	1.87%	$0.24	$210	$25,000	$20,232	$170	$0.20	1.52%	23.6%	4,768
Water, Sewer, & Trash Tenant Pays: WS	$74,698	$628/Unit	$45,097	$379	2.43%	$0.31	$273	$32,438	$45,097	$379	$0.44	3.38%	-28.1%	(12,660)
Property Insurance	$47,466	$0.46 /sf	$49,450	$416	4.75%	$0.61	$533	$63,427	$63,427	$533	$0.61	4.75%	0.0%	-
Property Tax (@ 100%) 2.5175	$93,487	$786/Unit	$128,780	$1,082	10.17%	$1.31	$1,141	$135,732	$135,732	$1,141	$1.31	10.17%	0.0%	-
Reserve for Replacements				$0	2.68%	$0.35	$300	$35,700	$35,700	$300	$0.35	2.68%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.28%	$0.04	$32	$3,800	$3,800	$32	$0.04	0.28%	0.0%	-
TDHCA Bond Compliance Fee				$0	0.18%	$0.02	$20	$2,375	$2,375	$20	$0.02	0.18%	0.0%	-
Bond Trustee Fees				$0	0.37%	$0.05	$42	$5,000	$5,000	$42	$0.05	0.37%	0.0%	-
HCDD Compliance Fees				$0	0.57%	$0.07	$64	$7,600	$7,600	$64	$0.07	0.57%	0.0%	-
TOTAL EXPENSES					**48.32%**	**$6.25**	**$5,419**	**$644,873**	**$663,354**	**$5,574**	**$6.43**	**49.71%**	**-2.8%**	**$ (18,481)**
NET OPERATING INCOME ("NOI")					**51.68%**	**$6.68**	**$5,795**	**$689,607**	**$671,126**	**$5,640**	**$6.50**	**50.29%**	**2.8%**	**$ 18,481**
CONTROLLABLE EXPENSES							$2,748/Unit			$2,882/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Caroline Lofts, Houston, TDHCA Bonds/4% HTC #21607

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Citi Bank	0.10%	1.16	1.19	579,275	4.29%	35	18	$10,300,000	$10,300,000	18	35	4.29%	$579,275	1.19	26.9%
CASH FLOW DEBT / GRANTS															
City of Houston CDBG-DR Conduit		1.16	1.19		1.00%	0	40	$17,836,036	$17,836,036	40	0	1.00%		1.19	46.5%
				$579,275	**TOTAL DEBT / GRANT SOURCES**			**$28,136,036**	**$28,136,036**		**TOTAL DEBT SERVICE**		**$579,275**	**1.19**	73.4%
NET CASH FLOW		$91,851	$110,332						**APPLICANT**	**NET OPERATING INCOME**		**$689,607**	**$110,332**	**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**	**Allocation Method**
RCB Capital Markets	LIHTC Equity	20.3%	$847,717	0.92	$7,798,220	$7,798,220	$0.92	$847,717	20.3%	$7,124	Applicant Request
Mark-Dana Corp	Sponsor Loan	1.8%			$700,860	$0			0.0%		
Mark-Dana Corporation	Deferred Developer Fees	4.5%	(50% Deferred)		$1,706,743	$2,407,603	(71% Deferred)		6.3%	**Total Developer Fee:**	**$3,413,487**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		26.6%			$10,205,823	$10,205,823			26.6%		
TOTAL CAPITALIZATION					**$38,341,859**	**$38,341,859**			**15-Yr Cash Flow after Deferred Fee:**		**$87,438**

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				$83,561 / Unit	$9,943,750	$9,943,750	$83,561 / Unit				0.0%	$0
Closing costs & acq. legal fees					$128,250	$128,250						$0
Off-Sites				$ / Unit	$0	$0	$ / Unit				0.0%	$0
Site Work		$1,192,672		$10,406 / Unit	$1,238,336	$1,238,336	$10,406 / Unit		$1,192,672		0.0%	$0
Site Amenities		$353,339		$2,969 / Unit	$353,339	$353,339	$2,969 / Unit		$353,339		0.0%	$0
Retail Space (2,686 sf)				$1,577 / Unit	$187,638	$187,638	$1,577 / Unit		$0		0.0%	$0
Podium Parking		$973,000		$8,176 / Unit	$973,000	$973,000	$8,176 / Unit		$973,000		0.0%	$0
Building Cost		$14,500,897	$140.48 /sf	$121,856/Unit	$14,500,897	$15,733,920	$132,218/Unit	$152.43 /sf	$14,500,897		-7.8%	($1,233,023)
Contingency		$1,033,174	6.07%	5.99%	$1,033,174	$1,033,174	5.59%	6.07%	$1,033,174		0.0%	$0
Contractor Fees		$2,410,273	13.35%	13.18%	$2,410,273	$2,410,273	12.35%	13.35%	$2,410,273		0.0%	$0
Soft Costs	0	$1,153,217		$9,691 / Unit	$1,153,217	$1,153,217	$9,691 / Unit		$1,153,217	$0	0.0%	$0
Financing	0	$1,516,880		$19,977 / Unit	$2,377,266	$2,377,266	$19,977 / Unit		$1,516,880	$0	0.0%	$0
Developer Fee	$0	$3,413,487	14.76%	14.61%	$3,413,487	$3,413,487	13.88%	14.76%	$3,413,487	$0	0.0%	$0
Reserves				6 Months	$629,232	$621,315	6 Months				1.3%	$7,917
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$26,546,939**		$322,200 / Unit	**$38,341,859**	**$39,566,964**	$332,495 / Unit		**$26,546,939**	**$0**	**-3.1%**	**($1,225,105)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$26,546,939**		$322,200/unit	**$38,341,859**	**$39,566,964**	$332,495/unit		**$26,546,939**	**$0**	**-3.1%**	**($1,225,105)**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$38,341,859**							

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Caroline Lofts, Houston, TDHCA Bonds/4% HTC #21607

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$26,546,939	$0	$26,546,939
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$26,546,939	$0	$26,546,939
High Cost Area Adjustment		100%		100%
TOTAL ADJUSTED BASIS	$0	$26,546,939	$0	$26,546,939
Applicable Fraction	79.83%	79.83%	79.83%	79.83%
TOTAL QUALIFIED BASIS	$0	$21,192,934	$0	$21,192,934
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$0	$847,717	$0	$847,717
CREDITS ON QUALIFIED BASIS	$847,717		$847,717	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9199	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$847,717	$7,798,223	----	----	----
Needed to Fill Gap	$1,109,439	$10,205,823	----	----	----
Applicant Request	$847,717	$7,798,220	**$847,717**	**$0**	**$0**

50% Test for Bond Financing for 4% Tax Credits

Tax-Exempt Bond Amount	**$20,000,000**	
	Applicant	**TDHCA**
Land Cost	$9,943,750	$9,943,750
Depreciable Bldg Cost	$23,321,090	$24,554,113
Aggregate Basis for 50% Test	**$33,264,840**	**$34,497,863**

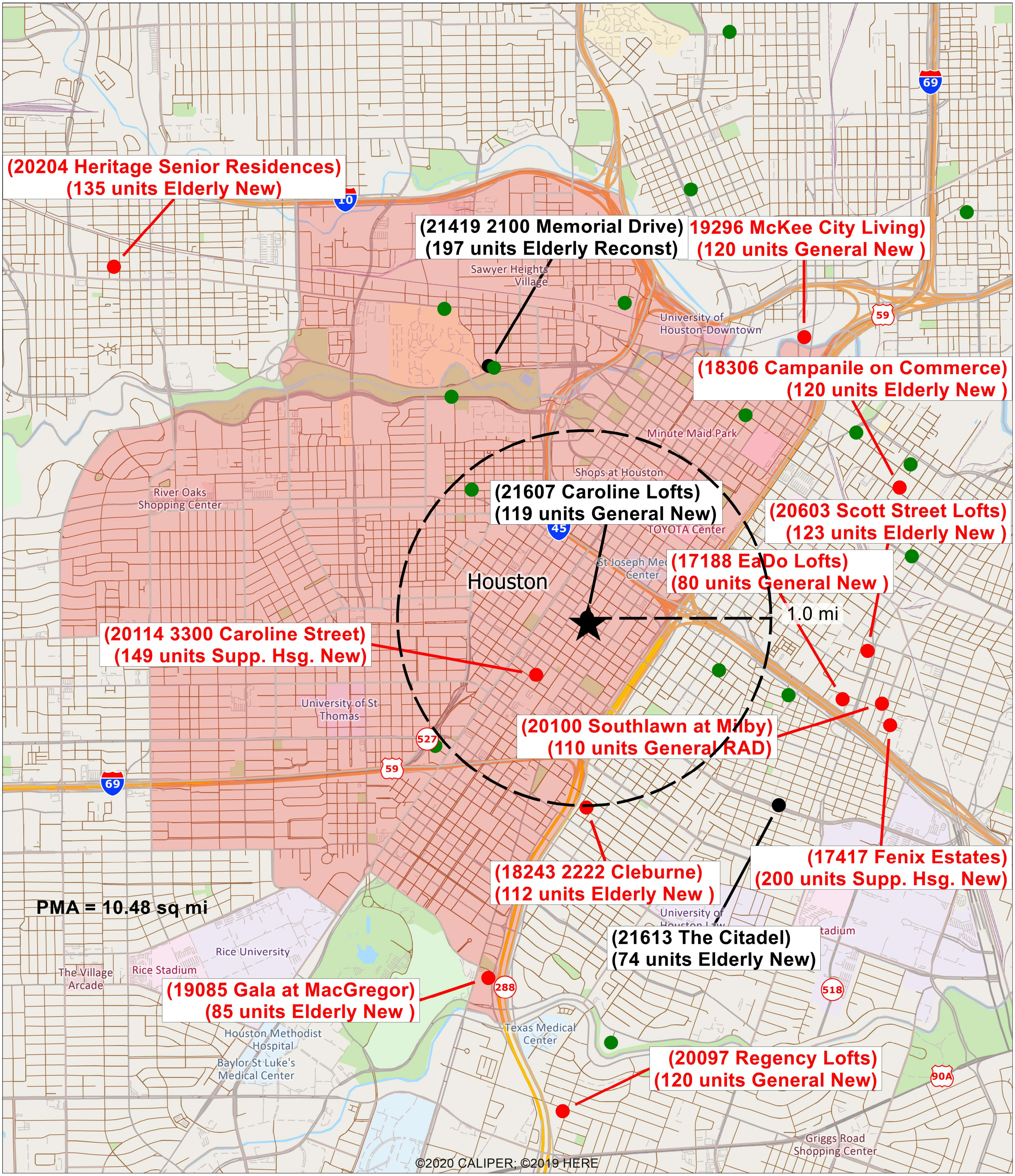
	Applicant	**TDHCA**
Percent Financed by Tax-Exempt Bonds	**60.1%**	**58.0%**
amount aggregate basis can increase before 50% test fails	$6,735,160 20.2%	$5,502,137 15.9%

Long-Term Pro Forma

Caroline Lofts, Houston, TDHCA Bonds/4% HTC #21607

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$1,334,480	$1,361,170	$1,388,393	$1,416,161	$1,444,484	$1,594,827	$1,760,818	$1,944,086	$2,146,428	$2,369,830	$2,616,483
TOTAL EXPENSES	3.00%	$644,873	$663,578	$682,830	$702,647	$723,045	$834,371	$963,029	$1,111,739	$1,283,647	$1,482,399	$1,712,213
NET OPERATING INCOME ("NOI")		**$689,607**	**$697,592**	**$705,563**	**$713,514**	**$721,439**	**$760,456**	**$797,789**	**$832,347**	**$862,780**	**$887,431**	**$904,270**
EXPENSE/INCOME RATIO		48.3%	48.8%	49.2%	49.6%	50.1%	52.3%	54.7%	57.2%	59.8%	62.6%	65.4%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$579,275	$579,145	$579,010	$578,869	$578,722	$577,882	$576,842	$575,553	$573,957	$571,980	$569,531
DEBT COVERAGE RATIO		1.19	1.20	1.22	1.23	1.25	1.32	1.38	1.45	1.50	1.55	1.59
ANNUAL CASH FLOW		**$110,332**	**$118,447**	**$126,553**	**$134,645**	**$142,718**	**$182,574**	**$220,947**	**$256,793**	**$288,823**	**$315,450**	**$334,739**
Deferred Developer Fee Balance		$2,297,271	$2,178,825	$2,052,272	$1,917,626	$1,774,908	$941,337	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$87,438	$1,300,960	$2,682,835	$4,209,352	$5,847,842

21607 Caroline Lofts PMA MAP



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.

Final Transcript

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS: Multi-Family Bond Hearing

March 11, 2021/2:00 p.m. CST

SPEAKERS

Teresa Morales
David Koogler
Zach Cavender

PRESENTATION

Teresa Good afternoon. This is Teresa Morales with the Texas Department of Housing & Community Affairs. The purpose of this call is to conduct a public hearing with respect to the proposed Caroline Lofts multi-family transaction. To allow a little bit more time for folks to call in, I'll get started in about another minute or so.

Moderator All participants are now in listen-only mode.

Teresa Good afternoon. This is Teresa Morales, and I'm with the Texas Department of Housing & Community Affairs. The purpose of this call is to conduct a public hearing with respect to the proposed Caroline Lofts multi-family transaction. To give folks an idea as to how we're going to proceed, there is a brief speech that I have to read for purposes of meeting the Internal Revenue Code requirements, and then it will be at the conclusion of that speech where I will unmute all of the lines. And if there are any individuals on the call who wish to make public comment with respect to this proposed transaction that will be your opportunity to do so. With that being said, I'll go ahead and get started with the speech.

Good afternoon. My name is Teresa Morales, and I would like to proceed with the public hearing. Let the record show that it is 2:03 p.m., Thursday, March 11, 2021, and we are conducting a public hearing on behalf of the Texas Department of Housing & Community Affairs with respect to an issue of tax exempt multi-family revenue bonds for a residential rental community.

This hearing is required by the Internal Revenue Code. The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing. The Department's Board is scheduled to meet to consider the transaction on April 8, 2021.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the Board at any of their meetings. The bonds will be issued as tax-exempt multi-family revenue bonds and the aggregate principle amount not to exceed $20 million and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing & Community Affairs, the issuer. The proceeds of the bonds will be loaned to Caroline Lofts, LP or a related person or affiliate entity thereof to finance a portion of the costs of acquiring and equipping a multi-family rental housing community described as follows.

A 119-unit multi-family residential rental development to be located on approximately 1.2339 acres of land, located at 2403 Caroline Street, Houston, Harris County, Texas 77004. The proposed multi-family rental housing community will be initially owned and operated by the borrower or a related person or affiliate thereof.

That is the conclusion of the speech. I will go ahead and unmute all of the lines.

Moderator All participants are now in interactive talk mode.

Teresa If there are any individuals on the call who wish to make public comment with respect to the proposed Caroline Lofts, this would be an opportunity for you to do so. The lines have been unmuted. If there are any individuals who would like to make public comment, you're welcome to do so at this point.

Zach Hi, Teresa. This is Zach. I think it's just David and me on here.

Teresa Okay. Hi.

David Hello.

Teresa Hi, David.

Zach Thought we'd announce ourselves and not just be completely silent.

Teresa | That's fine. All right. Well, let the record show that there are no individuals who would like to make public comment with respect to the proposed Caroline Lofts, and therefore the meeting is now adjourned. The time is now 2:06 p.m. Thank you.

David | Thanks.

Zach | All right. Thanks.

Dr. Carolyn Evans-Shabazz

Houston City Council Member, District D

August 31, 2020

Texas Department of Housing and Community Affairs
221 E 11th St
Austin, TX 78701

Attn: Marni Holloway – Via Email – marni.holloway@tdhca.state.tx.us
Director of Multifamily Finance

Re: Support for Caroline Lofts, TDHCA Application No. 20630

Dear Ms. Holloway,

I am writing this letter to express support for an application submitted by Caroline Lofts, LP, for a proposed affordable housing community to be located at 2403 Caroline Street in the Midtown community. This proposed development offers a unique opportunity to provide much needed quality affordable workforce housing in a higher income area of town, where affordable housing is non-existent.

Houston City Council District D encompasses the area where the proposed development site is located, and I believe the surrounding community will benefit from the availability of affordable workforce housing options for families. In addition, I am confident this project will help continue an exciting redevelopment of this area and bring new amenities and options for residents.

I am happy to support Caroline Lofts and their Bond Reservation Application. If you have any questions, please feel free to reach out to my office directly.

Respectfully,

Dr. Carolyn Evans-Shabazz

Dr. Carolyn Evans-Shabazz

STATE of TEXAS
HOUSE of REPRESENTATIVES

GARNET F. COLEMAN
STATE REPRESENTATIVE
DISTRICT 147

September 1, 2020

Texas Department of Housing and Community Affairs
221 E 11th St
Austin, TX 78701
Attn: Marni Holloway
Director of Multifamily Finance

Re: Support for Caroline Lofts, TDHCA Application No. 20630

Dear Ms. Holloway,

I am writing to you to express support for an application submitted by Caroline Lofts, LP, for a proposed affordable housing community to be located at 2403 Caroline Street, Houston, TX 77004. This proposed development offers a unique opportunity to provide needed quality affordable workforce housing in this area of town.

Texas House District 147 encompasses the area of the Caroline Lofts development, and I believe the community will benefit from the availability of affordable housing options for families.

I am happy to support Caroline Lofts and their Bond Reservation Application. If you have any questions, please feel free to reach out to my chief of staff, Nicolas Kalla at 512-463-0524, or by email at Nicolas.kalla@house.texas.gov.

Sincerely,

Garnet F. Coleman
State Representative, District 147

4b

BOARD ACTION REQUEST

BOND FINANCE DIVISION

MAY 13, 2021

Presentation, discussion, and possible action regarding the Issuance of Governmental Notes (The Citadel Apartments) Series 2021 Resolution No. 21-030, and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for The Citadel Apartments at the Board meeting of July 23, 2020;

WHEREAS, an application for The Citadel Apartments requesting 4% Housing Tax Credits, sponsored by the NHP Foundation and Change Happens CDC, Inc., was submitted to the Department on January 5, 2021;

WHEREAS, a Certificate of Reservation was issued in the amount of $15,000,000 on January 11, 2021, with a bond delivery deadline of July 10, 2021;

WHEREAS, the applicant disclosed the presence of two Neighborhood Risk Factors relating to the proximity of the development site to blighted or abandoned structures, and the crime rate of the census tract containing the development site;

WHEREAS, pursuant to 10 TAC §11.101(a)(3)(A), evidence was submitted that satisfies the requirement for mitigation under 10 TAC §11.101(a)(3)(D)(iii) and based on the information submitted staff does not believe the risk factors are of a nature or severity that should render the site ineligible; and

WHEREAS, EARAC recommends approval of the issuance of Governmental Notes (Series 2021) for The Citadel Apartments and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of tax-exempt, unrated Governmental Notes (The Citadel Apartments) Series 2021 in the amount of $15,000,000, Resolution No. 21-030, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $1,284,888 in 4% Housing Tax Credits for The Citadel Apartments, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website, is hereby approved in the form presented to this meeting; and

FURTHER RESOLVED, that if approved, staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

General Information: The Bonds will be issued in accordance with Tex. Gov't Code §2306.353 *et seq*., which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. Tex. Gov't Code §2306.472 provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

Development Information: The Citadel Apartments are to be located at 3331 Elgin Street in Houston, Harris County, and proposes the new construction of 74 units that will serve the elderly population (elderly limitation). The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not have a prescribed restriction on the percentage of Area Median Family Income (AMFI) that must be served. The application submitted to the Department indicates that 11 of the units will be rent and income restricted at 30% of AMFI, eight units will be rent and income restricted at 50% of AMFI, 43 units will be rent and income restricted at 60% of AMFI, and 12 units will be rent and income restricted at 80% of AMFI.

As part of the pre-application, the applicant disclosed the presence of two neighborhood risk factors associated with the proposed development site. Specifically, the site is located within a census tract that has a Part I violent crime rate greater than 18 per 1,000 persons (annually) as reported by Neighborhood Scout.com, as well as being within 1,000 feet of a structure that would commonly be regarded as blighted or abandoned.

Subsequently, as part of the full application, the applicant submitted mitigation for both neighborhood risk factors that complies with the requirements under 10 TAC §11.101(a)(3)(D)(ii) and §11.101(a)(3)(D)(iii). After reviewing the mitigation provided, staff has determined that based on the establishment of a concerted community effort to reduce both the level of blight and crime in the area, a letter of support from Houston Police Chief – Art Acevedo, and other information provided, including local police beat data that yields a crime rate lower than the threshold in the rule, the site should be deemed eligible pursuant to 10 TAC §11.101(a)(3)(B).

Organizational Structure and Previous Participation: The Borrower is CHCDC Affordable Elderly, LLC, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 1 and was deemed acceptable.

Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment: In light of COVID-19 and the inability for an in-person TEFRA hearing to be held, staff conducted a telephonic hearing, in accordance with IRS guidance, for the proposed development on March 12, 2021. Representatives from the Department and the Developer were present on the call, and no public comment was made.

A copy of the hearing transcript is included herein. The Department has received one letter of support from the Houston Chief of Police, Art Acevedo, which is also included herein. The Department has received no letters of opposition for the proposed development.

Summary of Financial Structure

Under the proposed structure, the Department will issue an unrated, tax-exempt fixed rate multifamily note in the amount of $15,000,000 that will be initially purchased by Citibank Community Capital, who will be serving as construction and permanent lender. Citibank Community Capital will acquire the loan and the Department's related multifamily note at closing which will be used to fund the construction phase of the loan. The tax-exempt note will have two tranches, both of which will be fully funded at closing. Tranche A (Series 2021A) will be in the amount of $3,255,000, will provide construction and permanent phase financing, and will have a final maturity date of July 1, 2059. Tranche B (Series 2021B) will be in the amount of $11,745,000, will be utilized only for construction phase financing, and will have a final maturity date of July 1, 2024.

The interest rate for Tranche A will be a fixed rate equal the sum of the 18-year LIBOR swap index plus a spread of 2.70%, while the interest rate for Tranche B will be a fixed rate equal the sum of the 3-year LIBOR plus a spread of 2.65%; for purposes of TDHCA's underwriting, a rate of 4.67% was used.

Tranche A (Series 2021A) will have a three-year interest-only period followed by a 15-year term and 35-year amortization, while Tranche B (Series 2021B) payments will be interest only.

The City of Houston Housing and Community Development Department is expected to award the project a construction and permanent loan in the form of CDBG Disaster Recovery Funds in the amount of $11,061,143.

A copy of the Exhibits recommended to be approved by the Board as referenced in Resolution No. 21-030 can be found online at TDHCA's Board Meeting Information Center website at http://www.tdhca.state.tx.us/board/meetings.htm.

EXHIBIT A

OWNER ORG.

CHCDC Affordable Elderly, LLC
A Texas Limited Liability Company
Owner

CH Affordable Manager, LLC
A Texas limited liability company
Managing Member
(0.01%)

Tax Credit Investor
(To Be Determined)
(99.99%)

NHPF Houston, LLC
a Texas corporation
Manager
(75%)

Board of Managers

Richard F. Burns
Joseph P Wiedorfer
Jason Minter

Change Happens CDC, Inc.
(25%)

LS

Leslie Smith II
Larry Hawkins
Eddie Robinson
Ken White
Obadiah Lewis
LaTricia Williams
Raymond Bourgeois

The following individuals exercise limited control

Officers:
Leslie Smith II, Chief Executive Officer
Larry Baty Chief Financial Officer

The NHP Foundation,
a District of Columbia non-profit corporation
Manager
(sole member)

Ralph F. Boyd, Jr.
Robert H. Abrams
Richard F. Burns
Thomas A. Carr (Trustee Emeritus)
Glynna Christian
Patricia Diaz Dennis
Sarah E. Feinberg
Cherie Santos-Wuest
Sheldon L. Schreiberg
Frank L. Sullivan, Jr.
Adam Weers

Individuals who exercise control:

Richard F. Burns – President, CEO & Trustee

RESOLUTION NO. 21-030

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS GOVERNMENTAL LENDER NOTES (THE CITADEL APARTMENTS) SERIES 2021A AND SERIES 2021B; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds (including notes), 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, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Housing Governmental Note (The Citadel Apartments) Series 2021A (the "Series 2021A Governmental Lender Note") and Texas Department of Housing and Community Affairs Multifamily Housing Governmental Note (The Citadel Apartments) Series 2021B (the "Series 2021B Governmental Lender Note", and together with the Series 2021A Governmental Lender Note, the "Governmental Lender Notes") pursuant to and in accordance with the terms of a Funding Loan Agreement (the "Funding Loan Agreement") among the Department, Citibank, N.A., as funding lender (the "Funding Lender"), and Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Governmental Lender Notes to fund a mortgage loan to CHCDC Affordable Elderly, LLC, a Texas limited liability company (the "Borrower") in order to finance the cost of acquisition, construction and equipping of a qualified residential rental development for seniors described in Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on July 23, 2020, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Borrower Loan Agreement (the "Borrower Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Governmental Lender Notes (the "Borrower Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department (x) a multifamily note in an original principal amount equal to the original aggregate principal amount of the Series 2021A Governmental Lender Note (the "Series 2021A Borrower Note") and (y) a multifamily note in an original principal amount equal to the original aggregate principal amount of the Series 2021B Governmental Lender Note (the "Series 2021B Borrower Note", and together with the Series 2021A Borrower Note, the "Borrower Notes"), and providing for payment of interest on such principal amount equal to the interest on the Governmental Lender Notes and to pay other costs described in the Borrower Loan Agreement; and

WHEREAS, it is anticipated that the Borrower Notes will be secured by a Multifamily Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Texas) (the "Security Instrument") from the Borrower for the benefit of the Department and assigned to the Fiscal Agent; and

WHEREAS, the Department's rights (except for certain reserved rights) under the Borrower Loan Agreement, the Borrower Notes and the Security Instrument will be assigned to the Fiscal Agent pursuant to an Assignment of Deed of Trust and Loan Documents (the "Assignment") from the Department to the Fiscal Agent; and

WHEREAS, in order to assure compliance with Section 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, the Board has determined that the Department, the Fiscal Agent and the Borrower will execute a Tax Exemption Agreement (the "Tax Exemption Agreement"), in connection with the Governmental Lender Notes, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Governmental Lender Notes as tax exempt from gross income for federal income tax purposes; and

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

WHEREAS, the Board has further determined that Citibank, N.A. (the "Purchaser") will purchase the Governmental Lender Notes from the Department; and

WHEREAS, the Board has examined proposed forms of (a) the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Assignment and the Tax Exemption Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Security Instrument and the Borrower Notes; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the issuance of the Governmental Lender Notes, the execution and delivery of the Issuer Documents, the acceptance of the Security Instrument and the Borrower Notes and the taking of such other actions as may be necessary or convenient in connection therewith;

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

ARTICLE 1

ISSUANCE OF GOVERNMENTAL LENDER NOTES; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Governmental Lender Notes. That the issuance of the Governmental Lender Notes is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, all under and in accordance with the conditions set forth herein and in the Funding Loan Agreement, and that, upon execution and delivery of the Funding Loan Agreement, the Authorized Representatives of the Department named in this Resolution each are hereby authorized to execute, attest and affix the Department's seal to the Governmental Lender Notes and to deliver the Governmental Lender Notes to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Fiscal Agent for authentication (to the extent required in the Funding Loan Agreement), and thereafter to deliver the Governmental Lender Notes to or upon the order of the Purchaser.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price of the Series 2021A Governmental Lender Note. That (i) the Series 2021A Governmental Lender Note shall bear interest at a fixed rate as described in the Series 2021A Borrower Note subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate (including any default rate) on the Series 2021A Governmental Lender Note exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Series 2021A Governmental Lender Note shall be $3,255,000; (iii) the final maturity of the

Series 2021A Governmental Lender Note shall occur on July 1, 2059; and (iv) the price at which the Series 2021A Governmental Lender Note is sold to the Purchaser shall be the principal amount thereof.

Section 1.3 Interest Rate, Principal Amount, Maturity and Price of the Series 2021B Governmental Lender Note. That (i) the Series 2021B Governmental Lender Note shall bear interest at a fixed rate as described in the Series 2021B Borrower Note subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate (including any default rate) on the Series 2021B Governmental Lender Note exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Series 2021B Governmental Lender Note shall be $11,745,000; (iii) the final maturity of the Series 2021B Governmental Lender Note shall occur on July 1, 2024; and (iv) the price at which the Series 2021B Governmental Lender Note is sold to the Purchaser shall be the principal amount thereof.

Section 1.4 Approval, Execution and Delivery of the Funding Loan Agreement. That the form and substance of the Funding Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Funding Loan Agreement, and to deliver the Funding Loan Agreement to the Fiscal Agent and the Purchaser.

Section 1.5 Approval, Execution and Delivery of the Borrower Loan Agreement. That the form and substance of the Borrower Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Borrower Loan Agreement, and to deliver the Borrower Loan Agreement to the Borrower.

Section 1.6 Approval, Execution and Delivery of the Tax Exemption Agreement. The form and substance of the Tax Exemption Agreement relating to the Governmental Lender Notes are hereby approved and that the Authorized Representatives each are hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Fiscal Agent.

Section 1.7 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower and the Fiscal Agent and to cause the Regulatory Agreement to be filed of record in the real property records of Harris County, Texas.

Section 1.8 Sale of the Governmental Lender Notes. That the sale of the Governmental Lender Notes to the Purchaser is hereby authorized and approved.

Section 1.9 Acceptance of the Borrower Notes and the Security Instrument. That the form and substance of the Borrower Notes and the Security Instrument are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Borrower Notes to the order of the Fiscal Agent without recourse.

Section 1.10 Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Assignment, and to deliver the Assignment to the Fiscal Agent.

Section 1.11 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives each are hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives each are hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department ("Bond Counsel"), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Funding Loan Agreement
Exhibit C	-	Borrower Loan Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E-1	-	Series 2021A Borrower Note
Exhibit E-2	-	Series 2021B Borrower Note
Exhibit F	-	Security Instrument
Exhibit G	-	Assignment
Exhibit H	-	Tax Exemption Agreement

Section 1.14 Authorized Representatives. That 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 Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership 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

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Governmental Lender Notes.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Governmental Lender Notes and all other Department activities.

Section 2.4 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Governmental Lender Notes and the fees and revenues to be received in connection with the financing of the Development in accordance with the Funding Loan Agreement and to enter into any agreements relating thereto only to the extent permitted by the Funding Loan Agreement.

Section 2.5 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel, provided such engagement is done in accordance with applicable law of the State.

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

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

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

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Borrower Loan Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

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

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Borrower Loan Agreement, the Tax Exemption Agreement and the Regulatory

Agreement, which require, among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

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

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

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Borrower Loan established pursuant to the Borrower Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Governmental Lender Notes and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Governmental Lender Notes.

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

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Governmental Lender Notes and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Funding Loan Agreement, including the revenues and funds of the Department pledged under the Funding Loan Agreement to secure payment of the Governmental Lender Notes, and under no circumstances shall the Governmental Lender Notes be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Governmental Lender Notes shall not be and does not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Governmental Lender Notes shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

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

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing 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, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act, regarding meetings of the Governing Board.

PASSED AND APPROVED this 13th day of May, 2021.

EXHIBIT A

Description of Development

Borrower: CHCDC Affordable Elderly, LLC, a Texas limited liability company

Development: The Development is a 74-unit affordable multifamily community for seniors to be known as The Citadel Apartments, and to be located at 3331 Elgin Street, Houston, Harris County, TX 77004. It will consist of 1 residential building with approximately 47,426 net rentable square feet. The unit mix will consist of:

11	efficiency units
63	one-bedroom/one-bath units
74	Total Units

Unit sizes will range from approximately 562 square feet to approximately 672 square feet.

Real Estate Analysis Division
Underwriting Report
May 6, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **21613** Program(s): **TDHCA Bonds/4% HTC**

The Citadel

Address/Location: 3331 Elgin Street

City: Houston County: Harris Zip: 77004

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

Activity: New Construction Building Type: Elevator Served Region: 6

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
Private Activity Bonds	$15,000,000	4.79%	35	16	**$15,000,000**	**4.67%**	**35**	**15**	**1**
LIHTC (4% Credit)	$1,289,532				**$1,284,888**				

CONDITIONS

1 Receipt and acceptance before Determination Notice:

a: Equity investor's legal tax opinion validating that the CDBG-DR funds can be considered valid debt.

b: Formal approval from the City of Houston of a CDBG-DR loan in the amount of $11,164,242.

2 Receipt and acceptance by Cost Certification:

a: Certification that testing for asbestos and lead-based paint was performed on the existing structure(s) prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

b: Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.

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.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	11
50% of AMI	50% of AMI	8
60% of AMI	60% of AMI	43
80% of AMI	80% of AMI	12

DEVELOPMENT SUMMARY

Change Happens CDC owns the entire block upon which it has built its 27,000 sq. ft. office building and is the subject site (bound by Beulah, Sampson, Elgin & Tierwester streets) plus the two lots on the west side of Tierwester Street. In addition, its commitment to the neighborhood is evidenced by its ownership or control of the 20 lots on four blocks which are immediately adjacent.

The development plan is to use all available land on the main 0.91 acre site, for a high-density urban infill multifamily affordable housing development with 74 units. To achieve maximum density in an attractive design with appropriate set-backs and green space, the project will incorporate a podium parking and wood frame housing constructed 3 levels above the parking. The project will be affordable to tenants at 30% of AMI (15%), 50% of AMI (11%), 60% of AMI (49%), 80% of AMI via income averaging (16%)and market (10%).

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Location
▫	

WEAKNESSES/RISKS	
▫	High expense ratio
▫	Valid debt assumptions for CDBG funds

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	John Hoffer	Name:	Jason Minter
Phone:	(202) 316-3552	Phone:	(832) 845-6311
Relationship:	Developer	Relationship:	Developer

OWNERSHIP STRUCTURE

OWNER ORG.

CHCDC Affordable Elderly, LLC
A Texas Limited Liability Company
Owner

CH Affordable Manager, LLC
A Texas limited liability company
Managing Member
(0.01%)

Tax Credit Investor
(To Be Determined)
(99.99%)

NHPF Houston, LLC
a Texas corporation
Manager
(75%)

Board of Managers

Richard F. Burns
Joseph P Wiedorfer
Jason Minter

Change Happens CDC, Inc.
(25%)

Leslie Smith II
Larry Hawkins
Eddie Robinson
Ken White
Obadiah Lewis
LaTricia Williams
Raymond Bourgeois

The following individuals exercise limited control

Officers:
Leslie Smith II, Chief Executive Officer
Larry Baty Chief Financial Officer

The NHP Foundation,
a District of Columbia non-profit corporation
Manager
(sole member)

Ralph F. Boyd, Jr.
Robert H. Abrams
Richard F. Burns
Thomas A. Carr (Trustee Emeritus)
Glynna Christian
Patricia Diaz Dennis
Sarah E. Feinberg
Cherie Santos-Wuest
Sheldon L. Schreiberg
Frank L. Sullivan, Jr.
Adam Weers

Individuals who exercise control:

Richard F. Burns – President, CEO & Trustee

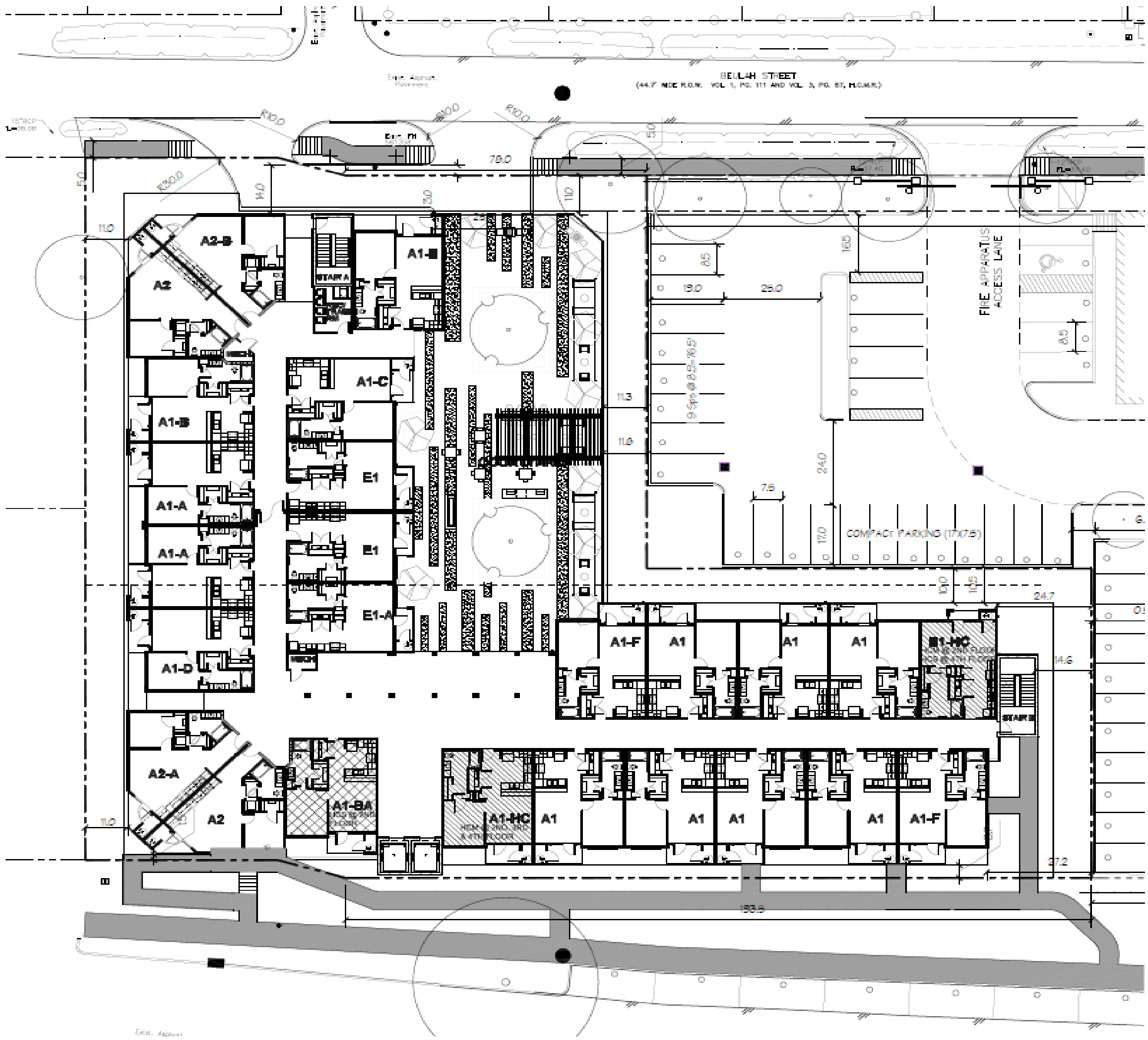
- CHCDC Affordable Elderly, LLC (Development Owner) is controlled by NHPF Houston, LLC which is a venture between NHPF Houston, LLC. and Change Happens CDC, Inc. (75:25% split). NHP Foundation is the sole owner of NHPF Houston. which will be the Developer and NHP Foundation will be the Guarantor. NHPF board has control.

- Change Happens CDC is a local non-profit service organization (and current Owner of the land) focused on providing housing to low-to-moderate income residents in dilapidated neighborhood blocks and transforming them through renovation or new construction. (https://www.changehappenscdc.org/)

- NHPF is a national non-profit affordable housing developer who is dedicated to preserving and creating service enriched housing. Today, NHPF owns over 8,500 affordable rental units in the US.

DEVELOPMENT SUMMARY

SITE PLAN



Comments:

0.91 acre infill lot. Primary access to the site will be through Beluah Street, with secondary access along Sampson Street.

Very little green space, open to second floor outdoor courtyard. Underground detention will be provided.

Parking	No Fee		Tenant-Paid		Total	
Open Surface	0	--	0	--	0	--
Carport	0	--	0	--	0	--
Garage	58	*0.8/unit*	0	--	58	*0.8/unit*
Total Parking	**58**	*0.8/unit*	**0**	--	**58**	*0.8/unit*

Comments:

56 parking spaces required by code, 58 structured garage spaces will be provided.

BUILDING PLAN (Typical)

Comments:

Full length enclosed corridor building, open to second floor courtyard. Some non-rectangular units and small average unit sizes (641 s.f on average).

BUILDING ELEVATION

Comments:

Four-story, L-shaped, elevator-served, corridor building on podium. Wood frame housing constructed 3 levels above the 22.6K s.f. podium parking. Various exterior composition materials including CMU block and fiber cement siding. Flat membrane roofs.

BUILDING CONFIGURATION

Building Type	1												**Total Buildings**
Floors/Stories	4												
Number of Bldgs	1												**1**
Units per Bldg	74												
Total Units	74												**74**

Avg. Unit Size (SF)	**641 sf**	**Total NRA (SF)**	**47,447**	**Common Area (SF)***	**7,136**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 0.91 acres Density: 81.4 units/acre

Site Control: 0.902 **Site Plan:** 0.9 **Appraisal:** 0.91 **ESA:** 0.91

Feasibility Report Survey: 0.902 **Feasibility Report Engineer's Plan:** 0.902

Control Type: Exclusive Option Agreement Contract Expiration: 5/11/2021

Development Site: 0.91 acres Cost: $1,190,000 $16,081 per unit

Optionor: CHANGE HAPPENS COMMUNITY DEVELOPMENT CORPORATION

Optionee: CHCDC Affordable Elderly, LLC

Related-Party Seller/Identity of Interest: Yes

Comments:

The site was adjusted marginally to accommodate a required off site fire lane. The differences in acreage are related to the timing of reports relative to the site adjustment.

The property is owned by the General Partner and will be leased through a 99 year Ground Lease to the Applicant/Borrower.

APPRAISED VALUE

Appraiser: Affordable Housing Analyst | Date: 6/24/2020

Land as Vacant: 0.91 acres | $1,190,000 | Per Unit: $16,081

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	No Zoning within City Limits	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	N/A	Title Issues?	No

Current Uses of Subject Site:

The subject property is currently occupied by the Change Happens CDC office building, residences, several vacant lots and a parking lot.

Surrounding Uses:

North: Beluah St and residential
East: Sampson St. and residential
South: Elgin St. and residential
West: Tierwester St. and residential

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: InControl Technologies, Inc. | Date: 3/6/2020 | Updated: 3/23/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- An asbestos survey is recommended for the residences whether they are scheduled to remain in place or are going to be demolished.
- Testing for lead based paint and lead in drinking water is recommended for the current residences if they are to remain in use as family housing. If the residences are going to be demolished, then lead testing is not recommended.

MARKET ANALYSIS

Provider: Affordable Housing Analysts

Date: 7/16/2020

Primary Market Area (PMA): 13 sq. miles 2 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Harris County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$9,984	---	---	---	---	---	---
	Max	$16,650	---	---	---	---	---	---
50% AMGI	Min	$17,832	$17,832	---	---	---	---	---
	Max	$27,750	$31,700	---	---	---	---	---
60% AMGI	Min	$21,384	$21,384	---	---	---	---	---
	Max	$33,300	$38,040	---	---	---	---	---
80% AMGI	Min	$28,536	$28,536	---	---	---	---	---
	Max	$44,400	$50,720	---	---	---	---	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
18243	2222 Cleburne	Yes	New	Elderly Limitation	66	112
19085	Gala at MacGregor	No	New	Elderly	26	85
20603	Scott Street Lofts	No	New	Elderly	43	123
18306	Campanile on Commerce	No	New	Elderly Limitation	56	120

Other Affordable Developments in PMA since 2016

File #	Development	Type	Target Population	Comp Units	Total Units
19602	Park Yellowstone	Rehab	General	n/a	210
20097	Regency Lofts	New	General	n/a	120
20602	Vermillion Apartments	Rehab	General	n/a	260

Stabilized Affordable Developments in PMA		
	Total Units	1,695
	Total Developments	9
	Average Occupancy	97%

Proposed, Under Construction, and Unstabilized Competitive Supply:

2222 Cleburne (#18243) is located inside the PMA and has 66 units that will directly compete with the Subject HTC units.

Companile on Commerce (#18306) is under construction, Gala at MacGregor (#19085), and Scott Street Lofts (#20603), 2019 & 2020 approved bond project, all less than 1 mile outside the PMA; Market Analyst did not include these units in their calculations. While these three competitive properties are located outside the PMA, their PMA's share census tracts and therefore share some qualified demand to absorb the new units.

OVERALL DEMAND ANALYSIS				
	Market Analyst		Underwriter	
	HTC		HTC	
Total Households in the Primary Market Area	22,617		22,617	
Senior Households in the Primary Market Area	9,774		9,774	
Potential Demand from the Primary Market Area	3,992		3,992	
10% External Demand	399		399	
Potential Demand from Other Sources			0	
GROSS DEMAND	4,391		4,391	
Subject Affordable Units	74		74	
Unstabilized Competitive Units	66		191	
RELEVANT SUPPLY	140		265	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**3.2%**		**6.0%**	

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

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst					Underwriter				
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate
30% AMGI	1,161	116	11	0	1%	1,161	116	11	0	1%
50% AMGI	668	67	8	32	5%	668	67	8	79	12%
60% AMGI	1,276	128	36	34	5%	1,276	128	43	101	10%
80% AMGI	886	89	12	0	1%	886	89	12	11	2%

Demand Analysis:

If we included the 125 competitive units that are located outside the Subject PMA, but share some census tracts, the GCR would be 7.9%. This is a worst case scenario as it includes the outside supply, but none of the additional demand from Heritage Senior's PMA.

The competitive units are located outside the Market Analyst's determined PMA, and Underwriter's worst case scenario test produced an acceptable Gross Capture Rate.

However, the Underwriter's capture rates are used for analysis because the unit mix has changed slightly since the market study was completed.

HTC minimum eligible income is calculated at 50% rent to income for Elderly developments. Gross demand includes all household sizes and both renter and owner households. Seniors are considered age 55 and up.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst					Underwriter				
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate
0 BR/30%	85	9	11	0	12%	85	9	11	0	12%
1 BR/50%	602	60	8	32	6%	602	60	8	79	13%
1 BR/60%	1,148	115	36	34	6%	1,148	115	43	101	11%
1 BR/80%	798	80	12	0	1%	798	80	12	11	3%

Market Analyst Comments:

"...there is one Elderly HTC project under construction (2222 Cleburne with 112 units 66 of which are comparably restricted), none approved, and none unstabilized in the primary market area. There are no market rate Elderly complexes that were recently built, and none proposed" (p. 13)

"I was unable to locate any Senior affordable developments which have been completed and stabilized within the past 12 months within the subject PMA...I estimate absorption at 15 to 25 units a month and the property should stabilize within 3 to 4 months of opening." (p. 14)

"Based on the high occupancy levels of the existing properties in the market, the subject's stabilized occupancy, and the lack of good quality affordable housing, along with the recent strong absorption history. I project that the subject property will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration." (p. 14)

Revisions to Market Study:	0

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$238,698	Avg. Rent:	$766	Expense Ratio:	63.0%
Debt Service:	$192,243	B/E Rent:	$710	Controllable Expenses:	$3,242
Net Cash Flow:	$46,455	UW Occupancy:	92.5%	Property Taxes/Unit:	$880
Aggregate DCR:	1.24	B/E Occupancy:	85.8%	Program Rent Year:	2021

All units are set at maximum program rents.

Underwriter set program rents to 2021 limits.

Breakeven occupancy occurs with 10 units vacant (underwritten at 5).

Applicant has a history of providing supportive services in their developments and understands that at Cost Certification supportive services of $10K will be included in the DCR calculation regardless if actually incurred.

Pro Forma exhibits feasibility throughout the 15-year term. NOI can support an 61 basis point increase in the permanent loan rate (up to 5.28% vs. projected rate of 4.67%) before going below 1.15 DCR threshold.

As presented, 15 year residual cash flow is $728K with no deferral of the developer fee.

Related-Party Property Management Company: Yes

Revisions to Rent Schedule:	4

Revisions to Annual Operating Expenses:	4

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$1,306,069/ac	$16,824/unit	**$1,244,950**	Contractor Fee	**$2,108,000**
Off-site + Site Work		$30,564/unit	**$2,261,761**	Soft Cost + Financing	**$4,480,209**
Building Cost	$270.41/sf	$173,382/unit	**$12,830,239**	Developer Fee	**$3,284,232**
Contingency	7.00%	$14,276/unit	**$1,056,440**	Reserves	**$599,454**
Total Development Cost	$376,558/unit	**$27,865,284**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH

Off-site:

$197K in off site to facilitate the sale and abandonment of a public street (Tierwester St.), including a 2" water main.

Site Work:

Certified cost of $2.07M ($28K/unit), includes $874K for detention, $442K for grading & paving, $143K for on-site utilities, and $140K in landscaping.

Detention is to be provided in an underground vault, with a 7' x 4' box culvert system below the surface of the parking area. In this case, the 7' x 4' box system would span the approximate width and length of the proposed building footprint.

Building Cost:

The quality and design of the Subject is above average when comparing it to other developments offering low income units. As mentioned previously, development plans depict a single L-shaped, 4-story residential, elevator-served, interior corridor building, with podium garage parking on the ground level.

Additionally, $3.78M of contractor's estimated cost for extraneous items include: increased concrete and structural design associated with podium garage, substantial infill site logistics, and City of Houston's Workforce Protection Program/Employment Policies cost. WPPEP is available due to the CDBG-DR funds in the project.

As a result of these factors, Applicant's building cost of $286.78/s.f. is comparable to Marshall & Swift's ("M&S") Good Quality costing model rather than the traditionally used Average Quality costing model.

Additionally, the cost estimates are consistent with recent similar podium construction in Houston.

Contingency:

Eligible contingency overstated by $27K.

Developer Fee:

Eligible developer fee overstated by $62K.

Reserves:

Applicant's capitalized reserves equal approximately 13 months of operating expenses and debt service.

Comments:

Applicant's total development costs are less than 1% ($139K) lower than Underwriter's estimate. The recommended capital structure is being determined by Applicant's cost schedule.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$27,865,284	$24,709,376	$1,284,888

Related-Party Contractor: No

Related-Party Cost Estimator: No

Revisions to Development Cost Schedule:	3

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
TDHCA	$15,000,000	1/11/2021	Priority 2
Closing Deadline	**Bond Structure**		
7/10/2021	Short-Term TEL		

Percent of Cost Financed by Tax-Exempt Bonds	65.5%

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Citi (Tranche A)	Private Loan	$3,255,000	4.67%	10%
Citi (Short-term Tax Exempt Loan)- Tranche B	Conventional Loan	$11,745,000	3.15%	37%
Hudson Housing Capital	HTC	$5,993,101	$0.93	19%
City of Houston CDBG - DR	CDBG	$11,164,242	0.00%	35%
		$32,157,343	**Total Sources**	

Comments:

The Tax-exempt Loan will have two tranches: An amount currently estimated to be $3,255,000 on the Tranche A piece and $11,745,000 on the Tranche B piece, for total proceeds of $15,000,000. Tranche A and Tranche B will be fully funded at the closing of the Construction Phase Loan.

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Citi (Tranche A)	$3,255,000	4.67%	35	15	$3,255,000	4.67%	35	15	12%
City of Houston CDBG - DR	$11,164,242	0.00%	0	40	$11,164,242	0.00%	0	40	40%
NHPF pass thru soft-money loan	$1,497,500	Grant		16	$1,497,500	Grant		16	5%
Total	**$15,916,742**				**$15,916,742**				

Comments:

Underwritten debt service includes a 0.10% Bond Issuer Fee.

Required debt service on the permanent debt will be interest-only for the first three years. For credit sizing purposes, the Underwriter assumes full amortization throughout the Permanent Phase.

Applicant has received a recommendation for $11,164,424 in CDBG-DR funding from the City of Houston. The term sheet specifies payment of the lesser of 1.00% annually on the outstanding balance of the loan or 50% of net cash flow proceeds until maturity. The City of Houston will require 38 units to be restricted at 80% AMI or below; the AMI requirements will layer with the HTC AMI designations.

Formal approval of the CDBG award by the City of Houston is required before a Determination Notice will be issued.

To avoid treatment of the CDBG funds as a grant, Applicant must demonstrate at Cost Certification that the federal funds used to pay for costs included in HTC eligible basis represent bona fide debt with the intent and expectation of repayment.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Hudson Housing Capital	$11,986,202	$0.93		$11,925,097	$0.928	43%	
Deferred Developer Fee	$0		0%	$23,445		0%	1%
Total	**$11,986,202**			**$11,948,542**			
				$27,865,284	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.930	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.868	Minimum Credit Price below which the Development would be characterized as infeasible

Revisions to Sources Schedule:	0

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$27,865,284
Permanent Sources (debt + non-HTC equity)	$15,916,742
Gap in Permanent Financing	$11,948,542

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$11,925,097	$1,284,888
Needed to Balance Sources & Uses	$11,948,542	$1,287,414
Requested by Applicant	$11,968,202	$1,289,532

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$11,925,097**	**$1,284,888**

	Amount	**Interest Rate**	**Amort**	**Term**	**Lien**
TDHCA-Issued Bonds	**$15,000,000**	**4.67%**	**35**	**15**	**1**

Deferred Developer Fee	**$23,445**	**(1% deferred)**
Repayable in	**1 years**	

Comments:

The recommended allocation is $1,284,888 in annual tax credits as supported by eligible basis.

Underwriter:	*Diamond Unique Thompson*
Manager of Real Estate Analysis:	*Jeanna Adams*
Director of Real Estate Analysis:	*Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

The Citadel, Houston, TDHCA Bonds/4% HTC #21613

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	$79,200
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	11	14.9%	0	0
1	63	85.1%	0	0
2	-	0.0%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**74**	**100.0%**	**-**	**-**

58%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	11	14.9%
40%	-	0.0%
50%	8	10.8%
60%	43	58.1%
70%	-	0.0%
80%	12	16.2%
MR	-	0.0%
TOTAL	**74**	**100.0%**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	641 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
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%	$416	11	0	1	562	$416	$77	$339	$0	$0.60	$339	**$3,729**	**$3,729**	$339	$0.60	$0	$1,075	$1.91	$1,075
TC 50%	$743	8	1	1	651	$743	$88	$655	$0	$1.01	$655	**$5,240**	**$5,240**	$655	$1.01	$0	$1,183	$1.82	$1,250
TC 60%	$891	36	1	1	651	$891	$88	$803	$0	$1.23	$803	**$28,908**	**$28,908**	$803	$1.23	$0	$1,183	$1.82	$1,250
TC 60%	$891	7	1	1	651	$891	$88	$803	$0	$1.23	$803	**$5,621**	**$5,621**	$803	$1.23	$0	$1,183	$1.82	$1,250
TC 80%	$1,189	12	1	1	672	$1,189	$88	$1,101	$0	$1.64	$1,101	**$13,212**	**$13,212**	$1,101	$1.64	$0	$1,183	$1.76	$1,250
TOTALS/AVERAGES:		**74**			**47,447**				**$0**	**$1.20**	**$766**	**$56,710**	**$56,710**	**$766**	**$1.20**	**$0**	**$1,167**	**$1.82**	**$1,224**

ANNUAL POTENTIAL GROSS RENT:	**$680,520**	**$680,520**	

STABILIZED PRO FORMA

The Citadel, Houston, TDHCA Bonds/4% HTC #21613

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Houston Snr Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.20	$766	$680,520	$680,520	$766	$1.20		0.0%	$0
Laundry/Vending, Cleaning, NSF & Late Fe							$20.00	$17,760						
Lost Key and late fees							$0.00	$0						
0							$0.00	$0						
Total Secondary Income							$20.00		$17,760	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$698,280	$698,280				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(52,371)	(52,371)	7.5% PGI			0.0%	-
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$645,909	$645,909				0.0%	$0
General & Administrative	$31,217	$422/Unit	$37,520	$507	3.00%	$0.41	$261	$19,345	$31,217	$422	$0.66	4.83%	-38.0%	(11,872)
Management	$35,758	6.6% EGI	$28,471	$385	3.98%	$0.54	$347	$25,704	$25,836	$349	$0.54	4.00%	-0.5%	(132)
Payroll & Payroll Tax	$96,540	$1,305/Unit	$128,254	$1,733	16.90%	$2.30	$1,475	$109,144	$109,144	$1,475	$2.30	16.90%	0.0%	-
Repairs & Maintenance	$55,738	$753/Unit	$60,863	$822	8.89%	$1.21	$776	$57,450	$55,500	$750	$1.17	8.59%	3.5%	1,950
Electric/Gas	$12,787	$173/Unit	$14,972	$202	1.71%	$0.23	$150	$11,063	$14,972	$202	$0.32	2.32%	-26.1%	(3,909)
Water, Sewer, & Trash	$48,310	$653/Unit	$46,108	$623	6.64%	$0.90	$579	$42,872	$46,108	$623	$0.97	7.14%	-7.0%	(3,236)
Property Insurance	$29,456	$0.62 /sf	$28,736	$388	4.58%	$0.62	$400	$29,600	$28,736	$388	$0.61	4.45%	3.0%	864
Property Tax (@ 100%) 2.5144	$34,361	$464/Unit	$55,977	$756	10.08%	$1.37	$880	$65,123	$58,877	$796	$1.24	9.12%	10.6%	6,246
Reserve for Replacements				$0	3.72%	$0.51	$325	$24,050	$18,500	$250	$0.39	2.86%	30.0%	5,550
Cable TV				$0	1.05%	$0.14	$92	$6,800	$6,800	$92	$0.14	1.05%	0.0%	-
Supportive Services				$0	1.55%	$0.21	$135	$10,000	$10,000	$135	$0.21	1.55%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.46%	$0.06	$40	$2,960	$2,960	$40	$0.06	0.46%	0.0%	-
TDHCA Bond Compliance Fee				$0	0.29%	$0.04	$25	$1,850	$1,850	$25	$0.04	0.29%	0.0%	-
Bond Trustee Fees				$0	0.19%	$0.03	$17	$1,250	$1,250	$17	$0.03	0.19%	0.0%	-
TOTAL EXPENSES					**63.04%**	**$8.58**	**$5,503**	**$ 407,211**	**$411,750**	**$5,564**	**$8.68**	**63.75%**	**-1.1%**	**$ (4,539)**
NET OPERATING INCOME ("NOI")					**36.96%**	**$5.03**	**$3,226**	**$238,698**	**$234,159**	**$3,164**	**$4.94**	**36.25%**	**1.9%**	**$ 4,539**
CONTROLLABLE EXPENSES							$3,242/Unit			$3,472/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Citadel, Houston, TDHCA Bonds/4% HTC #21613

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Citi (Tranche A)	0.10%	1.20	1.22	195,316	4.67%	35	15	$3,255,000	$3,255,000	15	35	4.67%	$192,243	1.24	11.7%
CASH FLOW DEBT / GRANTS															
City of Houston CDBG - DR		1.20	1.22		0.00%	0	40	$11,164,242	$11,164,242	40	0	0.00%		1.24	40.1%
NHPF pass thru soft-money loan		1.20	1.22		0.00%	0	16	$1,497,500	$1,497,500	16	0	0.00%		1.24	5.4%
				$195,316	TOTAL DEBT / GRANT SOURCES			$15,916,742	$15,916,742		TOTAL DEBT SERVICE		$192,243	1.24	57.1%
NET CASH FLOW		$38,843	$43,382						APPLICANT	NET OPERATING INCOME		$238,698	$46,455	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	Allocation Method	
Hudson Housing Capital	LIHTC Equity	43.0%	$1,289,532	0.93	$11,986,202	$11,925,097	$0.9281	$1,284,888	42.8%	$17,363	Eligible Basis	
Deferred Developer Fee	Deferred Developer Fees	0.0%	(0% Deferred)		$0	$23,445	(1% Deferred)		0.1%	Total Developer Fee:		$3,284,232
Additional (Excess) Funds Req'd		0.0%				$0			0.0%			
TOTAL EQUITY SOURCES		43.0%			$11,986,202	$11,948,542			42.9%			
TOTAL CAPITALIZATION					$27,902,944	$27,865,284			15-Yr Cash Flow after Deferred Fee:			$727,682

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				$16,054 / Unit	$1,188,000	$1,190,000	$16,081 / Unit				-0.2%	($2,000)
Building Acquisition	$0			$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
Closing costs & acq. legal fees					$54,950	$54,950						$0
Off-Sites				$2,659 / Unit	$196,746	$196,746	$2,659 / Unit				0.0%	$0
Site Work		$1,740,015		$26,014 / Unit	$1,925,015	$1,925,015	$26,014 / Unit		$1,740,015		0.0%	$0
Site Amenities		$140,000		$1,892 / Unit	$140,000	$140,000	$1,892 / Unit		$140,000		0.0%	$0
Structured Parking				$ / Unit		$2,789,589	$37,697 / Unit		$2,789,589		-100.0%	($2,789,589)
Building Cost		$12,830,239	$270.41 /sf	$173,382/Unit	$12,830,239	$10,658,363	$144,032/Unit	$224.64 /sf	$10,658,363		20.4%	$2,171,876
Contingency		$1,057,000	7.19%	7.00%	$1,057,000	$1,057,000	6.73%	6.90%	$1,057,000		0.0%	$0
Contractor Fees		$2,108,000	13.37%	13.05%	$2,108,000	$2,108,000	12.57%	12.87%	$2,108,000		0.0%	$0
Soft Costs	0	$1,603,650		$21,671 / Unit	$1,603,650	$1,603,650	$21,671 / Unit		$1,603,650	$0	0.0%	$0
Financing	0	$2,034,793		$38,872 / Unit	$2,876,559	$2,876,559	$38,872 / Unit		$2,034,793	$0	0.0%	$0
Developer Fee	$0	$3,285,000	15.27%	15.00%	$3,285,000	$3,284,232	14.59%	14.56%	$3,222,962	$0	0.0%	$768
Reserves				13 Months	$638,959	$301,997	6 Months				111.6%	$336,962
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$24,798,696**		$377,083 / Unit	**$27,904,117**	**$28,186,100**	$380,893 / Unit		**$25,354,371**	**$0**	**-1.0%**	**($281,983)**
Acquisition Cost	$0				$2,000							
Contingency		($27,282)			($560)							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	($62,038)			($768)							
Reserves					($39,505)							
ADJUSTED BASIS / COST	**$0**	**$24,709,376**		$376,558/unit	**$27,865,284**	**$28,186,100**	$380,893/unit		**$25,354,371**	**$0**	**-1.1%**	**($320,816)**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): $27,865,284

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Citadel, Houston, TDHCA Bonds/4% HTC #21613

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$24,709,376	$0	$25,354,371
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$24,709,376	$0	$25,354,371
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$32,122,189	$0	$32,960,682
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$32,122,189	$0	$32,960,682
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$0	$1,284,888	$0	$1,318,427
CREDITS ON QUALIFIED BASIS	$1,284,888		$1,318,427	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9281	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,284,888	$11,925,097	**$1,284,888**	($4,644)	($43,105)
Needed to Fill Gap	$1,287,414	$11,948,542	----	----	----
Applicant Request	$1,289,532	$11,968,202	----	----	----

50% Test for Bond Financing for 4% Tax Credits

Tax-Exempt Bond Amount	$15,000,000	
	Applicant	TDHCA
Land Cost	$1,188,000	$1,190,000
Depreciable Bldg Cost	$21,710,442	$22,328,155
Aggregate Basis for 50% Test	**$22,898,442**	**$23,518,155**

	Applicant	TDHCA
Percent Financed by Tax-Exempt Bonds	**65.5%**	**63.8%**
amount aggregate basis can increase before 50% test fails	$7,101,558	$6,481,845
	31.0%	27.6%

BUILDING COST ESTIMATE

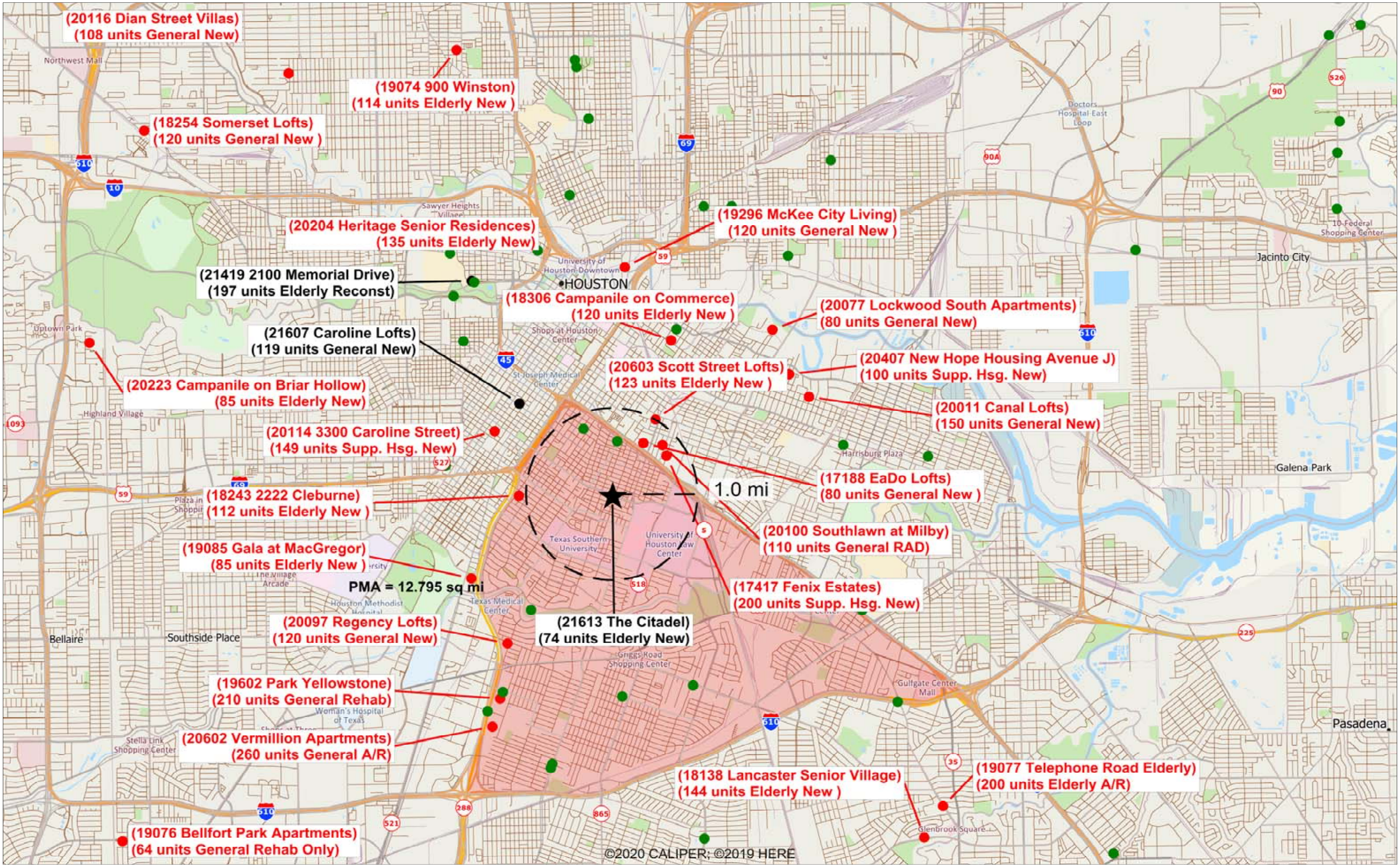
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	47,447 SF	$114.36	5,426,092
Adjustments				
Exterior Wall Finish	0.88%		1.01	$47,750
Elderly	3.00%		3.43	162,783
9-Ft. Ceilings	3.11%		3.56	168,751
Roof Adjustment(s)			2.34	111,000
Subfloor			0.22	10,557
Floor Cover			2.56	121,464
Enclosed Corridors	$105.91	15,216	33.97	1,611,544
Balconies	$30.21	3,656	2.33	110,437
Plumbing Fixtures	$1,610	0	0.00	0
Rough-ins	$600	148	1.87	88,800
Built-In Appliances	$2,950	74	4.60	218,300
Exterior Stairs	$2,460	6	0.31	14,760
Heating/Cooling			2.34	111,026
Storage Space	$105.91	0	0.00	0
Carports	$12.25	0	0.00	0
Structured Parking Garage	$70.00	22,635	33.39	1,584,450
Common/Support Area	$118.46	6,344	15.84	751,534
Elevators	$945,370	2	39.85	1,890,739
Other:			0.00	0
Fire Sprinklers	$2.59	69,007	3.77	178,728
SUBTOTAL			**265.74**	**12,608,715**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(26.57)	(1,260,872)
Reserved				0
TOTAL BUILDING COSTS			**239.17**	**$11,347,844**
Plans, specs, survey, bldg permits	3.30%		(7.89)	($374,479)
Contractor's OH & Profit	11.50%		(27.50)	(1,305,002)
NET BUILDING COSTS		$130,654/unit	$203.77/sf	$9,668,363

Long-Term Pro Forma

The Citadel, Houston, TDHCA Bonds/4% HTC #21613

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$645,909	$658,827	$672,004	$685,444	$699,153	$771,921	$852,263	$940,967	$1,038,904	$1,147,034	$1,266,418
TOTAL EXPENSES	3.00%	$407,211	$419,170	$431,483	$444,160	$457,212	$528,499	$610,979	$706,421	$816,868	$944,692	$1,092,638
NET OPERATING INCOME ("NOI")		**$238,698**	**$239,657**	**$240,521**	**$241,284**	**$241,940**	**$243,422**	**$241,284**	**$234,547**	**$222,036**	**$202,342**	**$173,780**
EXPENSE/INCOME RATIO		63.0%	63.6%	64.2%	64.8%	65.4%	68.5%	71.7%	75.1%	78.6%	82.4%	86.3%
MUST -PAY DEBT SERVICE												
Citi (Tranche A)		$192,243	$192,205	$192,165	$192,124	$192,080	$191,830	$191,514	$191,115	$190,611	$189,975	$189,172
City of Houston- CDBG-DR			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL DEBT SERVICE		$192,243	$192,205	$192,165	$192,124	$192,080	$191,830	$191,514	$191,115	$190,611	$189,975	$189,172
DEBT COVERAGE RATIO		1.24	1.25	1.25	1.26	1.26	1.27	1.26	1.23	1.16	1.07	0.92
ANNUAL CASH FLOW		**$46,455**	**$47,452**	**$48,355**	**$49,160**	**$49,860**	**$51,592**	**$49,770**	**$43,432**	**$31,425**	**$12,367**	**($15,392)**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$23,010	$70,462	$118,817	$167,977	$217,837	$473,586	$727,682	$959,539	$1,143,204	$1,246,283	$1,228,689

21613 The Citadel PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.

Final Transcript

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS: Multi-Family Bond Hearing

March 12, 2021/2:00 p.m. CST

SPEAKERS

Teresa Morales – Director of Multi-Family Bonds

PRESENTATION

Moderator All participants are now in listen-only mode.

Teresa Good afternoon. This is Teresa Morales with the Texas Department of Housing and Community Affairs. The purpose of this call is to conduct a public hearing with respect to the Citadel Apartments proposed multi-family transaction.

To give folks on the line an idea as to how we're going to proceed, there is a brief speech that I'll need to read for purposes of meeting the Internal Revenue code requirements, and then it will be at the conclusion of that speech where I will unmute the lines. If there are any individuals on the call who wish to express public comment with respect to the Citadel Apartments, that will be your opportunity to do so. With that being said, I'll go ahead and get started with the speech.

Good afternoon. My name is Teresa Morales. I would like to proceed with the public hearing. Let the record show that it is 2:03 p.m. on Friday, March 12, 2021.

We are conducting a public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax-exempt multi-family revenue bonds for a residential rental community. This hearing is required by the Internal Revenue code. The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue.

No decisions regarding the development will be made at this hearing. The department's board is scheduled to meet to consider the transaction on April 8, 2021. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at any of their meetings.

The bonds will be issued as tax-exempt multi-family revenue bonds in the aggregate principal amount not to exceed $15 million, and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the issuer. The proceeds of the bonds will be loaned to CHCDC Affordable Elderly, LLC, or a related person or affiliate entity thereof to finance a portion of the cost of acquiring and equipping a multi-family rental housing community described as follows: a 74-unit multifamily residential rental development to be located on approximately 0.9 acres of land, and located at 3331 Elgin Street, in Houston, Harris County, Texas, 77004. The proposed multi-family rental housing community will be initially owned and operated by the borrower or a related person or affiliate thereof.

That is the conclusion of the speech. Now, I will go ahead and unmute the lines.

Moderator: All participants are now in interactive talk mode.

Teresa: If there are any individuals on the line who would like to express public comment with respect to the Citadel Apartments, this would be your opportunity to do so.

Again, if there are any individuals who would like to make public comment with respect to this proposed multi-family property, the lines have been unmuted. This would be your opportunity to make any public comment.

Okay. Let the record show that there are no individuals who have expressed that they would like to make public comment with respect to the Citadel Apartments. Therefore, the meeting is now adjourned. The time is 2:06 p.m. Thank you.

M Thank you.

January 5, 2021

Art Acevedo
Chief of Police

Mr. Bobby Wilkinson, Executive Director
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

Dear Mr. Wilkinson:

The Houston Police Department (HPD) agrees to partner with the Citadel Apartments and the Third Ward Community in the ongoing efforts to reduce crime and improve the quality of life within the historic Third Ward area. The Citadel Apartments will be located on Elgin Street, which is a major thoroughfare in Third Ward and will contribute to neighborhood revitalization.

The development plan includes improving street lighting on Elgin Street, and other crime prevention through environmental design (CPTED) measures to reduce offender opportunities to engage in criminal behavior. In an ongoing effort to prevent and reduce crime, the Houston Police Department's South Central Division continuously engages in the following:

- **Patrol**: Provides increased police presence and proactive enforcement in areas negatively impacted by violent crime. Patrol officers use a combination of patrol tactics, traffic-stops, bicycle patrols, and citizen contacts as tools to prevent and reduce criminal activity.

- **Differential Response Team (DRT):** Works cooperatively with residents and community stakeholders using traditional and non-traditional innovative forms of problem solving initiatives to impact crime, calls-for-service, and safety.

- **Crime Suppression Teams (CST)**: Addresses drug, gang and violent crime issues.

- **Crime Prevention**: Educating citizens through routine contacts, neighborhood, management district and Positive Interaction Program (PIP) meetings, and special events.

The Houston Police Department will continue to engage in prevention and intervention strategies to prevent and reduce crime in this area, and we support the Citadel Apartments in their revitalization efforts of the historic Third Ward Community.

Respectfully,

Art Acevedo
Chief of Police

aa:clj:sdv

4c

BOARD ACTION REQUEST

BOND FINANCE DIVISION

MAY 13, 2021

Presentation, discussion, and possible action authorizing publication of a Notice of Public Hearing for the issuance of Single Family Mortgage Revenue Bonds

RECOMMENDED ACTION

Authorize the publication of a Notice of Public Hearing for the issuance of Single Family Mortgage Revenue Bonds on the Department's website.

BACKGROUND

The Department issues single family mortgage revenue bonds (SFMRBs) as one method of financing single family programs implemented by the Texas Homeownership Division. Pursuant to Section 147(f) of the Internal Revenue Code of 1986, in order to issue tax exempt SFMRBs, the Department must obtain approval from the appropriate governmental unit (Approval) after holding a public hearing following reasonable public notice of such hearing (Notice).

The Department last held a hearing for the issuance of SFMRBs on October 22, 2018. That hearing provided for the issuance of up to $850 million in SFMRBs and up to $150 million in tax exempt refunding bonds, and covered a period of three years from the first related issuance. The three year period began March 19, 2019, with the closing of the Department's Residential Mortgage Revenue Bonds, Series 2019A. Under the current Notice, the Department issued SFMRBs totaling $605,925,000, and has not issued any tax exempt refunding bonds, using taxable bonds to refund outstanding issues during this time. The current Notice covers the next $244,075,000 to be issued for new origination and $150 million in tax exempt refunding bonds. The three year period for the current Notice expires March 19, 2022.

The Department is an active issuer of SFMRBs. In order to ensure the ability to issue tax exempt SFMRBs uninterrupted, staff recommends a new hearing be held. Staff recommends that the new Notice provide for the issuance of qualified mortgage bonds in an aggregate principal amount not to exceed $1.25 billion. The hearing is expected to be held in June 2021. Approval will be sought from the Texas Attorney General in connection with the first issue of tax exempt SFMRBs to be issued pursuant to the new Notice, and will apply to bonds (new origination or refunding) issued within three years of such Approval. Anticipated publication and hearing expenses are not expected to exceed $10,000.

At this time, staff is not seeking, and the Board is not granting, approval for a new issuance of bonds. As is our practice, before moving forward with any new bond issuance, staff will return to the Board for approval.

5a

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

5b

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

MAY 13, 2021

Presentation, discussion and possible action regarding an Award of Direct Loan Funds from the 2020-1 Multifamily Direct Loan Notice of Funding Availability for Manor Town Apartments Phase 2 in Manor

RECOMMENDED ACTION

WHEREAS, an Application for Manor Town Apartments Phase 2 (Application #20506), was submitted by the Housing Authority of Travis County (Applicant) to the Department on October 19, 2020;

WHEREAS, the Application requests $3,000,000 of National Housing Trust Fund (NHTF), and is a Priority 3 Application under the 2020-1 Multifamily Direct Loan Notice of Funding Availability (2020-1 NOFA) under the Soft Repayment set-aside;

WHEREAS, the Applicant is proposing new construction of 20 units in Manor to serve Elderly households and the Application has received complete reviews for compliance with program and underwriting requirements;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the Applicant's compliance history is designated as a Category 1, and has been deemed acceptable by the Executive Award Review Advisory Committee (EARAC); and

WHEREAS, staff recommends approval of $3,000,000 in NHTF for Application #20506;

NOW, therefore, it is hereby

RESOLVED, that an award of $3,000,000 in NHTF funds from the 2020-1 NOFA to Manor Town Apartments Phase 2, subject to conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website is hereby approved in the form presented at this meeting;

FURTHER RESOLVED, that because the Department has not yet met its 2019 NHTF commitment deadline, in accordance with the 2020-1 NOFA the deadline to sign a contract with the Department is July 2, 2021, despite any other deadline in the 10 TAC Chapter 13; and

FURTHER RESOLVED, that the Board's approval is conditioned upon satisfaction of all conditions of underwriting, and completion of any other reviews required to assure compliance with the applicable rules and requirements.

BACKGROUND

Development Information: Manor Town Apartments Phase 2 is the second phase of Manor Town Apartments, originally built in 2006 with 33 units serving an elderly population. Phase 2 will be a two-story, elevator served Development of 20 Units, also targeted to elderly households. The proposed Development will be situated on a currently undeveloped 0.78-acre site that is adjacent to the original 33-unit Development, also owned by the Housing Authority of Travis County and currently 94% occupied. Of the 20 units, there will be 18 Direct Loan Units serving households at or below the greater of the poverty line or 30% of Area Median Family Income (AMI) and two HOME Match-Eligible Units serving households at or below 50% AMI. There will be no project-based rental subsidy attached to any of the units.

Amenities will include a spacious furnished split-level clubhouse area and community kitchen that can accommodate group activities or one to one interaction. A laundry facility, fitness center, and a mail/parcels center will also be provided for the residents. The clubhouse area will open onto a small outdoor sitting area.

Financing: The Manor Place Apartments Phase 2 NHTF loan is proposed in the amount of $3,000,000 as a deferred forgivable loan at 0% interest rate with a 40-year term. The $3,000,000 NHTF loan comprises approximately 77% of Total Housing Development Costs, which meets the requirements of 10 TAC §13.8(c)(10)(B) regarding MFDL as the only source of Department financing. The Housing Authority of Travis County is making a $655,680 owner contribution of unrestricted funding it controls, and is not taking a developer fee.

Additional funding is provided by a $225,000 10-year forgivable loan from the Texas State Affordable Housing Corporation (TSAHC) through its Affordable Housing Program, developed in coordination with the Texas Department of Health and Human Services Commission. As a result of this investment, three (3) units (15% of the total) will provide preference for a household containing a person with a disability eligible for assistance through Medicare/Medicaid's Long-Term Services and Supports (LTSS) program of any age for a 10-year term.

The development will meet requirements of the Housing for Older Persons Act (HOPA) concerning occupancy by elderly residents; at 24 CFR §100.305 and among other characteristics that 80% of occupied units be occupied by at least one person 55 years or age or older per unit.

The NHTF loan will be superior to all other financing, and will maintain first lien position during the construction and permanent periods.

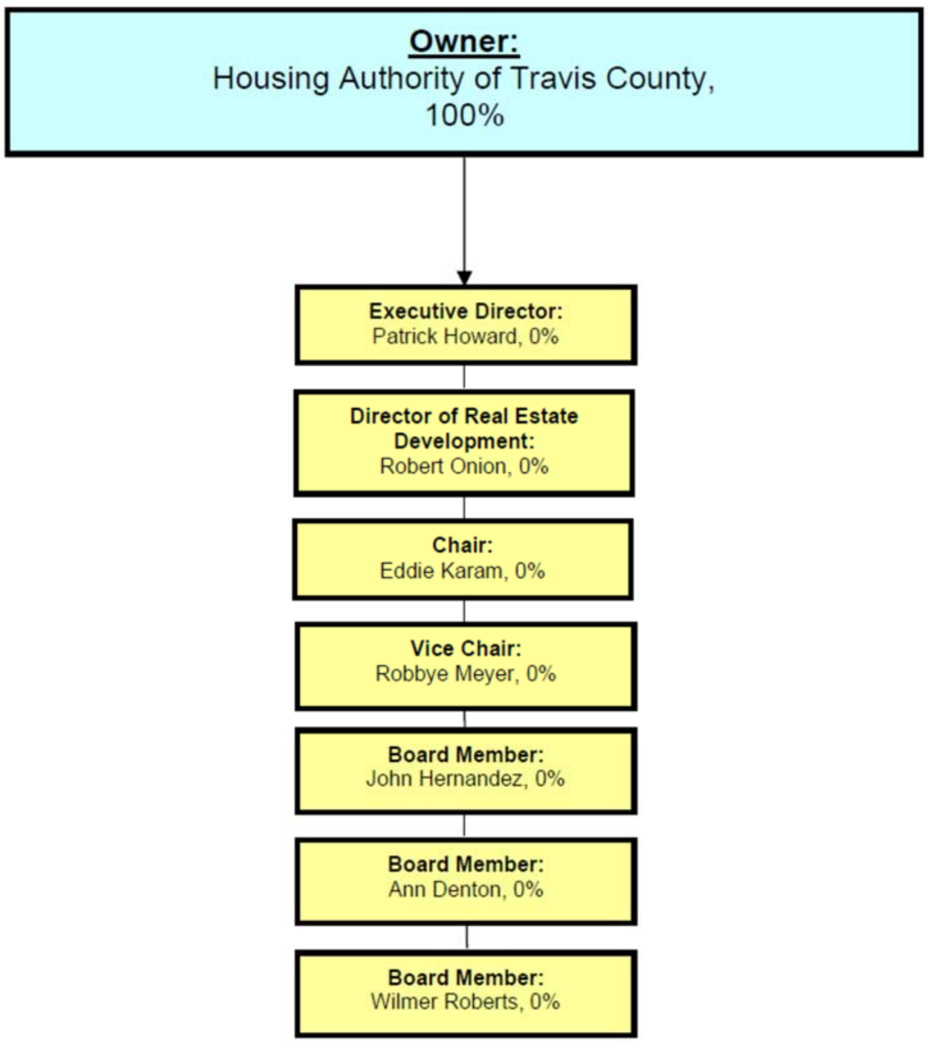
Organizational Structure and Previous Participation: The proposed borrower is the Housing Authority of Travis County, and includes principals as indicated in the organization chart below.

At the time of the Previous Participation Review, the applicant was a Category 1, and EARAC recommends approval without conditions.

Public Comment: There have been no letters of support or opposition received by the Department in connection with this application.

Exhibit A

MANOR TOWN APARTMENTS PHASE 2 OWNERSHIP



20506 Manor Town Phase II - Application Summary

Real Estate Analysis Division
May 6, 2021

Property Identification	
Application #	**20506**
Development	**Manor Town Phase II**
City / County	**Manor / Travis**
Region/Area	**7 / Urban**
Population	**Elderly Limitation**
Set-Aside	**General**
Activity	**New Construction**

Recommendation

TDHCA Program	Request	Recommended			
Multifamily Direct Loan (Soft Repayable)	$3,000,000	**$3,000,000**	**0%**	**40 years**	**Lien 1**

Key Principals / Sponsor

Housing Authority of Travis County
Robert Onion
Patrick Howard
True Casa Consulting, Inc
Jennifer Hicks

Related Parties	Contractor -	TBD	Seller -	No

Typical Building Elevation/Photo

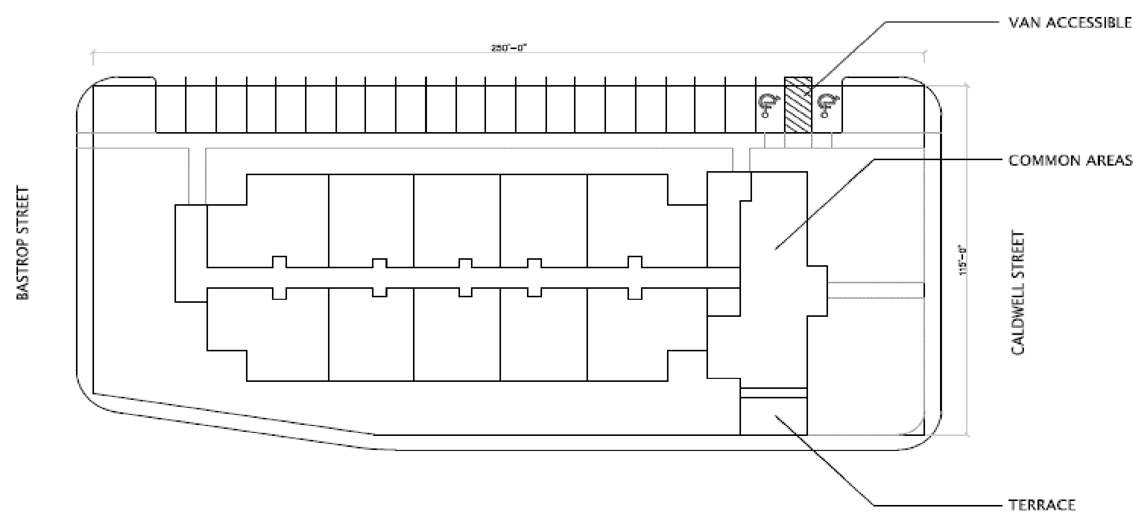
Unit Distribution / Income Distribution

# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	12	60%	40%	-	0%
2	8	40%	50%	-	0%
3	-	0%	60%	-	0%
4	-	0%	MR	-	
TOTAL	20	100%	TOTAL	0	0%

Pro Forma Feasibility Indicators

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage		Expense Ratio	65.0%
Breakeven Occ.	60.1%	Breakeven Rent	$380
Average Rent	$588	B/E Rent Margin	$208
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	$4,283/unit	Controllable	$3,581/unit

Site Plan



Market Feasibility Indicators

Gross Capture Rate (0% Maximum)	0.5%		
Highest Unit Capture Rate	2%	1 BR/30%	11
Dominant Unit Cap. Rate	2%	1 BR/30%	11
Premiums (↑60% Rents)	#DIV/0!	#DIV/0!	
Rent Assisted Units	N/A		

Development Cost Summary

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	769 SF	Density	25.8/acre
Acquisition		$01K/unit	$18K
Building Cost	$164.70/SF	$127K/unit	$2,533K
Hard Cost		$150K/unit	$3,006K
Total Cost		$192K/unit	$3,847K
Developer Fee	$K	(0% Deferred)	Paid Year: 1
Contractor Fee	$412K	30% Boost	No

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
0	0	x	$0	0.00
0	0	x	$0	0.00
TOTAL DEBT (Must Pay)			$0	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
MF Direct Loan- Deferred Forgivable	40/40	0.00%	$3,000,000	0.00
TSAHC AHP Program	10/10	0.00%	$225,000	0.00
CASH FLOW DEBT / GRANTS			$3,225,000	

EQUITY / DEFERRED FEES	
Source	Amount
Housing Authority of Travis County	$622,363
Deferred Developer Fees	($0)
TOTAL EQUITY SOURCES	$622,363
TOTAL DEBT SOURCES	$3,225,000
TOTAL CAPITALIZATION	$3,847,363

CONDITIONS

1 Receipt and acceptance before Direct Loan Closing

a: Substantially final construction contract with Schedule of Values.

b: Updated term sheets with substantially final terms from all lenders

c: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.

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.

RISK PROFILE

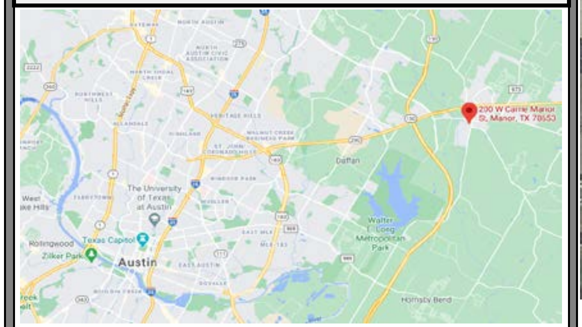
STRENGTHS/MITIGATING FACTORS

- Experienced Developer
- Low gross capture rate

WEAKNESSES/RISKS

- High Expense to Income Ratio
- Low 15-year cash flow
- Feasibility reliant on reduced management fee

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
May 6, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **20506** Program(s): **MDL**

Manor Town Phase II

Address/Location: 200 West Carrie Manor Street

City: Manor County: Travis Zip: 78653

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

Activity: New Construction Building Type: Elevator Served Region: 7

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
Multifamily Direct Loan (Soft Repayable)	$3,000,000	0.00%		40	**$3,000,000**	0.00%		40	1

* Multifamily Direct Loan Terms:
* The term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).
* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS

1 Receipt and acceptance before Direct Loan Closing

a: Substantially final construction contract with Schedule of Values.

b: Updated term sheets with substantially final terms from all lenders

c: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.

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.

SET-ASIDES

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	18
50% of AMFI	Low HOME	2

DEVELOPMENT SUMMARY

Manor Town Apartments Phase 2 is the second phase of Manor Town Apartments built in 2006. This new construction has 20 elderly population units in a single building two-story, elevator served development. 17 units will be used for people at, or below, 30% of Area Median Family Income and 3 units will be provided for people at, or below, 50% Low HOME with no project-based rental subsidy attached to the units.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Experienced Developer
▫	Low gross capture rate
▫	

WEAKNESSES/RISKS	
▫	High Expense to Income Ratio
▫	Low 15-year cash flow
▫	Feasibility reliant on reduced management fee

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Robert Onion	Name:	Patrick Howard
Phone:	(512) 854-1888	Phone:	(512) 854-8245
Relationship:	Developer	Relationship:	Developer

OWNERSHIP STRUCTURE

Owner:
Housing Authority of Travis County,
100%

Executive Director:
Patrick Howard, 0%

Director of Real Estate Development:
Robert Onion, 0%

Chair:
Eddie Karam, 0%

Vice Chair:
Robbye Meyer, 0%

Board Member:
John Hernandez, 0%

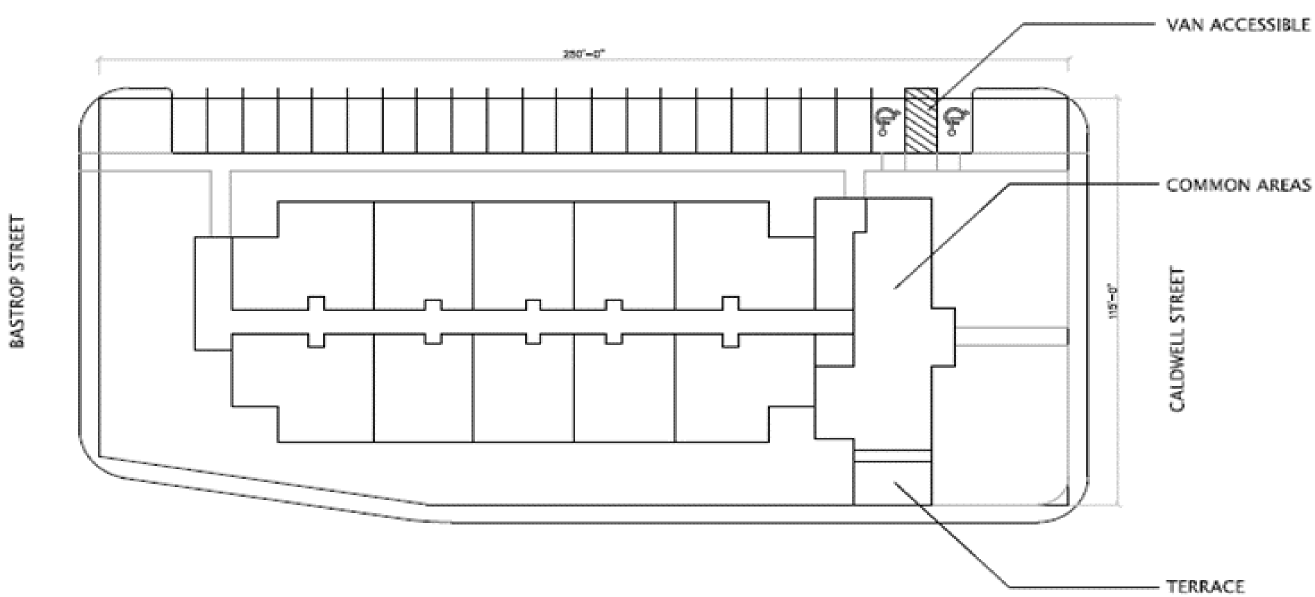
Board Member:
Ann Denton, 0%

Board Member:
Wilmer Roberts, 0%

- The Housing Authority of Travis County (HATC) owns affordable family and senior developments (non-public housing) that have between 16 and 33 units. HATC currently operates and maintains 105 HUD Project Based Rental Assistance (PBRA) units and authorizes the issuance of 632 housing choice vouchers. In addition, HATC receives Continuum of Care grants from HUD to provide rental assistance to homeless individuals with disabilities and their families in connection with matching supportive services funded through other sources. https://www.hatctx.com

DEVELOPMENT SUMMARY

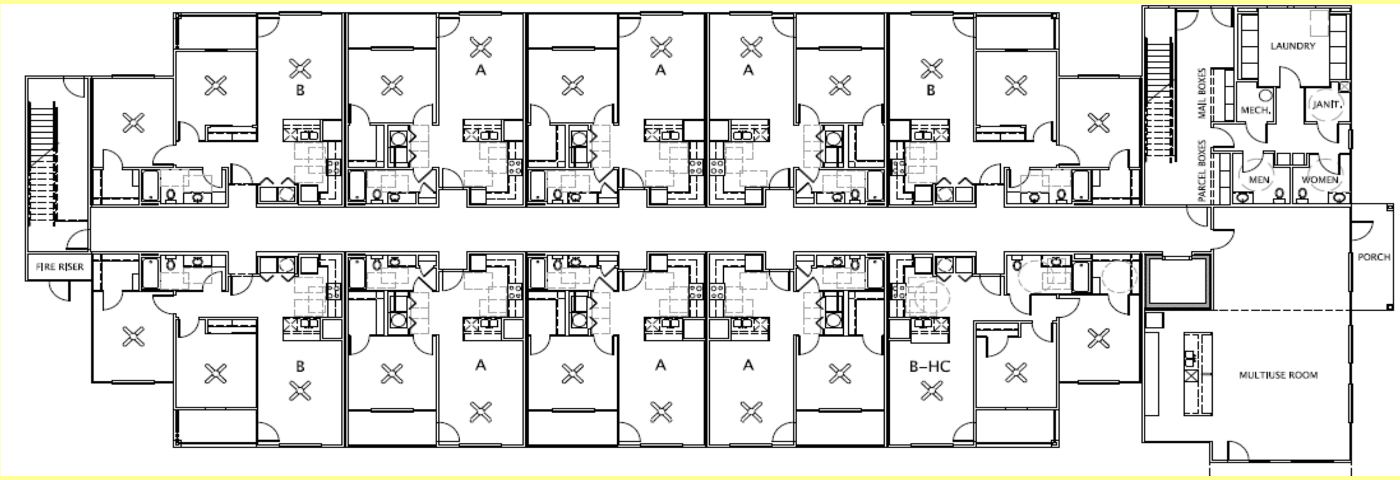
SITE PLAN



Comments:

The topography across the property is generally flat. The surface topography in the area adjoining the property slopes down to the west. The site will be accessed by a driveway that exists on the south side of the existing apartments and on the north side of the proposed multi-family development. The current width is 20-ft but will be widened to 26-ft as directed by Travis County Emergency Services District No. 12. The driveway connects to Caldwell Street on the east side and Bastrop Street on the west side. The parking requirement is 20 parking spaces and 22 parking spaces will be provided. Site amenities will include a clubhouse, laundry facilities, fitness center, and a mail center. Water and sanitary sewer service will be provided by the City of Manor. Detention for storm water is not required by the City, but above ground detention is planned, if needed.

BUILDING PLAN (Typical)



Comments:

General units have covered balconies, a walk-in closet , and in-unit washers and dryers. The building has an efficient plumbing run. Two units out of the total number of units will be designed for people with audio/visual/mobility impairments.

BUILDING ELEVATION

Comments:

The 20 unit development will be a single two-story building with an elevator. There will be twelve one bedroom/one-bath and eight two-bedroom/one-bath units. There is standard building articulation with a 1/2 roof pitch, composition of 87% siding and 13% fiber cement panels.

BUILDING CONFIGURATION

Building Type	1											Total Buildings
Floors/Stories	2											
Number of Bldgs	1											1
Units per Bldg	20											
Total Units	20											**20**

Avg. Unit Size (SF)	**769 sf**	**Total NRA (SF)**	**15,380**	**Common Area (SF)***	**6,788**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 0.7748 acres Density: 25.8 units/acre

Site Control: 0.775 **Site Plan:** 0.775 **Appraisal:** n/a **ESA:** 0.9

Control Type: Warranty Deed Executed Date: 9/10/2007

Tract 1:	0.198	acres	Cost:	$0	Seller:	Housing Authority of Travis County
Tract 2:	0.462	acres	Cost:	$0	Seller:	Housing Authority of Travis County
Tract 3:	0.1148	acres	Cost:	$18,500	Seller:	City of Manor

Development Site: 0.7748 acres Cost: N/A N/A per unit

Related-Party Seller/Identity of Interest: N/A

Comments:

The Housing Authority of Travis County has owned the property since 2007 and will develop the property, continue to own the property, manage it, and be responsible for all operations and compliance. The City of Manor is selling an existing 20-ft alley along the north side of the property to the Housing Authority of Travis County for $18,500, which is included in the total site acreage, 0.7748 acres. There are plans to widen this right-of-way to 26-ft and to connect the south side of the existing apartments to the north side of the proposed multi-family development. The transfer of ownership was approved by city council on October 7, 2020.

SITE INFORMATION

Flood Zone:	Zone X	Scattered Site?	No
Zoning:	MF-2	Within 100-yr floodplain?	No
Re-Zoning Required?	yes	Utilities at Site?	Yes
Year Constructed:	0	Title Issues?	No

Current Uses of Subject Site:

The property has been vacant and undeveloped since 2007. A concrete slab that previously held a storage building is present on the southeastern portion.

Surrounding Uses:

North: Metro Park and Ride and multi-family (owned by Housing Authority of Travis County)
West: Existing Single Family Residential
South: Existing Single Family Residential
East: Existing Single Family Residential

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: ATC Group Services LLC   Date: 10/2/2020

Recognized Environmental Conditions (RECs) and Other Concerns:

- None

Comments:

A noise study was completed and the results were in the acceptable range for noise.

MARKET ANALYSIS

Provider: Apartment MarketData, LLC   Date: 6/26/2020

Primary Market Area (PMA): 64 sq. miles   5 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME

Travis County Income Limits

HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$13,200	$13,200	$15,840	$15,840	---	---	---
	Max	$20,550	$23,450	$26,400	$29,300	---	---	---
50% AMGI	Min	$21,960	$21,960	$26,352	$26,352	---	---	---
	Max	$34,200	$39,050	$43,950	$48,800	---	---	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
	None					

Other Affordable Developments in PMA since 2015

File #	Development	Type	Target Population	Comp Units	Total Units
18416	Commons at Manor Village	New	Elderly Limitation	n/a	172
18420	Walnut Creek Apartments	New	General	n/a	0
19418	Bridge at Loyola Lofts	New	General	n/a	204
19441	Decker Lofts	New	General	n/a	262
20486	Old Manor Senior	New	Elderly	n/a	207
20488	Wildhorse Flats	New	General	n/a	310

Stabilized Affordable Developments in PMA

Total Units	2,963
Total Developments	16
Average Occupancy	96.4%

Proposed, Under Construction, and Unstabilized Competitive Supply:

18416 Commons at Manor Village and 20488 Old Manor Senior are not considered competitive deals since they are both using 60% AMGI and do not include 30% and 50% income units.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	31,639			
Senior Households in the Primary Market Area	10,181			
Potential Demand from the Primary Market Area	3,748			
10% External Demand	375			
Potential Demand from Other Sources				
GROSS DEMAND	4,123			
Subject Affordable Units	20			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	20			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**0.5%**			

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

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND											
	Market Analyst										
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate						
30% AMGI	1,793	179	18	0	0.9%						
50% AMGI	1,954	195	2	0	0.1%						

Demand Analysis:

Minimum eligible income is calculated at 50% rent to income for Elderly developments. Gross demand includes all household sizes and both renter and owner households. Elderly is assumed age 55 and up.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE

	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	590	59	11	0	1.7%					
1 BR/50%	849	85	1	0	0%					
2 BR/30%	381	38	7	0	1.7%					
2 BR/50%	738	74	1	0	0.1%					

Market Analyst Comments:

The overall occupancy reported in the market is 96%. (p. 11)

The most recently built affordable family project was Jordan at Mueller (TDHCA #17113), Jordan at Mueller, built in November 2019, has 132 units that are 100% occupied. The Terrace at Walnut Creek (TDHCA #15420), began leasing 324 units in July 2017 and is currently 97% occupied. There are currently five projects (one affordable senior, four affordable family) under construction totaling 840 units. There are also five market rate projects in planning totaling 1,432 units. There is also one affordable project in lease up with 264 units. (p.12)

Subject's "affordable" rents on a Total Rent Basis are 63% below market rents currently offered in the marketplace. (p. 14)

Revisions to Market Study:	2

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$46,203	Avg. Rent:	$588	Expense Ratio:	64.96%
Debt Service:	$0	B/E Rent:	$380	Controllable Expenses:	$3,581
Net Cash Flow:	$46,203	UW Occupancy:	92.5%	Property Taxes/Unit:	$0
Aggregate DCR:	NA	B/E Occupancy:	60.1%	Program Rent Year:	2020

There are 18 MDFL units that are restricted at 30% AMI level and underwriting assumes max program rents. There are 2 non-MFDL units that are LOW HOME units at 50% MFI, which are considered HOME match units and there is no project-based rental assistance.

The landlord will pay for water, sewer, trash expenses while the tenant will pay for all other utilities.

It is expected the Development will be exempt from property tax since the property will be owned and operated by the housing authority.

The project is underwritten with 1 unit vacant and the breakeven vacancy is 8 units (40% of the unit mix). The small number of units and the low property average income skew the breakeven calculations.

High expense-to-income ratio (64.96%) attributed to 32% property average income and per unit expenses are higher due to the smaller number of units,

Underwriter assumes Applicant's 3.2% management fee, per management fee letter.

There is no hard debt, no deferred fee and the 15-year cumulative cash flow is $692K.

Related-Party Property Management Company:	Yes

Revisions to Rent Schedule:	1		Revisions to Annual Operating Expenses:	1

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	$/ac	$900/unit	**$18,000**	Contractor Fee	**$412,062**
Off-site + Site Work		$13,800/unit	**$276,005**	Soft Cost + Financing	**$376,500**
Building Cost	$164.70/sf	$126,658/unit	**$2,533,155**	Developer Fee	**$0**
Contingency	8.19%	$9,832/unit	**$196,641**	Reserves	**$35,000**
Total Development Cost	$192,368/unit	**$3,847,363**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Not Qualified

Acquisition:

The City of Manor is selling an existing 20-ft alley along the north side of the property to the developer (Housing Authority of Travis County) for $18,500.

Site Work:

Site work costs of $8k per unit cost includes: demolition, grading, paving, and utilities for the site. Site amenities of $5.7k per unit include a clubhouse with a multi-activity room and business center.

Building Cost:

Applicant's Building Cost is $2.5M ($164.70/sf, $126K/unit). The small number of units (20) and smaller unit size(average 769 sf) makes the cost to build higher than the average development, The increased lumber prices due to the pandemic is an added factor. The underwriter's estimate is based off of Marshall and Swift's average base building costs and is adjusted for these factors. With only 20 units, much of the total cost is for non-rentable area (corridors, community area, office/leasing space, etc). In this case the net rentable area is only 74% of gross building area, whereas in an average multifamily proprety of 250 units the net rentable area would average around 90-95% of gross building area.

Contingency:

Underwriter added the $89,500 soft cost contingency to total contingency. This results in contingency of 8.19%, which is abover the 7% limit.

Soft Costs:

Soft costs are at $14K/unit. There is a re-platting fee of $17k.

Reserves:

Capitalized reserves represent approximately 5 months of operating expenses.

Credit Allocation Supported by Costs:

Related-Party Contractor:	TBD
Related-Party Cost Estimator:	TBD

Revisions to Development Cost Schedule:	0

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
TDHCA	Deferred Forgivable	$3,000,000	0.00%	77%
Housing Authority of Travis County	Owner Cash Contribution	$655,680	0.00%	17%
TSAHC AHP Program	Direct Loan Match	$225,000	0.00%	6%
		$3,880,680	**Total Sources**	

Comments:

Applicant has requested a $3,000,000 Multifamily Direct Loan within the Soft Repayable set-aside. The loan will be deferred forgivable for 40 years at 0% interest.

Texas State Affordable Housing Corporation is providing the MDL match with the Affordable Housing Partnership in the amount of $225,000 through a 10-year deferred forgivable loan. The project will receive $75,000 for three units for a 10-year term.

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
MF Direct Loan- Deferred Forgivable	$3,000,000	0.00%	40	40	$3,000,000	0.00%	40	40	78%
TSAHC AHP Program	$225,000	0.00%	10	10	$225,000	0.00%	10	10	6%
Total	**$3,225,000**				**$3,225,000**				

Comments:

TDHCA's Multifamily Direct Loan will be used as a permanent source of funding. The term of the loan will be for 40 years at zero percent interest.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Housing Authority of Travis County	$655,680			$622,363		16%	
Total	**$655,680**			**$622,363**			
				$3,847,363	**Total Sources**		

Comments:

The proposed transaction is over-sourced as a result of the adjustment to Contingency. The Underwriter assumes the Applicant will reduce the Owner Contribution in order to balance sources and uses.

Revisions to Sources Schedule:	0

CONCLUSIONS

Recommended Financing Structure:

	Amount	Interest Rate	Amort	Term	Lien
TDHCA Multifamily Direct Loan	**$3,000,000**	**0.00%**		**40**	**1**

Comments:

Underwriter recommends the $3,000,000 deferred forgivable Multifamily Direct Loan with a term of 40 years and 0% interest rate.

Underwriter:	*Deborah Willson*
Manager of Real Estate Analysis:	*Jeanna Adams*
Director of Real Estate Analysis:	*Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

Manor Town Phase II, Manor, MDL #20506

LOCATION DATA	
CITY:	Manor
COUNTY:	Travis
Area Median Income	$95,900
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	12	60.0%	0	12
2	8	40.0%	0	8
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	20	100.0%	-	20

#DIV/0!	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	-	0.0%
40%	-	0.0%
50%	-	0.0%
60%	-	0.0%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	-	0.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	
Applicable Fraction	
APP % Acquisition	
APP % Construction	
Average Unit Size	769 sf

UNIT MIX / MONTHLY RENT SCHEDULE

TDHCA Direct Loan Program		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
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
30%/30%	$550	11	1	1	687	$550	$41	$509	$0	$0.74	$509	**$5,599**	**$5,599**	$509	$0.74	$0	$1,210	$1.76	$1,210
30%/30%	$660	7	2	1	892	$660	$54	$606	$0	$0.68	$606	**$4,242**	**$4,242**	$606	$0.68	$0	$1,435	$1.61	$1,435
LH/50%	$915	1	1	1	687	$915	$41	$874	$0	$1.27	$874	**$874**	**$874**	$874	$1.27	$0	$1,210	$1.76	$1,210
LH/50%	$1,098	1	2	1	892	$1,098	$54	$1,044	$0	$1.17	$1,044	**$1,044**	**$1,044**	$1,044	$1.17	$0	$1,435	$1.61	$1,435
TOTALS/AVERAGES:		**20**			**15,380**				**$0**	**$0.76**	**$588**	**$11,759**	**$11,759**	**$588**	**$0.76**	**$0**	**$1,300**	**$1.69**	**$1,300**

ANNUAL POTENTIAL GROSS RENT:		
	$141,108	**$141,108**

STABILIZED PRO FORMA

Manor Town Phase II, Manor, MDL #20506

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Local Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.76	$588	$141,108	$141,108	$588	$0.76		0.0%	$0
Damages, Laundry, Lease Term Fees							$4.75	$1,140						
Late Charges, App Fees, NSF Fees							$1.25	$300						
Total Secondary Income							$6.00		$1,440	$6.00			0.0%	$0
POTENTIAL GROSS INCOME								$142,548	$142,548				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(10,691)	(10,691)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$131,857	$131,857				0.0%	$0
General & Administrative	$10,775	$539/Unit	$7,961	$398	5.22%	$0.45	$344	$6,880	$6,880	$344	$0.45	5.22%	0.0%	-
Management	$10,818	5.4% EGI	$8,973	$449	3.20%	$0.27	$211	$4,219	$4,219	$211	$0.27	3.20%	0.0%	(0)
Payroll & Payroll Tax	$23,825	$1,191/Unit	$25,603	$1,280	24.32%	$2.08	$1,603	$32,063	$32,063	$1,603	$2.08	24.32%	0.0%	-
Repairs & Maintenance	$19,458	$973/Unit	$13,255	$663	10.71%	$0.92	$706	$14,120	$13,000	$650	$0.85	9.86%	8.6%	1,120
Electric/Gas	$4,105	$205/Unit	$4,513	$226	2.32%	$0.20	$153	$3,060	$4,105	$205	$0.27	3.11%	-25.5%	(1,045)
Water, Sewer, & Trash	$15,929	$796/Unit	$10,958	$548	11.76%	$1.01	$775	$15,500	$15,929	$796	$1.04	12.08%	-2.7%	(429)
Property Insurance	$6,951	$0.45 /sf	$7,344	$367	3.19%	$0.27	$210	$4,200	$4,200	$210	$0.27	3.19%	0.0%	-
Property Tax (@ 0%) 2.9659	$14,064	$703/Unit	$21,388	$1,069	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements				$0	3.79%	$0.33	$250	$5,000	$5,000	$250	$0.33	3.79%	0.0%	-
Supportive Services				$0	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA MDL Compliance ($34/MDL unit)				$0	0.46%	$0.04	$31	$612	$612	$31	$0.04	0.46%	0.0%	-
TOTAL EXPENSES					**64.96%**	**$5.57**	**$4,283**	**$ 85,654**	**$86,009**	**$4,300**	**$5.59**	**65.23%**	**-0.4%**	**$ (355)**
NET OPERATING INCOME ("NOI")					**35.04%**	**$3.00**	**$2,310**	**$46,203**	**$45,848**	**$2,292**	**$2.98**	**34.77%**	**0.8%**	**$ 355**

CONTROLLABLE EXPENSES	$3,581/Unit		$3,599/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Manor Town Phase II, Manor, MDL #20506

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
CASH FLOW DEBT / GRANTS	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	DCR	LTC
MF Direct Loan- Deferred Forgivable				$0	0.00%	40	40	$3,000,000	$3,000,000	40	40	0.00%	$0		78.0%
TSAHC AHP Program				$0	0.00%	10	10	$225,000	$225,000	10	10	0.00%	$0		5.8%
				$0	TOTAL DEBT / GRANT SOURCES			$3,225,000	$3,225,000	TOTAL DEBT SERVICE			$0		83.8%
NET CASH FLOW		$45,848	$46,203						APPLICANT	NET OPERATING INCOME		$46,203	$46,203	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	Allocation Method
Housing Authority of Travis County	Owner Cash Contribution	17.0%			$655,680	$622,363			16.2%		
Deferred Developer Fees	Deferred Developer Fees	0.0%			$0					Total Developer Fee:	$0
Additional (Excess) Funds Req'd		0.0%				($0)			0.0%		
TOTAL EQUITY SOURCES		17.0%			$655,680	$622,363			16.2%		
TOTAL CAPITALIZATION					$3,880,680	$3,847,363				15-Yr Cash Flow after Deferred Fee:	$692,702

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS				TDHCA COST / BASIS ITEMS			COST VARIANCE	
				Total Costs	Total Costs			%	$
Land Acquisition			$ / Unit	$0	$0	$ / Unit		0.0%	$0
Right of Way Acquisition				$18,000	$18,000				$0
Off-Sites			$ / Unit	$0	$0	$ / Unit		0.0%	$0
Site Work			$8,008 / Unit	$160,155	$160,155	$8,008 / Unit		0.0%	$0
Site Amenities			$5,793 / Unit	$115,850	$115,850	$5,793 / Unit		0.0%	$0
Building Cost		$164.70 /sf	$126,658/Unit	$2,533,155	$2,415,909	$120,795/Unit	$157.08 /sf	4.9%	$117,246
Contingency			8.19%	$229,958	$188,434	7.00%		22.0%	$41,524
Contractor Fees			13.56%	$412,062	$412,062	14.31%		0.0%	$0
Soft Costs			$14,450 / Unit	$289,000	$289,000	$14,450 / Unit		0.0%	$0
Financing			$4,375 / Unit	$87,500	$87,500	$4,375 / Unit		0.0%	$0
Developer Fee		0.00%	0.00%	$0	$0	0.00%	0.00%	0.0%	$0
Reserves			5 Months	$35,000	$35,000	5 Months		0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)			$194,034 / Unit	$3,880,680	$3,721,910	$186,096 / Unit		4.3%	$158,770
Acquisition Cost				$0					
Contingency				($33,317)					
Contractor's Fee				$0					
Financing Cost									
Developer Fee				$0					
Reserves				$0					
ADJUSTED BASIS / COST			$192,368/unit	$3,847,363	$3,721,910	$186,096/unit		3.4%	$125,453
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):				$3,847,363					

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Manor Town Phase II, Manor, MDL #20506

BUILDING COST ESTIMATE					
CATEGORY		**FACTOR**	**UNITS/SF**	**PER SF**	
Base Cost:	Elevator Served		15,380 SF	$138.72	2,133,495
Adjustments					
Exterior Wall Finish		0.00%		0.00	$0
Elderly		3.00%		4.16	64,005
9-Ft. Ceilings		3.00%		4.16	64,005
Roof Adjustment(s)				1.30	20,000
Subfloor				(0.93)	(14,227)
Floor Cover				2.56	39,373
Enclosed Corridors		$130.27	3,018	25.56	393,151
Balconies		$29.14	1,731	3.28	50,433
Plumbing Fixtures		$1,080	0	0.00	0
Rough-ins		$530	40	1.38	21,200
Built-In Appliances		$1,830	20	2.38	36,600
Exterior Stairs		$2,460	2	0.32	4,920
Heating/Cooling				2.34	35,989
Storage Space		$130.27	384	3.25	50,023
Carports		$12.25	0	0.00	0
Garages			0	0.00	0
Common/Support Area		$95.81	2,213	13.79	212,036
Elevators		$93,900	1	6.11	93,900
Other:				0.00	0
Fire Sprinklers		$2.59	20,995	3.54	54,377
SUBTOTAL				**211.92**	**3,259,281**
Current Cost Multiplier		1.00		0.00	0
Local Multiplier		0.87		(27.55)	(423,707)
Reserved					0
TOTAL BUILDING COSTS				**184.37**	**$2,835,574**
Plans, specs, survey, bldg permits		3.30%		(6.08)	($93,574)
Contractor's OH & Profit		11.50%		(21.20)	(326,091)
NET BUILDING COSTS			$120,795/unit	$157.08/sf	$2,415,909

Long-Term Pro Forma

Manor Town Phase II, Manor, MDL #20506

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$131,857	$134,494	$137,184	$139,928	$142,726	$157,581	$173,982	$192,091	$212,084	$234,157	$258,529	$285,437
TOTAL EXPENSES	3.00%	$85,654	$88,181	$90,783	$93,463	$96,222	$111,296	$128,744	$148,942	$172,326	$199,398	$230,743	$267,038
NET OPERATING INCOME ("NOI")		**$46,203**	**$46,313**	**$46,401**	**$46,465**	**$46,504**	**$46,286**	**$45,239**	**$43,148**	**$39,758**	**$34,759**	**$27,785**	**$18,398**
EXPENSE/INCOME RATIO		65.0%	65.6%	66.2%	66.8%	67.4%	70.6%	74.0%	77.5%	81.3%	85.2%	89.3%	93.6%
ANNUAL CASH FLOW		**$46,203**	**$46,313**	**$46,401**	**$46,465**	**$46,504**	**$46,286**	**$45,239**	**$43,148**	**$39,758**	**$34,759**	**$27,785**	**$18,398**
CUMULATIVE NET CASH FLOW		$46,204	$92,517	$138,917	$185,382	$231,886	$464,044	$692,702	$913,090	$1,119,238	$1,303,744	$1,457,491	$1,569,319

5c

BOARD REPORT

MULTIFAMILY FINANCE DIVISION

May 13, 2021

Report on potential assistance to 2020 competitive 9% Housing Tax Credits due to the impact of increased construction costs

NOTE: This item is being presented in May 2021 to provide a briefing to the Board on this issue and allow public comment to be heard by the Board. Staff will then return in subsequent months with an action item for Board consideration.

The impact of the COVID-19 pandemic has been dramatic and far-reaching across multiple sectors of the U.S. economy. One of the areas is a sharp increase in the cost of lumber over the past year. Fueled by increased costs due to safety requirements, lower production due to quarantine, and increased demand due to homeowner interest in remodeling, the increased prices have negatively impacted construction projects. As reported by the National Association of Homebuilders in February 2021: “Lumber prices have skyrocketed more than 180% since last spring, and this price spike has caused the price of an average new single-family home to increase by $24,386 since April 17, 2020, according to NAHB standard estimates of lumber used to build the average home. Similarly, the market value of the average new multifamily home has increased by $8,998 over the same period due to the surge in lumber prices.” This increase in prices means that project costs estimated in late 2019 and early 2020 are no longer accurate.

The Department has received a request (attached) from the Texas Association of Affordable Housing Providers (TAAHP) that assistance be provided to 2020 competitive 9% Housing Tax Credit Applicants, so that they are able to complete the originally planned Developments. The request asks for an allocation of additional credits from the 2022 9% credit ceiling, as a supplement to each of the 2020 Applications. The request includes reference to a similar effort by the Department to provide additional credits to accommodate cost increases experienced because of hurricanes Katrina and Rita in 2006, and asks that a similar program be implemented.

The request specifically asks that $5.1M from the 2022 9% allocation be set aside for relief to 2020 Applicants. The action of allocating a portion of a future credit ceiling to one or more current or prior year applicants or awards is known as ‘forward committing’ credits. The QAP specifically prohibits forward commitment at 10 TAC §11.207(3), which states that the Board, “may not grant a waiver to provide directly or implicitly any forward commitments…” While it has not been supported in recent years, the Department does have the state and federal authority to proceed with such a request. The forward committing of credits is common in some states and for many years, it was a common part of each year’s award process in Texas.

In considering the request, it is important to clearly understand the impact this action would have on the 2022 competitive cycle. For the years 2018 through 2021, there has been a 12.5% increase added to the per capita amount of credits available to the state, by virtue of the 2018 federal spending bill. With that increase, the amount for 2021 is $2.8125 per capita, resulting in $82,557,134 available for allocation to 9% Applications. Without federal action to continue this increase, the per capita amount in 2022 will revert back to a pre-2018 level estimated to be approximately $2.50 per capita, resulting in an estimated $8.5M reduction of the credit ceiling to $74M available for 2022. After deduction of the statutorily required At-risk set aside, there would be approximately $63M available for allocation in the subregions in 2021. For 2022, if the requested $5.1M were to be allocated to support the 2020 Applicants, the amount remaining for the subregions would be reduced to approximately $58M, which would represent an approximate $30 million reduction from 2021 funding.

The request also proposes a limitation be applied to any 2020 Applicant who takes additional credits in 2022 that would limit their "per developer cap" by the same amount for any new 2022 Applications submitted by that Applicant. For instance, a 2020 Applicant who requests an additional $300,000 of 2022 credits for their 2020 Development would be limited to a cap of $2,700,000 total for new awards in 2022. Consideration should be given to how that lower cap would be implemented, both in terms of adjustments to 2022 Applications, and to the impact on Affiliates of 2020 and 2022 Applicants. The additional allocation provided in 2006 had a similar limitation, along with consideration of the impact on subregions and statutory limitations on the location of Developments.

In considering the request, staff will research the 2006 QAP and consider Department practice at the time to gain insight on the impacts of the earlier program. Staff will also evaluate the current QAP and the potential ramifications of taking such an action. While it is possible to provide the requested assistance in the form of additional credits, the limitations and tools provided by current statute, rules, and policy should be considered.

Waiver of multiple parts of the QAP would be required to implement the request for additional allocation. Other considerations relate to which Applicants would be eligible to receive the additional allocation, the amount of additional allocation, how the additional credits would be requested and how those requests will be evaluated.

As part of this effort, the Multifamily Direct Loan (MFDL) Program rule could be used to provide loans as opposed to credit allocations to 2020 9% Applicants; these loans could be made less burdensome by removing certain non-regulatory limitations and increasing available activities that may have made the addition of MFDL funds to a 2020 9% Application infeasible. The Department anticipates having at least $60 million in MFDL available that could be used for this purpose—approximately two-thirds of which must be committed by mid-2023 or will be lost to the State of Texas.

Staff will complete research of the 2006 assistance and potential mechanisms and waivers needed to provide the requested assistance to 2020 9% Applicants, and present a recommendation for Board action in the coming months.

Marni Holloway

From:	Bobby Wilkinson
Sent:	Monday, April 26, 2021 11:22 AM
To:	Brooke Boston; Homero Cabello; Michael Lyttle; Beau Eccles; Monica Galuski; David Cervantes
Cc:	Nancy Dennis; Marni Holloway; Rosalio Banuelos; Tom Cavanagh
Subject:	Fwd: Construction Prices Increases Impacting 2020 Deals
Attachments:	Developer Survey Results.pdf; 4Apr 16 2021.pdf; 07-14-PercentIncrease-070411.pdf; Copy of 2020 9% Credit Allocation Cost Data_From TDHCA 4-26-21.xlsx

For exec discussion tomorrow

Begin forwarded message:

From: Janine Sisak <janines@dmacompanies.com>
Date: April 26, 2021 at 11:08:26 AM CDT
To: Bobby Wilkinson <bobby.wilkinson@tdhca.state.tx.us>
Cc: Roger Arriaga <roger@taahp.org>, "Akbari, Chris" <chris.akbari@itexgrp.com>, Bobby Bowling <Bbowling4@aol.com>
Subject: Construction Prices Increases Impacting 2020 Deals

Bobby:

As we have discussed several times, our members are being severely impacted by the spike in construction pricing, including but not limited to, the historically high price of lumber. We have recently closed a survey of our members to get our hands around the extent of the problem, and those survey results are attached. Also attached is the most recent lumber report which shows the continuation of the upward trend in this regard. There is no end in sight.

Due to this exorbitant lumber pricing, in addition to other commodity cost increases, we respectfully request that TDHCA place a "Tax Credit Increase Policy" on the board agenda for May, if possible, and June if May is not possible. TDHCA can directly model this Policy on the one passed by the board in 2007, and referenced in the Q&A attached. (I cannot find the final policy on your website anymore, so hopefully one of your staff people can find it.)

Extrapolating from that 2007 policy, we specifically propose the following, which was developed by an TAAHP ad hoc committee that met this past Friday:

TDHCA earmarks $5.1M from the 2022 tax credit 9% allocation, which represents 6.26% of today's allocation, without the future upward adjuster that typically happens due to population increase. In other words, this $5.1M will represent a smaller percentage of that future allocation, assuming it is bigger than the 2021 one.

This $5.1M is layered on 2020 awards. Credit increases per project will be determined by applying an 8% increase to an application's underwritten hard costs. This results in an <u>average</u> per project increase of $71k, and the increases range from $13,000 for the smaller, rural rehab projects, to $160k for larger urban deals.

The overall concept is that 2020 deals will be more financial feasible, which is a policy objective worth pursuing, even if it means that there are $5.1M fewer credits to compete for next year.

A note on cap—in 2007, the per project cap, which is not statutory, was waived by the agency, and we would request the same here. With regard to developer cap, the policy allowed the developer to take the extra credit against the future year cap, and we would request the same here so that everyone can benefit. Finally, we request that all 2020 awardees be eligible to benefit from this policy, even on transactions that have already closed. Of course, this policy would be optional—if a developer does not want or need additional credits, she can decide to not participate in the program.

Because Diamond was able to share the underwritten data for all 2020 awardees, our per development analysis is attached, which assumes the 8% increase.

We are trying to present this to you in a way that makes it easy for TDHCA staff to prepare this for board consideration. I have floated this concept by many of our developer members and all agree that the 2007 policy worked very well, and there is no reason to deviate from that very same policy. Still, we are happy to meet and discuss further at your convenience, or do whatever you need us to do to get some relief in this regard to the board for consideration here in the next month or two. I think I shared with you an email from your counterpart in Georgia, who is implementing a similar policy, and we expect other states to follow suit.

Thanks Bobby.

-Janine

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TDHCA #	Development Name	Costs Used	Off Site Costs	Site Work	Building Cost	Credit Allocation	Awarded?	High Cost Adjustment	Applicable Fraction	8% Site Work Increase	Building Cost Increase	Total Increase	Credit Allocation Increase
20002	Zilker Studios, fka Armadillo Studios	Applicant	$0	$1,460,631	$12,494,707	$1,500,000	Y	130%	100.000%	$116,850	$999,577	$1,116,427	$130,622
20011	Canal Lofts	Applicant	$360,000	$2,156,319	$15,796,580	$1,500,000	Y	130%	66.670%	$172,506	$1,263,726	$1,436,232	$112,032
20015	New Caney Oaks	TDHCA	$0	$830,000	$3,701,000	$908,829	Y	130%	98.780%	$66,400	$296,080	$362,480	$41,893
20016	Reserve at Sulphur Springs	Applicant	$51,500	$702,725	$5,638,278	$1,000,000	Y	130%	100.000%	$56,218	$451,062	$507,280	$59,352
20018	Park Tower	Applicant	$0	$1,080,192	$7,388,975	$1,462,830	Y	130%	85.670%	$86,415	$591,118	$677,533	$67,912
20024	Dallas Stemmons Apartments	Applicant	$0	$1,111,973	$8,945,527	$1,500,000	Y	130%	97.700%	$88,958	$715,642	$804,600	$91,973
20025	Palladium Fain Street, Ltd.	Applicant	$0	$1,345,500	$8,760,009	$1,377,102	Y	130%	89.880%	$107,640	$700,801	$808,441	$85,015
20027	Garland Senior Living	Applicant	$0	$1,619,473	$11,589,578	$1,500,000	Y	130%	75.410%	$129,558	$927,166	$1,056,724	$93,234
20042	The Commons at St. Anthony's	TDHCA	$114,745	$1,523,188	$15,125,783	$1,500,000	Y	130%	100.000%	$121,855	$1,210,063	$1,331,918	$155,834
20046	Brandywine	TDHCA	$0	$203,500	$3,161,050	$748,620	Y	130%	100.000%	$16,280	$252,884	$269,164	$31,492
20051	Village at McArdle	Applicant	$0	$1,556,086	$7,355,850	$1,392,807	Y	130%	85.370%	$124,487	$588,468	$712,955	$71,212
20054	Gulf Shore Villas	Applicant	$150,000	$850,450	$5,059,800	$982,809	Y	130%	85.600%	$68,036	$404,784	$472,820	$47,354
20066	Vista at Everest	Applicant	$3,000	$1,556,147	$4,688,332	$1,500,000	Y	130%	100.000%	$124,492	$375,067	$499,559	$58,448
20069	Vista at Interpark	Applicant	$269,000	$1,401,671	$4,678,737	$1,500,000	Y	130%	100.000%	$112,134	$374,299	$486,433	$56,913
20075	New Hope Housing Savoy	Applicant	$0	$1,789,883	$10,369,718	$1,471,869	Y	130%	100.000%	$143,191	$829,577	$972,768	$113,814
20077	Lockwood South Apartments	Applicant	$500,000	$1,180,000	$7,738,720	$1,500,000	Y	130%	87.360%	$94,400	$619,098	$713,498	$72,927
20079	Fairview Terrace	Applicant	$85,900	$1,113,695	$7,946,725	$1,336,406	Y	130%	100.000%	$89,096	$635,738	$724,834	$84,806
20082	Connect South Apartments	Applicant	$0	$1,131,900	$9,951,680	$1,500,000	Y	130%	88.730%	$90,552	$796,134	$886,686	$92,051
20083	Lakeview Preserve	Applicant	$375,000	$1,569,107	$8,582,106	$1,500,000	Y	130%	100.000%	$125,529	$686,568	$812,097	$95,015
20089	Hamilton Wolfe Lofts	Applicant	$472,500	$1,610,274	$5,823,394	$1,500,000	Y	130%	100.000%	$128,822	$465,872	$594,694	$69,579
20093	Brownsville Lofts	TDHCA	$0	$1,170,175	$5,858,849	$1,236,483	Y	130%	91.360%	$93,614	$468,708	$562,322	$60,107
20097	Regency Lofts	Applicant	$338,424	$1,217,220	$13,968,610	$1,500,000	Y	130%	84.980%	$97,378	$1,117,489	$1,214,867	$120,790
20100	Southlawn at Milby	Applicant	$0	$2,552,611	$16,276,924	$1,961,782	Y	130%	75.950%	$204,209	$1,302,154	$1,506,363	$133,858
20114	3300 Caroline Street	Applicant	$0	$2,341,026	$13,102,982	$1,355,177	Y	130%	100.000%	$187,282	$1,048,239	$1,235,521	$144,556
20115	Avenue at Sycamore Park	Applicant	$85,599	$1,247,568	$9,011,000	$1,475,000	Y	130%	84.260%	$99,805	$720,880	$820,685	$80,907
20116	Dian Street Villas	Applicant	$275,368	$1,468,539	$12,319,951	$1,461,594	Y	130%	88.890%	$117,483	$985,596	$1,103,079	$114,722
20120	Lennox House	TDHCA	$0	$59,000	$2,719,300	$449,035	Y	130%	100.000%	$4,720	$217,544	$222,264	$26,005
20134	Hibiscus Village	Applicant	$0	$1,043,868	$8,851,428	$1,500,000	Y	130%	87.240%	$83,509	$708,114	$791,623	$80,802
20139	The Loretta	Applicant	$0	$2,004,869	$15,156,024	$1,500,000	Y	130%	100.000%	$160,390	$1,212,482	$1,372,872	$160,626
20141	Richmond Senior Village	Applicant	$0	$1,875,000	$17,516,227	$1,500,000	Y	130%	79.880%	$150,000	$1,401,298	$1,551,298	$144,984
20147	Kestrel on Cooper	Applicant	$55,000	$1,720,000	$7,237,382	$1,500,000	Y	130%	83.500%	$137,600	$578,991	$716,591	$70,007
20148	High View	TDHCA	$0	$480,000	$6,194,166	$960,000	Y	130%	100.000%	$38,400	$495,533	$533,933	$62,470
20150	Palmville Homes	TDHCA	$0	$602,000	$7,932,942	$1,018,846	Y	130%	100.000%	$48,160	$634,635	$682,795	$79,887
20155	Gala at Premier	Applicant	$0	$1,445,300	$7,628,500	$1,406,327	Y	130%	79.380%	$115,624	$610,280	$725,904	$67,418
20156	Whispering Trees Apartments	TDHCA	$0	$438,061	$3,115,286	$540,801	Y	130%	100.000%	$35,045	$249,223	$284,268	$33,259
20167	Laurel Flats	TDHCA	$0	$366,739	$4,238,403	$1,124,289	Y	130%	100.000%	$29,339	$339,072	$368,411	$43,104
20171	Avanti Viking Hills	Applicant	$0	$1,214,968	$7,291,710	$1,500,000	Y	130%	84.150%	$97,197	$583,337	$680,534	$67,002
20177	Avanti Legacy Valor Heights	Applicant	$0	$1,154,735	$6,777,640	$1,500,000	Y	130%	91.400%	$92,379	$542,211	$634,590	$67,862
20179	Avanti West	Applicant	$351,000	$870,462	$6,120,534	$1,500,000	Y	130%	96.730%	$69,637	$489,643	$559,280	$63,296
20181	Avanti Valley View	Applicant	$16,500	$846,120	$7,433,754	$1,407,261	Y	130%	85.000%	$67,690	$594,700	$662,390	$65,875
20186	The Residence at Ridgehill	Applicant	$87,000	$2,302,800	$4,032,911	$897,273	Y	130%	70.410%	$184,224	$322,633	$506,857	$41,755
20190	Nuestra Senora	Applicant	$0	$1,167,443	$7,175,965	$1,232,777	Y	130%	100.000%	$93,395	$574,077	$667,472	$78,094
20192	Arbor Park	Applicant	$0	$1,152,325	$12,007,335	$1,500,000	Y	130%	80.210%	$92,186	$960,587	$1,052,773	$98,798
20197	Villas at Western Heights	Applicant	$342,400	$806,835	$12,017,193	$1,500,000	Y	130%	79.760%	$64,547	$961,375	$1,025,922	$95,738
20200	Lofts at Temple Medical District	Applicant	$176,000	$1,157,500	$11,189,665	$1,500,000	Y	130%	84.870%	$92,600	$895,173	$987,773	$98,084
20202	Pathways at Chalmers Court West	Applicant	$0	$2,326,010	$16,305,199	$2,000,000	Y	130%	89.740%	$186,081	$1,304,416	$1,490,497	$156,496
20204	Heritage Senior Residences	Applicant	$57,350	$611,329	$15,024,608	$1,437,311	Y	130%	69.630%	$48,906	$1,201,969	$1,250,875	$101,905
20205	Ella Grand	Applicant	$0	$1,276,635	$11,257,406	$1,500,000	Y	130%	76.640%	$102,131	$900,592	$1,002,723	$89,913
20211	Ennis Trails	Applicant	$92,006	$1,419,891	$6,119,000	$603,503	Y	130%	66.670%	$113,591	$489,520	$603,111	$47,045
20212	Vernon Pioneer Crossing	Applicant	$20,000	$957,000	$4,100,000	$824,345	Y	130%	90.630%	$76,560	$328,000	$404,560	$42,898
20217	Somerville Estates	TDHCA	$0	$32,000	$1,108,000	$255,870	Y	130%	100.000%	$2,560	$88,640	$91,200	$10,670
20220	Trinity Estates	TDHCA	$0	$105,500	$1,596,500	$382,627	Y	130%	100.000%	$8,440	$127,720	$136,160	$15,931
20222	Brenham Trails	Applicant	$174,923	$919,810	$4,721,540	$974,013	Y	130%	83.600%	$73,585	$377,723	$451,308	$44,143
20232	Beaumont Trails Senior Residences	Applicant	$0	$697,086	$5,789,740	$869,106	Y	130%	95.000%	$55,767	$463,179	$518,946	$57,681
20233	Quinlan Estates	TDHCA	$0	$125,500	$1,459,500	$347,254	Y	130%	100.000%	$10,040	$116,760	$126,800	$14,836
20235	Madisonville Estates	TDHCA	$0	$64,200	$1,459,500	$347,716	Y	130%	100.000%	$5,136	$116,760	$121,896	$14,262
20240	Livingston Pioneer Crossing	Applicant	$100,000	$957,000	$5,560,000	$1,046,000	Y	130%	95.000%	$76,560	$444,800	$521,360	$57,949
20248	Cedar Cove Apartments	TDHCA	$0	$123,870	$1,823,630	$412,252	Y	130%	100.000%	$9,910	$145,890	$155,800	$18,229
20251	Mathis Apartments	TDHCA	$0	$187,750	$1,454,000	$345,100	Y	130%	100.000%	$15,020	$116,320	$131,340	$15,367
20256	Timpson Seniors	TDHCA	$0	$180,750	$1,208,150	$279,061	Y	130%	100.000%	$14,460	$96,652	$111,112	$13,000
20262	Abbington Park	Applicant	$0	$687,685	$5,447,685	$917,721	Y	130%	90.630%	$55,015	$435,815	$490,830	$52,046
20264	Juliette Fowler Residences	Applicant	$86,800	$1,412,900	$11,350,558	$1,500,000	Y	130%	100.000%	$113,032	$908,045	$1,021,077	$119,466
20268	Inkwood Estates	Applicant	$350,000	$820,750	$3,918,000	$900,000	Y	130%	100.000%	$65,660	$313,440	$379,100	$44,355
20272	Westwind of Dumas	Applicant	$10,000	$962,756	$4,146,804	$703,287	Y	130%	87.080%	$77,020	$331,744	$408,764	$41,646
20273	La Grange Springs	Applicant	$0	$1,183,340	$5,939,405	$883,142	Y	130%	88.890%	$94,667	$475,152	$569,819	$59,262
20281	Bayou Bend	TDHCA	$0	$107,350	$1,913,300	$428,953	Y	130%	100.000%	$8,588	$153,064	$161,652	$18,913
20297	Artcraft Palms	Applicant	$0	$1,190,000	$9,665,000	$1,232,778	Y	130%	80.000%	$95,200	$773,200	$868,400	$81,282
20306	The Trails of Abilene	Applicant	$125,000	$520,344	$4,528,026	$823,424	Y	130%	82.600%	$41,628	$362,242	$403,870	$39,031
20317	Merritt Edge Senior Village	Applicant	$0	$1,850,050	$8,307,000	$867,683	Y	130%	59.590%	$148,004	$664,560	$812,564	$56,652
20329	Fish Pond at Huntsville	Applicant	$86,125	$1,208,661	$3,969,000	$900,000	Y	130%	100.000%	$96,693	$317,520	$414,213	$48,463
20332	GardenWalk of Farmersville	TDHCA	$0	$55,500	$1,489,500	$337,272	Y	130%	100.000%	$4,440	$119,160	$123,600	$14,461
20344	Merritt Sunset	TDHCA	$0	$1,435,020	$14,222,856	$1,301,492	Y	130%	75.150%	$114,802	$1,137,828	$1,252,630	$110,138

Total 2020 Ceiling $81,690,834

			% of 2020 C
Awarded Deals Only	$5,117,524		6.26%
Average	$71,077		

Developer Survey

Thursday, April 22, 2021

23

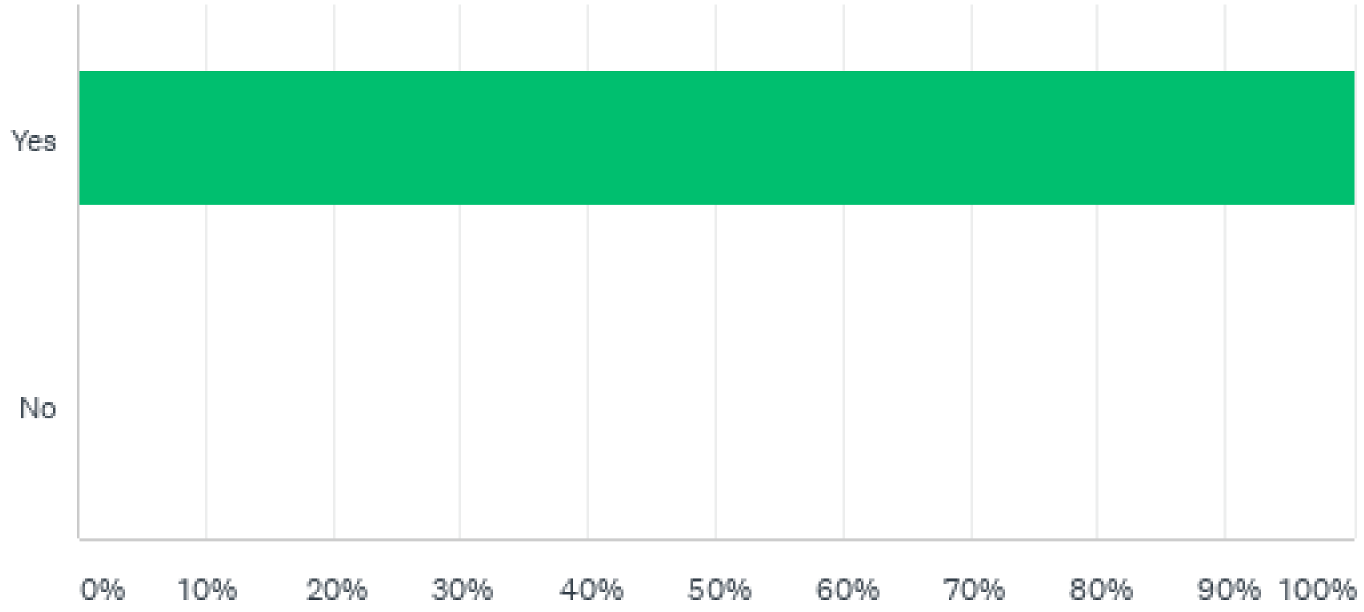
Total Responses

Date Created: Monday, April 05, 2021

Complete Responses: 15

Q1: Have you experienced significant cost increases in your construction budgets since March 2020?

Answered: 23   Skipped: 0



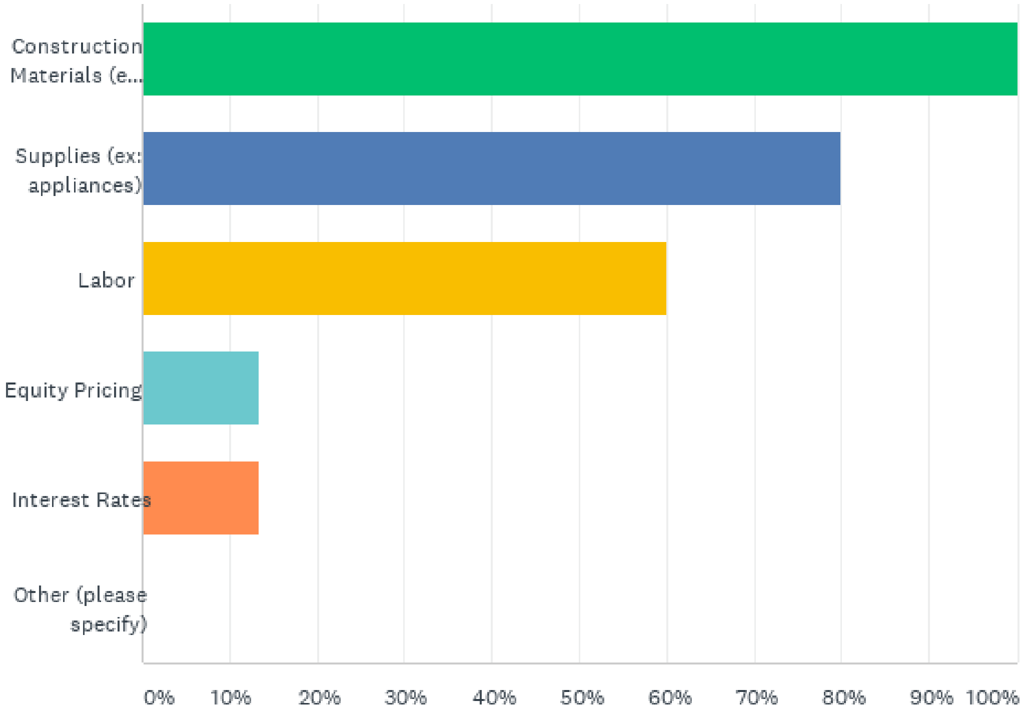
Q1: Have you experienced significant cost increases in your construction budgets since March 2020?

Answered: 23 Skipped: 0

ANSWER CHOICES	RESPONSES	
Yes	100.00%	23
No	0.00%	0
TOTAL		23

Q2: Please select the top 3 things that are contributing to your cost increases?

Answered: 15   Skipped: 8



Q2: Please select the top 3 things that are contributing to your cost increases?

Answered: 15   Skipped: 8

ANSWER CHOICES	RESPONSES	
Construction Materials (ex: lumber)	100.00%	15
Supplies (ex: appliances)	80.00%	12
Labor	60.00%	9
Equity Pricing	13.33%	2
Interest Rates	13.33%	2
Other (please specify)	0.00%	0
Total Respondents: 15		

Scott Hall, Brian Starcich
Bob Powell
Pete Manley
Alex Apolinar
Christian Dennison
Josh Oswald

MATHEUS LUMBER

April 16, 2021
San Marcos, TX
800-414-3442

Wood Brief

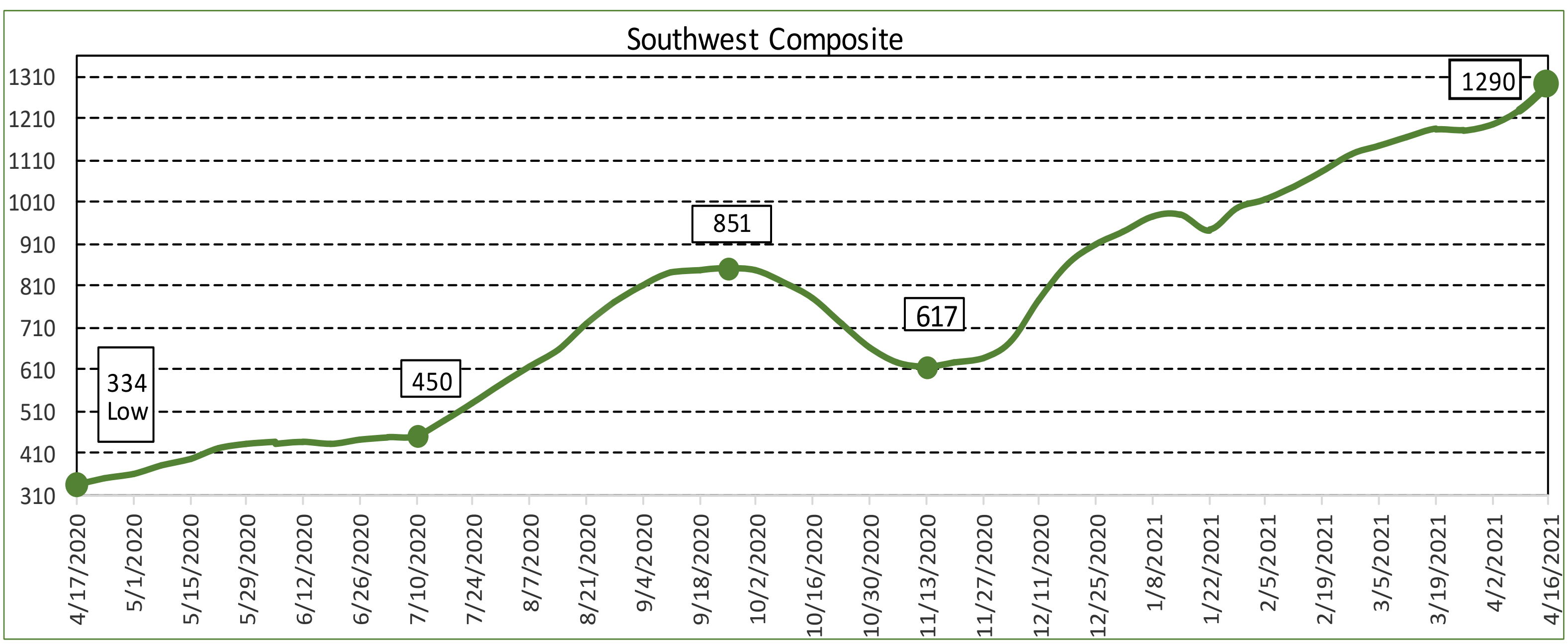
	4/16	4/9	+/-	1 yr Ago
2x4 9' #2 Doug Fir	1444	1336	108	400
2x6 9' #2 Doug Fir	1482	1365	117	404
2x4 9' SPF #2	1395	1318	77	362
2x4 #3 SYP	923	911	12	279
2x4 #2 SYP	1059	1043	16	308
2x6 #3 SYP	762	751	11	218
2x12 #2 SYP	1596	1551	45	453
4x8 7/16" OSB	1208	1188	20	190
4x8 23/32" OSB T&G	1439	1380	59	380
Southwest Index	$1,290	$1,231	58	$334

Specialty Products Division

Don't Forget - Matheus Lumber has a specialty products division that focuses on Commercial doors, accessories, window and railing packages. We have a team of window/door experts that can provide window or door takeoffs for your next project. They will value engineer your windows or doors to provide you with the most cost-effective package to fit your project. Contact your salesman for more info.

Overall: Somehow the market found a new gear. On Friday, most items were hundreds per thousand higher than the they were being offered the previous Monday. Lead times are mostly the last week of May on studs from the mills. SYP is at least 2 weeks out and most mills have nothing to quote in anything wider than a 2x4.

OSB continues to lead the pack with most mills remaining off the market and secondaries charging massive premiums for everything. The rest of April and May will be hard to source OSB at any price. Supply chains are thin and demand is extremely robust.



A weekly report on wood products pricing for the Multi-Family builder

Prices on the above items reflect F.O.B. mill, excluding freight. This index is a weighted composite, which represents a mix of framing items found on a southwest apartment project. The index composite number may or may not reflect the pricing trend for the product mix on your project. This information is to be used as a guide only.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

The Texas Department of Housing and Community Affairs (the "Department") approved the Final Policy for Addressing Cost Increases for 2004 and 2005 Competitive Housing Tax Credit Developments ("Final Policy") in October 2006. This policy outlines how the Department will assist those developments in obtaining additional tax credits to accommodate the cost increases experienced as a result of Hurricanes Katrina and Rita during September 2005. A link to the Final Policy as approved is provided: http://www.tdhca.state.tx.us/multifamily/htc/docs/06-CostIncreasePolicy.pdf

Since approval of the Final Policy, the Department has received numerous inquiries relating to the additional credit allocation and how it should be reflected at Cost Certification. As a result, a list of the most commonly asked questions relating to the Final Policy and the Department's responses are provided below:

Q: Is the 14% increase applied to total development costs?

A: No, the 14% increase is applied to only sitework and direct construction costs.

Q: What is included in the sitework and direct construction cost line items?

A: Sitework costs include all development costs on the site itself other than the foundation and buildings. Direct construction costs include all development costs to construct the buildings. Neither of these costs include contractor fees such as general requirements, general and administrative or profit.

Q: What costs were used to determine the amount of additional allocation?

A: Refer to the original underwriting report. If the Applicant's total development cost estimate was within 5% of the Underwriter's estimate at application, then the Applicant's estimate of sitework and direct construction costs were utilized. If the Applicant's total development cost estimate was not within 5% of the Underwriter's estimate, then the Underwriter's estimate of sitework and direct construction costs were utilized. These costs used are for each project and specifically identified on the "Award Recommendations" list for which a link has been provided here: http://www.tdhca.state.tx.us/readocs/06-AwardRecs.pdf

Q: If the applicable credit percentage was not previously locked in on the first allocation can I lock the percentage with the second allocation?

A: Yes, the credit percentage can be locked for both allocations if the credits were not previously locked or placed in service. However, if the building to which the additional allocation will apply has already been placed in service, the Department will not recognize a later election to lock in the credit percentage.

Q: The Final Policy states that "all deadlines applicable to the original application will apply under this policy; no extensions will result from the allocation of additional credits." However, the Binding Allocation Agreement for the additional credits gives a new deadline to submit Cost Certification documentation to the Department of January 15th. Which deadline do we use?

A: The January 15th deadline is an administrative error. As stated in the Final Policy, all deadlines applicable to the original application will apply. Therefore, the deadline to submit Cost Certification documentation to the Department as stated in the 2004 and 2005 QAP is April 1, 2007 and April 1, 2008, respectively.

Q: Can the owner elect to initiate the credit period the same year for both allocations?

A: The credit period will begin for both allocations in the same year, regardless of whether the owner elects to defer the beginning of the credit period to the year following the in-service year. However, credits may not be claimed with respect to an additional allocation until the year in which the additional allocation is actually made. For example, the owner of a 2004 allocation can elect to initiate the credit period either in 2006 (placement in service year) or 2007. However, the owner cannot begin claiming credits for the 2007 additional allocation until January 1, 2007. Thus, if the beginning of the credit period is not deterred, the additional allocation will produce one year's worth less credits than would otherwise be the case.

Q: What do I have to submit with my Cost Certification for the additional allocation?

A: Owner's should submit a copy of the fully executed Binding Allocation Agreements for both allocations. Additionally, the 2006 Cost Certification Procedures Manual outlines specific documentation requirements for developments that qualify for additional allocation of credits. Please refer to the manual for these requirements: www.tdhca.state.tx.us/rea.

Q: Will the development be required to have two separate Land Use Restriction Agreements (LURA) for each allocation?

A: No, the development will be covered under one LURA.

Q: Does the additional allocation of credits extend the compliance period?

A: No. The compliance period begins with the first year of the credit period and ends at the end of the fifteenth year. There is one credit period and one compliance period for a building, regardless of whether and when it receives an additional allocation. To the extent that the initial credit period for any building started before the additional credits were available to be claimed, the credit period is not extended – meaning that the owner does not receive credits after the end of the credit period – and the compliance period is not extended.

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BOARD ACTION REPORT
MULTIFAMILY FINANCE DIVISION
MAY 13, 2021

Report on the 2022 and 2023 QAP Planning Process

Rather than planning only for the 2022 Qualified Allocation Plan (QAP), staff is proposing that several topics also be considered for the 2023 QAP. This longer term process will allow staff and stakeholders to more fully develop concepts and provide stability for Applicants.

For the 2022 QAP, discussion of Sponsor Characteristics, Natural Disaster and Rapid Response Preparedness, and Proximity to Job Areas & Urban Core are topics staff is proposing for consideration, along with changes necessary to fully implement the streamlined noncompetitive 4% Housing Tax Credit process approved in April 2021. Any changes that may be warranted in association with enacted legislation by the 87th Texas Legislature will also be implemented. The Sponsor Characteristics scoring item has not been examined in a number of years, and the experience of HUBs and Qualified Nonprofits engaging with these Developments should be considered. The Natural Disaster and Rapid Response Preparedness scoring item is in response due to the inclement weather that occurred in February 2021, where many Texans were without power and water caused by the snow/ice. The Proximity to Job Areas scoring item is proposed for discussion later in the year, once data from the 9% Applications is available. It is anticipated the discussion will center on the effectiveness of the new Proximity to Jobs scoring item, along with the Proximity to Urban Core item. It is anticipated that a new subchapter or subsection will be needed to provide clear information regarding the streamlined 4% process.

An initial planning meeting for the 2022-23 QAP will be announced in June, along with the registration information. The agenda for that meeting will be posted to the Department's website and will become the tool to gather input initially on the forum. Working groups to consider specific topics may be determined at that initial meeting but may be modified as the need arises. Meeting schedules and topics will be regularly posted to the TDHCA website, via the listserv, calendar and through social media. Due to the ongoing pandemic, TDHCA will not host in person meetings or focus groups for the foreseeable future. Schedules will be updated as the project evolves, and updates will be posted to the TDHCA website.

2022 and 2023 Qualified Allocation Plans (QAPs)

Project Plan

May 13, 2021

IMPORTANT DISCLAIMER: THIS PROCESS IS INTENDED TO ENABLE STAKEHOLDERS AND STAFF TO PROPOSE AND DEVELOP IDEAS AND CONCERNS TO BE CONSIDERED IN THE DEVELOPMENT OF THE QAP AND OTHER APPLICABLE RULES FOR 2022 and 2023. THE OFFICIAL PUBLICATION OF A BOARD APPROVED DRAFT FOR PUBLIC COMMENT WILL OCCUR IN ACCORDANCE WITH THE STATUTORILY ESTABLISHED CALENDAR IN FALL 2021 and 2022.

INTRODUCTION

The purpose of this project is to solicit and discuss ideas to be considered for inclusion in the 2022 and 2023 QAP and the Rules. The ultimate deliverables for this project are QAPs and other multifamily rules that clearly articulate TDHCA housing policy as established by the Governing Board through threshold and scoring criteria, and also addresses state and federal requirements. TDHCA staff welcomes an open discussion with stakeholders in affordable housing across the state of Texas.

As the Department has begun to use this more formalized QAP development process, a consistent request from Applicants has been for a two-year QAP. A longer term QAP would create greater stability for Applicants, in that they can begin their site selection process for each round without concerns regarding new or changed scoring or threshold criteria with negative impact. In addition, some proposed changes may require longer to fully and thoughtfully consider prior to implementation. Due to our biennial legislative calendar, changes to the QAP driven by statute will generally happen in even-numbered years. In light of these considerations, this plan includes goals for both the 2022 and 2023 QAPs. If statutorily required to shift to a two-year QAP, the QAP will be adopted in 2022 reflecting any legislative changes and then no QAP changes will be made in 2023 except to the extent necessary to respond to federal required changes, update citations to other state laws or regulations, or as permitted by statute.

The process will continue to include QAP discussion meetings as possible in light of pandemic restrictions and the limitations of available technology, outreach efforts so that stakeholders who are not able to attend meetings will have an opportunity for input, and focused meetings with stakeholders with specific needs and insights. Groups may be convened to address specific topics, particularly to address statutory changes. Local and regional experts in affordable housing may be requested to present findings at meetings, and staff may conduct and contribute their own research on select issues.

PROJECT GOALS AND PURPOSE

The Multifamily Finance Division (Division) staff will lead the project, including scheduling meetings, accessing necessary resources, facilitating conversations, and compiling results. The Division will provide periodic reports to the Board so they have regular progress updates and have an opportunity for input throughout the process. Staff from other TDHCA divisions may be asked to participate as needed.

Stakeholders, including the development community, advocates for various interest groups served by affordable housing, residents of TDHCA properties, and various subject matter experts may be invited to participate in online meetings, surveys, or other forms of public comment and discussion so that a clear assessment of varying needs and priorities may be compiled. That assessment, along with applicable statutory and regulatory requirements, will be used to draft amendments and changes to develop the proposed 2022 QAP and in some cases will be carried forward to the 2023 QAP. Staff will also solicit feedback through more flexible means. Possible media include online polls, website forums, and focus groups.

It is anticipated that the process for the 2022 QAP will continue through August 2021, and that a staff draft of the 2022 QAP will be available in early fall 2021. The same timing will apply to the 2023 QAP, if applicable, incorporating changes discussed over the two years previous and any changes required by statute. Specific sections of the QAP may be drafted and made available for informal comment throughout the process, in order to provide for the most effective possible feedback on those items.

It is important to note that statutory changes made by the 87th Legislature, or statutory/regulatory changes made at the federal level, may postpone or prevent completion of the changes described in the Project Scope.

PROJECT SCOPE

The scope of the project will include the planning and development of specific topics to be considered for amendment in the 2022 and 2023 QAP and Rules, and potentially later editions. While it is anticipated that the process will be completed prior to publication of the staff draft and presentation of the QAP to the Board in September 2021, this is an ever-evolving process and there may be items that will be continued into subsequent years. Other parts of the TDHCA multifamily rules may be included in the project as needed.

The project will, in certain matters, rely heavily on data gathered from external sources. Sources may include (but will not be limited to) Census and American Community Survey data, reputable research centers, and best practices from other organizations or states. Internal data may include TDHCA's Compliance Monitoring and Tracking System (CMTS), data from cost certifications compiled by the Asset Management Division, and data gathered from previous application rounds. To the greatest extent possible, data applied to the QAP will come from readily-accessible nonpartisan public sources or aggregators of those sources.

Based on previous conversations, staff's research, and policy directions from the Governing Board, staff proposes the following topics as the initial points of departure as the Division and stakeholders begin composing the 2022 and 2023 QAP and Rules:

2022 QAP Planning topics

1) Sponsor Characteristics
   a) Qualified Nonprofit Organization definition
   b) Historically Underutilized Businesses
   c) Service providers
2) Natural Disaster and Rapid Response Preparedness for Sustainable Developments
   a) Geographic Impact
   b) Infrastructure Optimization

c) Threshold Scoring and measures
d) Weatherization
e) Energy Efficiency

3) Scoring Items
   a) Proximity to Job Areas
      i) Proximity to Urban Core
      ii) Proximity to Jobs
4) Changes necessary to implement the streamlined noncompetitive 4% Housing Tax Credit process

2023 QAP Topics

1) Preservation
   a. Extended Affordability
   b. Right of First Refusal
   c. Re-syndication
2) Concerted Revitalization Plan

SCHEDULE

Early Summer of 2021, staff will invite individuals to participate in several discussions regarding Sponsor Characteristics, HUBs, Qualified Nonprofits and the Applicants who have worked with those groups will be asked to participate. We will also hold focus groups for more specific discussions relating to the QAP throughout 2021; staff invites individuals and interest groups to participate in these focus groups.

An initial planning meeting for the 2022 QAP will be announced by TDHCA in June with details for the planning process. This will include registration information that will be sent via listserv email. The agenda for that meeting will be posted to the Department's website, and will become the tool to gather input initially on the forum. Working groups to consider specific topics may be determined at that initial meeting, but may be modified as the need arises. Meeting schedules and topics will be regularly posted to the TDHCA website, via the listserv, calendar and through social media. Schedules will be updated as the project evolves, and updates will be posted to the TDHCA website.

Rule changes contemplated for proposal to the Board will be presented to stakeholders after they have been thoroughly reviewed by TDHCA staff, including Legal Services, for compliance with statutory and regulatory requirements and compliance with TDHCA Board housing policy.

In the case of proposed changes that will significantly impact the development process, TDHCA staff may suggest a phased approach to implementation so that stakeholders are able to effectively plan for implementation.

COMMUNICATIONS PLAN

Information regarding the ongoing work of the Project Plan will be provided in the most transparent manner possible. Due to the ongoing pandemic of Covid-19, TDHCA will not host any in person meetings or focus groups for the foreseeable future. TDHCA will continue to host events digitally and through conference call phone numbers until further notice. TDHCA will provide detailed information for anyone wishing to register to join discussions and submit public comment before scheduled discussions.

Communication Type	Description	Format	Participants/ Distribution	Deliverable
Project Meetings	Meeting to discuss scheduled topic	Online	All	Meeting Summary
Status Report to Governing Board	Report on Project progress	In Board Materials	TDHCA staff and Board	Board report or Action Request as needed
Website	Posting of Meetings and Materials	Website	Multifamily Finance	Resource for Project participants
Online Forum	Method for gathering stakeholder input	Website	All	Input regarding specific topics to be integrated into rule making process
Online Polls	Method for gathering stakeholder input	Website	ALL	Input regarding specific topics to be integrated into rule making process
Focus Groups	Subjected-oriented meeting to discuss scheduled topic	Online	Subject Stakeholders	Meeting Summary

While informal communication is a part of every project and is necessary for successful project completion, any issues, concerns, or updates that arise from informal discussion between TDHCA staff and stakeholders will be communicated to the larger group so that the appropriate action may be taken.

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