BOARD BOOK
OF
May 12, 2022

Leo Vasquez III, Chair

Ajay Thomas, Member

Brandon Batch, Member

Kenny Marchant, Member

Anna Maria Farias, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT

Fiscal Year 2022 Reporting Period (9/1/2021 – 2/28/2022)

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: $886,230,750
Total Households Served: 4,121

Energy Related Assistance

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

Programs:

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

Expended CEAP Funds: $83,890,558
Total Households Served: 88,986

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: $47,704,669
Total Households Served: 4,626

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: $19,481,276
Total Individuals Served: 22,446

Multifamily Rehab Construction

- Affordable rental units financed and rehabilitated

Programs:

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

Expended Funds: $10,573,878
Total Households Served: 1,903

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: $17,752,129
Total Individuals Served: 181,458

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: $3,815,870
Total Households Served: 56

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

Expended Funds: $5,245,935
Total Households Served: 3,977

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: $841,500
Total Households Served: 17

Total Expended Funds: $1,084,528,836
Total Households Served: 308,756

All FY2022 data as reported in TDHCA's 2022 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

**TBRA Funds are reported on an annual basis and are not included in the rental assistance total

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
10:00 AM
May 12, 2022

John H. Reagan Building, JHR 140
1400 Congress Ave
Austin, Texas 78701

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.***

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the Consent Agenda alter any requirements under Chapter 551 of the 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:

EXECUTIVE

a) Presentation, discussion, and possible action on Board meeting minutes summary for April 14, 2022 — **Beau Eccles**, Board Secretary

ASSET MANAGEMENT

b) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application — **Rosalio Banuelos**, Director of Asset Management

18126	Caldwell Heights	Caldwell
18084	Artisan at Ruiz	San Antonio
99126	Villages at Westlake	Abilene

HOUSING RESOURCE CENTER

c) Presentation, Discussion, and Possible Action on the draft 2022 State of Texas Consolidated Plan: One-Year Action Plan — **Elizabeth Yevich**, Director of Housing Resource Center

CONSENT AGENDA REPORT ITEMS

This will be an open, public meeting conducted under Tex. Gov't Code, chapter 551, without COVID-19 emergency waivers. There will not be a remote online or telephone option for public participation. The meeting, however, will be streamed online for public viewing. Masks will be available for members of the public who wish to attend this public meeting.

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) Media Analysis and Outreach Report (March 2022) — **Michael Lyttle**, Director of External Affairs

b) Report on TDHCA One-Time or Temporary Allocations – Pandemic Response and Other Initiatives — **Brooke Boston**, Deputy Director of Programs

ACTION ITEMS

Executive Session: the Chair may call an Executive Session at this point in the agenda in accordance with the below-cited provisions[1] — **Leo Vasquez**, Chair

ITEM 3: EXECUTIVE

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

ITEM 4: COMMUNITY AFFAIRS — **Michael De Young**, Director of Community Affairs

a) Presentation, discussion, and possible action on a recommendation to the Governor to select Eligible Entities to administer the Community Services Block Grant in Brazoria, Fort Bend, Galveston, and Wharton counties (the service area previously served by Galveston County Community Action Council, Inc.)

b) Presentation, discussion and possible action on the programming of Department of Energy weatherization funds available to Texas through the Bipartisan Infrastructure Law including the authorization to take the necessary steps to develop and submit the Department of Energy – Bipartisan Infrastructure Law State Plan and award such funds

ITEM 5: ASSET MANAGEMENT — **Rosalio Banuelos**, Director of Asset Management

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

20190	Nuestra Senora	El Paso

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

98008	Reed Parque Townhomes	Houston

c) Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount

16414	Father Carlos Pinto Memorial Apartments	El Paso

ITEM 6: MULTIFAMILY BOND — **Teresa Morales**, Director of Multifamily Bonds

a) Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Mortgage Revenue Bonds (Torrington Arcadia Trails Project) Series 2022 Resolution No. 22-023, and a Determination Notice of Housing Tax Credits

b) Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Mortgage Revenue Bonds (Union Acres Project) Series 2022 Resolution No. 22-024, and a Determination Notice of Housing Tax Credits

c) Presentation, discussion and possible action regarding eligibility under 10 TAC §11.101(a)(3)(B)(ii) related to Undesirable Neighborhood Characteristics for Sunset Gardens (#22445)

ITEM 7: MULTIFAMILY FINANCE — **Cody Campbell**, Director of Multifamily Programs

a) Presentation, discussion, and possible action regarding a waiver of 10 TAC §13.2(14) and awards from the Multifamily Direct Loan (MFDL) 2021 Notices of Funding Availability (NOFA)

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[1] Note: the Chair is not restricted by this item, and may call for an Executive Session at any time during the posted meeting.

b) Presentation, discussion, and possible action on permitting the Executive Director to make necessary amendments to the 2022-1 Multifamily Direct Loan Notice of Funding Availability
c) Presentation, discussion, and possible action on timely appeal of termination of HTC application 22062, Country Villa, under the Department's Multifamily Program Rules
d) Presentation, discussion, and possible action on timely filed scoring appeal under the Department's Multifamily Program Rules for Application Country Villa (22062)
e) Presentation, discussion, and possible action on timely appeal of termination of MFDL application 22500, Freedom's Path at Waco, under the Department's Multifamily Program Rules
f) Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Boulevard 61 (#21131) in Houston
g) Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Longview Square (#21220) in Longview
h) Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Providence on Park (#21221) in Lumberton
i) Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for 3300 Caroline Street (#20114) in Houston

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

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 Kathleen Vale Castillo, 512-475-4144, 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 Kathleen Vale Castillo, al siguiente número 512-475-4144 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.

Consent Agenda

1a

BOARD ACTION REQUEST

BOARD SECRETARY

MAY 12, 2022

Presentation, discussion, and possible action on the Board meeting minutes summary for April 14, 2022

RECOMMENDED ACTION

Approve the Board meeting minutes summary for April 14, 2022

RESOLVED, that the Board meeting minutes summary for April 14, 2022, is hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
April 14, 2022

On Thursday, the fourteenth day of April 2022, at 10:02 a.m., the regular meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or the Department) was held in Room JHR 140 of the John H. Reagan Building, 1400 Congress Avenue, Austin, Texas.

The following members, constituting a quorum, were present and voting:

- Leo Vasquez, III, Chair
- Paul Braden, Vice Chair
- Brandon Batch
- Anna Maria Farias
- Kenny Marchant

Mr. Vasquez served as Chair, and James “Beau” Eccles, TDHCA General Counsel, served as Secretary.

1) Chairman Vasquez confirmed with Ms. Farias that she completed the statutorily required training program for TDHCA governing board members prior to the meeting.

2) The Board unanimously approved a resolution celebrating May 2022 as Community Action Month in Texas.

3) The Board unanimously approved a resolution celebrating May 2022 as National Mobility Awareness Month.

4) The Board unanimously approved the Consent Agenda and Consent Agenda Report Items as presented.

5) Action Item 3 – Executive Director’s Report – was presented by Brooke Boston, TDHCA Deputy Executive Director (Bobby Wilkinson, TDHCA Executive Director, was absent on an excused absence by Chairman Vasquez).

6) Action Item 4 – Presentation, discussion, and possible action on the Community Development Block Grant Coronavirus Aid, Relief, and Economic Security Act Community Resiliency Program Awards – was presented by Rudy Bentancourt, TDHCA Director of CDBG CARES. The Board unanimously approved (Member Batch not present for voting) staff recommendation, granting the executive director and his designees the authority to effectuate the 15 awards as described, subject to the conditions, limitations, and contingent authority, as expressed in the Board item and proposed resolution.

7) Action Item 5(a) – Presentation, discussion, and possible action on Resolution No. 22-021 authorizing the filing of one or more applications for reservation with the Texas Bond Review Board with respect to qualified mortgage bonds, authorizing state debt application, and containing other provisions relating to the subject – was presented by Heather Hodnett, TDHCA Manager of Single Family Finance. The Board unanimously adopted (Member Batch not present for voting) staff recommendation to approve resolution number 22-021, authorizing the filing of applications for reservation with the Texas Bond Review Board, all as expressed in the Board item.

8) Action Item 5(b) – Presentation, discussion, and possible action on Resolution No. 22-022 authorizing the issuance, sale and delivery of Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds, 2022 Series A, approving the form and substance of related documents, authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution, and containing other provisions relating to the subject – was presented by Ms. Hodnett. The Board unanimously adopted staff recommendation to approve resolution number 22-022, authorizing the issuance and delivery of the TDHCA single family mortgage revenue bonds 2022 Series A, as expressed in the Board item.

9) Action Item 6 – Presentation, discussion and possible action for approval of the HOME American Rescue Plan Allocation Plan as modified from the March 10, 2022, Board approval for submission to the U.S. Department of Housing and Urban Development – was presented by Naomi Cantu, TDHCA Director of HOME-ARP. The Board unanimously approved staff recommendation to grant the executive director and his designees the authority to proceed with the submission to HUD of the plan as expressed in the Board item.

10) Action Item 7(a) – Presentation, discussion, and possible action regarding an award from the Multifamily Direct Loan (MFDL) 2021-3 Notice of Funding Availability (NOFA), as amended – was presented by Cody Campbell, TDHCA Director of Multifamily Finance. The Board unanimously adopted staff recommendation to approve the 2021-3 NOFA application for Manor Town phase two, subject to the limitations and conditions, and proposed resolutions, as expressed in the item.

11) Action Item 7(b) – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for The Commons at St. Anthony's (#20042) in Amarillo – was presented by Mr. Campbell with additional information from Mr. Eccles and Megan Sylvester, TDHCA Federal Compliance Counsel. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the request for treatment of the Commons at St. Anthony, under the Force Majeure rule, including the return and reissuance of tax credits, subject to the conditions and proposed resolution as expressed in the Board item.

- Kent Hance, KRS Housing, LLC, and affiliated with the applicant, testified in support of staff recommendation

- Jennifer Hicks, Tru Casa Consulting and affiliated with the applicant, provided information on the item
- Danny DiFrancesco, The Commonwealth Companies and affiliated with the applicant, provided information on the item

12) Action Item 7(c) – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Lockwood South Apartments (#20077) in Houston – was presented by Mr. Campbell with additional information from Ms. Boston. The Board unanimously adopted staff recommendation to approve the request for treatment of Lockwood South Apartments, under the Force Majeure rule including the return and the reissuance of tax credits, subject to the conditions as expressed in the Board action request and proposed resolution on the item.

13) Action Item 7(d) – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Connect South Apartments (#20082) in Houston – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to approve the request for treatment of Connect South Apartments, under the Force Majeure rule including the return and the reissuance of tax credits, subject to the conditions as expressed in the Board action request and proposed resolution on the item.

14) Action Item 7(e) – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Houston 150 Bayou Apartments (#21038) in Houston – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to approve the request for treatment of Houston 150 Bayou Apartments, under the Force Majeure rule including the return and the reissuance of tax credits, subject to the conditions as expressed in the Board action request and proposed resolution on the item.

15) Action Item 7(f) – Presentation, discussion, and possible action on staff determinations regarding Application disclosure under 10 TAC §11.101(a)(2) related to Undesirable Site Features for Cole Creek Estates (#22018) in Houston – was presented by Mr. Campbell. Following public comment (listed below), the Board unanimously adopted staff recommendation to grant the requested predetermination regarding site eligibility, under 10 TAC §11.101(a)(2), for Cole Creek Estates in Houston.

- Sarah André, Structure Development and representing the applicant, testified in support of staff recommendation

16) Action Item 7(g) – Presentation, discussion, and possible action on staff determinations regarding Application disclosure under 10 TAC §11.101(a)(2)(L) related to Undesirable Site Features for Malcom's Point Scholar House Apartments (#22021) in Dallas – was presented by Mr. Campbell with additional information from Ms. Boston and Mr. Eccles. Following public comment (listed below), the Board by a 3-2 vote (Batch and Marchant voting nay) granted the

requested predetermination regarding site eligibility under 10 TAC §11.101(a)(2)(L), for Malcolm's Point Scholar House 5 Apartments. Potential site ineligibility under 10 TAC §11.101(a)(2)(F), or waiver thereof, was not determined.

- Sarah André, Structure Development and representing the applicant, provided information on the item
- David Noguera, City of Dallas Housing and Neighborhood Revitalization, provided information on the item
- Natasha Martin, attorney with Graves, Dougherty, Hearon & Moody, provided information on the item

17) Action Item 7(h) – Presentation, discussion, and possible action on staff determinations regarding Application disclosure under 10 TAC §11.101(a)(2) related to Undesirable Site Features for Kirkwood Crossing Apartments (#22023) in Houston – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to grant the requested predetermination of site eligibility under 10 TAC §11.01(a)(2), for 14 Kirkwood Crossing Apartments.

18) Action Item 7(i) – Presentation, discussion, and possible action on staff determinations regarding Application disclosure under 10 TAC §11.101(a)(2)(B) related to Undesirable Site Features for Heritage Estates at Edmonds (#22218) in Lewisville – was presented by Mr. Campbell. The Board voted unanimously to grant the requested limited waiver of 10 TAC §11.101(a)(2)(B) for application number 22218, Heritage Estates at Edmonds, to the extent it will allow for a high voltage power line and support structure to be located within the 100-foot setback required by the rule, all as reflected in the Board action request on this item.

19) Action Item 7(j) – Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.205(4) for The Warehouse Lofts at 707 (#22295) – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to grant the requested limited waiver of 10 TAC §11.205(4) for application number 22295, The Warehouse Lofts at 707, to the extent it will allow for an appraisal to not be submitted with this application, all as reflected in the Board action request on this item.

20) Action Item 7(k) – Presentation, discussion, and possible action on a timely submitted appeal related to a requested Limited Review of Weber Lofts in Corpus Christi (#22249) – was presented by Mr. Campbell with additional information from Mr. Eccles. Following public comment (listed below), the Board unanimously adopted staff recommendation to deny the request by the applicant to have proposed application amendments made after the application submission deadline be considered under the limited review provision in 10 TAC §11.201(7).

- Robbye Meyer, Arx Advantage and representing the applicant, testified in opposition to staff recommendation
- John Shackelford, attorney for Shackelford, Bowen, McKinley & Norton, LLP, and representing the applicant, testified in opposition to staff recommendation

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 12:59 p.m. The next meeting is set for Thursday, May 12, 2022.

____
Secretary

Approved:

____
Chair

1b

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 12, 2022

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Caldwell Heights (HTC #18126)

RECOMMENDED ACTION

WHEREAS, Caldwell Heights (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2018 for the new construction of 72 units for the general population in Caldwell, Burleson County;

WHEREAS, Caldwell Heights, LP (the Development Owner or Owner) requests approval for a reduction in the Net Rentable Area (NRA) from 77,440 square feet to 73,868 square feet, representing a reduction of 3,572 square feet, or 4.61%, from the Net Rentable Area represented at Application;

WHEREAS, Board approval is required for a reduction of three percent or more in the square footage of the units, as directed in Tex. Gov't Code §2306.6712(d)(4) and 10 TAC §10.405(a)(4)(D), and the Owner has complied with the amendment requirements therein;

WHEREAS, the cost certification documentation also reflects a reconfiguration of the buildings within the Development site, which is considered 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 the tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Caldwell Heights 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

Caldwell Heights received an award of 9% Housing Tax Credits in 2018 for the new construction of 72 units for the general population in Caldwell, Burleson County. Construction of the Development has been completed, and the Owner is in the cost certification process. Staff's cost certification analysis revealed that the Net Rentable Area (NRA) of the completed project is 73,868 square feet, which is a reduction of 4.61% from the 77,440 square feet represented at Application.

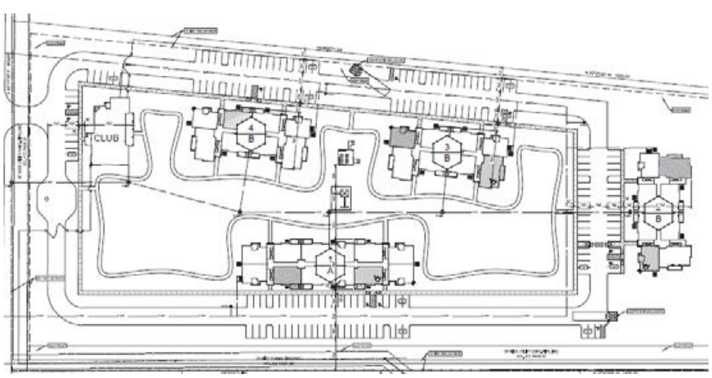
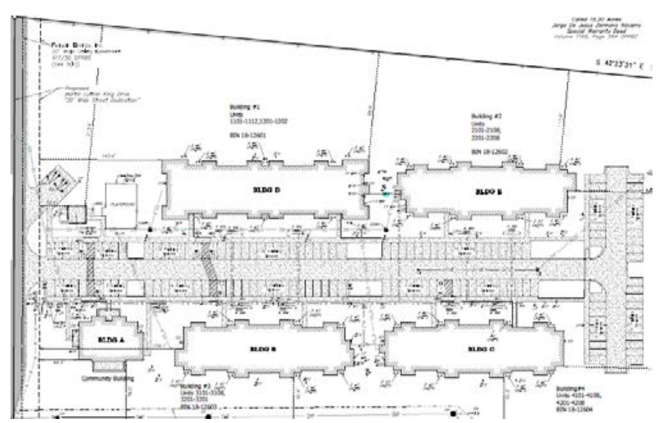
In a letter dated March 30, 2022, Jeff Beaver, representative for the Owner, requested approval for the reduction in NRA. The Owner reports that the reduction in NRA is due to an error, as at Application, the gross square footage of the units rather than the net area was mistakenly reported. This change represents a material amendment under Tex. Gov't Code §2306.6712(d)(4) and 10 TAC §10.405(a)(4)(D) and requires Board approval.

In addition to the change in NRA, a comparison of the as-built survey to the site plan in the Application revealed changes in the layout of the buildings within the site. The table below shows a comparison between the original and revised unit square footages and the site layout.

<table>
<tr><th colspan="2">Material Alterations as defined in Tex. Gov't Code §2306.6712(d)(4) and 10 TAC §10.405(a)(4)(D)</th></tr>
<tr><th>Application</th><th>Amendment</th></tr>
<tr><td>Units Square Footage

1 Bed / 1 Bath: 900 x 12 = 10,800
2 Bed / 1 Bath: 1060 x 44 = 46,640
3 Bed / 2 Bath: 1250 x 16 = 20,000

Total NRA: 77,440 Sq. Ft.</td><td>Unit Square Footage
% Change
1 Bed / 1 Bath: 811 x 12 = 9,732 -9.9%
2 Bed / 1 Bath: 1014 x 44 = 44,616 -4.3%
3 Bed / 2 Bath: 1220 x 16 = 19,520 -2.4%

Total NRA: 73,868 Sq. Ft. -4.61%</td></tr>
<tr><td>
</td><td></td></tr>
</table>

These changes do not alter the Development in a negative manner, and were not reasonably foreseeable by the Owner or preventable by the Owner at the time of Application. The Owner states that there was no net financial impact on the Development as a result of the proposed changes, and that the Development will continue to meet accessibility requirements.

Staff has determined that these changes do not affect the scoring of the Application. The final recommended HTC amount will be determined upon finalization of the cost certification process.

Staff recommends approval of the amendment request as presented herein.

Caldwell Heights, LP
P. O. Box 1909, Albertville, AL 35950

March 30, 2022

Mr. Jonathan Chilson
Asset Manager
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

RE: #18126-5417 – Caldwell Heights – Amendment Request

Dear Mr. Chilson,

Caldwell Heights, LP, the owner of the above referenced development, requests a material application amendment for a reduction in net rentable area greater than three percent, as required by statute.

The owner engaged Cross Architects during the application submission process. After the award, the owner changed architects to Wallace Architects. During the changeover and design between architects an error was made in the representation between net square footage and gross square footage. The net square footage that was represented in the application (77,440 SF) was actually the gross area which resulted in an actual net rentable area at cost certification (73,868 SF) to be less than what was represented in the application.

The development construction is complete and lease-up currently is at 88%. It would not serve the local jurisdiction or the citizens of the state of Texas at this point to not allow this development to be able to complete the certification process. Due to the error being recognized at cost certification, the change was not reasonably foreseeable or preventable at the time of application.

Should you need further clarification or correction, please do not hesitate to contact me.

Sincerely,

Jeff Beaver
Manager of General Partner

JB/sa

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 12, 2022

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Artisan at Ruiz (HTC #18084)

RECOMMENDED ACTION

WHEREAS, Artisan at Ruiz (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2018 to construct 102 units of general population, multifamily housing in the City of San Antonio, Bexar County;

WHEREAS, ARDC Ruiz, Ltd. (the Development Owner or Owner) requests approval for a change in the Development site acreage from 4.139 to 3.89, resulting in a 6.4% change (increase) in residential density, going from 24.64 units per acre to 26.22 units per acre, and also requested approval for modifications to the site plan and architectural design of the Development;

WHEREAS, Board approval is required for a significant modification of the site plan and for a significant modification of the architectural design of the Development, and for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(1), (5), and (6), and 10 TAC §10.405(a)(4)(A), (E), and (F), and the Owner has complied with the amendment requirements therein;

WHEREAS, the Owner also requested approval for a non-material amendment to the Application for changes to the Developer and Guarantor, resulting in new natural persons being introduced; and

WHEREAS, the requested changes do not materially alter the Development in a negative manner, were not reasonably foreseeable or preventable by the Owner at the time of Application, and would not have adversely affected the selection of the Application in the Application Round;

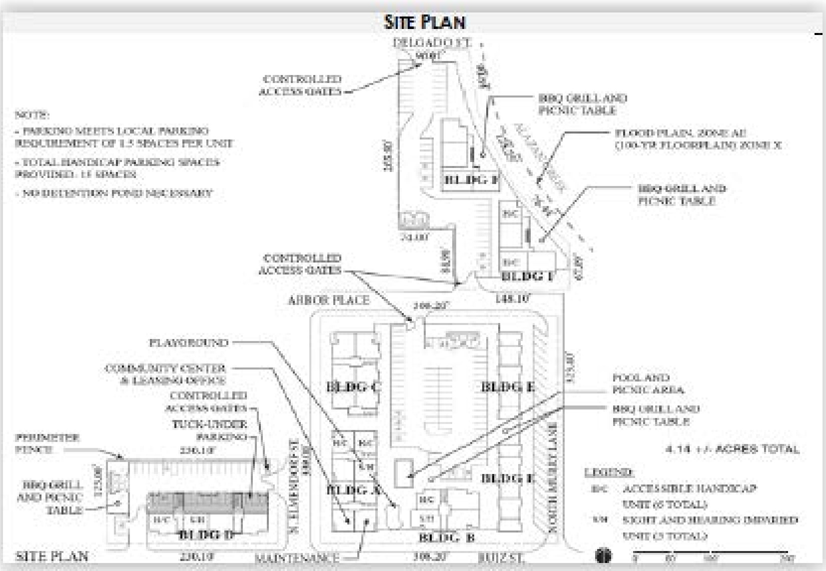
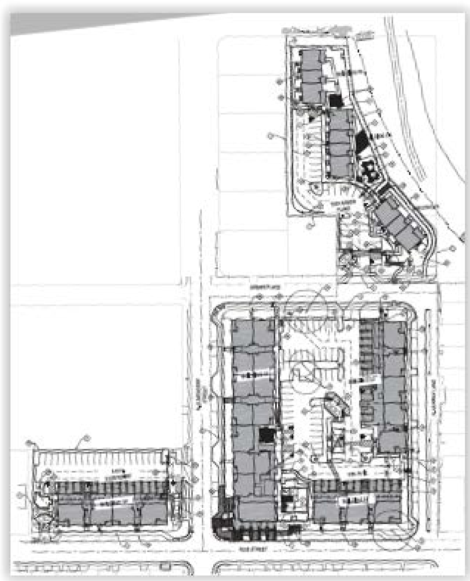
NOW, therefore, it is hereby

RESOLVED, that the requested amendments for Artisan at Ruiz are 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

Artisan at Ruiz received a 9% HTC award in 2018 to construct 102 units of general population multifamily housing in the City of San Antonio, Bexar County. The Development is owned by ARDC Ruiz, Ltd, with ARDC Ruiz GP, LLC as the 0.005% general partner owned by the sole member San Antonio Housing Facility Corporation.

Based on a review of the cost certification, it was determined that a greater than 5% change in residential density had occurred from the time of initial Application to the time of the cost certification, and in a letter dated February 16, 2022, Ed Hinojosa Jr., the representative for the Development Owner, requested approval to modify the site plan and building layouts due to right of way dedication and entitlements required by the City of San Antonio and utility companies. This amendment decreased the Development site acreage from 4.139 to 3.89 acres and increased the number of building types and story configurations. The elevations to the buildings have changed due to changes in building types and number of stories. The previous design included six building types. The new design includes seven building types. There were no changes to the overall number of buildings, number of units, unit square footages, and unit mix. Common Area increased from 2,803 square feet to 3,122 square feet. The changes to the site plan are reflected in the table below.

<table>
<tr><th colspan="2">Material Alterations as defined in Tex. Gov't Code §2306.6712(d)(1) and (5) and 10 TAC §10.405(a)(4)(A) and (E)</th></tr>
<tr><td>Original Site Plan at Application</td><td>Site Plan at Amendment</td></tr>
<tr><td><u>Original site – 4.139 acres</u></td><td><u>Amended site – 3.89 acres.</u></td></tr>
<tr><td>
</td><td></td></tr>
</table>

In addition, at initial Application, a total of 153 parking spaces were to be provided. At cost certification, the number of uncovered parking spaces was reduced from 141 spots to 117, while the number of free carports was increased from 12 to 33 spots for a total of 150 spaces, or a net decrease of 3 spots available for parking. 10 TAC §10.101(b)(4)(M) requires adequate parking spaces consistent with local code be provided. Per local code for San Antonio, 1.5 spaces are required for each apartment unit and one space is required for each townhome. The unit breakdown at this property results in a total of 148 spaces required by local code; therefore, the Development is providing two spaces above those required.

The Owner's representative explained that these changes are necessary due right of way dedication and entitlements requested by the City of San Antonio and the utility companies during the plan review process, and were unforeseen at the time of the initial Application.

Staff has reviewed the original application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the selection of the Application in the competitive round. Additionally, the proposed changes have no impact on the recommended credit amount.

The amendment request letter from the Owner also requests approval for a non-material amendment for changes to the Guarantor and Developer. The changes ultimately resulted in Ryan Wilson, Kenneth Franklin, and Susan Franklin being added. The Previous Participation Review for the new principals did not identify concerns.

Staff recommends approval of the amendment request as presented. The final recommended HTC amount will be determined upon finalization of the cost certification process.

February 16, 2022

Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 E. 11th Street Austin, TX 78701

Re: Artisan at Ruiz – TDHCA File No. 18084
Request for Material Application Amendment

Dear Mr. Wilkinson,

On behalf of the Owner, ARDC Ruiz, Ltd., we are formally submitting a request for the TDHCA Board to approve a material amendment to the Application. The property received the Cost Cert RFI #1 from Karen Treadwell on 12/17/21. RFI #1 highlighted three items requiring Application Amendments.

Non-Material Application Amendment: Guarantor and Developer Ownership Change

See Exhibit 1 for pre and post change organization charts for the Developer and Guarantor. Since Application, ARDC Ruiz, Ltd. required a change in the Guarantor entity from Franklin Development Properties, Ltd. (FDP) to Franklin Family Investments, Ltd (FFI). This change was not foreseeable at the time of the Application and became necessary during the due diligence process prior to project Closing since FFI could better serve as Guarantor of the Partnership. FFI and FDP are related entities both controlled by Aubra Franklin. Since this change occurred prior to project closing, there are no amendments pertaining to the change in the Partnership Documents and FFI is named as the guarantor in the Guaranty Agreements and LPA.

FDP and FFI have introduced new Natural Persons requiring a Previous Participation review and Credit Limit Certification Forms. Since Application, Ryan Wilson, Kenneth Franklin, and Susan Franklin were introduced into FDP. See Exhibit 2 for Previous Participation reviews and Credit Limit Certification Forms for these persons. These changes should be approved because they were not foreseeable at the time of Application and have no financial or negative impact to the Project.

Material Application Amendment: A Significant Modification of the Site Plan

Since Application, there has been a significant modification of the site plan including changes to building types, number of stories, elevations, an increase to the SF at the clubhouse, and the reduction in number of free parking spaces.

Threshold #1: Changes to the site plan

The site plan and building layouts were revised due to right of way dedication and entitlements requested by the City of San Antonio and utility companies during the plan review process. This amendment increases the number of building types, stories, and total the total number of buildings. A copy of the revised Site Plan, Project Summary and Building Schedule can be found under Exhibit 3. These changes were not foreseeable at the time of Application and there is no impact to the overall development cost due to this change. Changes to the building types and numbers of stories are as follows:

Building count at full application:

Building type	No. of Stories	No. of Buildings
A	3	1
B	3	1
C	3	1
D	3	1
E	2	2
F	3	2

Building count on construction drawings:

Building type	No. of Stories	No. of Buildings
1S	3	2
2S	3	1
3S	3	1
1W	3	1
1N	2	1
2N	2	1
3N	2	1

Threshold #2: Changes to the Buildings Elevations

The elevations to the buildings have changed due to changes in building type(s) and number of stories. Previous design included 6 building types (with a total of 8 buildings). New design layout includes 7 building types (with a total of 8 buildings). This change was not foreseeable at the time of Application and there was no impact to the overall development cost due to this change. A copy of the elevations can be found attached under Exhibit 4.

Threshold #3: Changes to the Clubhouse Square Footage

The clubhouse floor plan was revised from original submittal. The square footage increased from 2,803 SF to 3,122 SF. During the redesign phase, the square footage at the clubhouse increased by 319 SF. This also helped accommodate the SF of the units designed above the clubhouse. The change was needed through the redesign phase. Selected amenities remain the same. A copy of the building floor plan to the clubhouse can be found under Exhibit 5. Total Leasing SF can be found in the Project Summary under Exhibit 3. This change was not foreseeable at the time of Application and there was no impact to the overall development cost due to this change.

Threshold #4: Unit Count/ Unit Mix

There were no changes to the unit square footages and unit mix. The total unit count remains at 102 units. See the Project Summary under Exhibit 3 for total unit count. There is no impact to the development cost under this threshold item.

Threshold #5: Changes to Parking

The number of parking spaces decreased from 153 spaces at the time of Application to 150 spaces. During redesign, the total number of parking spaces required by local code changed from 153 spaces to 148 spaces as calculated by the Architect in Exhibit 6. Currently, the site has 150 spaces which is two more than required by local code. This change was not foreseeable at the time of Application and there was no impact to the overall development cost due to this change.

Material Application Amendment: A Modification to the Residential Density of at Least 5%

Since Application, there has been a modification to the residential density of at least 5%. Per the Underwriting Report the development site was to be 4.139 acres. However, the as-built survey supports 3.89 acres resulting in a reduction in density of 6.4%. The acreage submitted in the Underwriting Report was based on a Survey prior to Plat being recorded. The Plat was recorded on August 9, 2019. As part of the plat, the City required the Partnership to dedicate R.O.W. to the City of San Antonio on Blocks 2 & 3.

- For Block 2 we dedicated 0.229-acres of R.O.W.
- For Block 3 we dedicated 0.026-acres of R.O.W.

Attached is a copy of the recorded plat under Exhibit 7. This change was not foreseeable at the time of Application and there was no impact to the overall development cost due to this change.

SAHA | SAN ANTONIO HOUSING AUTHORITY
Opportunity Lives Here

In summary, all three Amendment requests have no financial impact on the Project. Thank you for your consideration of this request for Amendments in the Application for Artisan at Ruiz. If you have any further questions, please do not hesitate to Brett Franklin at bfranklin@franklindev.net.

Sincerely,

ARDC Ruiz, Ltd.,
a Texas limited partnership
(Owner)

By: ARDC Ruiz GP, LLC,
a Texas limited liability company,
its general partner

By: San Antonio Housing Facility Corporation,
a Texas nonprofit public facility corporation,
its sole member

By DocuSigned by: Ed Hinojosa Jr D7D46F73613F4FA... 2/17/2022
Ed Hinojosa Jr. Secretary/Treasurer

SITE PLAN - ARTISAN AT RUIZ

1

SCALE: 1" = 30'-0"

C:\Users\MichaelClancy\Documents\ARTISAN AT RUIZ - CENTRAL - R18_MichaelClancy.rvt

1/4/2019 9:04:29 AM

NOTES:

1. REFERENCE SHEET A0.10 FOR GENERAL NOTES

2. REFER TO CIVIL DRAWINGS FOR THE FOLLOWING:
   - PROPERTY LINES
   - RETAINING WALL LOCATIONS
   - UTILITIES
   - GRADING
   - FIRE PROTECTION
   - DRIVES AND CURBS
   - EASEMENTS

3. REFER TO LANDSCAPE DRAWINGS FOR THE FOLLOWING:
   - CONCRETE SIDEWALKS (INCLUDING ACCESSIBLE ROUTES)
   - ACCESSIBLE PARKING LOCATIONS AND PARKING STANDARDS
   - FENCES, GATES, MONUMENT SIGNS, POOL AND POOL FENCING, TRELLIS, BIKE RACKS, LANDSCAPE STRUCTURES, AND LANDSCAPE PLANTING.

4. REFER TO MEP DRAWINGS FOR THE FOLLOWING:
   - SITE LIGHTING
   - ELECTRICAL POWER SUPPLY FOR DECORATIVE SITE FEATURES
   - A/C CONDENSER, TRANSFORMER AND ELECTRICAL METER LOCATIONS

5. SITE ACCESS:
   - PROVIDE GATE CONTROL WITH A REMOTE ACCESS SYSTEM FOR TENANT GATE OPERATION.
   - PROVIDE HARDWARE AS SPECIFIED ON DOOR HARDWARE SCHEDULE FOR ACCESS ON ALL PEDESTRIAN GATES.
   - ALL FIRE DEPARTMENT ACCESS GATE CONTROLS, INCLUDING BUT NOT LIMITED TO EMERGENCY PULLS AND KNOX BOXES, TO BE COORDINATED WITH LOCAL FIRE DEPARTMENT, ARCHITECT, AND LANDSCAPE ARCHITECT PRIOR TO INSTALLATION.

KEYNOTE LEGEND

1	PROPERTY LINE
2	IMAGINARY PROPERTY LINE
3	LANDSCAPE WALL
4	CALL BOX AND KEY PAD FOR GATE ENTRY
5	DUMPSTER ENCLOSURE SEE SHEET A1.30
6	LOCATION OF FIRE SPRINKLER RISER CLOSET WITH FIRE DEPARTMENT CONNECTION AT EXTERIOR WALL
7	SWIMMING POOL
8	ELECTRICAL METER LOCATIONS
9	MONUMENT SIGN
10	POOL EQUIPMENT (REFER TO LANDSCAPE)
11	BIKE RACK
12	VEHICULAR GATE
13	MAILBOX LOCATION
14	EXISTING TREE TO REMAIN (REFER TO LANDSCAPE)
15	PEDESTRIAN GATE (REFER TO LANDSCAPE)
16	RETAINING WALL SYSTEM (REFER TO CIVIL)
17	FENCE (REFER TO LANDSCAPE)
18	SIDEWALK
19	PLAYGROUND (REFER TO LANDSCAPE)
20	PICNIC AND BBQ AREA (REFER TO LANDSCAPE)
21	POOL TRELLIS (REFER TO LANDSCAPE)
22	EASEMENT (REFER TO CIVIL)
23	VIA BUS STOP
24	LANDSCAPE SHADING DEVICE (REFER TO LANDSCAPE)
25	ACCESSIBLE BENCH
26	TRANSFORMER
27	A/C CONDENSER (REFER TO M.E.P.)
28	STAND ALONE MAILBOX - REF. ELEVATION 13/A3.07
29	CARPORT (PERMIT SEPARATELY)

ALAMO ARCHITECTS

1512 South Flores Street
San Antonio, Texas 78204
P. 210.227.2612 / F. 210.227.9457

GENERAL CONTRACTOR

General Contractor

Address
City , State Zip Code
P. xxx.xxx.xxxx / F. xxx.xxx.xxxx

CIVIL ENGINEER

Kimley-Horn

601 NW Loop 410, Suit 350
San Antonio, TX 78216
P. 210.321.3423

LANDSCAPE ARCHITECT

MP Studio

210 Groveton
San Antonio, TX 78210
P. 210.314.5582

STRUCTURAL ENGINEER

SEDG, LLC.

14025 West Road, Suite 201
Houston, TX 77041
P. 281.583.7088 / F. 281.583.5495

MEP ENGINEERS

Raymond Engineering, Inc.
32938 Tamina Rd.
Magnolia, TX 77354
P. 281.440.7211 / F. 281.766.1977

ISSUE DESCRIPTION:

NUM: DATE:

PROJECT NUMBER:	2018-36
DRAWN BY:	Author
APPROVED BY:	Approver
DATE:	07/26/2019

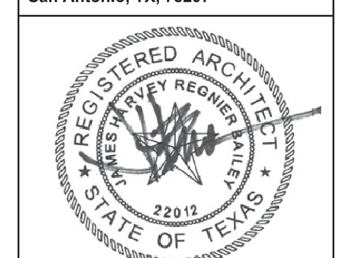
CLIENT

Franklin Development

PROJECT NAME

ARTISAN AT RUIZ

Project Address
San Antonio, TX, 78207



SEAL 07/26/2019

100% CONSTRUCTION DOCUMENTS

SHEET TITLE

SITE PLAN

A1.10

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 12, 2022

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Villages at Westlake (HTC #99126)

RECOMMENDED ACTION

WHEREAS, Villages at Westlake formerly known as Sunset Arbor Townhomes (the Development) received an award of 9% Housing Tax Credits (HTCs) in 1999 for the construction of 220 units of multifamily housing in Abilene, Taylor County;

WHEREAS, Villages at Westlake Apartments, LP (the Applicant) has submitted an Application for a 4% Housing Tax Credit award in order to acquire the property from the current Development Owner, Townhomes at Sunset Arbor, LP (the Development Owner or Owner), a related party, and rehabilitate the Development;

WHEREAS, the Development's unit designs consists of one-story flats and two-story townhomes, and in conjunction with the Application, the Applicant is seeking approval to reconfigure three of the two-bedroom/two-bathroom flat units into three-bedroom/two-bathroom flats, resulting in change in the unit mix from 86 two-bedroom/two-bathroom units and 66 three-bedroom/two-bathroom units to 83 two-bedroom/two-bathroom units and 69 three-bedroom/two-bathroom units and no change to the number of two-bedroom/one-bathroom units;

WHEREAS, Board approval is required for a modification of the number of units or bedroom mix as directed in Tex. Gov't Code §2306.6712(d)(2) and 10 TAC §10.405(a)(4)(B);

WHEREAS, the Applicant and Owner has also notified the Department of proposed changes to the common amenities, which is considered a Notification Item under 10 TAC §10.405(a)(2)(D); and

WHEREAS, the requested changes do not negatively affect the Development or impact the viability of the transaction;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment to the original Application for Villages at Westlake is approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination.

BACKGROUND

Villages at Westlake formerly known as Sunset Arbor Townhomes (the Development) received an award of 9% Housing Tax Credits in 1999 for the construction of 220 units of multifamily housing in Abilene, Taylor County. On January 7, 2022, Villages at Westlake Apartments, LP (Applicant), a related party to the Owner, submitted a 4% Housing Tax Credit Application (HTC #22423) to acquire and rehabilitate the Development. Currently, the Development's unit designs consists of one-story flats and two-story townhomes. On January 24, 2022, Andrew Sinnott, the representative for the Owner and Applicant, requested a material amendment to the Application to convert three of the two-bedroom/two-bathroom flats into three-bedroom/two-bathroom flats. The unit mix will change from 86 two-bedroom/two-bathroom units and 66 three-bedroom/two-bathroom units to 83 two-bedroom/two-bathroom units and 69 three-bedroom/two-bathroom units. The number of two-bedroom/one-bathroom units will remain at 68. The change to the unit mix is requested in order to design three-bedroom/two-bathroom accessible units for mobility-impaired households and meet the requirement in 10 TAC §1.207 that specifies accessible units must be distributed throughout the Development and made available in a sufficient range or sizes. Of the 22 flats, 11 will be accessible for mobility impaired households and brought up to current accessibility standards. All 22 flats (10% of the units) will continue to meet Appendix A – Additional Use Restrictions from the original Land Use Restriction Agreement (LURA), which states that throughout the 25-year Compliance Period, "at least 10% of the units are set-aside for persons with physical or mental disabilities." Staff has reviewed the proposed accessible units in the new 4% HTC Application and has confirmed that there are no concerns. The site plan also indicates the Development will meet the accessible parking requirements.

The following table identifies the requested changes to the unit mix:

Material Alterations as defined in Tex. Gov't Code §2306.6712(d)(2) and 10 TAC §10.405(a)(4)(B)			
Original		**Amendment**	
# of Units	Unit Type	# of Units	Unit Type
12	2BR/1BA Flats	12	2BR/1BA Flats
56	2BR/1BA Townhomes	56	2BR/1BA Townhomes
10	2BR/2BA Flats	7	2BR/2BA Flats
76	2BR/2BA Townhomes	76	2BR/2BA Townhomes
0	3BR/2BA Flats	3	3BR/2BA Flats
66	3BR/2BA Townhomes	66	3BR/2BA Townhomes
220 Units		220 Units	

Additionally, the Applicant states the rehabilitation of the property will include a modification of the common amenities. The modifications include converting the community laundry room and maintenance room to a fitness center and activity room. The Applicant believes these changes will help the residents and the marketability of the property since the community laundry room is rarely used because all units have washer and dryer connections. The Applicant also proposes to replace the existing playground with a new playground and to add a second playground, a dog park, package lockers (at least 27), kiosk, additional BBQ grills and picnic tables, new fencing, accessibility modifications to the existing swimming pool, and installing / upgrading accessible routes to all amenities are part of the scope of the rehabilitation. The one existing mail kiosk will likely be split across several mail kiosks throughout the property to allow residents to access their mailboxes closer to their units. A standalone maintenance garage will be constructed north of the existing mail kiosk as a result of the maintenance room in the clubhouse being converted to an activity room.

The Applicant confirmed that at least 22 points of Common Amenities, in accordance with the 2022 Qualified Allocation Plan, will be provided. The amenities anticipated to be provided for the 4% HTC Application are identified in the table below:

§11.101(b)(5)(C) of the 2022 QAP		
Reference	**Amenity**	**Point Value**
(iii)(II)	Furnished fitness center (one piece of equipment for every 40 units= 6 pieces of equipment)	1
(iii)(V)	Two children's playscapes, tot lots, or one of each with shade canopy or awning on each*	4
(iii)(VII)	Swimming pool*	3
(iii)(IX)	Sport court (basketball)*	2
(iv)(I)	Full perimeter fencing*	2
(iv)(III)	Dog park area that is fully enclosed	1
(iv)(VI)	Lighted pathways along all accessible routes	1
(v)(I)	Gazebo with sitting area*	1
(v)(III)	BBQ grill and picnic table (one each for every 50 units = 5 BBQ grill/picnic table combos)	1
(v)(V)	Furnished community room*	2
(v)(VII)	Activity room stocked with supplies (separate from community room)	2
(v)(X)	High speed wi-fi with coverage throughout clubhouse/community building	1
(v)(XII)	Bicycle parking (one bicycle for every 5 units = 44 bicycle parking slots)	1
(v)(XIII)	Package lockers at no charge to residents (one for every 8 units = 28 package lockers)	2
	Total Points	**24**

Although these amenities might change, the Development will be required to continue to offer a sufficient number of amenities that will meet the requirement of 22 points for Common Amenities specified in the 10 TAC §11.101(b)(5) of the 2022 Qualified Allocation Plan, and the amenities must meet the accessibility requirements in accordance with 10 TAC §1.207.

The amendment to the unit mix and costs associated with modifications to the common amenities have been reviewed by the Real Estate Analysis (REA) Division as part of the 4% HTC Application submitted. The results of their analysis indicate that the Development is feasible with the proposed changes.

The proposed changes to the common amenities are considered Notification Items under 10 TAC §10.405(a)(2)(D). However, the modification of the bedroom mix of units requires approval by the Board under Tex. Gov't Code §2306.6712(d)(2) and 10 TAC §10.405(a)(4)(B).

Staff recommends approval of the requested material amendment to the original Application. Approval of the Determination Notice for the 4% HTC Application will be processed administratively and separate from this amendment request.

22423 Villages at Westlake - Application Summary

REAL ESTATE ANALYSIS DIVISION
May 3, 2022

PROPERTY IDENTIFICATION

Application #	**22423**
Development	**Villages at Westlake**
City / County	**Abilene / Taylor**
Region/Area	**2 / Urban**
Population	**General**
Set-Aside	**General**
Activity	**Acquisition/Rehab** **2000-2001**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$1,272,236	**$1,272,236**	**$5,783/Unit**	**$0.88**

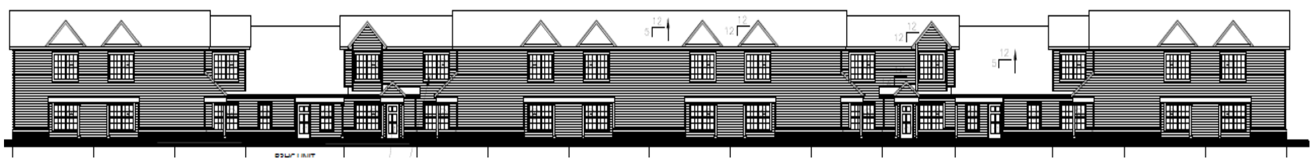
KEY PRINCIPALS / SPONSOR

ZP HACA, LLC
Zimmerman Properties

Matt Zimmerman, Andrew Sinnott

Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	-	0%
2	151	69%
3	69	31%
4	-	0%
TOTAL	220	100%

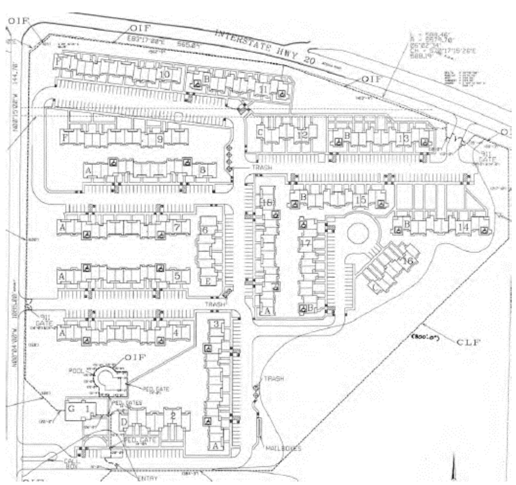
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	33	15%
40%	-	0%
50%	33	15%
60%	154	70%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	220	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.29	**Expense Ratio**	44.9%
Breakeven Occ.	81.0%	**Breakeven Rent**	$734
Average Rent	$840	**B/E Rent Margin**	$106
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$4,170/unit	**Controllable**	$2,921/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			2.5%
Highest Unit Capture Rate	22%	2 BR/60%	108
Dominant Unit Cap. Rate	22%	2 BR/60%	108
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	30	14% Total Units	

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	1,059 SF	**Density**	7.0/acre
Acquisition		$48K/unit	$10,500K
Building Cost	$43.50/SF	$46K/unit	$10,135K
Hard Cost		$53K/unit	$11,606K
Total Cost		$151K/unit	$33,230K
Developer Fee	$3,530K	(33% Deferred)	Paid Off in Year 5
Contractor Fee	$1,580K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Regions FHA 221d4	40/40	3.00%	$19,593,000	1.29
TOTAL DEBT (Must Pay)			$19,593,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
Rental income during rehab pre-stabilization	N/A	N/A	$1,285,111	1.29
CASH FLOW DEBT / GRANTS			$1,285,111	

EQUITY / DEFERRED FEES	
Source	Amount
Regions	$11,194,557
ZP HACA, LLC	$1,157,068
TOTAL EQUITY SOURCES	$12,351,625
TOTAL DEBT SOURCES	$20,878,111
TOTAL CAPITALIZATION	$33,229,736

CONDITIONS

1 Receipt and acceptance before Determination Notice:

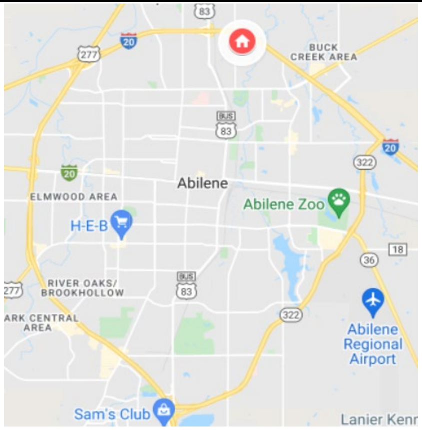
- Documentation of approval for proposed HAP Rents.

2 Receipt and acceptance by Cost Certification:

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

BOND RESERVATION / ISSUER	
Issuer	Housing Synergy Public Finance Corp
Expiration Date	7/24/2022
Bond Amount	$18,000,000
BRB Priority	1b
% Financed with Tax-Exempt Bonds	64.4%

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
May 3, 2022

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **22423** Program(s): **4% HTC**

Villages at Westlake

Address/Location: 3033 West Lake Road

City: Abilene County: Taylor Zip: 79601

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

Activity: Acquisition/Rehab Building Type: Garden/Townhome Region: 2

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
LIHTC (4% Credit)	$1,272,236				**$1,272,236**				

CONDITIONS

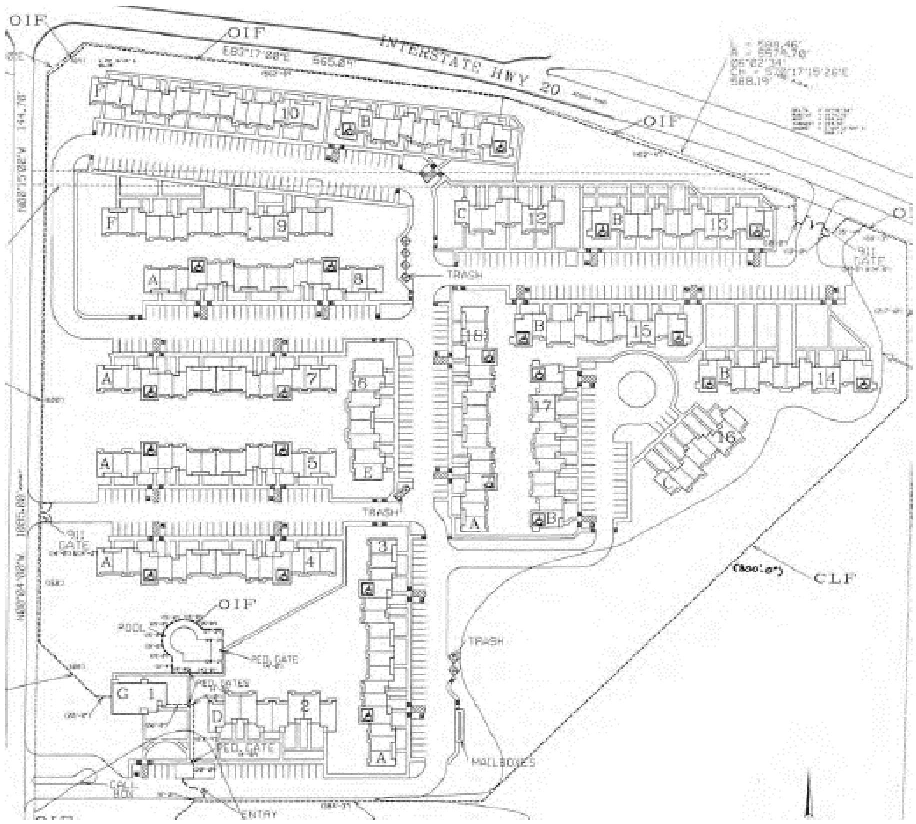
1 Receipt and acceptance before Determination Notice:
- Documentation of approval for proposed HAP Rents.

2 Receipt and acceptance by Cost Certification:
- Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	33
50% of AMI	50% of AMI	33
60% of AMI	60% of AMI	154

SITE PLAN



The required parking is site is 3 parking spaces for every 2 housing units or 330 spaces minimum. The site has 437 open surface parking spaces (2.0 spaces/unit). Of those spaces, 21 standard accessible parking spaces and 3 van accessible spaces are provided.

BUILDING CONFIGURATION

Building Type	A1	A2	B1	B2	B3	B4	C	D	E	F			**Total Buildings**
Floors/Stories	1 & 2	1 & 2	1 & 2	1 & 2	1 & 2	1 & 2	2	2	2	2			
Number of Bldgs	4	2	1	2	1	1	2	1	1	2			**17**
Units per Bldg	16	16	12	12	12	12	8	8	8	16			
Total Units	64	32	12	24	12	12	16	8	8	32			**220**

Avg. Unit Size (SF) 1,059 sf	**Total NRA (SF) 233,010**	**Common Area (SF)* 2,588**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 31.46 acres — Density: 7.0 units/acre

Site Control: 31.46 **Site Plan:** 30.88 **Appraisal:** 31.46 **ESA:** 31.46

Feasibility Report Survey: 0 **Feasibility Report Engineer's Plan:** NA

Control Type: Real Estate Purchase and Sale Agreement

Development Site: 31.46 acres Cost: $10,500,000 $47,727 per unit

Seller: Townhomes at Sunset Arbor, LP

Buyer: Villages at Westlake Apartments, LP

Assignee: Abilene Housing Authority (or an affiliate)

Related-Party Seller/Identity of Interest: Yes

Comments:

Abilene Housing Authority (AHA), or an affiliate, will serve as the fee title owner of the land and the sole member of the General Partner. In order to achieve an exemption from property taxes, there will be a ground lease with AHA as the lessor and fee title owner and Villages at Westlake Apartments, LP as lessee upon closing.

Applicant is planning to convert 30 units to project-based Housing Assistance Payments (HAP) and has submitted a request to HUD for approval.

APPRAISED VALUE

Appraiser: JLL Valuation Advisory — Date: 11/18/2021

Land as Vacant:	31.46 acres	$1,160,000	Per Unit:	$5,273
Existing Buildings: (as-is)		$10,740,000	Per Unit:	$48,818
Total Development: (as-is)		**$11,900,000**	Per Unit:	**$54,091**

Comments:

The Appraiser indicates the value of the land as if vacant at $1,160,000.

The Appraisal indicates the value of the total development as-is, as-restricted at $11,900,000. Valuation is based on capitalization of income using the tax credit rents.

SITE INFORMATION

Flood Zone:	X / AE	Scattered Site?	No
Zoning:	General Commercial	Within 100-yr floodplain?	Yes
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	2000-2001	Title Issues?	No

TENANT RELOCATION PLAN

The rehab will be done on a rolling basis among the 17 residential buildings. The expected time frame to begin relocating tenants will be summer 2022. There are currently 202 household residing at Villages at Westlake; it is estimated that at least 175 households, but no more than 202 households will be eligible for some form of relocation assistance. Buildings should be ready for occupancy beginning in September 2022 with all units being ready for occupancy no later than December 2023. Wilhoit Properties, Inc., the in-house management company will manage the relocation process. It is planned that two buildings would be available on-site for relocation, and in addition, Wilhoit Properties has other affordable units to relocate tenants. The total relocation budget is $320,000.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Dunaway Associates, LLC   Date: 12/27/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- None

Comments:

The Subject is located with 1,000 feet of a freeway (I-10). Dunaway calculated the noise level 180 feet from the closest building to the center of I-20. The total DNL was 71 dB. This level is considered "Normally Unacceptable" according to HUD guidelines without engineering modifications. Calculations based on proximity to West Lake Road, a four-lane road resulted in 52 dB, which is considered "Acceptable".

A railway line is located approximately 1,990 feet from the Subject. The DNL calculator was 47 dB and is considered "Acceptable".
Based on Dunaway's observations and interviews with property management, there have been no noise-specific complaints or apartment vacancy due to perceived noise levels. No further noise assessment appears warranted at this time.

A pipeline is located approximately 1,940 feet west of the subject property and is owned and operated by Plains Marketing, LP. It transports crude oil.
A underground natural gas pipeline marker was located near the driveway to the property. The marker indicated the pipeline was owned operated by TXU Gas Distribution.

MARKET ANALYSIS

Provider:	Novogradac	Date:	11/30/2021
Contact:	Rebecca S. Arthur, MAI	Phone:	913-312-4615

Primary Market Area (PMA): 70 sq. miles 5 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Taylor County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$12,840	$12,840	$12,840	$12,840	$14,820	$14,820	---
	Max	$13,320	$15,240	$17,130	$19,020	$20,550	$22,080	---
50% AMGI	Min	$21,390	$21,390	$21,390	$21,390	$24,720	$24,720	---
	Max	$22,200	$25,400	$28,550	$31,700	$34,250	$36,800	---
60% AMGI	Min	$25,680	$25,680	$25,680	$25,680	$29,670	$29,670	---
	Max	$26,640	$30,480	$34,260	$38,040	$41,100	$44,160	---

Market Analyst calculates a Gross Capture Rate of 2.5%, which is below the 10% maximum. Underwriter reviewed the market study for compliance.
Capture rate limits do not apply to existing affordable housing that is at least 50% occupied and that provides a leasing preference to existing tenants.
Subject is currently 94% occupied.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$1,149,220	Avg. Rent:	$840	Expense Ratio:	44.9%
Debt Service:	$890,661	B/E Rent:	$734	Controllable Expenses:	$2,921
Net Cash Flow:	$258,559	UW Occupancy:	92.5%	Property Taxes/Unit:	$0
Aggregate DCR:	1.29	B/E Occupancy:	81.0%	Program Rent Year:	2021

Applicant is proposing the conversion of 30 units to project-based HAP units. Underwriting assumes approval of the HAP rents. The anticipated HAP rents are $1,051 for one-bedroom and $1,414 for two-bedroom. The remainder of the units are at 30%, 50%, and 60% HTC rents.

Low expense-to-income ratio due property tax exemption.

Breakeven occupancy occurs with 42 units vacant (underwritten at 17).

DEVELOPMENT COST EVALUATION

SUMMARY - AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$36,872/ac	$47,727/unit	**$10,500,000**	Contractor Fee	**$1,580,000**
Off-site + Site Work		$1,891/unit	**$416,000**	Soft Cost + Financing	**$4,712,776**
Building Cost	$43.50/sf	$46,068/unit	**$10,135,000**	Developer Fee	**$3,530,000**
Contingency	10.00%	$4,796/unit	**$1,055,100**	Reserves	**$1,300,860**
Total Development Cost	$151,044/unit	**$33,229,736**		**Rehabilitation Cost**	**$47,959/unit**

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH

SCOPE & COST REVIEW

Provider: wr Savage, Inc — Date: 10/30/2021

Scope of Work:

Total site work is $295K which includes repair to sidewalks, improvement to site drainage, asphalt and curbs and gutters.

Building cost of $10M includes complete replacement of the following: roofs, windows with Energy Star Rated windows, HVAC units on those that not been replaced (approximately 100 units have already been replaced), plumbing fixtures, hot water heaters, interior lights, flooring, cabinets and countertops, interior doors, appliances, bathroom accessories, and paint interior of the units.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$33,229,736	**$27,136,650**	**$1,277,359**

APPLICANT'S CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
Housing Synergy Public Finance Corp	$18,000,000	1/25/2022	1b
Closing Deadline			
7/24/2022			

Percent of Cost Financed by Tax-Exempt Bonds	**64.4%**

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$33,229,736
Permanent Sources (debt + non-HTC equity)	$20,878,111
Gap in Permanent Financing	$12,351,625

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$11,239,632	$1,277,359
Needed to Balance Sources & Uses	$12,351,625	$1,403,734
Requested by Applicant	$11,194,557	$1,272,236

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	$11,194,557	$1,272,236

Deferred Developer Fee	$1,157,068	(33% deferred)
Repayable in	5 years	

Comments:

Underwriter recommends an annual tax credit allocation of $1,272,236 as requested by the Applicant.

Underwriter: *Laura Rogers*

Manager of Real Estate Analysis: *Gregg Kazak*

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Villages at Westlake, Abilene, 4% HTC #22423

LOCATION DATA	
CITY:	Abilene
COUNTY:	Taylor
Area Median Income	$63,400
PROGRAM REGION:	2
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	-	0.0%	0	0
2	151	68.6%	20	0
3	69	31.4%	10	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**220**	**100.0%**	**30**	**-**

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	1,059 sf

54%	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
Average Income	# Units	-	33	-	33	154	-	-	-	**220**
	% Total	0.0%	15.0%	0.0%	15.0%	70.0%	0.0%	0.0%	0.0%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S 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		Mrkt Analyst
TC 30%	$428	HAP (PBV)	$989	2	2	1	972	$989	$62	$927	$62	$1.02	$989	**$1,978**		$1,075
TC 50%	$713	0		2	2	1	972	$713	$62	$651	$0	$0.67	$651	**$1,302**		$1,075
TC 60%	$856	0		8	2	1	972	$856	$62	$794	$0	$0.82	$794	**$6,352**		$1,075
TC 30%	$428	HAP (PBV)	$989	7	2	1	991	$989	$62	$927	$62	$1.00	$989	**$6,923**		$1,075
TC 30%	$428	0		1	2	1	991	$428	$62	$366	$0	$0.37	$366	**$366**		$1,075
TC 50%	$713	0		8	2	1	991	$713	$62	$651	$0	$0.66	$651	**$5,208**		$1,075
TC 60%	$856	0		40	2	1	991	$856	$62	$794	$0	$0.80	$794	**$31,760**		$1,075
TC 30%	$428	HAP (PBV)	$989	10	2	2	1,007	$989	$62	$927	$62	$0.98	$989	**$9,890**		$1,075
TC 30%	$428	0		1	2	2	1,007	$428	$62	$366	$0	$0.36	$366	**$366**		$1,075
TC 50%	$713	0		12	2	2	1,007	$713	$62	$651	$0	$0.65	$651	**$7,812**		$1,075
TC 60%	$856	0		53	2	2	1,007	$856	$62	$794	$0	$0.79	$794	**$42,082**		$1,075
TC 30%	$428	HAP (PBV)	$989	1	2	2	1,034	$989	$62	$927	$62	$0.96	$989	**$989**		$1,075
TC 50%	$713	0		1	2	2	1,034	$713	$62	$651	$0	$0.63	$651	**$651**		$1,075
TC 60%	$856	0		5	2	2	1,034	$856	$62	$794	$0	$0.77	$794	**$3,970**		$1,075
TC 30%	$494	HAP (PBV)	$1,338	10	3	2	1,189	$1,338	$76	$1,262	$76	$1.13	$1,338	**$13,380**		$1,245
TC 50%	$824	0		9	3	2	1,189	$824	$76	$748	$0	$0.63	$748	**$6,732**		$1,245
TC 60%	$989	0		47	3	2	1,189	$989	$76	$913	$0	$0.77	$913	**$42,911**		$1,245
TC 30%	$494	0		1	3	2	1,202	$494	$76	$418	$0	$0.35	$418	**$418**		$1,245
TC 50%	$824	0		1	3	2	1,202	$824	$76	$748	$0	$0.62	$748	**$748**		$1,245
TC 60%	$989	0		1	3	2	1,202	$989	$76	$913	$0	$0.76	$913	**$913**		$1,245
TOTALS/AVERAGES:				**220**			**233,010**				**$9**	**$0.79**	**$840**	**$184,751**		**$1,128**

ANNUAL POTENTIAL GROSS RENT:	**$2,217,012**	

STABILIZED PRO FORMA

Villages at Westlake, Abilene, 4% HTC #22423

	STABILIZED FIRST YEAR PRO FORMA							
	COMPARABLES			APPLICANT				
	Database			% EGI	Per SF	Per Unit	Amount
POTENTIAL GROSS RENT					$0.79	$840	$2,217,012
NSF, late fees, app fees, etc.						$15.00	$39,600
Total Secondary Income						$15.00	
POTENTIAL GROSS INCOME							$2,256,612
Vacancy & Collection Loss						7.5% PGI	(169,246)
Rental Concessions							-
EFFECTIVE GROSS INCOME							$2,087,366
General & Administrative	$106,318	$483/Unit		3.43%	$0.31	$325	$71,500
Management	$96,661	5.6% EGI		4.00%	$0.36	$380	$83,495
Payroll & Payroll Tax	$283,831	$1,290/Unit		12.68%	$1.14	$1,203	$264,616
Repairs & Maintenance	$152,009	$691/Unit		6.91%	$0.62	$655	$144,200
Electric/Gas	$55,784	$254/Unit		1.55%	$0.14	$147	$32,285
Water, Sewer, & Trash	$164,597	$748/Unit		6.23%	$0.56	$591	$130,000
Property Insurance	$87,942	$0.38 /sf		6.04%	$0.54	$573	$126,000
Property Tax (@ 0%) 2.6974	$148,591	$675/Unit		0.00%	$0.00	$0	$0
Reserve for Replacements				3.16%	$0.28	$300	$66,000
TDHCA Compliance fees ($40/HTC unit)				0.42%	$0.04	$40	$8,800
Bond Trustee Fees				0.30%	$0.03	$28	$6,250
Security				0.24%	$0.02	$23	$5,000
TOTAL EXPENSES				**44.94%**	**$4.03**	**$4,264**	**$938,146**
NET OPERATING INCOME ("NOI")				**55.06%**	**$4.93**	**$5,224**	**$1,149,220**

CONTROLLABLE EXPENSES	$2,921/Unit	

TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Villages at Westlake, Abilene, 4% HTC #22423

DEVELOPMENT COST / ITEMIZED BASIS

APPLICANT COST / BASIS ITEMS

		Eligible Basis: Acquisition	Eligible Basis: New Const. Rehab	Total Costs		
Land Acquisition					$5,273 / Unit	$1,160,000
Building Acquisition		$9,340,000			$42,455 / Unit	$9,340,000
						$0
Off-Sites			$0		$ / Unit	$0
Site Work			$295,000		$1,341 / Unit	$295,000
Site Amenities			$121,000		$550 / Unit	$121,000
Building Cost			$10,135,000	$43.50 /sf	$46,068/Unit	$10,135,000
Contingency			$1,055,100	10.00%	10.00%	$1,055,100
Contractor Fees			$1,580,000	13.61%	13.61%	$1,580,000
Soft Costs		$101,350	$257,650		$3,086 / Unit	$679,000
Financing		$254,400	$467,150		$18,335 / Unit	$4,033,776
Developer Fee	19.36%	$1,876,700	$1,653,300	11.88%	15.18%	$3,530,000
Reserves					9 Months	$1,300,860
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		**$11,572,450**	**$15,564,200**		$151,044 / Unit	**$33,229,736**
Acquisition Cost		$0				$0
Contingency			$0			$0
Contractor's Fee			$0			$0
Financing Cost			$0			
Developer Fee	14.95%	($426,854)	$426,854	14.95%		$0
Reserves						$0
ADJUSTED BASIS / COST		**$11,145,596**	**$15,991,054**		$151,044/unit	**$33,229,736**
TOTAL HOUSING DEVELOPMENT COSTS Applicant's Uses						**$33,229,736**

TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Villages at Westlake, Abilene, 4% HTC #22423

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant	
	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$11,145,596	$15,991,054
Deduction of Federal Grants	$0	$0
TOTAL ELIGIBLE BASIS	$11,145,596	$15,991,054
High Cost Area Adjustment		130%
TOTAL ADJUSTED BASIS	$11,145,596	$20,788,371
Applicable Fraction	100.00%	100.00%
TOTAL QUALIFIED BASIS	$11,145,596	$20,788,371
Applicable Percentage	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$445,824	$831,535
CREDITS ON QUALIFIED BASIS	$1,277,359	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8799	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,277,359	$11,239,632	----	----	----
Needed to Fill Gap	$1,403,734	$12,351,625	----	----	----
Applicant Request	$1,272,236	$11,194,557	**$1,272,236**	**$0**	**$0**

50% Test for Bond Financing for 4% Tax Credits			
Tax-Exempt Bond Amount	$	18,000,000	
			Applicant
Land Cost	$	1,160,000	$1,160,000
Depreciable Bldg Cost **	$	26,780,900	$26,780,900
Aggregate Basis for 50% Test	**$**	**27,940,900**	$27,940,900
Percent Financed by Tax-Exempt Bonds	**64.42%**		**64%**

**Depreciable building cost includes: Total construction contract, total building acquisition, total developer fee, plus eligible financing and soft costs.

PROPOSED SOURCES OF FINANCING

Villages at Westlake, Abilene, 4% HTC #22423

		Interim		Permanent Period				Debt Service		
DEBT	**Type**	**Principal**	**Rate**	**Principal**	**Term**	**Amort**	**Rate**	**DCR**	**Payment**	**Fee**
Regions FHA 221d4	FHA 221d4 loan	$19,593,000	3.00%	$19,593,000	40	40	3.00%	**1.29**	$890,661	0.25%
Adjustment to Debt Per §11.302(c)(2)				$0	40	40	3.00%	**1.29**		0.25%
Regions	Equity Bridge Loan	$10,199,000	4.50%	$0	0	0	0.00%	**1.29**		0.00%
TOTAL		**$29,792,000**		**$19,593,000**				**1.29**	**Cumulative DCR**	
EQUITY					**credit price**	**annual credits**				
Regions	$1,272,236 HTC Equity	$2,238,800		$11,194,557	$0.88	$1,272,236				
TOTAL		**$2,238,800**		**$11,194,557**						
PARTNERSHIP DEBT										
ZP HACA, LLC	Deferred fee	$0		$1,157,068						
TOTAL		**$0**		**$1,157,068**						
CASH FLOW DEBT/GRANTS										
TOTAL		**$0**		**$0**						
OTHER										
Rental income during rehab pre-stabilization	0	$198,936		$1,285,111						
TOTAL		**$198,936**		**$1,285,111**						
TOTAL		**$32,229,736**		**$33,229,736**						

Long-Term Pro Forma

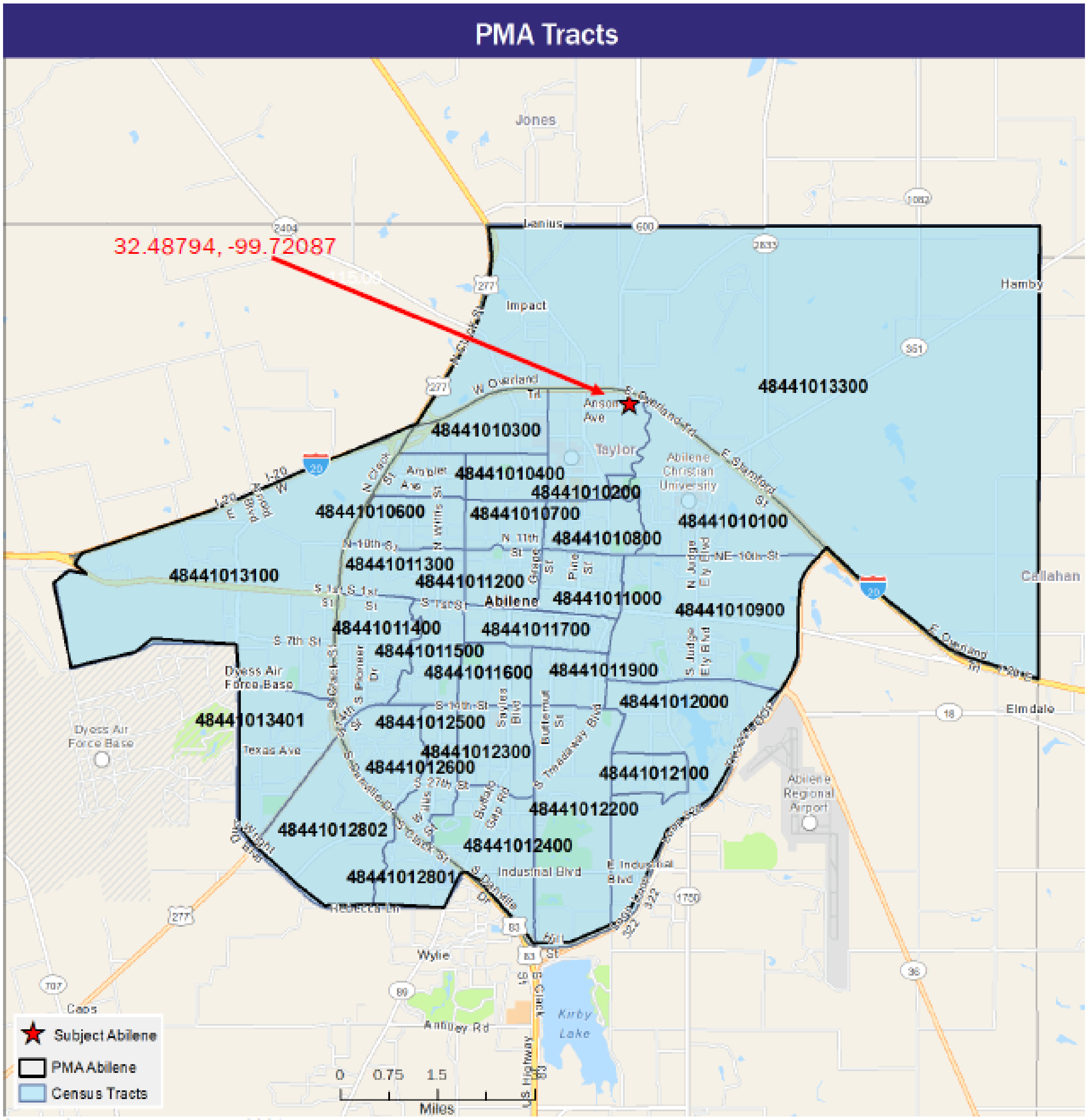
Villages at Westlake, Abilene, 4% HTC #22423

	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%	$2,087,366	$2,129,113	$2,171,696	$2,215,130	$2,259,432	$2,494,596	$2,754,235	$3,040,898	$3,357,397	$3,706,838	$4,092,649	$4,518,615
TOTAL EXPENSES	3.00%	$938,146	$965,455	$993,567	$1,022,506	$1,052,295	$1,214,910	$1,402,906	$1,620,272	$1,871,626	$2,162,315	$2,498,532	$2,887,448
NET OPERATING INCOME ("NOI")		**$1,149,220**	**$1,163,658**	**$1,178,128**	**$1,192,624**	**$1,207,137**	**$1,279,686**	**$1,351,329**	**$1,420,626**	**$1,485,771**	**$1,544,523**	**$1,594,116**	**$1,631,167**
EXPENSE/INCOME RATIO		44.9%	45.3%	45.8%	46.2%	46.6%	48.7%	50.9%	53.3%	55.7%	58.3%	61.0%	63.9%
MUST -PAY DEBT SERVICE													
TOTAL DEBT SERVICE		$890,661	$890,018	$889,355	$888,671	$887,967	$884,112	$879,635	$874,433	$868,391	$861,373	$853,220	$843,749
DEBT COVERAGE RATIO		1.29	1.31	1.32	1.34	1.36	1.45	1.54	1.62	1.71	1.79	1.87	1.93
ANNUAL CASH FLOW		**$258,559**	**$273,640**	**$288,774**	**$303,953**	**$319,170**	**$395,573**	**$471,694**	**$546,193**	**$617,380**	**$683,150**	**$740,897**	**$787,418**
Deferred Developer Fee Balance		$898,509	$624,869	$336,095	$32,142	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$287,028	$2,111,971	$4,318,558	$6,901,484	$9,847,723	$13,134,582	$16,727,375	$20,576,638

22423 Villages at Westlake PMA Map

PMA Map – Census Tracts

The PMA encompasses approximately 70 square miles.



Source: Google Earth, November 2021

ZIMMERMAN™
PROPERTIES

Beyond Buildings.

January 24, 2022

Ms. Karen Curtice
TDHCA – Asset Management Division
221 E. 11th Street
Austin, TX 78701

RE: Villages at Westlake (fka Sunset Arbor Townhomes) | CMTS #2198

Dear Ms. Curtice:

Villages at Westlake is an existing 220-unit development that was constructed in 2000-2001 using a 1999 9% housing tax credit allocation. Zimmerman Properties, in partnership with the Abilene Housing Authority, is seeking to acquire and rehabilitate the property with 4% housing tax credits and private activity bonds. The 4% application (application #22423) was submitted to TDHCA on January 7, 2022, and a bond reservation (through the PAB lottery) is expected to be issued this week. Closing for the partnership and financing is anticipated on or around 6/30/22.

Unit Mix
As part of the rehabilitation, we are seeking to change the unit mix as follows to have accessible units for mobility-impaired households distributed throughout various unit types in accordance with 10 TAC §1.207:

Unit Types	Existing	Post-rehab
2br/1b flats (one-story)	12	12
2br/1b townhomes (two-story)	56	56
2br/2b flats (one-story)	10	7
2br/2b townhomes (two-story)	76	76
3br/2b flats (one-story)	0	3
3b/2b townhomes (two-story)	66	66
TOTAL	**220**	**220**

Essentially, three of the existing 2br/2b flats will be converted to 3br/2b flats, resulting in a slight change to the unit mix from 86 2br/2b units and 66 3br/2b units to 83 2br/2b units and 69 3br/2b units; the number of 2br/1b flats and 2br/1b townhomes will not change. Of the 22 flats, 11 – including four 2br/1b, four 2br/2b, and three 3br/2b – will be accessible for mobility-impaired households and brought up to current accessibility standards. All 22 flats (10% of the units) will continue to meet Appendix A – Additional Use Restrictions from the original Land Use Restriction Agreement, which states that, throughout the Compliance Period, "at least 10% of the units are set-aside for persons with physical or mental disabilities."

Common Amenities
Common amenities will also be modified through the rehab of this property. The community laundry room and maintenance room within the clubhouse will be converted to a fitness center and activity room, respectively. The conversion of those rooms – with the community laundry room currently worth two points and the furnished fitness center planned currently worth one point and the activity room currently worth two points – will result in one additional point according to the 2022 Qualified Allocation Plan. We believe these changes will help the residents and the marketability of the property since the community laundry room is rarely used (all units have washer/dryer connections). The existing playground will be replaced with a playground (and a second playground will be added) that meets 2022 QAP Common Amenities requirements. A dog park, package lockers (at least 27) kiosk, additional BBQ grills and picnic tables, new fencing, accessibility modifications to the existing swimming pool, and installing/upgrading accessible routes to all amenities are part of the scope of the rehab. The points anticipated to be selected to meet the minimum 22 points for the 4% application recently submitted are as follows:

2022 QAP Reference (11.101(b)(5)(C))	**Amenity**	**Points**
(iii)(II)	Furnished fitness center (one piece of equipment for every 40 units= 6 pieces of equipment)	1
(iii)(V)	Two children's playscapes, tot lots, or one of each with shade canopy or awning on each*	4
(iii)(VII)	Swimming pool*	3
(iii)(IX)	Sport court (basketball)*	2
(iv)(I)	Full perimeter fencing*	2
(iv)(III)	Dog park area that is fully enclosed	1
(iv)(VI)	Lighted pathways along all accessible routes	1
(v)(I)	Gazebo with sitting area*	1
(v)(III)	BBQ grill and picnic table (one each for every 50 units = 5 BBQ grill/picnic table combos)	1
(v)(V)	Furnished community room*	2
(v)(VII)	Activity room stocked with supplies (separate from community room)	2
(v)(X)	High speed wi-fi with coverage throughout clubhouse/community building	1
(v)(XII)	Bicycle parking (one bicycle for every 5 units = 44 bicycle parking slots)	1
(v)(XIII)	Package lockers at no charge to residents (one for every 8 units = 28 package lockers)	2
TOTAL		**24**

* Amenities that currently exist and may be require accessibility modifications. There is currently one children's playscape on the property.

Miscellaneous
The one existing mail kiosk will likely be split across several mail kiosks throughout the property to allow residents to access their mailboxes closer to their units. As mentioned earlier, the maintenance room in the clubhouse will be converted to an activity room post-rehab. As a result, a standalone maintenance garage will be constructed north of the existing mail kiosk.

Sincerely,

Andrew Sinnott

Zimmerman Properties, LLC

1c

BOARD ACTION REQUEST

HOUSING RESOURCE CENTER

MAY 12, 2022

Presentation, Discussion, and Possible Action on the draft 2022 State of Texas Consolidated Plan: One-Year Action Plan

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) requires the submission of a One-Year Action Plan in accordance with 24 CFR §91.320;

WHEREAS, the Department has developed the draft 2022 State of Texas Consolidated Plan: One-Year Action Plan (the Plan), which reports on the intended use of funds received by the State of Texas from HUD for Program Year (PY) 2022, beginning on September 1, 2022, and ending on August 31, 2023;

WHEREAS, a public comment period will be open from Monday, May 16, 2022, through Wednesday, June 15, 2022, and a public hearing will be held on Wednesday, June 1, 2022, to garner input on the Plan; and

WHEREAS, per 24 CFR §91.15(a)(1), the Plan is required to be submitted to HUD on July 18, 2022, which is at least 45 days before the start of PY 2022;

NOW, therefore, it is hereby

RESOLVED, that the draft 2022 State of Texas Consolidated Plan: One-Year Action Plan, in the form presented to this meeting, is hereby approved for release for public comment;

FURTHER RESOLVED, that the Executive Director and his designees are each hereby authorized, empowered and directed, for and on behalf of the Department, to cause notice of the draft 2022 State of Texas Consolidated Plan: One-Year Action Plan to be published in the *Texas Register* and, in connection therewith, to make such non-substantive grammatical, monetary and technical changes as they deem necessary or advisable; and

BACKGROUND

The Texas Department of Housing and Community Affairs (TDHCA), Texas Department of Agriculture (TDA), and Texas Department of State Health Services (DSHS) prepared the draft 2022 State of Texas Consolidated Plan: One-Year Action Plan (Plan) in accordance with 24 CFR §91.320. TDHCA coordinates the preparation of the State of Texas Consolidated Plan documents. The Plan covers the State's administration of the Community Development Block Grant Program (CDBG) by TDA, the Housing Opportunities for Persons with AIDS Program (HOPWA) by DSHS, the Emergency Solutions Grant (ESG)

Program, the HOME Investment Partnerships (HOME) Program, and the National Housing Trust Fund (NHTF) Program by TDHCA.[1] The Plan does not include discussion of TDHCA's ESG-CV or CDBG-CV funds.

Examples of activities described in the 2022 OYAP include, but are not limited to, the Reconstruction of single-family housing through TDHCA's Homeowner Reconstruction Assistance (HRA) program, Tenant Based Rental Assistance (TBRA), Multifamily Direct Loan (MFDL) program, National Housing Trust Fund (NHTF), Homeless programs and Colonia Self-Help Centers.

The Plan reflects the intended uses of funds received by the State of Texas from HUD for Program Year 2022. The Program Year begins on September 1, 2022, and ends on August 31, 2023. The Plan also illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the 2020-2024 State of Texas Consolidated Plan.

Upon approval by the Board, the draft Plan will be available for public comment on the TDHCA Public Comment Center at http://www.tdhca.state.tx.us/public-comment.htm. The public comment period will be open from Monday, May 16, 2022, through Wednesday, June 15, 2022, and a public hearing will be held on Wednesday, June 1, 2022, at 2:00 p.m. Austin local time, more information on the location of the hearing will be posted on the TDHCA public comment page, web calendar and sent via listserv prior to the start of the comment period.

Following the public comment period, staff will present a final Plan to the Board, prior to submission to HUD. Per 24 CFR §91.15(a)(1), the Plan is required to be submitted to HUD by July 18, 2022, which is at least 45 days before the start of PY 2022.

There were no substantial changes to the Plan or programs from the 2021 OYAP to 2022 OYAP.

The Department has not received the PY 2022 allocation amounts for CDBG, HOPWA, HOME, ESG, or NHTF. Therefore, last year's allocation amounts for these programs are being used as an estimate in the draft Plan. The Plan will be updated with final numbers prior to board approval of the final Plan.

In addition, the Department's ESG program rules were out for public comment from March 25, 2022 to April 25, 2022, staff is requesting the Board's authority to edit the plan while out for comment - to reflect potential changes to the ESG portions of the Plan due to Public Comment on ESG rules. Staff intends to present the Plan to the Board for final approval at the Board meeting of July 7, 2022, allowing sufficient time for the Plan to be submitted to HUD prior to the deadline of July 18, 2022.

[1] The Texas General Land Office (GLO) is the responsible entity for developing the State Community Development Block Grant Disaster Recovery Program (CDBG-DR) Action Plan and submitting any required amendments to the Consolidated Plan in accordance with HUD guidelines. CDBG-DR planning documents are available at https://recovery.texas.gov/action-plans/index.html.

REPORT ITEMS

2a

TDHCA Outreach and Media Analysis, March 2022

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, 2022 (news articles specifically mentioned the Department, and Texas Rent Relief Program, and/or Texas Homeowner Assistance Fund).

Total number of articles referencing TDHCA: 133
Breakdown by Medium:[1]

- Print: 26 (Editorials/Columnists = 1)
- Broadcast: 51
- Trade, Government or Internet-Based Publications: 56

Figure 1 News Tone

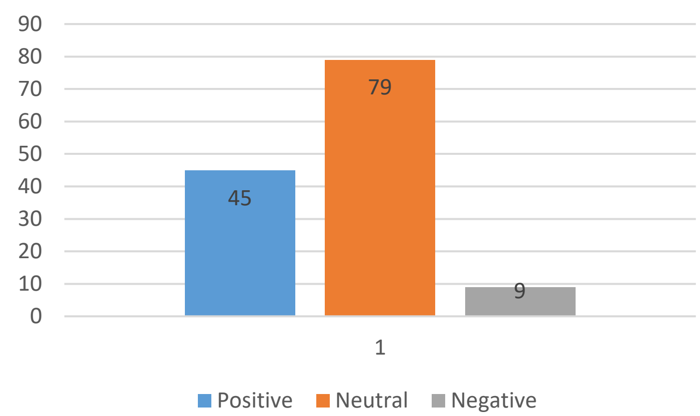
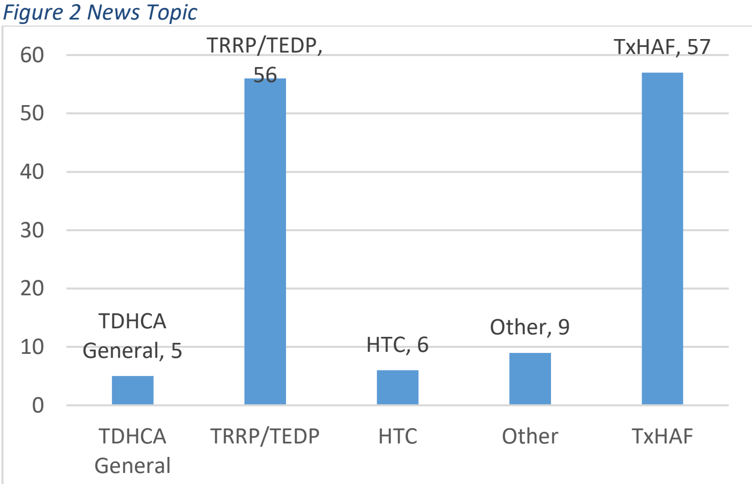
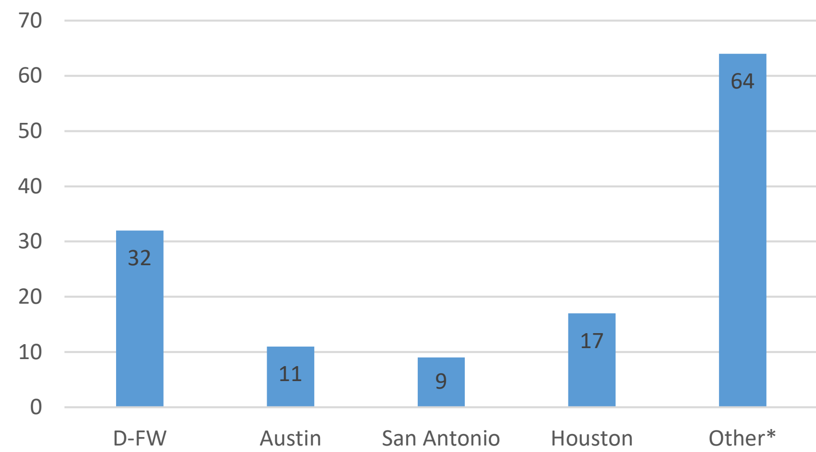


Figure 2 News Topic



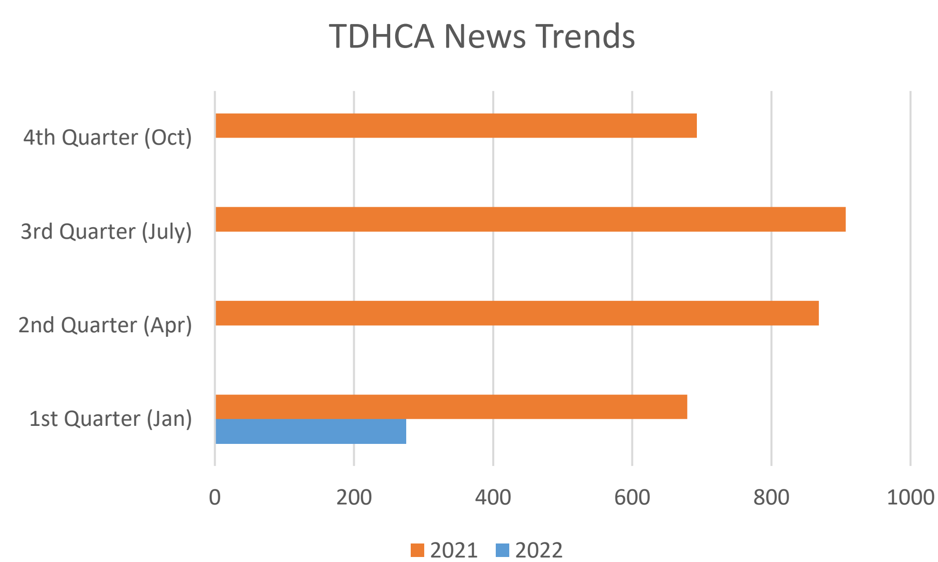
[1] *Broadcast numbers may represent instances in which TDHCA was referenced on a television or radio station's website, rather than in a specific broadcast news segment*

Figure 3 Media Market



Summary:
Reporting on Department activities by the news media totaled 133 references in March 2022. TDHCA's launch of the Texas Homeowner Assistance Fund received the most mentions (57 found mentions) with earned media generated through the launch press announcement or generated through press announcements from local tax assessors' offices related to past due property taxes. Articles referencing the Texas Rent Relief Program made up the next largest number of mentions.

The following table illustrates the number of news mentions during each month or quarter of 2022 compared to 2021. The Texas Rent Relief (TRR) Program launched in February 2021 with significant media attention. In February 2021, there were more than 550 news mentions of TDHCA and/or TRR. March 2022 total news mentions were greater than March 2021 (104 total), and total number of articles for the first quarter of 2022 is significantly higher than 2020 accounting for a 74 percent increase in the total number of TDHCA mentions.



Social media:

Through March 2022, TDHCA has 3,200 followers to its Twitter account and 6,500 followers to its Facebook account. TDHCA's YouTube channel had more than 1,800 views in February. 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 2022	35	14	118	12	46
February 2022	47	70	42	2	16
March 2022	66	43	131	47	48

* 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 2022	35	128	20	7	13
February 2022	47	186	14	7	4
March 2022	67	318	39	12	21

* 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 2022	3,478	176.9	3:03	19,871	4.0%
Feb. 2022	1,839	125.2	4:05	15,141	3.4%
March 2022	1,890	143.2	4:32	16,764	3.5%

March 2022

Texas Rent Relief Program Completing Application Tutorial	332	17.6%	0:34	59.9%
Texas Rent Relief Program Tutorial – Setting Up Bill.com Account f...	307	16.2%	0:58	52.8%
Texas Rent Relief Program Registration Tutorial	135	7.1%	0:21	56.7%
CEAP/LIHWAP Quarterly Webinar	119	6.3%	8:30	13.8%
Texas Rent Relief Program Landlord Tips	112	5.9%	1:02	44.8%
Texas Rent Relief Program Landlord Application Tutorial	99	5.2%	1:36	23.3%
Texas Eviction Diversion Program Overview – September 9, 2021	68	3.6%	6:03	39.5%
Fair Housing 101: The Basics of Fair Housing in Texas	67	3.5%	9:13	8.8%
Housing Tax Credit after the Federal Compliance Period (Post-15)	50	2.7%	29:52	26.2%
20 IncomeDeterminationTraining	45	2.4%	7:24	4.4%
Texas Homebuyer Program introduction	43	2.3%	0:23	44.8%

Como Completar Su Aplicación para el Programa de Asistencia de ...	34	1.8%	0:33	50.6%
Texas Emergency Mortgage Assistance Program TEMAP Webinar -...	33	1.8%	3:37	9.9%
Compliance Monitoring & Tracking System (CMTS) Training	29	1.5%	6:57	14.2%
Housing Stability Services Contract Implementation Webinar	27	1.4%	10:26	11.0%
Utility Allowance Training - May 5, 2021	27	1.4%	6:24	5.6%
Accessing Texas Department of Aging and Disability Services	27	1.4%	2:28	34.8%
Average Income Webinar - Sept. 2, 2020	27	1.4%	16:39	12.4%
Fair Housing Special Topics: How to Create an Affirmative Marketin...	26	1.4%	4:35	6.4%
ERA2 Housing Stability Services NOFA Application Webinar	24	1.3%	12:11	11.4%
Fair Housing Special Topics: Reasonable Accommodations, Modifi...	22	1.2%	17:53	18.4%
Overview of Updates to Compliance, Affirmative Marketing and Writ...	22	1.2%	6:59	9.0%
Fair Housing Special Topics: Assistance Animals, Service Animals, ...	22	1.2%	12:31	13.7%
TDHCA's Multifamily Direct Loan Training - Sept. 24, 2020	21	1.1%	21:44	7.4%
Low Income Water/Wastewater Assistance Program (LIHWAP) Ove...	19	1.0%	9:19	25.1%
Fair Housing Special Topics: The Violence Against Women Act in F...	14	0.7%	2:48	3.6%
Housing Contract System and TEMAP Monthly Reporting Webinar ...	10	0.5%	8:14	18.8%
Introducción al Programa de Compradores de Vivienda de Texas	10	0.5%	0:28	52.6%
Como Registrarse Para el Programa de Asistencia de Pago de Rent...	10	0.5%	0:58	64.8%
Housing Stability Services Reporting and Housing Contract System...	8	0.4%	7:54	13.0%
TDHCA Utility Allowance Roundtable - Oct. 13, 2020	7	0.4%	10:00	16.0%
Introduction to the Low Income Water/Wastewater Assistance Pro...	7	0.4%	14:50	23.1%
TEMAP Implementation Workshop - June 8, 2021	7	0.4%	10:37	23.4%
TEMAP NOFA 2 Implementation Workshop	6	0.3%	2:46	9.9%
Rental Assistance	4	0.2%	0:21	3.2%
TERAP Application Workshop	4	0.2%	0:48	1.1%
For Sec. 811 Referral Agents - PRA Barrier Busting Funds	4	0.2%	7:45	15.2%
TERAP Webinar on Monthly Reporting and Duplication of Benefits	4	0.2%	5:17	7.5%
Digital Outreach Webinar	4	0.2%	10:12	35.3%
Consejos para la solicitud de inquilinos	4	0.2%	1:01	30.7%
TEMAP Reporting Webinar	3	0.2%	7:16	22.4%
Section 811 PRA Updates for Referral Agents	3	0.2%	3:22	5.9%
TEMAP Monthly Reporting Webinar for Part C Programs - October ...	3	0.2%	0:48	4.2%
TDHCA Governing Board meeting - June 17, 2021	2	0.1%	0:23	0.1%
Consejos para la solicitud del propietario	2	0.1%	1:29	54.6%
Texas Community Resiliency Program (CRP) NOFA & Application W...	2	0.1%	9:18	11.7%
TERAP Demographics Reporting Update Workshop	2	0.1%	3:13	8.8%
Compliance Round Table - April 21, 2021	1	0.1%	0:09	0.2%

TDHCA Outreach March 2022

A compilation of outreach activities such as meetings, trainings and webinars.

Program	**Meeting Date**	**Meeting Title**	**Attendees (includes organizer)**
Compliance	Mar 8, 2022	A virtual Income Determination Training was conducted with Texas Apartment Association	46
CEAP	Mar 9, 2022	CEAP Network Webinar on CEAP Flexibilities	160
Texas Homeowership	Mar 11, 2022	Monthly Lender Lunch and Learn Series	148
WAP	Mar 15, 2022	WAP Network Quarterly Call	241
Texas Homeowership	Mar 17, 2022	National Association of Minority Mortgage Bankers of America	50
Compliance	Mar 23, 2022	A virtual Housing Tax Credit was conducted with Texas Apartment Association	114
Compliance	Mar 24, 2022	A virtual training for Post-15 Developments	167
LIHWAP	Mar 28, 2022	LIHWAP Kickoff Webinar	150
Housing Stability Services	Mar 29, 2022	Contract Implementation Workshop focusing on their Contract for ERA2 subrecipients	157
Housing Stability Services	Mar 30, 2022	Contract Implementation Workshop focusing on Eligible Activities and the Program Guide for ERA2 subrecipients	165
Housing Stability Services	Mar 31, 2022	Contract Implementation Workshop focusing on Reporting for ERA2 subrecipients	172
ESG CARES	Mar 31, 2022	Cares Conversation: How to work with your Legal Aid	31
Programs	Mar 31, 2022	TDHCA 2023 QAP Work Group	70

2b

Texas Department of Housing and Community Affairs

TDHCA One-Time or Temporary Allocations – Pandemic Response and Other Initiatives Report for May 12, 2022

This report has now been updated to include other one-time or temporary federally awarded allocations of funds, in addition to those funds reflected in this report in the past that were focused specifically on the programs TDHCA has targeted to assist with Texas' response to COVID-19. Programs reflected include those that were reprogramming of existing funds and those awarded through the administration of federal bills.

Shaded rows reflect completed programs for which assistance is no longer available.

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	Program provided 3-6 months of rental assistance through existing or new HOME subrecipients. *Geography:* Was available where subrecipients applied. 23 administrators covered 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.	**COMPLETED***	No added TDHCA staffing No added admin funds	2,612 house-holds	$11,026,701* $11,026,701 100% $11,026,701 100%	* Total Program Funding was originally authorized up to $11,290,076. Ultimately 97.7% of that ($11,026,701) was obligated and utilized.
Reprogram 2019 and 2020 CSBG Discretionary and Admin. Funds	• Board approval March 2020 • Recipients contracts were effective March 26, 2020 • Expenditure Deadline was August 31, 2020	Used 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) *Income Eligibility*: 200% poverty (normally is 125%)	None	**COMPLETED** 100% expended	No added TDHCA staffing No added admin funds	9,468 persons	$1,434,352 1,434,352 100% $1,434,352 100%	38 CAA subs

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 • 2018 had to be spent by August 31, 2020; 2019 had to be spent by December 31, 2020	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 • Must expend 90% by August 31, 2022 • 45 day closeout period	90% to CAAs using regular CSBG formula for households affected by COVID-19; 2% ($949,120) to Texas Homeless Network[1]; 7% for an eviction diversion pilot program; 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 are in progress. The Eviction Diversion program has been completed.	1 Art. IX FTE for CSBG reporting 1% admin ($474,560)	137,713 persons	$48,102,282 $48,102,282 100% $42,749,658 89%	40 CAA subs
LIHEAP CARES	• Board approved April 2020 • Must expend by September 30, 2021 • 45 day closeout period	99% to CEAP subs for households affected by COVID-19; 1% for state admin (no weatherization) *Geography*: Available statewide *Income Eligibility*: 150% of poverty	The flexibilities allowed by USHHS have been accepted	**COMPLETED**	1 Art. IX FTE for CEAP TA/capacity (1 Filled) 1% admin ($892,670)	181,215 persons	$94,023,896 $93,483,658 99% $63,898,418 68%	An estimated $29,676,554 was not expended by subrecipients by the deadline. Unused funds were returned to HHS.

[1] 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 Amendments in October 2020, January 2021, and July 2021 80% of funds must be expended by November 3, 2023; remaining 20% by November 3, 2026 90-day closeout period	Planned Usage: rental assistance in 40 cities/counties; mortgage payment assistance in 40 counties; legal services; assistance for providers of persons with disabilities; food expenses; community resiliency activities; and possible HMIS data warehouse funds. *See Also Attached Report.* *Geography:* Varies by activity type.	HUD agreement executed November 3, 2020. All Plan Amendments approved.	*See Attached Report.* Staff has been receiving technical assistance from HUD's TA provider. Awards for final program, Community Resiliency Program, were approved in April, but are not yet considered obligated until contracts are executed.	CDBG Director position filled. 7 other positions filled. All FTES are Art. IX Up to 7% admin and TA budget ($9,929,238)	415,634 persons	1st allocation: $40,000,886 2nd Allocation: $63,546,200 3rd Allocation: $38,299,172 Total: $141,846,258 $98,459,834* 69.41% $53,717,075* 37.87%	*Income Eligibility:* For persons at or below 80% of AMI. * Figure includes TDHCA admin funds.
ESG CARES – Phase I & 2	• Board approved programming plan for ESG1 on April 2020. ESG1 awards made July 23, 2020 and ESG2 awards made January 14, 2021. • Deadline to expend 80% by March 31, 2022 was removed by HUD. New benchmark for June 2022 has been met. • Expend original allocation by September 30, 2023. • Expend any reallocated funds by June 30, 2024. • 90 day closeout period	• ESG1: Existing subs were offered funds. ESG Coordinators decided via local process for their CoC, in three areas without ESG Coordinators awards offered to CoC awardees. Also used for Legal/ HMIS. • ESG2: Funds for use for Homelessness Prevention, Rapid Rehousing, HMIS, Street Outreach & Emergency Shelter. • *Geography:* Locations of all funded grantees • *Income Eligibility*: 50% AMI for homeless prevention	• HUD extended deadline from September 2022 to September 2023 on April 18, 2022. • TDHCA expects it will receive some reallocated funds in mid-2022. Reallocated funds expire June 30, 2024	• 152 contracts executed: 75 active, 30 closed, 47 expired pending closure. • Actively evaluating providers for contract performance • Obligated balance updates ongoing due to reallocation of funds	3 Art. IX FTE (1 FTE has left and will not be replaced) Up to 5 % admin ($4,894,981). This number may shift over time if unused funds are shifted to subrecipient contracts.	77,924 persons	$97,792,616 $97,538,980* 99.42% $58,835,474* 64.24% *Includes TDHCA admin	Note that this row now reflects ESG CARES 1 and 2; HUD reporting combines these two programs.

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
Housing Choice Voucher Program Admin	Expend by December 31, 2021 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 • Ordered 3 tablets for inspections • 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.	**COMPLETED***	No added TDHCA staffing.	142 Land-lord renewals 17 new landlord s added	$258,139 $83,700 32.42% $83,700 32.42%	* These admin funds were not fully utilized. $174,439 is being returned to HUD. Funds were not allowed to be used for direct household assistance nor were there higher admin expenses.
Housing Choice Voucher Program MVP	Have to issue vouchers by December 31, 2021. Orig. Allocation: $105,034*	15 additional MVP vouchers consistent with our award of MVP, which for TDHCA is for Project Access households. Received award from HUD. Issued the 15 vouchers on May 22, 2020. All 15 were leased.	None needed.	**COMPLETED** 100% of vouchers utilized	No added TDHCA staffing. No added admin funds.	15 families in current leases	$110,302 HAP Paid* $53,664 48.65%	Effective December 31, 2021, the funding authority for the 15 housed families has now been rolled into TDHCA's regular yearly HAP authority. While not all allotted HAP was used, all vouchers will continue to be funded.

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								
Texas Rent Relief (TRR) Program (Funded with ERA1 and ERA2)	The program dedicates funds through Treasury specifically for rental and utility assistance. The first allocation through the Consolidated Appropriations Act is called ERA1. The second allocation from the American Rescue Plan Act, Section 3201, is called ERA2. ERA1: Required to expend all funds by September 30, 2022. ERA2: Required to expend all funds by September 30, 2025.	Program provides up to 15 months of rental and utility assistance including arrears for ERA1 (up to 18 months for ERA2). Households must reapply every 3 months. Program is run by the state with no subrecipients. 10% of funds are for Housing Stability Services (see following row). Established a 10% set-aside for eviction diversion; households facing eviction and utility disconnections are prioritized for processing. Treasury has provided periodic updated FAQs as informal guidance – most recently August 25, 2021. *Geography:* Statewide. *Income Eligibility:* For households at or <80% AMI.	*Treasury Reallocation*: Based on performance, TRR is eligible to receive additional funds recaptured from other ERA grantees. To date, TRR has received $78M in reallocated funds from the Treasury and local/county programs in Texas. TRR is anticipating an additional $7.5M in reallocated funds from Hays County.	As of April 29, 2022, TRR has committed 97.8% of its total funding available. With reallocated funds now available, TRR staff is reviewing previously unfunded applications that had been submitted before the application portal was closed in November 2021. Staff is conducting outreach to applicants to confirm they still need assistance and provide applicants the opportunity to update their applications.	Positions filled include Director and 20 positions. Staffing now includes a team for the Housing Stability Services activity. All FTES are Art. IX *Admin Allowed*: 10% ERA1 15% ERA2 $279,063,911	310,958 house-holds served (As of 04/29/22)	Allocations ERA1: $1,308,110,630 ERA2: $1,079,786,857 Reallocated: $78,921,500 Interest*: $2,652,665 Available for Rent/Utility Payments** $2,051,674,745 Expended*** $2,006,528,053 97.8% Admin. Expended**** $168,571,977 60%	* Interest was Allocated on 12/2/21 ** Amount is total allocation less funds for HSS and Adm. ***Expended per Internal Report of April 29, 2022, reflects all payments made, plus payments in process. **** Figure is per Internal Report as of April 29, 2022.
Housing Stability Services (HSS) Program (funded by ERA1 and 2)	These funds are a subset of the ERA funds in the row above. Up to 10% of the funds from ERA1 and ERA2 are authorized for housing stability. ERA1: Expend funds by September 30, 2022 ERA2: Must expend funds by September 30, 2025	Program provides funds to local communities or nonprofits for them to provide eligible Texans with a variety of services that help household maintain or obtain stable housing including legal services, outreach services, shelter services, community services, and services offered at permanent supportive housing properties *Geography:* Available where Subrecipients are located. *Income Eligibility:* For households at or below 80% AMI.	Treasury has provided periodic updated FAQs as informal guidance – most recently August 25, 2021. As they are released, HSS policies are adjusted.	ERA1: 28 contracts executed with TAJF, 1 COG and 26 non-profits; MOU executed with TVC ERA2: 46 contracts routing or executed with TAJF, THN, 2 cities, 2 MHMRs, 1 PHA, and 37 other non-profits; MOU with TVC planned for SFY 2023-24.	See above	20,600 house-holds served 332,667 meals served	Total $163,552,903 HSS ERA1 Avail: $71,552,903 Obligated: $71,363,823 99.7% Expended: $ 26,270,047.10 36.8% HSS ERA2 Avail: $105,328,160 Obligated: $104,750,000 99.5% Expended: $84,612.17 0.08%	(There are 17 Subrecipients organizations that are administering both ERA1 and ERA2 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
Low-Income Household Water Assistance Program (LIHWAP1)	Part of the appropriation bill; provides dedicated funds through HHS for the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program Must obligate and expend funds by: September 30, 2023	Program provides funds to assist low-income households 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 subs. *Geography:* Statewide *Income Eligibility:* TBD	Executed agreement for funds on April 22, 2021. HHS approved TDHCA's LIHWAP Plan on October 22, 2021.	33 contracts have been executed. Lubbock declined funds.	3 Art. IX FTEs Admin 15% Any FTES will be Art. IX	0	$51,801,876 $44,031,595 85%* $0 0%	$638M Nationally *Remaining 15% is for admin. All program funds are obligated.
AMERICAN RESCUE PLAN (ARPA) – Public Law 117-2								
HOME ARP 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 September 30, 2030	Funds can be used for tenant based rental assistance, development of supportive rental housing, supportive services, non-congregate shelter, and operating costs/capacity building for eligible nonprofit organizations. *Geography:* Available where Subrecipients are located *Households Eligibility: (See Other Notes)*	The existing waiver from the Governor relating to limits on using the funds in rural areas will be utilized to allow the funds to assist homeless persons in urban and rural areas.	HUD released guidance September 13, 2021. Grant agreement signed on September 23, 2021 and program has access to an initial 5% of funds. Plan was submitted to HUD on April 15, 2022 and staff is currently responding to HUD comments.	A HOME-ARP Division has been established, with five FTEs, and additional hires in process. All FTES are Art. IX 10% for admin/planning ($13,296,915)	0	*$119,672,232 $0 0% $0 0%	$5B nationally *Excludes admin. Eligibility: homeless, at risk of homelessness, those fleeing Domestic Violence, populations with housing instability
LIHEAP ARP	Passed as Section 2911 of the American Rescue Plan, dedicates funds through HHS for home energy costs. Must expend funds by: September 30, 2022	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	None needed.	Contracts have been executed. On March 1, 2022, flexibilities were granted and TRR applicant pool data was provided.	FTEs noted under CARES LIHEAP will be utilized for both allocations. 1% admin (TBD)	78,358	$134,407,308 $129,720,641 **96.5** $37,388,293 28.8%	$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
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 September 30, 2026	The HAF Plan includes: 1) a Reinstatement Program to reinstate delinquent mortgage loans, including principal and interest, as well amounts advanced by the servicer for property charges (taxes, insurance, condo and homeowner association fees, and other related expenses advanced to protect lien position, 2) a Loan Modification with HAF Contribution Program to reduce the monthly PITI for delinquent mortgage loans, and 3) a Property Charge Default Resolution Program, to bring current delinquent property charges, including past due property taxes, insurance premiums, condo and homeowner association fees, and cooperative maintenance or common charges, including up to 90 days of upcoming property charges.	Treasury approved the HAF Plan on January 28, 2022. *Geography:* Statewide *Income Eligibility:* Household income at or below greater of 100% AMI or 100% of national median income.	All funding has been received. The program became available statewide on March 2, 2022.	10 to date. Additional hires are in process. All FTES are Art. IX Up to 15% ($126,332,101) for admin, planning, community engagement and needs assessment	2,895	$842,214,006 <u>Expended</u> $19,957,755 2.4%	$9.9B nationally.
LIHWAP2	Passed as Section 2912 of the American Rescue Plan, dedicates funds through HHS for home water costs Must obligate and expend funds by: September 30, 2023	See LIHWAP1 above. HHS will administer LIHWAP1 and 2 under one LIHWAP Plan. Because of the different funding sources, separate contracts will be required *Geography:* Statewide *Income Eligibility:* TBD	Executed agreement for funds on April 22, 2021. HHS approved TDHCA's LIHWAP Plan on October 22, 2021	Contracts will be released when the first round of LIHWAP is expended.	FTEs noted under Appropriation Act LIHWAP will be utilized for both allocations. Admin % not yet known	0	$40,597,082 $0 0% $0 0%	$500M 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
Emergency Housing Vouchers (EHV)	Passed as Section 3202 of the American Rescue Plan, dedicates vouchers through HUD for emergency rental assistance. HUD Authority to Recapture May Occur as Early As: 1 Year from Funding (if vouchers are unissued) Initial Funding Term Expires: Dec. 31, 2022 Can Reissue EHV until: Sept. 30, 2023 Renewal Funds Available for 'Occupied Units' through: Sept. 30, 2030	TDHCA was allocated 798 vouchers by HUD. The award includes funds for the vouchers ($7,933,560) plus funds to provide services ($2,793,000) and funds for admin ($763,788). Vouchers are for households who are: (1) homeless, (2) at risk of homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless. *Geography*: Balance of State Continuum of Care counties underserved by an EHV-awarded PHA and Heart of Texas Homeless Coalition service area *Income Eligibility*: Not to exceed 50% of AMI	Significant waivers have been authorized by HUD. TDHCA will seek to maximize its use of these waivers to the extent that households will not be offered a voucher if they would be ineligible at renewal. TDHCA has a request to HUD pending on how vouchers not committed to the 2 CoCs will be used. TDHCA is required to update its PHA Admin Plan to reflect our plan for the service fee (see last column) and other program elements.	Executed contracts with CoC partners: the Heart of Texas Homeless Coalition and Texas Homeless Network (the Balance of State CoC). Referrals to TDHCA: 87 Vouchers Issued: 36 Declined: 6 Housed: 3	Program is being administered jointly by the Section 8 and Section 811 areas due to the unique nature of the program. 3-4 positions to be filled. To be paid for by EHV Admin and CSBG Admin. FTES are Art. IX Admin fee structure is complex, variable and tied to timing of household having found a unit, hence the use of CSBG Admin to support the positions.	3	Total $11,490,348 Rent Payments Avail: $7,933,560 Obligated: $0 0% Expended: $0 0% Service Contracts Avail: $2,793,000 Obligated: $1,504,868 53.88% Expended: $0 0%	$5 billion Nationally A service fee of $3,500 per unit is authorized separate from the rental assistance payment. The fee total is not tied to each voucher, but is a combined total of funds for services. Services may include: housing search assistance; deposits, holding fees, and application fees; owner-related uses; and other eligible uses.
INFRASTRUCTURE INVESTMENT AND JOBS ACT – Public Law 117-58								
LIHEAP	Passed as Section 501 of the Infrastructure Investment and Jobs Act, dedicates funds through HHS for home energy costs. Must expend funds by: September 30, 2026	Funds nationally to be released in annual increments of $100 million each year for the next 5 years. These funds will be made available to each state as part of its annual LIHEAP allocation; the Department therefore will handle these as part of our annual allocation. *Geography*: Available statewide *Income Eligibility*: 150% of poverty	Not yet known.	Not yet available.	No FTEs will be added as these funds will be part of a regular annual administration of the LIHEAP. 1% admin (TBD)	0	TBD	$500 million 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
BIL WAP (Bipartisan Infrastructure Law Weatherization Assistance Program)	Passed as Section 40551 of the Infrastructure Investment and Jobs Act (Public Law 117-58), dedicates funds through Department of Energy for home weatherization. Law has no date by which funds must be expended; DOE strongly recommends activities be completed within 5 years of receipt of the funds.	Single family and multifamily weatherization of units. Additional restrictions added to the program through the bill beyond typical DOE WAP include Davis-Bacon, Buy American, NEPA, etc. In addition, DOE has applied several Administration priorities, including a focus on workforce development and diversity, and inclusion and equity on delivering funds. Because this award amount is more than 20 times the typical annual DOE award, staff obtained Board authority in December 2021 to procure a statewide DOE WAP administrator to augment the work of the network. *Geography*: Available statewide *Income Eligibility*: 200% of poverty	Not yet known.	On March 30, 2022, DOE released guidance on the program including the requirement that a 5-Year Plan be submitted by July 1, 2022, using their recommended workbook. On April 28, 2022 an initial budget was submitted to DOE that releases an initial 15% of funds. Statewide provider procurement is in drafting.	FTEs will be added once further guidance and information is available from DOE. Admin. TBD	0	$173,162,598 ($142,944,233 for Program and $30,218,365 for Training and TA)	15% of grant made available initially.

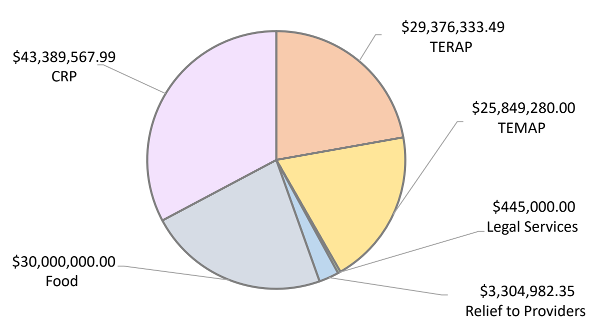
As of April 28, 2022

Texas Department of Housing and Community Affairs

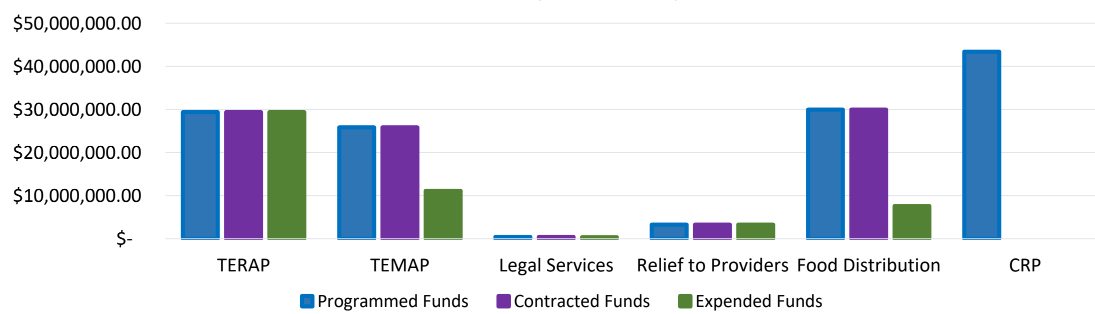
CDBG CARES (Coronavirus Aid, Relief, and Economic Security) Act Programs

Texas Emergency Rental Assistance Program (TERAP)	Texas Emergency Mortgage Assistance Program (TEMAP)	Legal Services to Persons with Disabilities	Relief to Service Providers for Persons with Disabilities	Food Distribution	Community Resiliency Program
COMPLETED Rental assistance (up to six months, including arrears) to income-eligible households impacted by COVID-19 to help provide housing stability during the pandemic. Funds can also be used for eviction diversion, which provides rental assistance to tenants who have been sued for eviction. TERAP was initially funded for $33,981,073.89, however small amounts of funds have been unused or deobligated*.	Mortgage assistance (up to six months, including arrears) to income-eligible homeowners who have been economically impacted by COVID-19 to help provide housing stability during the pandemic.	Legal services assistance for persons with disabilities to obtain or retain housing as a result of COVID-19. Legal services include legal advice and legal representation by licensed attorneys in good standing with the State Bar of Texas.	**COMPLETED** Assistance to help providers continue serving residential persons with disabilities during the pandemic by reimbursing for allowable expenses undertaken to prevent, prepare for, or respond to COVID-19. Assistance was initially programmed for $5,000,000, but $1,695,017.65 was unused and deobligated by the administrator*.	Assistance to eligible food bank providers that have been economically impacted by COVID-19. Funds will be utilized to reimburse food banks for bulk food purchases to be distributed statewide.	Assistance to low- and moderate-income persons, and rural and small metro communities, to create, expand or enhance public facilities that provide medical care, social services, and/or emergency housing to prevent the transmission of COVID-19 and allow for adequate social distancing or remote access.
Start Date: January 15, 2021 **Persons Assisted:** 16,606	**Start Date:** June 15, 2021 **Persons Assisted to Date:** 7,534	**Start Date:** April 1, 2021 **Persons Assisted to Date:** 583	**Start Date:** April 15, 2021 **Persons Assisted:** 3,592 **Providers Assisted:** 50	**Start Date:** October 1, 2021 **Persons Assisted to Date:** 387,319	**Awards approved:** April 14, 2022 **Projected Start Date:** May 2022
Program Administrators: 41 entitlement city and county governments throughout Texas	**Program Administrators:** 48 cities, counties and other local and regional service providers	**Program Administrator:** Disability Rights Texas	**Program Administrator:** My Health My Resources of Tarrant County	**Program Administrator:** Feeding Texas, a network of 21 member food banks	**Program Administrators:** 15 Non-Entitlement Communities throughout Texas
Service Area: 41 entitlement cities and counties	**Service area:** Statewide - All 254 counties in Texas	**Service area:** Statewide - All 254 counties in Texas	**Service area:** Statewide - All 254 counties in Texas	**Service area:** Statewide - All 254 counties in Texas	**Service Area:** Non-Entitlement communities in Texas
Programmed Funds: **$29,376,333.49**	**Programmed Funds:** **$25,849,280.00**	**Programmed Funds:** **$445,000.00**	**Programmed Funds:** **$3,304,982.35**	**Programmed Funds:** **$30,000,000.00**	**Programmed Funds:** **$43,389,567.99**
Contracted Funds: **$29,376,333.49**	**Contracted Funds:** **$25,849,280.00**	**Contracted Funds:** **$445,000.00**	**Contracted Funds:** **$3,304,982.35**	**Contracted Funds:** **$30,000,000.00**	**Contracted Funds:** **$0.00**
Expended Funds: **$29,376,333.49**	**Expended Funds:** **$11,121,808.53**	**Expended Funds:** **$386,441.05**	**Expended Funds:** **$3,304,982.35**	**Expended Funds:** **$7,595,671.51**	**Expended Funds:** **$0.00**

CDBG CARES Funds by Program



CDBG CARES Program Funds by Status



* In the case of funds unused by administrators or deobligated, funds will be reprogrammed and used for awards under the Community Resiliency Program or another existing program.

ACTION ITEMS

3

ORAL PRESENTATION

4a

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

MAY 12, 2022

Presentation, discussion, and possible action on a recommendation to the Governor to select Eligible Entities to administer the Community Services Block Grant in Brazoria, Fort Bend, Galveston, and Wharton counties (the service area previously served by Galveston County Community Action Council, Inc.)

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code, §§2306.053 and .092, the Texas Department of Housing and Community Affairs (the Department) is provided the authority to administer the Community Services Block Grant (CSBG);

WHEREAS, CSBG funds are awarded annually to the Department by the U.S. Department of Health and Human Services (USHHS);

WHEREAS, at the March 11, 2021 Board meeting, staff was authorized to take the necessary steps to initiate proceedings at the State Office of Administrative Hearings (SOAH) to terminate Galveston County Community Action Council, Inc.'s (GCCAC) contracts and Eligible Entity status;

WHEREAS, at the December 9, 2021 Board meeting, the Board accepted the SOAH administrative law judge's (ALJ) Proposal for Decision (PFD) finding that the Department has good cause to terminate all of GCCAC's funding and contracts for the CSBG program and to terminate their Eligible Entity status following the U.S. Department of Health and Human Services' (USHHS) review period outlined in 42 U.S.C. §9915(b);

WHEREAS, on April 1, 2022, in anticipation of GCCAC's de-designation as a CSBG Eligible Entity and the need to establish a new entity to provide poverty-prevention services to residents of these counties, Department staff released a Request for Applications (RFA) to identify one or more CSBG Eligible Entities to administer CSBG in GCCAC's four county service area which includes Brazoria, Fort Bend, Galveston, and Wharton counties, and received two applications by the April 25, 2022, deadline;

WHEREAS, on April 15, 2022, the Department received a letter from USHHS closing their review and which concurred with the Department's decision to remove GCCAC's CSBG Eligible Entity status and terminate their CSBG funding;

WHEREAS, both applications received in response to the RFA were evaluated and scored by staff and Combined Community Action, Inc. (CCA) and Gulf Coast Community Services

Association, Inc. (GCCSA) were the highest scoring applicants for the counties for which they applied;

WHEREAS, CCA and GCCSA are existing Eligible Entities presently receiving CSBG funding from the Department and providing poverty prevention services using CSBG funds in counties adjoining GCCAC's service area;

WHEREAS, a Previous Participation Review was performed and these awards were recommended by the Executive Award Review and Advisory Committee (EARAC) in accordance with 10 TAC Chapter 1, Subchapter C, on May 2, 2022;

WHEREAS, the RFA respondents were issued scoring notices along with notice of their right to appeal, and no appeals were filed; and

WHEREAS, the CSBG Act requires the status of Eligible Entity be designated by the Governor;

NOW, therefore, it is hereby

RESOLVED, that contingent on approval from Governor Abbott, CCA and GCCSA are each awarded the remaining 2022 CSBG funds for the respective counties for which they applied as shown in Exhibit A, and shall henceforth be the designated CSBG Eligible Entities to receive CSBG funds for the associated counties until such time that the designation requires review, in accordance with 10 TAC §1.411.

BACKGROUND

At the Board meeting of March 11, 2021, the Board authorized staff to initiate proceedings at SOAH to terminate GCCAC's CSBG contracts and to remove their Eligible Entity status under the CSBG Act. After the SOAH Hearings took place in September 2021, the ALJ issued a Proposal for Decision which found that the Department had good cause to terminate GCCAC's CSBG funding and remove their CSBG Eligible Entity status. At the Board meeting of December 9, 2021, the Board accepted the Proposal for Decision and was notified that GCCAC's Eligible Entity status would terminate upon the end of a USHHS review period outlined in 42 U.S.C. §9915.

In anticipation of USHHS's review period ending and the need to identify GCCAC's Eligible Entity replacement in the four county service area to continue CSBG services, Department staff released an RFA on April 1, 2022, and encouraged applicant organizations to apply for GCCAC's service area which includes Brazoria, Fort Bend, Galveston, and Wharton counties. On April 15, 2022, the Department received a letter from USHHS notifying the Department that USHHS completed its review of the Department's process to remove GCCAC's Eligible Entity status. USHHS found that the Department was in compliance with the CSBG Act in doing so and concurs with the Department's decision to terminate CSBG funding to GCCAC and de-designate them as a CSBG Eligible Entity.

The RFA's application deadline was April 25, 2022. Staff received two applications before the deadline from the following organizations:

1. Combine Community Action, Inc. (CCA)
2. Gulf Coast Community Services Association (GCCSA)

The two applications were scored and each satisfied the threshold requirements with CCA being the highest scoring applicant for Fort Bend and Wharton counties and GCCSA being the highest scoring applicant for Brazoria and Galveston counties. GCCSA and CCA are existing Eligible Entities already receiving CSBG funding from the Department and currently providing poverty prevention CSBG services to low income residents in counties adjoining Brazoria, Fort Bend, Galveston, and Wharton counties (GCCAC's former service area). Being existing and performing Eligible Entities in adjoining counties aids in the transition of these counties to a new Eligible Entity and therefore a more rapid provision of services to low income residents in the community. The awards for GCCSA and CCA were reviewed and recommended by the Executive Award Review and Advisory Committee (EARAC) in accordance with 10 TAC Chapter 1, Subchapter C.

The table below summarizes which organizations applied for which counties and the highest scoring respondent for each county.

Exhibit A:

County	Applicant(s)	Highest Scoring Respondent
Brazoria	GCCSA	GCCSA
Fort Bend	CCA	CCA
Galveston	GCCSA	GCCSA
Wharton	CCA	CCA

Having completed the RFA process to select permanent providers in Brazoria, Fort Bend, Galveston, and Wharton counties along with the completion of USHHS's review of the Department's process to terminate GCCAC's Eligible Entity status, staff recommends the Board allow Department staff to request Governor Abbott's authorization to designate CCA as the CSBG Eligible Entity in Fort Bend and Wharton counties and GCCSA as the CSBG Eligible Entity in Brazoria and Galveston counties. If approved by the Board, staff will request Governor Abbott's authorization to make the Eligible Entity designation for these counties in compliance with 42 U.S.C. §9909. Once approved by the Governor, CCA and GCCSA will be each awarded the remaining 2022 CSBG funds by formula for their respective counties and the proportional share of all future CSBG funds for those counties until such time the designation requires review, in accordance with 10 TAC §1.411.

4b

BOARD ACTION REQUEST

COMMUNTY AFFAIRS DIVISION

MAY 12, 2022

Presentation, discussion and possible action on the programming of Department of Energy weatherization funds available to Texas through the Bipartisan Infrastructure Law including the authorization to take the necessary steps to develop and submit the Department of Energy – Bipartisan Infrastructure Law State Plan and award such funds

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) administers a Weatherization Assistance Program (WAP), funded with both U.S. Department of Energy (DOE) funds and Low Income Home Energy Assistance Program (LIHEAP) funds, which is operated by a network of 21 private nonprofits and local government entities;

WHEREAS, each year Texas receives an annual allocation of DOE WAP formula funds in the approximate amount of $8 million and receives U.S. Department of Health and Human Services (USHHS) LIHEAP formula funds of which approximately $15 million are allocated towards WAP activities;

WHEREAS, on November 15, 2021, the President of the United States signed into law the Bipartisan Infrastructure Law (BIL) which provides an additional $173 million in DOE WAP funds to Texas for weatherization efforts throughout the state to be expended within five years;

WHEREAS, DOE directed that approximately $30 million of the $173 million DOE-BIL funding be allocated for Training and Technical Assistance and the remaining $143 million be allocated to Program Services of which 15% (i.e., approximately $26 million) will be used for administrative expenses;

WHEREAS, DOE will release DOE-BIL funding using a phased approach according to project performance and adherence to project milestones;

WHEREAS, on December 9, 2021, the Board authorized Department staff to procure a statewide/regional WAP provider(s) to support the network of WAP subgrantees in their mission to provide home weatherization assistance for low income Texans;

WHEREAS, the Department is recommending that approximately 73% of the DOE-BIL program services allocation (i.e., approximately $104 million) be allocated to the statewide/regional provider(s), 18% of the DOE-BIL program services allocation (i.e., approximately $26 million) be allocated to the 21 DOE WAP subgrantees, and 9% of the program services allocation (i.e., approximately $13 million) be used for state administration;

WHEREAS, to ensure grant administration and weatherization services are performed to DOE and TDHCA standards, a Training Academy that will offer a range of weatherization and administrative instruction is necessary;

WHEREAS, a Previous Participation Review was performed and these awards to the 21 DOE WAP subgrantees were recommended by the Executive Award Review and Advisory Committee (EARAC) in accordance with 10 TAC Chapter 1, Subchapter C, on May 2, 2022;

WHEREAS, in accordance with the authority granted to the Executive Director under 10 TAC 1.5, the Department has employed certain disaster flexibilities to address the effects of the pandemic which remain in effect until rescinded by the Department; and

WHEREAS, pursuant to 10 CFR §440.14(a), before submitting the State Plan to DOE, the Department must provide a notice of a public hearing to inform Subgrantees of how they may obtain a copy of the proposed Plan and must also conduct a public hearing to receive comments on the proposed Plan;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees and each of them be and they hereby are authorized, empowered and directed, for and on behalf of this Board to execute, deliver, and cause to be performed such amendments, documents (e.g., DOE-BIL State Plan), and other writings such as anticipated grant guidance from DOE on implementation of the DOE-BIL, and to make decisions as they or any of them may deem necessary or advisable to effectuate the foregoing;

FURTHER RESOLVED, that the Executive Director and his designees and each of them be and they hereby are authorized, empowered and directed, for and on behalf of this Board to issue and extend flexibilities to Department guidance and incorporate any needed waivers to 10 TAC Chapter 6 rules into contracts as necessary in the implementation of the DOE-BIL;

FURTHER RESOLVED, that these awards are contingent upon the Department receiving the funds;

FURTHER RESOLVED, that the Executive Director and his designees each of them be and they hereby are, authorized, empowered, and directed, for and on behalf of this Board, to procure a Training Academy, and issue contracts for these funds;

FURTHER RESOLVED, that should any DOE-BIL administrative funds remain unprogrammed after December 31, 2025, those funds may be redistributed to subgrantees that have met the most recent contract benchmark or exhibited the best performance determined through analysis of expenditures and production, or to the statewide/regional provider(s) as recommended by EARAC or recommended with conditions; and

FURTHER RESOLVED, that in cases where it becomes apparent a subgrantee is unable to expend the DOE-BIL funds evidenced by a subgrantee missing one or more contract milestones or performance benchmarks, the Executive Director or his designee is granted authority to deobligate funds from all or part of any DOE-BIL budget categories and reobligate such funds (with the recommendation or recommendation from EARAC) to either subgrantees showing the highest rate of expenditure or the WAP statewide/regional provider(s) to ensure full utilization by June 30, 2027.

BACKGROUND

The Department is the designated lead agency that administers the WAP in Texas. Weatherization funding makes homes more energy efficient, safer, and healthier for low income Texans. Each year the Department receives an annual allocation of WAP funds from both DOE and USHHS in the amount of approximately $8 million and $15 million, respectively. Texas' allotment of DOE WAP funds are subsequently distributed by formula established in 10 TAC §6.404 to the 21 subgrantees to provide home weatherization assistance to low income Texans in each of their respective service areas.

In addition to the annual funds, on November 15, 2021, President Biden signed the Bipartisan Infrastructure Law, which provides Texas approximately $173 million in additional DOE WAP funding. The DOE-BIL funding will be comprised of one application and budget period lasting for five years through June 30, 2027. DOE directed that approximately $143 million be allocated to Program Services and approximately $30 million be allocated to training and technical assistance. DOE will release the funding using a phased approach as follows:

- 1st Tranche (15% of $173 million): After submission and approval of the SF424 Application for Federal Assistance and SF424A Budget (this has already been submitted to DOE)
- 2nd Tranche (35% of $173 million): After completion and submission of the DOE-BIL State Plan, negotiated and approved by DOE
- 3rd Tranche (50% of $173 million): After meeting expenditure goals, production targets and reporting requirements. For example,
    - 30% of all units estimated to be weatherized in the State Plan are weatherized
    - Department monitoring staff fulfill monitoring and inspection protocol in accordance with the State Plan
    - Local quality control efforts are in place
    - At least 5% of the completed units are inspected by Department monitoring staff each year
    - Department progress reports are acceptable and submitted in accordance with grant requirements
    - Monitoring reviews by DOE confirm acceptable performance

Because the network of WAP subgrantees as a whole has struggled to find ways to weatherize homes during the pandemic, and because the vast increase in weatherization funds is not easily prepared for, the Board authorized staff on December 9, 2021, to procure a statewide/regional weatherization provider(s) to assist the network and ensure the maximization in the provision of home weatherization assistance to low income Texans. Normally, in a given year, the Department distributes the annual allocation of DOE WAP funds by formula established in 10 TAC §6.404 to the 21 subgrantees to provide weatherization services in their respective service areas during a program year. With the dramatic increase in DOE WAP funding provided by the BIL spread out over five years, and with the inclusion of a statewide/regional WAP provider(s), the Department is recommending the following distribution:

- 73% of the program services allotment to the statewide/regional WAP provider(s) to provide weatherization assistance to eligible households throughout the state – both single family and multifamily;
- 9% of the program services allotment for state administration expenses including, but not limited to the procurement of Article IX Full Time Equivalent positions, for increased training assistance, legal services, monitoring and reporting functions required to support the network and statewide provider(s); and
- The remaining portion (18%) of the program services allotment to be distributed to the 21 WAP subgrantees using the distribution formula in 10 TAC §6.404.

Additionally, to ensure DOE-BIL WAP subgrantees, subcontractors, crew members, Department staff and the statewide/regional provider(s) perform weatherization services and grant management procedures according to federal and state regulations, standard work practices and specifications, health and safety standards, best practices, and quality workmanship it is necessary that the Department establish a Training Academy that will offer a range of weatherization/energy efficiency and administrative instruction through a combination of classroom teaching, online instruction and field work. Approving this Board item will grant Department staff the authority to procure a vendor to provide a Training Academy that will be available to support and enhance weatherization services throughout Texas.

Based on Department experience from receiving other large infusions of funds during the American Recovery and Reinvestment Act of 2009 and CARES Act of 2020, it is expected that some subgrantees will not have the capacity to adjust to such a large increase in funding. Therefore, the Department recommends granting the Executive Director or his designee the authority to deobligate funds from a subgrantee's or statewide/regional provider's DOE-BIL budget categories if they either are not spending funds in a timely manner to serve the low-income population in their service area, or there is a lack of need in the service area, as evidenced by missing one or more contract milestones or performance benchmarks. Funds deobligated will be reobligated to 1) those subgrantees showing the highest rate of expenditure based on their estimated ability to spend available funding or 2) the statewide/regional provider(s), with the recommendation of EARAC or a recommendation with conditions. Granting the Executive Director this authority will further promote timely weatherization assistance for low-income Texans, and ensure full utilization of funds by June 30, 2027.

In the development and implementation of DOE-BIL and its associated large infusion of funding, it may become necessary for the Department to take extraordinary allowable measures to ensure its success. Such measures might be granting flexibilities to guidance and rules, requesting waivers or flexibilities from DOE, developing and submitting the DOE-BIL State Plan to DOE without further Board approval, and issuing new guidance or prompt decision-making without Board approval. The Department limits these flexibilities to only the absolutely necessary items to ensure the program's timeliness and success and therefore recommends granting the Executive Director or his designee the authority to take such allowable measures to effectively administer DOE-BIL in accordance with federal and state law. As such, the Department has thus far employed the following flexibilities to Department guidance and 10 TAC Chapter 6 which will remain in effect until rescinded by the Department:

- Client signature flexibility – for use in taking phone applications for documents where the client signature and date is required on a form.
- Citizenship self-certification flexibility – for use when U.S. Citizens are not otherwise able to receive assistance because they cannot obtain their birth record due to record office closure in their area. U.S. Citizens without documents to prove citizenship must still provide identification documents and a signed attestation form certifying that they are indeed a lawful U.S. Citizen.

Throughout the duration of the DOE-BIL funding, staff will continue to assess different ways in which the Department can assist subgrantees, the statewide/regional provider(s), and the low-income Texans they serve. Approving this action will assist in reducing a collateral negative effect on the poverty populations of Texas by delivering Federal funds to the intended population in need of timely assistance, while granting the Department and its subgrantees the necessary flexibility and a more streamlined approach to mitigate any lingering effects of the pandemic on the low-income population of Texas.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) requires a review of the DOE-BIL WAP awards prior to contract execution. The review has been performed and the subgrantees listed below have been recommended by the Executive Award Review and Advisory Committee for award.

	SUBGRANTEE*
1	Alamo Area Council of Governments
2	BakerRipley
3	Brazos Valley Community Action Program
4	City of Fort Worth Neighborhood Services Department
5	Combined Community Action, Inc.
6	Community Action Committee of Victoria, Texas
7	Community Action Corporation of South Texas
8	Community Council of South Central Texas, Inc.
9	Concho Valley Community Action Agency
10	Dallas County Health and Human Services
11	Economic Opportunities Advancement Corporation of Planning Region XI
12	El Paso Community Action Program-Project BRAVO
13	Greater East Texas Community Action Program
14	Hill Country Community Action Association, Inc.
15	Nueces County Community Action Agency
16	Panhandle Community Services
17	Rolling Plains Management Corporation
18	South Plains Community Action Association, Inc.
19	Texoma Council Of Governments
20	Travis County Health and Human Services
21	West Texas Opportunities, Inc.

NOTE: The Department will distribute the subgrantee portion of DOE-BIL funding to the subgrantees using the distribution formula in 10 TAC §6.404.

*To the extent that any of the subgrantees decline all or a portion of their award the Department may redistribute the allocation proportionally using the allocation formula described in 10 TAC §6.404 or may allocate the funds to the statewide/regional provider(s).

5a

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 12, 2022

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Nuestra Senora (HTC #20190)

RECOMMENDED ACTION

WHEREAS, Nuestra Senora (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2020 for the construction of 80 new multifamily units in the City of El Paso, El Paso County;

WHEREAS, EP Nuestra Senora, LP (the Development Owner or Owner) requests approval for changes to the Development Site, design, and parking;

WHEREAS, the proposed changes include increasing the size of the site from 0.72 acre to 1.55 acres, which results in a 53.55% decrease in residential density, decreasing the building height, expanding the building layout, and the removal of the podium parking;

WHEREAS, Board approval is required for a significant modification of the site plan, for a significant modification of the architectural design of the Development, and for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(1), (5), and (6), and 10 TAC §10.405(a)(4)(A), (E), and (F), and the Owner has complied with the amendment requirements therein; and

WHEREAS, Board approval of this amendment does not constitute a waiver of any of the rules or statutes applicable to the 2020 9% HTC Application, including but not limited to the accessibility requirements stated in Chapter 1, Subchapter B;

NOW, therefore, it is hereby

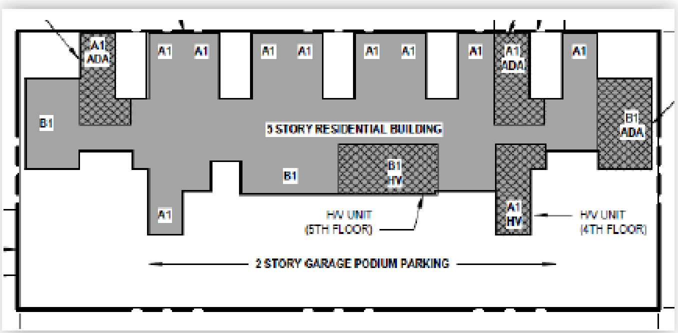
RESOLVED, that the requested amendment for Nuestra Senora is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Nuestra Senora received a 9% HTC award in 2020 to construct 80 units in the City of El Paso, El Paso County. In a letter dated September 13, 2021, Ryan Wilson, the representative for the

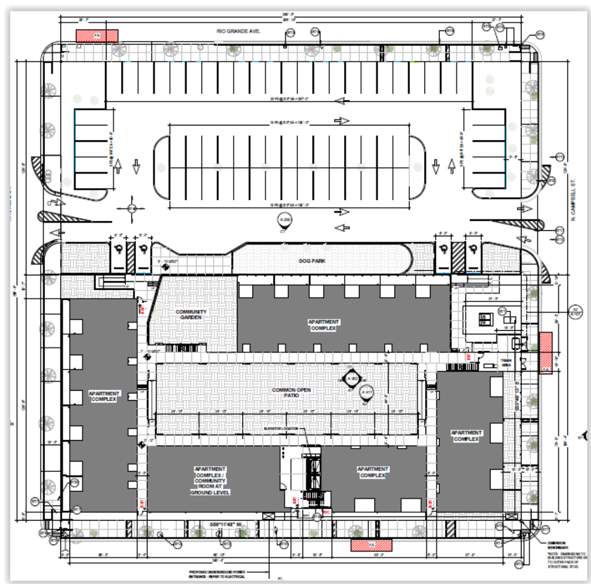
Development Owner, requested approval for a material amendment to increase the acreage of the Development Site and to alter the architectural design and parking structure.

In order to reduce construction costs, the Owner acquired the full city block and intends to reduce the building height from five stories to four stories to eliminate commercial Davis Bacon wages. The original podium parking has been eliminated, which contributes to the elimination of 63 of the 130 parking spaces proposed at application. The Owner provided ordinances adopted by the City of El Paso granting variances and a parking analysis conducted at the site supporting the number of available street parking that will support resident needs. Staff has confirmed that these changes do not modify the number of units, the bedroom mix, or materially alter the square footage of the units. The additional half lot will reduce the residential density from 111.11 to 51.61 units per acre, resulting in a 53.55% reduction in density. The table below reflects the original and revised site plans.

<table>
<tr><th colspan="2">Material Alterations as defined in Tex. Gov't Code §2306.6712(d)(1) and (5) and 10 TAC §10.405(a)(4)(A) and (E)</th></tr>
<tr><td>Original Site Plan at Application</td><td>Site Plan at Amendment</td></tr>
<tr><td>

Development Site Area: 0.72 acre
Total Units: 80
Density: 111.11 units / acre
Residential Buildings: 1
Number of Stories: 5
Residential Net Rentable SF: 57,700
Common Area SF: 16,720

Total Parking: 130 spaces

1 BR / 1 BA units at 663 sq ft: 60 units
<u>2 BR / 2 BA units at 896 sq ft: 20 units</u>
Total Net Rentable Area: 57,700 sq ft</td>
<td>

Development Site Area: 1.55 acres
Total Units: 80
Density: 55.556 units / acre (-53.55%)
Residential Buildings: 1
Number of Stories: 4 (-1)
Residential Net Rentable SF: 57,040 (-1.14%)
Common Area SF: 19,534 (+14.41%)

Total Parking: 67 spaces (-78 reduction)

1 BR / 1 BA units at 659 sq ft: 60 units
<u>2 BR / 2 BA units at 875 sq ft: 20 units</u>
Total Net Rentable Area: 57,040 sq ft (1.14% Reduction)</td></tr>
</table>

The Board approved the Applicant's request for Waiver of Limitation of Supplemental Tax Credits on February 11, 2022. The Development was re-underwritten based on the revised design changes, increased costs, and revised financial exhibits submitted with a request for supplemental credits. The results of the analysis indicate that the Development will remain feasible with the increased costs and an increase to the HTC allocation.

The Owner's representative explained that the proposed changes are necessary due to significant increases in construction costs that impacted the feasibility of the project. These changes were unforeseen at the time of Application.

Staff has reviewed the original application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the selection of the Application in the competitive round.

Staff recommends approval of the amendment request as presented.

Real Estate Analysis Division
April 25, 2022

Addendum to Underwriting Report

TDHCA Application #: **20190**
TDHCA Application #: **22984**

Program(s): **9% HTC**

Nuestra Senora

Address/Location: 415 Montana Avenue

City: El Paso County: El Paso Zip: 79902

	APPLICATION HISTORY
Report Date	**PURPOSE**
04/25/22	**Supplemental Credit/Amendment Request**
08/10/20	New Application - Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,232,777				**$1,417,694**				

CONDITIONS STATUS

1 Receipt and acceptance by Commitment:

- Agreement to enter into Housing Assistance Payment Contract with The Housing Authority of the City of El Paso (HACEP) for 80 project-based vouchers specifying the payment standard that will apply .

Status: Condition cleared September 14, 2020.

2 Receipt and acceptance by Carryover:

- Certification that the proposed Development is compliant with the requirements of the nationally-registered historic district identified in the ESA.

Status: Condition cleared December 17, 2020.

3 Receipt and acceptance by 10% test:

a: Results of Phase II ESA, including a Tier II Vapor Encroachment Screening, and documentation of any additional cost required for any recommended remediation.

Status: Tier II Vapor Encroachment Screening conducted. No remediation necessary. Condition satisfied.

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

Status: Noise study completed. Architect has certified that recommendations are incorporated into the development plan. Condition satisfied.

4 Documentation at Cost Certification clearing environmental issues identified in the ESA report,

a: Certification that subsurface environmental investigation was performed as specified in the ESA, and that any recommended mitigation measures were fully implemented.

b: 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.

c: Architect certification that a noise assessment was completed, and that all 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	8
50% of AMI	50% of AMI	16
60% of AMI	60% of AMI	56

ANALYSIS

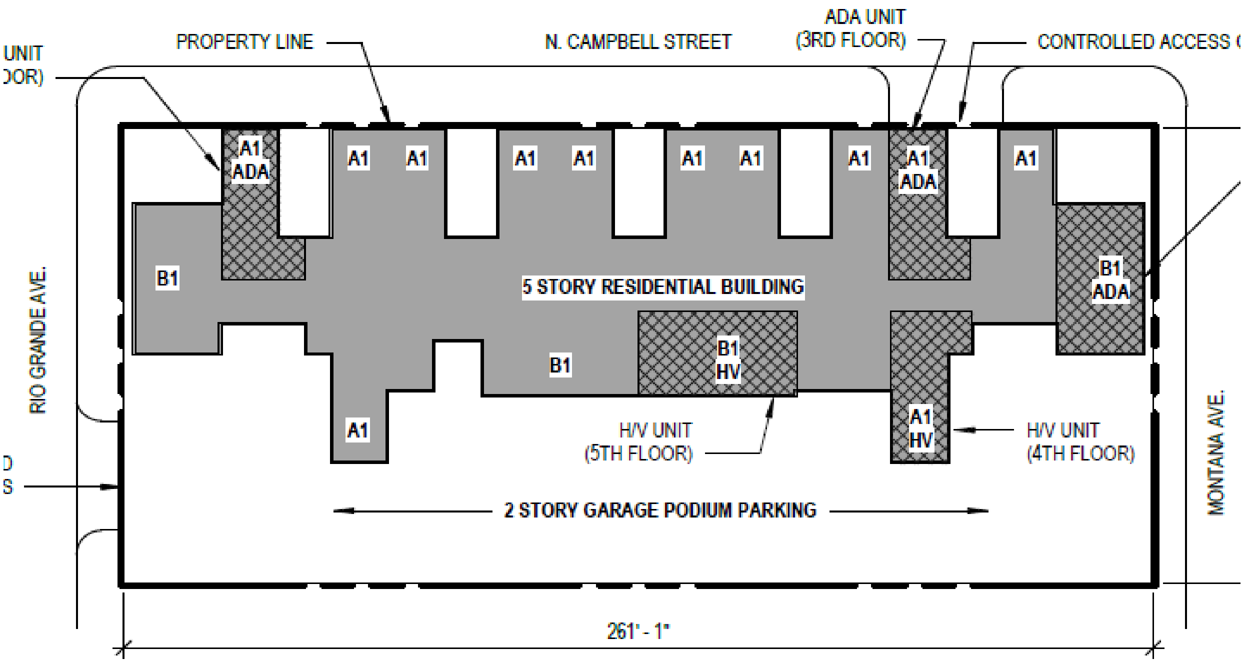
Nuestra Senora received an award of 9% Housing Tax Credits (HTCs) in 2020 for the new construction of 80 PBV multifamily LIHTC units in El Paso, TX. Applicant has submitted an amendment request for a modification to the development site, design and parking garage structure. These changes are being requested due to significant increases in costs and in an effort to maintain the development's overall feasibility.

With this amendment request, Applicant proposes a redesign of the building from 5 stories to 4, the elimination of the parking garage podium, a change to the unit square footages, and an increase in site acreage from 0.72 acres to 1.55 acres. Common amenities remain the same, but have been reconfigured with the redesign.

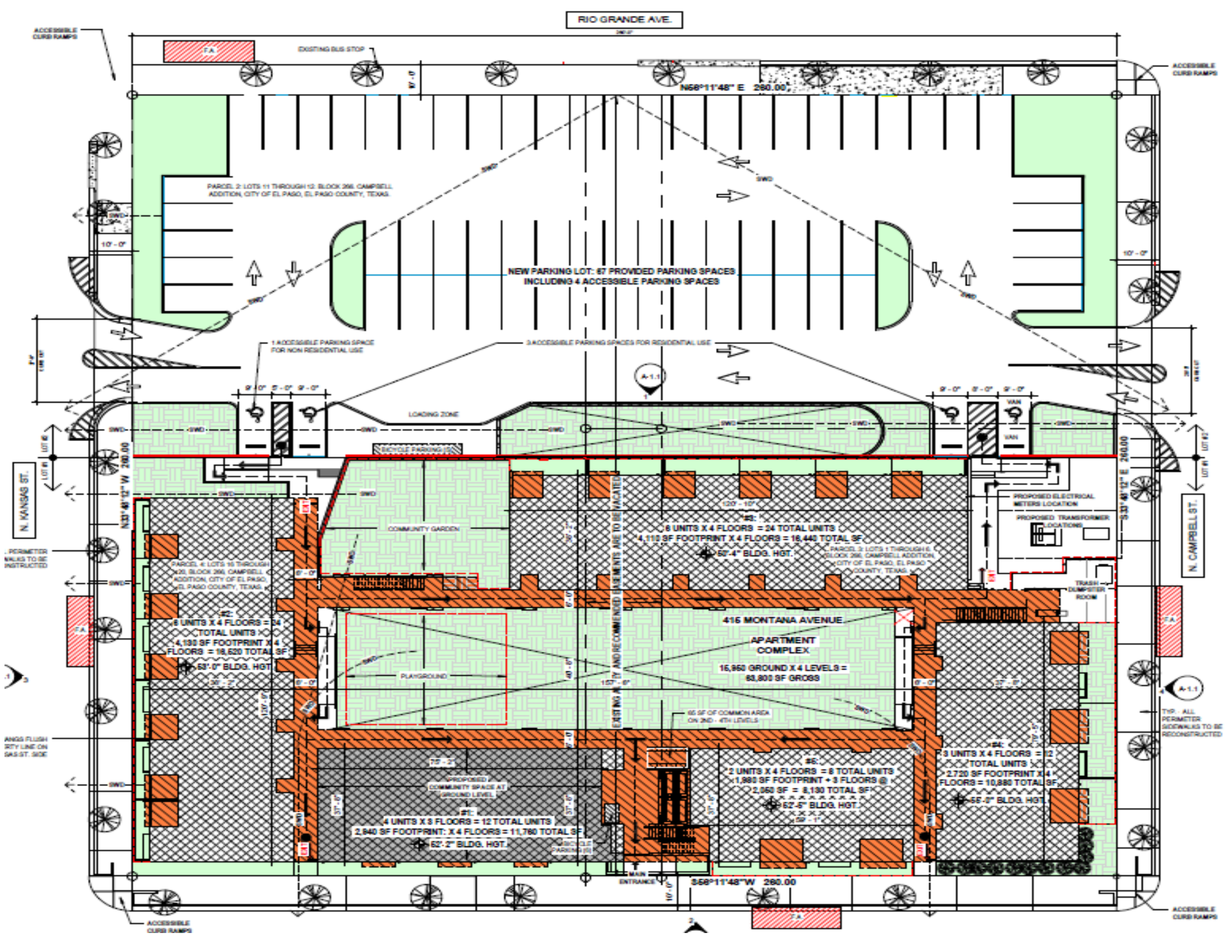
The Applicant has also applied for 15.00% increase in annual tax credit allocation consistent with 2022 QAP Subchapter F, Supplement Housing Tax Credits.

The TDHCA board of directors approved the Applicant's request for Waiver of Limitation on Supplemental Tax Credits [11.1003(b)] on February 10, 2022 allowing up to 15% supplemental credits.

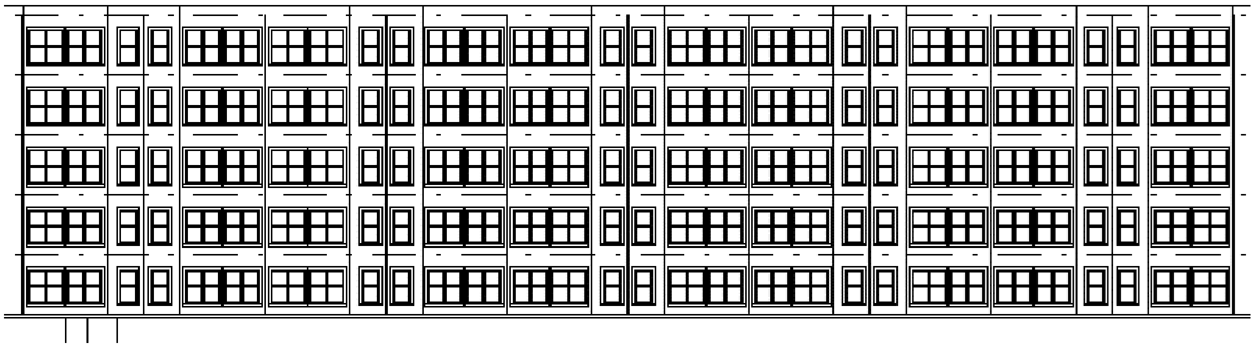
Original Site Plan



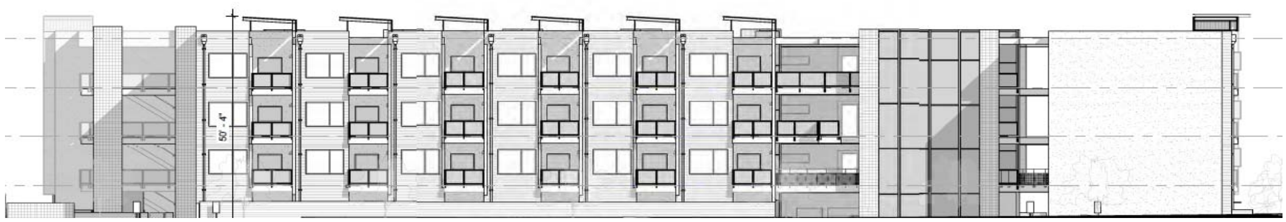
Revised Site Plan



Original Building Elevation



Revised Building Elevation



The original development plan included 0.72 acres to be ground leased from HACEP for a residential building with podium parking. Under the current plan, the redesigned residential buildings will sit on 1.55 acres to be ground leased from HACEP. The 75-year lease has an annual rent payment of $100. Parking will be provided on the adjacent tract of land to be leased at no cost to the development.

The original site plan provided 130 podium parking garage spaces for 80 units. The revised site plan reduces parking to 67 surface spaces. This parking reduction has been approved by the City.

Operating Pro Forma

The rent schedule has been revised to include 25 new public housing units (ACC) committed by HACEP, reducing the PBV units to 55. The 55 PBV unit rents have been updated based on 2021 FMR payment standards.

Applicant chose to increase vacancy from 5% at original underwriting, to 7.5%.

Applicant's amendment package claimed no changes to the operating expenses; however, the updated pro forma includes a $16.5K (24%) increase in repairs and maintenance. As a result, Applicant's overall expenses increased $19.7K (6%). Applicant's expense/unit increased from $4,376 to $4,622. Underwriter's total expense/unit increased only slightly ($4,223 to $4,347).

Pro forma variance is no longer within 5%; therefore, the Underwriter's pro forma is being used.

Rents have been updated to the 2021 Program Rents.

Development Cost

The applicant has increased total acqusition costs from $1.06M to $2.13M due to the inclusion of the additional 0.83 acres of the total development acreage that were previously not included.

Underwriter's building cost estimate is based on the Schedule of Values (SOVs) presented by the related party contractor, Franklin Construction.

Building Cost increased $5,279,787.

Total Development Cost increased $5,794,467.

Subchapter F requires that total or eligible Developer Fee cannot increase. Developer Fee is overstated by $195,000.

Sources of Funds

Chase has replaced Citi Community Capital as the construction and permanent lender. Hunt remains as equity provider.

The construction loan increases from $12.8M (at 4.65%) to $13.8M (at 2%).

Senior permanent debt has decreased from $3.84M (at 4.5%) to $2.7M (at 5.21%).

As a result of the pro forma variances described above, underwritten DCR is 1.37 times. Underwriter has assumed a $40K increase in the permanent debt to meet the 1.35 threshold

HACEP has committed $5.97M in new gap financing. However, Subchapter F, requires that Deferred Developer Fee may not decrease. As a result of the adjustment to Developer Fee, and the assumed debt increase, the $5.97M HACEP Gap Loan amount would reduce the Deferred Developer Fee to $418,125. In order to maintain the original $571K Deferred Fee, the Underwriter has adjusted this loan to $5,709,150 (a $153K adjustment).

With the requested increase in tax credits at a price of $0.90 per credit, total equity proceeds have increased $1,171,021 from original underwriting.

The Underwriter recommends a total annual tax credit allocation of $1,417,694.

Underwriter:	*Jeffrey Price*
Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Nuestra Senora, El Paso, 9% HTC #20190

LOCATION DATA	
CITY:	El Paso
COUNTY:	El Paso
Area Median Income	$50,300
PROGRAM REGION:	13
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	60	75.0%	60	0
2	20	25.0%	20	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**80**	**100.0%**	**80**	**-**

55%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	8	10.0%
40%	-	0.0%
50%	16	20.0%
60%	56	70.0%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	**80**	**100.0%**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	3.32%
APP % Construction	9.00%
Average Unit Size	713 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		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%	$343	PBV	$755	6	1	1.00	659	$755	$61	$694	$0	$1.05	$694	**$4,164**	**$4,164**	$694	$1.05	$0	$1,125	$1.71	$1,125
TC 50%	$571	PBV	$755	12	1	1.00	659	$755	$61	$694	$0	$1.05	$694	**$8,328**	**$8,328**	$694	$1.05	$0	$1,125	$1.71	$1,125
TC 60%	$686	PBV	$755	17	1	1.00	659	$755	$61	$694	$0	$1.05	$694	**$11,798**	**$11,798**	$694	$1.05	$0	$1,125	$1.71	$1,125
TC 60%	$686	ACC	$380	25	1	1.00	659	$380	$0	$380	$0	$0.58	$380	**$9,500**	**$9,500**	$380	$0.58	$0	$1,300	$1.97	$1,300
TC 30%	$411	PBV	$914	2	2	2.00	875	$914	$78	$836	$0	$0.96	$836	**$1,672**	**$1,672**	$836	$0.96	$0	$1,300	$1.49	$1,300
TC 50%	$686	PBV	$914	4	2	2.00	875	$914	$78	$836	$0	$0.96	$836	**$3,345**	**$3,345**	$836	$0.96	$0	$1,300	$1.49	$1,300
TC 60%	$823	PBV	$914	14	2	2.00	875	$914	$78	$836	$0	$0.96	$836	**$11,704**	**$11,704**	$836	$0.96	$0	$1,300	$1.49	$1,300
TOTALS/AVERAGES:				**80**			**57,040**				**$0**	**$0.89**	**$631**	**$50,511**	**$50,511**	**$631**	**$0.89**	**$0**	**$1,223**	**$1.72**	**$1,223**

ANNUAL POTENTIAL GROSS RENT:	**$606,132**	**$606,132**

STABILIZED PRO FORMA

Nuestra Senora, El Paso, 9% HTC #20190

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		El Paso Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.89	$631	$606,132	$623,280	$623,280	$606,132	$631	$0.89		0.0%	$0
Late Fees, forfeit deposits							$20.00	$19,200	9,600							
Total Secondary Income							$20.00			9,600	$19,200	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$625,332	$632,880	$632,880	$625,332				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(46,900)	(31,644)	(31,644)	(46,900)	7.5% PGI			0.0%	-
Rental Concessions								-	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								$578,432	$601,236	$601,236	$578,432				0.0%	$0
General & Administrative	$26,968	$337/Unit	$27,963	$350	3.46%	$0.35	$250	$20,000	$20,000	$27,107	$26,968	$337	$0.47	4.66%	-25.8%	(6,968)
Management	$25,861	4.7% EGI	$26,984	$337	5.06%	$0.51	$366	$29,247	$30,062	$30,062	$28,922	$362	$0.51	5.00%	1.1%	325
Payroll & Payroll Tax	$99,087	$1,239/Unit	$62,860	$786	19.36%	$1.96	$1,400	$112,000	$112,000	$112,000	$112,000	$1,400	$1.96	19.36%	0.0%	-
Repairs & Maintenance	$38,102	$476/Unit	$79,177	$990	14.61%	$1.48	$1,056	$84,500	$68,000	$48,000	$52,000	$650	$0.91	8.99%	62.5%	32,500
Electric/Gas	$17,388	$217/Unit	$7,301	$91	3.80%	$0.39	$275	$22,000	$22,000	$7,301	$7,301	$91	$0.13	1.26%	201.3%	14,699
Water, Sewer, & Trash	$33,634	$420/Unit	$56,586	$707	6.57%	$0.67	$475	$38,000	$38,000	$56,586	$56,586	$707	$0.99	9.78%	-32.8%	(18,586)
Property Insurance	$23,449	$0.41 /sf	$24,749	$309	4.84%	$0.49	$350	$28,000	$28,000	$24,749	$28,000	$350	$0.49	4.84%	0.0%	-
Property Tax (@ 0%) 3.2169	$42,182	$527/Unit	$27,828	$348	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements				$0	4.15%	$0.42	$300	$24,000	$20,000	$20,000	$24,000	$300	$0.42	4.15%	0.0%	-
Supportive Services				$0	1.52%	$0.15	$110	$8,800	$8,800	$8,800	$8,800	$110	$0.15	1.52%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.55%	$0.06	$40	$3,200	$3,200	$3,200	$3,200	$40	$0.06	0.55%	0.0%	-
TOTAL EXPENSES					**63.92%**	**$6.48**	**$4,622**	**$ 369,747**	$350,062	$337,804	**$347,777**	**$4,347**	**$6.10**	**60.12%**	**6.3%**	**$ 21,970**
NET OPERATING INCOME ("NOI")					**36.08%**	**$3.66**	**$2,609**	**$208,685**	$251,174	$263,432	**$230,655**	**$2,883**	**$4.04**	**39.88%**	**-9.5%**	**$ (21,970)**
CONTROLLABLE EXPENSES							$3,456/Unit					$3,186/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Nuestra Senora, El Paso, 9% HTC #20190

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Chase Bank		1.37	1.24	168,772	5.21%	35	18	$2,714,292	$3,840,000	$3,840,000	$2,714,292	18	35	5.21%	$168,772	1.37	12.5%
Adjustment to Debt Per §11.302(c)(2)	0.00%										$40,000	18	35	5.21%	$2,487	1.35	0.2%
HACEP Gap Loan		1.37	1.24		0.00%	0	0	$5,862,486			$5,709,150	0	0	0.00%		1.35	26.2%
CASH FLOW DEBT / GRANTS																	
City of El Paso		1.37	1.24		0.00%	0	0	$500	$500	$500	$500	0	0	0.00%		1.35	0.0%
				$168,772	**TOTAL DEBT / GRANT SOURCES**			**$8,577,278**	$3,840,500	$3,840,500	**$8,463,942**		**TOTAL DEBT SERVICE**		**$171,259**	**1.35**	38.8%
NET CASH FLOW		$61,883	$39,913								**TDHCA**	**NET OPERATING INCOME**		**$230,655**	**$59,396**	**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
Hunt	LIHTC Equity	58.5%	$1,417,694	0.90	$12,757,966	$11,586,945	$11,586,945	$12,757,970	$0.90	$1,417,694	58.5%	$17,721	Applicant Request
Developer	Deferred Developer Fees	3.2%	(34% Deferred)		$688,223	$633,961	$571,461	$571,461	(31% Deferred)		2.6%	**Total Developer Fee:**	**$1,825,328**
Additional (Excess) Funds Req'd		0.0%					$0	$1			0.0%		
TOTAL EQUITY SOURCES		61.7%			$13,446,189	$12,220,906	$12,158,406	$13,329,432			61.2%		
TOTAL CAPITALIZATION					**$22,023,467**	$16,061,406	$15,998,906	**$21,793,374**			**15-Yr Cash Flow after Deferred Fee:**		**$432,199**

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				$26,563 / Unit	$2,125,000	$1,062,500	$1,000,000	$2,125,000	$26,563 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Off-Sites				$ / Unit	$0	$0	$0	$0	$ / Unit				0.0%	$0
Site Work		$805,278		$10,066 / Unit	$805,278	$1,167,443	$1,167,443	$926,753	$11,584 / Unit		$805,278		-13.1%	($121,475)
Site Amenities		$205,065		$2,563 / Unit	$205,065	$150,000	$150,000	$210,240	$2,628 / Unit		$205,065		-2.5%	($5,175)
Structured Parking				$ / Unit	$0	$1,320,000	$1,320,000	$0	$ / Unit		$0		0.0%	$0
Building Cost		$11,135,752	$195.23 /sf	$139,197/Unit	$11,135,752	$5,855,965	$6,002,767	$11,524,555	$144,057/Unit	$202.04 /sf	$11,135,752		-3.4%	($388,803)
Contingency		$127,501	1.05%	1.05%	$127,501	$424,670	$424,670	$127,501	1.01%	1.05%	$127,501		0.0%	$0
Contractor Fees		$1,304,109	10.63%	10.63%	$1,304,109	$1,248,531	$1,248,531	$1,304,109	10.20%	10.63%	$1,304,109		0.0%	$0
Soft Costs	0	$2,707,328		$33,842 / Unit	$2,707,328	$1,458,999	$1,458,999	$2,707,328	$33,842 / Unit		$2,707,328	$0	0.0%	$0
Financing	0	$698,677		$12,987 / Unit	$1,038,977	$1,334,918	$1,334,918	$1,038,977	$12,987 / Unit		$698,677	$0	0.0%	$0
Developer Fee	$0	$1,590,161	9.36%	11.90%	$2,020,328	$1,825,328	$1,825,328	$1,825,328	10.43%	8.21%	$1,395,161	$0	10.7%	$195,000
Reserves				12 Months	$554,129	$213,052	$213,052	$519,036	12 Months				6.8%	$35,093
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$18,573,871**		$275,293 / Unit	**$22,023,467**	$16,061,406	$16,145,708	**$22,308,827**	$278,860 / Unit		**$18,378,871**	**$0**	**-1.3%**	**($285,360)**
Acquisition Cost	$0				$0	($62,500)								
Contingency		$0			$0	$0								
Contractor's Fee		$0			$0	$0								
Financing Cost		$0												
Developer Fee	$0	($195,000)			($195,000)	$0								
Reserves					($35,093)	$0								
ADJUSTED BASIS / COST	**$0**	**$18,378,871**		$272,417/unit	**$21,793,374**	$15,998,906	$16,145,708	**$22,308,827**	$278,860/unit		**$18,378,871**	**$0**	**-2.3%**	**($515,453)**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						**$21,793,374**								

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Nuestra Senora, El Paso, 9% HTC #20190

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$18,378,871	$0	$18,378,871
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$18,378,871	$0	$18,378,871
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$23,892,532	$0	$23,892,532
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$23,892,532	$0	$23,892,532
Applicable Percentage	3.32%	9.00%	3.32%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,150,328	$0	$2,150,328
CREDITS ON QUALIFIED BASIS	$2,150,328		$2,150,328	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8999	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,150,328	$19,351,015	----	----	----
Needed to Fill Gap	$1,481,196	$13,329,432	----	----	----
Applicant Request	$1,417,694	$12,757,970	**$1,417,694**	**$0**	**$0**

Long-Term Pro Forma

Nuestra Senora, El Paso, 9% HTC #20190

	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%	$578,432	$590,001	$601,801	$613,837	$626,114	$691,280	$763,229	$842,666	$930,372	$1,027,206	$1,134,118
TOTAL EXPENSES	3.00%	$347,777	$357,921	$368,364	$379,114	$390,180	$450,598	$520,459	$601,248	$694,686	$802,763	$927,788
NET OPERATING INCOME ("NOI")		**$230,655**	**$232,080**	**$233,437**	**$234,723**	**$235,933**	**$240,682**	**$242,770**	**$241,418**	**$235,686**	**$224,442**	**$206,330**
EXPENSE/INCOME RATIO		60.1%	60.7%	61.2%	61.8%	62.3%	65.2%	68.2%	71.4%	74.7%	78.2%	81.8%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$171,259	$171,259	$171,259	$171,259	$171,259	$171,259	$171,259	$171,259	$171,259	$171,259	$171,259
DEBT COVERAGE RATIO		1.35	1.36	1.36	1.37	1.38	1.41	1.42	1.41	1.38	1.31	1.20
ANNUAL CASH FLOW		**$59,396**	**$60,820**	**$62,178**	**$63,464**	**$64,674**	**$69,423**	**$71,511**	**$70,159**	**$64,427**	**$53,183**	**$35,070**
Deferred Developer Fee Balance		$512,067	$451,246	$389,069	$325,605	$260,931	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$77,612	$432,199	$787,249	$1,122,810	$1,413,669	$1,628,296

September 13, 2021

Bobby Wilkinson
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

RE Nuestra Senora Apartments—TDHCA File No. 20190
Request for Application Amendment

Dear Mr. Wilkinson:

On behalf of the Developer, I am submitting this request to obtain the Department's approval on the following amendments to the Developer's tax credit application for the Nuestra Senora Apartments (TDHCA File No. 20190). The Developer received an allocation of low-income housing tax credits in the 2020 allocation round.

Due to significant increases in costs that have risen and impacted the project's feasibility due to COVID, the Applicant and Developer propose to alter the Development Site, design, and the parking garage structure. A recent increase in the price of lumber and most other subcontractor markets have negatively and significantly impacted the overall cost of the Development. To help the Development maintain its feasibility, the building was reduced from 5 story to 4 story due to commercial Davis Bacon wages required for buildings that are 5 stories or more. Additionally, the original parking garage podium proposed at Application was eliminated. The Development initially proposed rehabbing an existing structure to provide the necessary parking, thereby creating less landfill (green principals) and delivery of a lower cost. However, after extensive negotiations and a complete re-design of the Development, the City would not support maintaining the parking structure. This was due to several community stakeholders requiring the Development to maintain a parking ratio that was not possible by utilizing the parking garage for Nuestra Senora and a contemplated Phase 2 on the west side of the site (Phase 2 was not part of original application).

The Applicant and the City ultimately agreed upon a development site plan that all stakeholders support, and that plan is submitted herein.

The following changes are being submitted for review and consideration by Staff.

Threshold 1 Changes to Development Site

Description: The Housing Authority has gained ownership and control of the entire block including ownership of the alley public right of way. The alley public right of way was vacated and approved by City Council on April 22, 2021. This vacation has allowed for opportunity to decrease the building height and through a resultant 4 story building expand the site layout. The Development will continue to have a Ground Lease for the residential buildings. An updated survey along with the Site Plan is attached under ***Exhibit A -Survey and Development Site Plan*** for your review.

Impact: Based on the Development Site boundaries and calculated acreage, the total site acquisition cost is $1,425,874.

A Phase I ESA was originally completed for the entire block. Therefore, a new report is not being submitted.

Threshold 2 Changes to Unit Configuration

Description:_ Description: Changes to the unit configuration were necessary as the entire Development has shifted from a north/south orientation to an east/west orientation.

Impact: The amendment does not modify the number of affordable units or bedroom types, nor does it decrease total square footage from the affordable units. ***See Exhibit B (Unit Mix Comparison and Building Unit Configuration Form and Exhibit C (unit and ground floor plans)*** for a comparison of the original unit mix as submitted in the tax credit application and the proposed amended unit mix.

Threshold 3 Changes to common area square footage

Description: Common amenities remain the same but have been reconfigured. ***See Exhibit C-Building Floor Plans*** for the new layout of the clubhouse.

Impact: No impact on development cost for the common amenities.

Threshold 4 Changes to Development Cost Schedule

Description: The Development Cost Schedule was updated to match the new unit configuration. ***See Exhibit D for updated Development Cost Schedule.***

Impact: The Housing Authority will be providing a no cost lease for the parking spaces provided. The REQUESTED LIHTC credits remain the same.

Threshold 5 Changes to the Rent Schedule

Description: The Rent Schedule was updated to reflect changes in the unit mix. ***See Exhibit E for updated Rent Schedule.***

Impact: The Housing Authority of El Paso has committed 25 public housing units (ACC) and 55 project based vouchers (PBV) to the Development in an effort to help bridge the financing gap with Replacement Housing dollars. The rent schedule is now reflective of the Public Housing ACC and PBV units.

Threshold 6 Changes to Utility Allowances

Description: No Changes to the utility allowances. Utility Allowances remain the same.

Impact: No impact to the utility allowances.

<u>Threshold 7 Changes to Operating Schedule</u>

Description: No Changes to the Operating Schedule

Impact: No impact to the Operating Schedule.

<u>Threshold 8 Proforma—Summarize</u>

Description: The 15-year operating pro-forma was updated per the referenced and requested changes. ***See Exhibit G for the updated Proforma.***

Impact: 15 year operating pro-forma supports operating expenses at or above 1.23 DSCR through year 15.

<u>Threshold 9 Sources and Uses</u>

Description: Due to increased total development costs, Sources and Uses is updated to reflect decrease in permanent loan amount needed $ 2,714,292 and construction loan amount needed $13,754,560. Gap financing is now $7,900,000. ***See Exhibit H for the updated Sources and Uses schedule.***

Impact: No impact. There is no change to LIHTC Credit Equity.

<u>Threshold 10 Parking Requirements</u>

Description: Based on a pending parking variance request, the Development will only be required to provide 67 parking spaces versus the 130 parking spaces initially submitted at Application.

Impact: The Development will have a No Cost Parking Lease for the 67 Parking Spaces. This parking ratio, upon approval, will meet City parking requirements.

The Developer respectfully requests Staff's review, consideration of the aforementioned changes and recommendation of support for Board approval of a material change to the Nuestra Senora Development.

A check in the amount of $2,500 was submitted for the payment of the amendment fee. Please do not hesitate to contact me should you require any additional information. Thank you for your time and attention to this matter.

Sincerely,

Ryan Wilson
Senior Partner
Franklin Development Properties, Ltd.

5b

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 12, 2022

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application and Land Use Restriction Agreement for Reed Parque Townhomes (HTC #98008)

RECOMMENDED ACTION

WHEREAS, Reed Parque Townhomes (the Development) received an award of 9% Housing Tax Credits (HTCs) in 1998 for the new construction of 192 units of multifamily housing in Houston, Harris County;

WHEREAS, Reed Parque Limited Partnership (the Development Owner or Owner) requests approval for a substantive modification to the Resident Supportive Services that are referenced in the Application and in the Land Use Restriction Agreement (LURA), specifically for the removal of the Boy Scouts troop and the addition of a mobile library facilitated through the Harris County Public Library;

WHEREAS, the Department has determined that while this resident supportive service was not specifically listed at the time of award, the amount and quality of the service is equivalent or greater than the selection that was selected at the time of Application;

WHEREAS, Board approval is required for a substantive modification of the scope of tenant services as directed in Tex. Gov't Code §2306.6712(d)(3) and 10 TAC §10.405(a)(4)(C), and the Owner has complied with the amendment and notification requirements as directed in §10 TAC 10.405(b); and

WHEREAS, the requested change does not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the amount of the tax credits awarded;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment to the Application and LURA for Reed Parque Townhomes is approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Reed Parque Townhomes received a 9% HTC award in 1998 for the new construction of 192 multifamily units in Houston, Harris County. In a letter dated April 6, 2022, John N. Barineau, representative for the Development Owner, requested approval to amend the Application and LURA related to the tenant supportive services requirement.

In the 1998 HTC Application, the Development Owner selected five points worth of tenant supportive services, based on the duration of the service agreement, the accessibility and appropriateness of the service to the tenants, the experience of the service provider, and the importance of the service in enhancing the tenants' standard of living. At the time of the LURA, the Development was to provide educational and job training services to be provided by The Houston Area Urban League, an on-site Girl Scouts troop facilitated through the San Jacinto Girl Scouts Council, and on on-site Day Care Center. A First Amendment to the LURA recorded May 24, 2012, replaced the Girl Scouts troop with an on-site Boy Scouts troop to be facilitated through the Sam Houston Boy Scouts Council. The supportive services are required to be provided throughout the 25-year Compliance Period, which runs through December 31, 2024.

The Development Owner states that in recent years, due to personnel issues within the Boy Scouts and a lack of interest in urban scouting, the Development has terminated this service. The on-site day care center and the educational and job training services will continue to be provided as reflected in the LURA, but the job training services will be provided through Workforce Solutions. In addition, since the 1998 Qualified Allocation Plan did not have a list of optional supportive services from which an applicant could choose, the Development Owner proposes to amend the LURA to replace the Boy Scouts troop with a mobile library facilitated through the Harris County Public Library. This is an after-school program and will make weekly visits using the Development's community room to provide material and instruction to promote early reading for resident children.

The requested change does not materially alter the Development in a negative manner and was not reasonably foreseeable or preventable by the Development Owner at the time of Application.

The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a public hearing at the Development on the matter on April 13, 2022. There was one resident in attendance at the public hearing, and no comments were received regarding the amendment.

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

REED PARQUE LIMITED PARTNERSHIP
7700 San Felipe, Suite 300, Houston, TX 77063
Office (713) 425-2974 FAX (713) 917-0965

April 6, 2022

Ms. Stephanie Givens
Asset Manager/Region 6
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Subject: Reed Parque Townhomes (TDHCA #09008/CMTS#1860)
Request for LURA Amendment--Change in Supportive Services

Dear Ms. Givens:

In response to your emails dated Wednesday, January 5, Monday, March 21 and Wednesday, April 6, 2022 , this letter is an updated request for TDHCA to amend the subject property's Declaration of Land Use Restrictive Covenants dated October 31, 2000 (LURA) concerning tenant supportive services. Appendix A of the LURA describes these services to include educational and job training; an on-site Boy Scout troop; and an on-site day care center.

After construction in year 2020, the project partnered with the Sam Houston Boy Scout Council and Houston Urban League, respectively, in forming an on-site Boy Scout troop and offering on-site educational and job training utilizing the project's community room space. Over time, personnel issues within the Boy Scouts and a lack of interest in urban scouting caused a termination of this service. Similarly, the Urban League changed its mission and ceased offering mobile educational programs.

We struggled thereafter in finding other tax-exempt organizations to replace these services on a consistent and reliable basis. Then, when the Covid-19 pandemic hit, we were forced to suspend all supportive services except for the day care center, which continued without interruption and is still in full operation. We are now restarting the other supportive services in partnership with the following local tax-exempt organizations:

Harris County Public Library. HCPL has commenced its "curiosity cruiser" after school program and will be making weekly visits using the project's community room to provide material and instruction to promote early reading for resident children starting in the second to fifth grades (See attached flyer.). We intend this program for the dual purpose of (1) replacing the Boy Scouts and (2) providing educational services.

Workforce Solutions. This organization will be making periodic visits to the site to meet with residents age 16 to 24 in the community room to inform and connect them with local opportunities for training and employment. (See attached flyer). We intend this program to satisfy the LURA requirement as a job training service.

Therefore, this is to request the Reed Parque Townhomes LURA be amended to delete reference to a Boy Scout troop; to delete reference to the Urban League; and to identify the organizations noted above as those providing the educational and job training services.

This request is being submitted for consideration by TDHCA's Governing Board at its upcoming meeting on May 12, 2022.

A copy of our proposed Notice to Residents to attend a public hearing on the requested change is attached for your information. The hearing will be held at least 15 business days prior to the scheduled Board meeting.

A check payable to TDHCA for $3,000 (check #28072) as a fee for processing this request was previously mailed to your office on December 6, 2021 and cleared in the month of December.

Thank you for your cooperation.

Respectfully yours,

John N. Barineau, IV
for Barineau GP, Inc.
Managing Member of Reed Parque Group, LLC
General Partner, Reed Parque Limited Partnership

Enclosures:
Amendment Request Form
Flyer for Harris County Public Library Mobile Education Program
Flyer for Workforce Solutions
Resident Notice Letter

5c

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

MAY 12, 2022

Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for Father Carlos Pinto Memorial Apartments (HTC #16414)

RECOMMENDED ACTION

WHEREAS, Father Carlos Pinto Memorial Apartments (the Development) received a 4% Housing Tax Credit (HTC) award in 2016 to acquire and rehabilitate 113 multifamily units in El Paso, El Paso County;

WHEREAS, rehabilitation of the Development has been completed, and EP Father Pinto LP (the Development Owner or Owner) requests, at cost certification, to increase the annual HTC amount from $421,385, the amount reflected in the Determination Notice, to $665,031, adjusted down to $657,918, which represents a 56.13% increase;

WHEREAS, §42(m)(2) of the Internal Revenue Code allows an increase of tax credits for a bond financed project when the increase is determined necessary as demonstrated through the submission of the cost certification package;

WHEREAS, 10 TAC §10.401(d) requires approval by the Board if an increase to the amount of tax credits exceeds 120% of the amount of credit reflected in the Determination Notice; and

WHEREAS, a review of the cost certification package submitted by the Development Owner supports the need for the additional tax credits requested, and staff has determined that the increase is necessary for the viability of the transaction;

NOW, therefore, it is hereby

RESOLVED, that the housing tax credit increase for Father Carlos Pinto Memorial Apartments requested by the Development Owner is approved as presented to this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Father Carlos Pinto Memorial Apartments received a 4% HTC award in 2016 to acquire and rehabilitate 113 multifamily units in El Paso, El Paso County. On January 31, 2017, a Determination Notice was issued with an approved annual tax credit amount of $421,385. The one residential building in the Development placed in service on December 8, 2018, and the final cost certification was received by the Department on July 8, 2019.

During the review of the cost certification, Satish Bhaskar, the representative for the Development Owner, requested an annual tax credit award to $665,031, which was adjusted to $657,918 as a result of staff's review, and this adjusted amount represents an increase of $236,533 (56.13%) from the amount reflected in the Determination Notice. Through the cost certification review process, the representative for the Development Owner explained that the Development incurred increased costs during construction.

A comparison of the development costs from the time of the Application, in 2016, to Cost Certification indicates that total development costs increased almost $7.6M (70.92%), from $10,677,140 to $18,248,939. Direct Construction costs increased approximately $4.4M (80.87%), from $5,463,531 to $9,881,985. The Owner explained that the increase in costs was primarily due to unforeseen preconstruction conditions, which caused a change in the scope of work. Those items included: asbestos abatement in interior walls, ceilings, drywall; complete electrical rewiring; demolition and replacement of waste and vent piping, hydronic piping, and water copper piping; demolition and replacement of windows; and extension of contract time.

Most of the Indirect Construction Costs were due to an increase in Architectural Design costs. A substantial portion of Financing Costs were due to an increase in Interest Expense and Title & Recording Fees. The Developer and Contractor Fees also increased due to the additional construction costs. Contractor fees in the owner's cost schedule, after reclassifications from staff, are $783k (102%) greater than the estimate at application, but were limited based on maximum guidelines to an amount that is $618,584 (80.87%) greater than the estimate at application. Developer fee increased $600,743 (44%) from the underwriter's estimate at application.

The requested additional credits will result in an increase of approximately $2.67M in syndication proceeds, and due to $4,417,220 in related party loans added, there is no deferred developer fee.

Staff's analysis of this transaction at cost certification has concluded that the Development supports an annual tax credit allocation of $657,918, and that the requested increase is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. This results in a 56.13% increase from $421,385, the original annual HTC amount in the Determination Notice. In accordance with 10 TAC §10.401(d), Board approval is required because the requested tax credit amount exceeds 120% of the HTC amount reflected in the Determination Notice. The Development Owner will be required to submit the Tax-Exempt Bond Credit Increase Request Fee required in 10 TAC §11.901(8) for the increase to the HTC amount prior to issuance of Forms 8609.

Additionally, all required pending documentation for the cost certification review must be provided for the issuance of 8609s.

Staff recommends approval of the increase in the tax credit award as presented herein.

UNIT MIX/RENT SCHEDULE

Father Carlos Pinto Memorial Apartments, El Paso, # 16414

LOCATION DATA	
CITY:	El Paso
COUNTY:	El Paso
PROGRAM REGION:	13

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Income	# Units
Eff			30%	0
1	105	92.9%	40%	0
2	8	7.1%	50%	0
3			60%	113
4			□□	0
TOTAL	113	100.0%	TOTAL	113

Applicable Programs
4% Housing Tax Credits

PROFORMA ASSUMPTIONS	
REVENUE GROWTH:	2.00%
EXPENSE GROWTH:	3.00%
HIGH COST ADJUSTMENT:	130%
APPLICABLE FRACTION:	100.00%
APP % - ACQUISITION:	3.18%
APP % - CONSTRUCTION:	3.32%
AVERAGE SF	501

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		Other		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	Tenant Pd UA's (Verified)	Max Net Program Rent	Delta to Max Program	Rent per NRA	Net Rent per Unit			Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent per NRA	Delta to Max Program	Market Rent	Rent per NRA	TDHCA Savings to Market
□C60□	$660	□A□	$668	105	1	1	476	$688	$0	$688	$0	$1.45	$688			$72,240	$72,240	$688	$151.76	$0		0.00	
□C60□	$793	□A□	$797	8	2	1	823	$821	$0	$821	$0	$1.00	$821			$6,568	$6,568	$821	$7.98	$0		0.00	
TOTALS / AVERAGES:				**113**			**56,564**				**$0**	**$1.39**	**$697**			**$78,808**	**$78,808**	**$697**	**$135.03**	**$0**	**$0**	**$0.00**	**($697)**
ANNUAL POTENTIAL GROSS RENT:																**$945,696**	**$945,696**						

PRO FORMA ANALYSIS & DEVELOPMENT COSTS

			% of EGI	Per Unit	Per SF	TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	$ DIFF	Per SF	Per Unit	% of EGI			
POTENTIAL GROSS RENT						$945,696	$893,400	0%	$893,400	$945,696	$0						
Secondary Income	Per Unit/Month	$5.00				$6,780	$6,780	0%	$0	$6,780	$0				$5.00	Per Unit Per Month	
Other Income:								#DIV/0!		$0	$0				$0.00	Per Unit Per Month	$5.00
Other Income:								#DIV/0!		$0	$0				$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME						$952,476	$900,180	0%	$893,400	$952,476	$0						
Vacancy & Collection Loss	% of PGI	-5.0%				($47,624)	(45,009)	0%	(44,670)	(47,624)	$0				-5.0%	% of PGI	
EO/Non-Rental Units/Concessions						$0	-	#DIV/0!	-	-	$0						
EFFECTIVE GROSS INCOME						$904,852	$855,171	0.00%	$848,730	$904,852	$0						
EXPENSES			% of EGI	Per Unit	Per SF							Per SF	Per Unit	% of EGI			
General & Administrative			8.29%	$664	$1.33	$74,978	$45,200	-37%	$49,009	$47,519	($27,459)	$0.84	$421	5.25%			
Management			6.00%	$480	$0.96	$54,291	$42,759	0%	$42,437	$54,291	($0)	$0.96	$480	6.00%			
Payroll & Payroll Tax			11.86%	$950	$1.90	$107,311	$103,801	7%	$103,801	$114,500	$7,189	$2.02	$1,013	12.65%			
Repairs & Maintenance			6.78%	$543	$1.08	$61,324	$84,750	12%	$67,606	$68,806	$7,482	$1.22	$609	7.60%			
Electric/Gas			7.91%	$634	$1.27	$71,611	$92,646	18%	$107,530	$84,500	$12,889	$1.49	$748	9.34%			
Water, Sewer, & Trash			8.90%	$713	$1.42	$80,515	$48,948	-65%	$34,708	$27,800	($52,715)	$0.49	$246	3.07%			
Property Insurance			3.81%	$305	$0.61	$34,494	$26,555	0%	$28,350	$34,494	$0	$0.61	$305	3.81%			
Property Tax	0%		0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0.00	$0	0.00%			
Reserve for Replacements			4.37%	$350	$0.70	$39,550	$39,550	0%	$39,550	$39,550	$0	$0.70	$350	4.37%			
Cable TV			0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0.00	$0	0.00%			
Supportive service contract fees			1.71%	$137	$0.27	$15,481	$15,481	-100%	$15,481	$0	($15,481)	$0.00	$0	0.00%			
TDHCA Compliance fees			0.50%	$40	$0.08	$4,520	$4,520	0%	$4,520	$4,520	$0	$0.08	$40	0.50%			
HACEP Compliance Fees			0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0.00	$0	0.00%			
Security			0.00%	$0	$0.00	$0	$4,122	#DIV/0!	$4,122	$0	$0	$0.00	$0	0.00%			
Other: Ground Lease			0.01%	$1	$0.00	$100	$2,817	12771%	$2,817	$12,871	$12,771	$0.23	$114	1.42%			
TOTAL EXPENSES			60.14%	$4,816	$9.62	$544,176	$511,149	-10%	$499,931	$488,851	($55,324)	$8.64	$4,326	54.03%			
NET OPERATING INCOME			39.86%	$3,192	$6.38	$360,676	$344,022	15%	$348,799	$416,001	$55,324	$7.35	$3,681	45.97%			

COMPARABLES USED		
TDHCA DB	DB Per Unit	Other
$23,473	$208	
$34,889	$309	
$140,843	$1,246	
$48,598	$430	
$16,249	$144	
$33,589	$297	
$22,603	$200	
$51,508	$456	
$22,871	$202	

DEBT

First Lien: Alamito Public Facilities Corporation	$301,916	$274,695	0%	$274,695	$301,916	$0
Other: Paisano Gap Financing Note -cash flow		$22,205	#VALUE!	$22,205		#VALUE!
TOTAL DEBT SERVICE	$301,916	$296,900	0%	$296,900	$301,916	$0
NET CASH FLOW	$58,761	$47,122	94%	$51,899	$114,085	$55,324
AGGREGATE DEBT COVERAGE RATIO	1.19	1.16		1.17	1.38	
RECOMMENDED DEBT COVERAGE RATIO	1.19					

CONSTRUCTION COST	% of TOTAL	Per Unit	Per SF	**TDHCA CC**	**TDHCA -Prior**		**APP - Orig**	**Owner CC**		**G702/703**	Per SF	Per Unit	% of TOTAL
Land Acquisition	1.44%	$2,301	$4.60	$260,000	$0	0%	$0	$260,000	$0		$5	$2,301	1.42%
Building Acquisition	6.97%	$11,150	$22.28	$1,260,000	$1,260,000	0%	$1,260,000	$1,260,000	$0		$22	$11,150	6.90%
Closing costs & acq. legal fees	0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0		$0	$0	0.00%
Off-Sites	0.00%	$0	$0.00	$0	$0	#DIV/0!	$0	$0	$0	$0	$0	$0	0.00%
Sitework	0.83%	$1,335	$2.67	$150,898	$78,619	0%	$78,619	$150,898	$0	$150,898	$3	$1,335	0.83%
Site Amenities					$54,500		$54,500			$0			
Other Construction Cost					$0	#DIV/0!	$0		$0	$0			
Building Costs	53.81%	$86,116	$172.04	$9,731,088	$4,833,727	0%	$4,833,727	$9,731,087	($1)	$9,731,088	$172	$86,116	53.32%
Contingency					$496,685	#DIV/0!	$496,685		$0				
Contractor's Fees	7.65%	$12,243	$24.46	$1,383,478	$764,894	12%	$764,895	$1,548,290	$164,812	$1,840,048	$27	$13,702	8.48%
Indirect Construction	6.28%	$10,054	$20.09	$1,136,128	$705,668	0%	$705,668	$1,136,128	$0	-$291,759	$20	$10,054	6.23%
Developer's Fees	10.81%	$17,295	$34.55	$1,954,298	$1,353,555	0%	$1,709,823	$1,954,298	$0		$35	$17,295	10.71%
Financing	9.89%	$15,825	$31.61	$1,788,174	$741,854	0%	$741,854	$1,788,174	$0		$32	$15,825	9.80%
Reserves	2.32%	$3,717	$7.43	$420,064	$387,638	0%	$387,638	$420,064	$0		$7	$3,717	2.30%
TOTAL COST	100%	$160,037	$320	$18,084,127	$10,677,140	1%	$11,033,409	$18,248,939	$164,811		$323	$161,495	100%
Construction Cost Recap	**54.64%**	**$87,451**	**$174.70**	**$9,881,986**				**$9,881,985**			**$174.70**	**$87,451**	**54.15%**

SOURCES OF FUNDS									% TDC	RECOMMENDED	
First Lien: Alamito Public Facilities Corporation	29%	$46,018	$92	$5,200,000	$4,530,000	-15%	$4,530,000	$5,200,000	29%	□5,200,000	□e□eloper □ee A□aila□le
Other: Paisano Gap Financing Note -cash flow	9%	$14,919	$30	$1,685,792	$777,178	-117%	$777,178	$1,685,792	9%	1,685,792	□1,954,298
Other: Paisano Gap Financing Note (additional financing) - Paym	18%	$29,204	$58	$3,300,000	$0	#DIV/0!	$0	$3,300,000	18%	3,300,000	
Other: HACEP - Cash Flow	8%	$13,451	$27	$1,520,000	$0	#DIV/0!	$0	$1,520,000	8%	1,520,000	
Other: Paisano (additional financing) paydown	-2%	($3,564)	($7)	($402,780)	$0	#DIV/0!	$0	($402,780)	-2%	□402,780□	
HTC Equity: PNC Real Estate Tax Credit Capital Institutional Fund 6	37%	$60,010	$120	$6,781,117	$4,109,962	-67%	$4,466,231	$6,845,839	37%	6,781,117	□ of □e□ □ee □eferred
Deferred Developer Fee: HACEP	0%	$0	$0	$0	$0	#DIV/0!	$0	$0	0%	0	0□
Additional (Excess) Funds Req'd	0%	($0)	($0)	($1)	($2,849,962)	104%	($3,206,231)	$100,088	0%	□2□	15-□r C□m□lati□e Cash □lo□
TOTAL SOURCES				$18,084,127	$10,677,140	-71%	$11,033,409	$18,248,939	100%	□18,084,127	$1,069,050

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Father Carlos Pinto Memorial Apartments, El Paso, # 16414

DIRECT CONSTRUCTION COST ESTIMATE

CATEGORY	FACTOR	UNITS/ SF	PER SF	AMOUNT
□ase Cost□				0
Ad□□stments				
□□terior □ all □inish	0.00□		0	□0
	0.00□		0	0
	0.00□		0	0
□oofing			0.00	0
□□□floor			□□I□0□	□□I□0
□loor Co□er			3.07	173,651
□ree□e□ays	□0.00	0	0.00	0
□alconies	□0.00	0	0.00	0
□l□m□ing □i□t□res	□1,070	0	0.00	0
□o□gh-ins	□525	0	0.00	0
□□ilt-In Appliances	□1,780	113	3.56	201,140
□□terior □tairs	□2,450	0	0.00	0
□eating□Cooling			2.33	131,794
□nclosed Corridors	□□14.38□		0.00	0
Carports	□13.05	0	0.00	0
□arages	□44.75	0	0.00	0
Comm □□or A□□□ldgs	□0.00	0	0.00	0
Other:			0.00	0
Other:			0.00	0
□ther□fire sprinkler	□2.59	56,564	2.59	146,501
SUBTOTAL			**#DIV/0!**	**#DIV/0!**
C□rrent Cost □□ □ltiplier	0.99		□□I□0□	□□I□0
Local □□ □ltiplier	0.87		□□I□0□	□□I□0
TOTAL DIRECT CONSTRUCTION COSTS			**#DIV/0!**	**#DIV/0!**
□lans, specs, s□r□ey, □ldg permit	3.90□		□□I□0□	□□I□0
Contractor□s □□ □ □rofit	11.50□		□□I□0□	□□I□0
NET DIRECT CONSTRUCTION COSTS			□□I□0□	□□I□0

□of floors

PROPOSED PAYMENT COMPUTATION

First Lien: Alamito Public Facilities Corporation	□5,200,000	Amort	420
Int □ate	4.67□	□C□	1.19

Other: Paisano Gap Financing Note -cash flow	□1,685,792	Amort	0
Int □ate	3.00□	□C□	1.19

Other: Paisano Gap Financing Note (additional financing) - Paymen	□3,300,000	Amort	0
Int □ate	3.00□	□C□	1.19

Other: HACEP - Cash Flow	□1,520,000	Amort	0
Int □ate	3.00□	□C□	1.19

Other: Paisano (additional financing) paydown	□□402,780□	Amort	0
Int □ate	3.00□	□C□	1.19

RECOMMENDED FINANCING STRUCTURE: TDHCA NOI

□irst Lien□Alamito □□□lic □acilities Corporation	□301,916
□ther□□aisano □ap □inancing □ote -cash flo□	0
□ther□□aisano □ap □inancing □ote □additional financing□- □ayments from □et Cash □lo□	0
□ther□□AC□□ - Cash □lo□	0
□ther□□aisano □additional financing□paydo□n	0
□ther□	0
□ther□	0
□ther□	0
□□ □AL □□□□ □□□□IC□	**$301,916**

First Lien: Alamito Public Facilities Corporation	□5,200,000	Amort	420
Int □ate	4.67□	□C□	1.19

Other: Paisano Gap Financing Note -cash flow	□1,685,792	Amort	0
Int □ate	3.00□	Aggregate □C□	1.19

Other: Paisano Gap Financing Note (additional financing) - Paymen	□3,300,000	Amort	0
Int □ate	3.00□	Aggregate □C□	1.19

Other: HACEP - Cash Flow	□1,520,000	Amort	0
Int □ate	3.00□	Aggregate □C□	1.19

Other: Paisano (additional financing) paydown	□□402,780□	Amort	0
Int □ate	3.00□	Aggregate □C□	1.19

LONG TERM OPERATING PRO FORMA

	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	□904,852	□922,949	□941,408	□960,236	□979,441	□1,081,382	□1,193,933	□1,318,199	□1,455,398	□1,606,877	□1,774,122	□1,958,774
L□□□□□□□AL □□□□□□□□	544,176	559,958	576,203	592,924	□610,136	704,071	□812,630	938,108	1,083,158	1,250,858	1,444,766	1,669,004
NET OPERATING INCOME	**$360,676**	**$362,991**	**$365,205**	**$367,312**	**$369,305**	**$377,311**	**$381,303**	**$380,091**	**$372,240**	**$356,019**	**$329,356**	**$289,770**
L□□□□□□□□ □□□□IC□	301,916	301,916	301,916	301,916	301,916	301,916	301,916	301,916	301,916	301,916	301,916	301,916
NET CASH FLOW	**$58,761**	**$61,075**	**$63,289**	**$65,396**	**$67,390**	**$75,395**	**$79,387**	**$78,176**	**$70,324**	**$54,104**	**$27,441**	**($12,146)**
CUMULATIVE NET CASH FLOW	□58,761	□119,836	□183,126	□248,522	□315,912	□678,271	□1,069,050	□1,464,700	□1,835,001	□2,141,694	□2,336,864	□2,361,032
DEFERRED DEVELOPER FEE BALANCE	□0	□0	□0	□0	□0	□0	□0	□0	□0	□0	□0	□0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.19	1.20	1.21	1.22	1.22	1.25	1.26	1.26	1.23	1.18	1.09	0.96
EXPENSE/EGI RATIO	60.14□	60.67□	61.21□	61.75□	62.29□	65.11□	68.06□	71.17□	74.42□	77.84□	81.44□	85.21□

HTC ALLOCATION ANALYSIS - Father Carlos Pinto Memorial Apartments, El Paso, # 16414

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$260,000	$260,000				
Purchase of buildings	$1,260,000	$1,260,000	$1,260,000	$1,260,000		
Closing costs & Acq. Legal Fees	$0	$0				
Off-Site Improvements	$0	$0			$0	$0
Sitework	$150,898	$150,898			$150,898	$150,898
Building Costs	$9,731,087	$9,731,088			$9,731,087	$9,731,088
Contingency	$0	$0				$0
Contractor's Fees	$1,548,290	$1,383,478			$1,383,478	$1,383,478
Indirect Construction	$1,136,128	$1,136,128	$0	$0	$712,816	$712,816
Interim Financing	$1,788,174	$1,788,174	$0	$0	$382,757	$382,757
Developer Fees						
Developer Fees	$1,954,298	$1,954,298	$0	$0	$1,954,298	$1,954,298
Development Reserves	$420,064	$420,064				
TOTAL DEVELOPMENT COSTS	$18,248,939	$18,084,127	$1,260,000	$1,260,000	$14,315,333	$14,315,334

Deduct from Basis:						
	$0					
Describe						
Describe						
Describe						
Describe						
Describe					$0	$0
TOTAL ELIGIBLE BASIS			$1,260,000	$1,260,000	$14,315,333	$14,315,334
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			$1,260,000	$1,260,000	$18,609,933	$18,609,934
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$1,260,000	$1,260,000	$18,609,933	$18,609,934
Applicable Percentage			3.18%	3.18%	3.32%	3.32%
TOTAL AMOUNT OF TAX CREDITS			$40,068	$40,068	$617,850	$617,850
	Syndication Rate	**1.030693**	**$412,978**	**$412,978**	**$6,368,136**	**$6,368,137**

Total Tax Credits (Eligible Basis Method)	**$657,918**	**$657,918**
Syndication Proceeds	**$6,781,114**	**$6,781,115**
Approved Tax Credits	**$421,385**	
Syndication Proceeds	**$4,343,187**	
Requested Tax Credits	**$665,031**	
Syndication Proceeds	**$6,854,431**	
Gap of Syndication Proceeds Needed	**$6,781,115**	
Total Tax Credits (Gap Method)	**$657,918**	
Recommended Tax Credits	**657,918**	
Syndication Proceeds	**$6,781,117**	

EP FATHER PINTO, LP

November 16, 2020

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

RE: Increased Cost Explanation and Additional Tax Credit Request – Father Pinto Community

Dear Mr. Fugina,

The purpose of this correspondence is to explain the increase in costs at the Father Pinto Community (Development) and to request additional housing tax credits. These cost increases were due to unforeseen preconstruction conditions which caused the Scope of Work (SOW) to be modified. These SOW modifications included:

- Asbestos abatement on interior walls and ceilings and replacing the asbestos-containing drywall therein;
- Complete rewiring and electrical panel replacement;
- Demolition and replacement of waste and vent piping system, hydronic piping, and all water copper piping;
- Demolition and replacement of windows at the units, the elevator lobby, and the laundry areas; and
- Extension of contract time.

Moreover, we are requesting an increase to the amount of housing tax credits originally awarded in the Development's Determination Notice. The original award was $421,385 of housing tax credits per year. However, we are requesting an increased housing tax credit award of $665,031 per year. We acknowledge that the thirty-eight percent increase requires TDHCA Board action and will subject the Development to a fee equal to 4% of the amount of the tax credit increase for one year.

Please let me know if you have any questions.

Best Regards,

DocuSigned by:
Satish Bhaskar
F7E23837C129451...

Satish Bhaskar
CFO & Executive Vice President

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BOARD ACTION REQUEST

MULTIFAMILY BOND DIVISION

MAY 12, 2022

Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Mortgage Revenue Bonds (Torrington Arcadia Trails Project) Series 2022 Resolution No. 22-023, and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for Torrington Arcadia Trails at the Board meeting of October 14, 2021;

WHEREAS, an application for Torrington Arcadia Trails requesting 4% Housing Tax Credits, sponsored by JPI and the Balch Springs Public Facility Corporation, was submitted to the Department on December 20, 2021;

WHEREAS, a Certificate of Reservation was issued and subsequently certified in the amount of $31,000,000 on January 20, 2022, with a bond delivery deadline of July 19, 2022; and

WHEREAS, EARAC recommends approval of the issuance of Multifamily Housing Revenue Bonds (Series 2022) for Torrington Arcadia Trails, and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of tax-exempt Multifamily Housing Mortgage Revenue Bonds (Torrington Arcadia Trails Project) Series 2022 in the amount of $31,000,000, Resolution No. 22-023, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $2,726,740 in 4% Housing Tax Credits for Torrington Arcadia Trails, 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: Torrington Arcadia Trails is to be located at 3811 South Beltline Road in Balch Springs, Dallas County, and proposes the new construction of 250 units that will serve the general population. The Certificate of Reservation from the Bond Review Board was issued under the Priority 1A designation, which requires that 50% of the units within the development have rents restricted to 50% of Area Median Family Income (AMFI), and 50% of the units have rents restricted to 60% of AMFI. The application submitted to the Department indicates that 125 of the units will be rent and income restricted at 50% of AMFI, and the remaining 125 units will be rent and income restricted at 60% of AMFI.

Organizational Structure and Previous Participation: The Borrower is Torrington Arcadia Trails, LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 1 and was deemed acceptable, without further review or discussion, by EARAC.

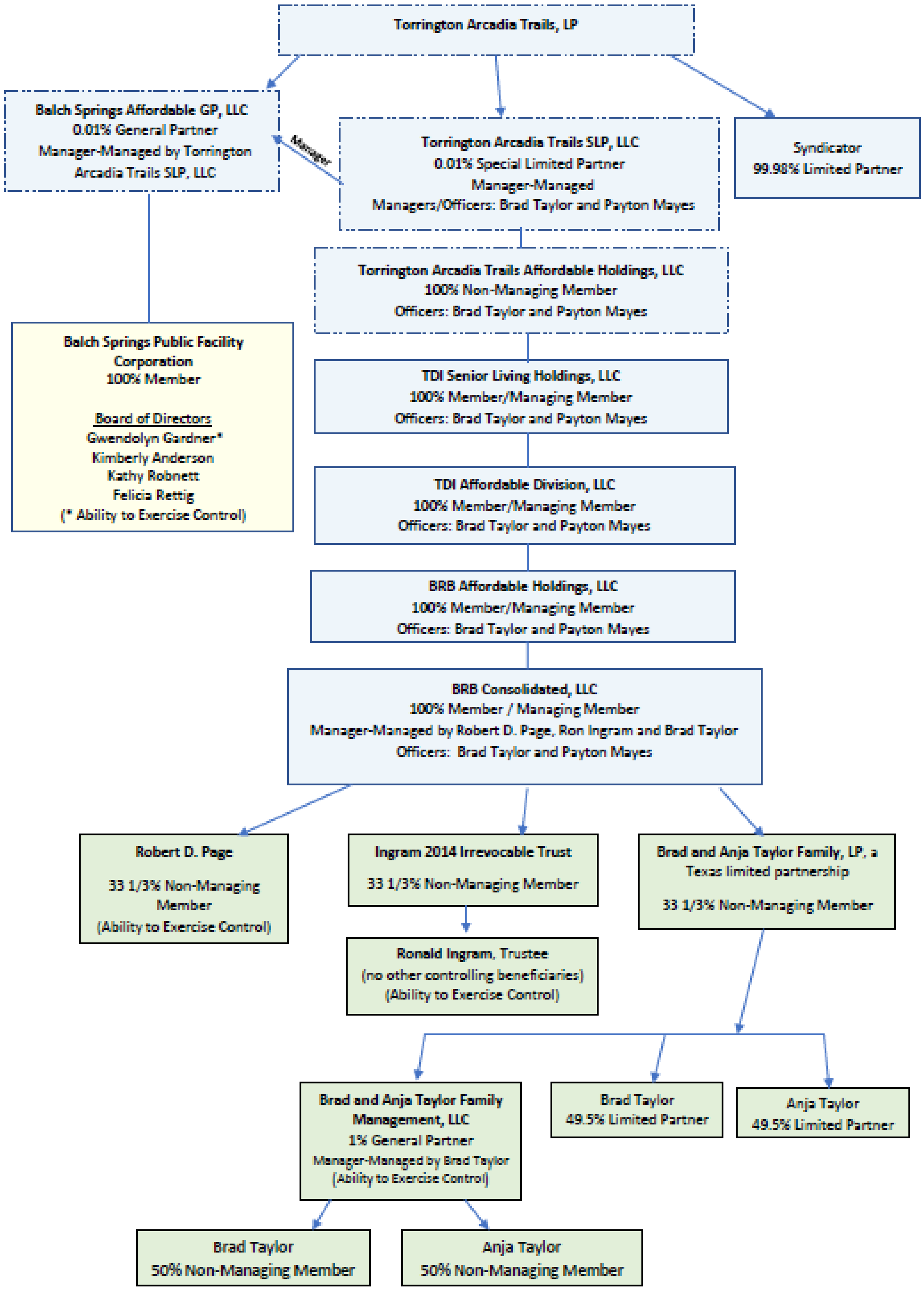
Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment: In light of COVID-19 and the inability for an in-person TEFRA hearing to be held, staff conducted a telephonic hearing, in accordance with IRS guidance, for the proposed development on March 24, 2022. Representatives from 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 no letters of support or opposition to the proposed development.

Summary of Financial Structure

Under the proposed structure, the Department will issue unrated, fixed rate tax-exempt bonds in the amount of $31,000,000 that will be initially purchased by CommunityBank of Texas, who will be serving as the construction and permanent lender. In addition to the $31,000,000 tax-exempt bond loan, CommunityBank of Texas will provide a taxable tail during the construction phase of the loan in the amount of $17,000,000, bringing the total loan amount to $48,000,000. The construction phase of the loan will have a 36-month term, with one 6-month extension option. Upon conversion to the permanent phase, the total loan will be paid down to approximately $30,594,394, and will be subject to a 15-year term, 35-year amortization, and final maturity date of June 1, 2040. The interest rate for the tax-exempt portion of the loan will be fixed prior to closing at a rate of 3.75%, while the interest rate for the taxable tail will be fixed at a rate of 4.75%.

A copy of the Exhibits recommended to be approved by the Board as referenced in Resolution No. 22-023 can be found online at TDHCA's Board Meeting Information Center website at http://www.tdhca.state.tx.us/board/meetings.htm.

EXHIBIT A


Torrington Arcadia Trails, LP
Balch Springs Affordable GP, LLC
0.01% General Partner
Manager-Managed by Torrington Arcadia Trails SLP, LLC
Manager
Torrington Arcadia Trails SLP, LLC
0.01% Special Limited Partner
Manager-Managed
Managers/Officers: Brad Taylor and Payton Mayes
Syndicator
99.98% Limited Partner
Torrington Arcadia Trails Affordable Holdings, LLC
100% Non-Managing Member
Officers: Brad Taylor and Payton Mayes
Balch Springs Public Facility Corporation
100% Member
Board of Directors
Gwendolyn Gardner*
Kimberly Anderson
Kathy Robnett
Felicia Rettig
(* Ability to Exercise Control)
TDI Senior Living Holdings, LLC
100% Member/Managing Member
Officers: Brad Taylor and Payton Mayes
TDI Affordable Division, LLC
100% Member/Managing Member
Officers: Brad Taylor and Payton Mayes
BRB Affordable Holdings, LLC
100% Member/Managing Member
Officers: Brad Taylor and Payton Mayes
BRB Consolidated, LLC
100% Member / Managing Member
Manager-Managed by Robert D. Page, Ron Ingram and Brad Taylor
Officers: Brad Taylor and Payton Mayes
Robert D. Page
33 1/3% Non-Managing Member
(Ability to Exercise Control)
Ingram 2014 Irrevocable Trust
33 1/3% Non-Managing Member
Brad and Anja Taylor Family, LP, a Texas limited partnership
33 1/3% Non-Managing Member
Ronald Ingram, Trustee
(no other controlling beneficiaries)
(Ability to Exercise Control)
Brad and Anja Taylor Family Management, LLC
1% General Partner
Manager-Managed by Brad Taylor
(Ability to Exercise Control)
Brad Taylor
49.5% Limited Partner
Anja Taylor
49.5% Limited Partner
Brad Taylor
50% Non-Managing Member
Anja Taylor
50% Non-Managing Member

RESOLUTION NO. 22-023

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (TORRINGTON ARCADIA TRAILS PROJECT) SERIES 2022; 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, 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 Multifamily Housing Mortgage Revenue Bonds (Torrington Arcadia Trails Project) Series 2022 (the "Bonds") pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") between the Department and Wilmington Trust, National Association, as trustee (the "Trustee"), for the purpose of providing funds in connection with the financing 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 Bonds to fund a mortgage loan to Torrington Arcadia Trails, 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 14, 2021, declared its intent to issue its revenue bonds or notes 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, CommunityBank of Texas, N.A., as bond owner (the "Purchaser"), and the Borrower will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Borrower Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the obligations of the Borrower under the Financing Agreement will be secured by a Construction and Permanent Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing (the "Bond Mortgage") from the Borrower for the benefit of the Department and assigned to the Trustee; and

WHEREAS, the Department's rights (except for certain unassigned rights) under the Indenture, the Financing Agreement, the Borrower Note and the Bond Mortgage will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents (the "Assignment") from the Department to the Trustee; and

WHEREAS, with respect to the Bonds, the Board has determined that the Department, the Trustee, the Balch Springs Public Facility Corporation, a Texas non-profit public facility corporation, as fee owner (the "Fee Owner") 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 Dallas County, Texas; and

WHEREAS, in order to assure compliance with Section 103 and 141 through 150 of the Code, the Board has determined that the Department, the Trustee and the Borrower will execute a Tax Exemption Certificate and Agreement (the "Tax Exemption Agreement"), in connection with the Bonds, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Bonds as exempt from gross income for federal income tax purposes; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing 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 Bond Mortgage and the 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 Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Bond Mortgage 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 BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds 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 Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the Purchaser.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (i) the Bonds shall bear interest at a fixed interest rate of 3.75% subject to adjustment as described in the Indenture; provided that in no event shall the interest rate (including any default rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be $31,000,000; (iii) the final maturity of the Bonds shall occur on June 1, 2040; and (iv) the price at which the Bonds are sold to the Purchaser shall be the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement. That the form and substance of the Financing Agreement are hereby approved, and that the Authorized

Representatives each are hereby authorized to execute the Financing Agreement, and to deliver the Financing Agreement to the Borrower.

Section 1.5 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 the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower, the Fee Owner and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Dallas County, Texas.

Section 1.6 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement 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 Trustee.

Section 1.7 Reserved.

Section 1.8 Reserved.

Section 1.9 Reserved.

Section 1.10 Acceptance of the Borrower Note and the Bond Mortgage. That the form and substance of the Borrower Note and the Bond Mortgage 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 Trustee without recourse.

Section 1.11 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 Trustee.

Section 1.12 Reserved.

Section 1.13 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each 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 1.14 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each 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 1.15 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	-	Indenture
Exhibit C	-	Financing Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E	-	Borrower Note
Exhibit F	-	Bond Mortgage
Exhibit G	-	Assignment
Exhibit H	-	Tax Exemption Agreement

Section 1.16 Authorized Representatives. That the following persons are each 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 Interim Director of Bond Finance 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 Bonds 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 Bonds.

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 Bonds and all other Department activities.

Section 2.4 Reserved.

Section 2.5 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Indenture and the Tax Exemption Agreement.

Section 2.6 Reserved.

Section 2.7 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 2.8 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 Bonds 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 Financing Agreement, the Regulatory Agreement and the Tax Exemption 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 Financing Agreement, the Regulatory Agreement and the Tax Exemption 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 Bonds 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 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 Loan established pursuant to the Financing Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

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 Bonds in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do 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. Each Bond 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 Section 2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

PASSED AND APPROVED this 12th day of May, 2022.

EXHIBIT A

Description of Development

Borrower: Torrington Arcadia Trails, LP, a Texas limited partnership

Development: The Development is a 250-unit affordable, multifamily housing development known as Torrington Arcadia Trails, located at 1001 Mercury Road, Balch Springs, Dallas County, Texas 75181. It consists of five (5) residential apartment buildings with approximately 229,120 net rentable square feet. The unit mix will consist of:

84	one-bedroom/one-bath units
98	two-bedroom/two-bath units
68	three-bedroom/two-bath units
250	Total Units

Unit sizes will range from approximately 700 square feet to approximately 1,150 square feet.

22601 Torrington Arcadia - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 26, 2022

PROPERTY IDENTIFICATION

Application #	**22601**
Development	**Torrington Arcadia**
City / County	**Balch Springs / Dallas**
Region/Area	**3 / Urban**
Population	**General**
Set-Aside	**General**
Activity	**New Construction**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$2,726,740	**$2,726,740**	**$10,907/Unit**	**$0.88**

KEY PRINCIPALS / SPONSOR

- **Brad Taylor & Payton Mayes/TDI Affordable Division, LLC**
- **Balch Springs Public Facility Corporation**

Related Parties	Contractor -	Yes	Seller -	No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	84	34%
2	98	39%
3	68	27%
4	-	0%
TOTAL	250	100%

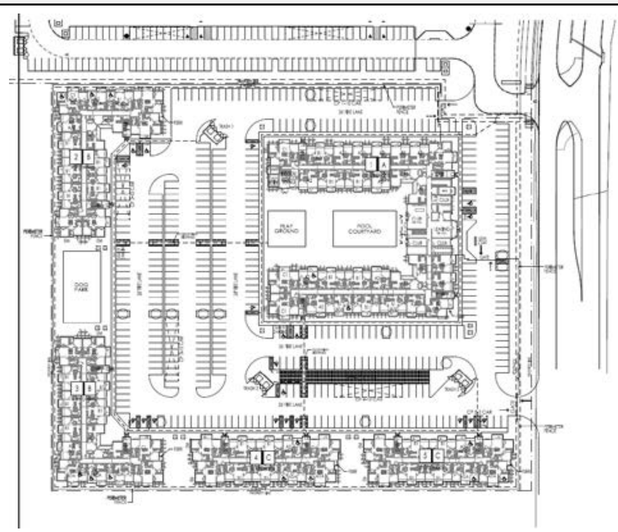
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	-	0%
40%	-	0%
50%	125	50%
60%	125	50%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	250	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten	Applicant's Pro Forma		
Debt Coverage	1.15	**Expense Ratio**	37.1%
Breakeven Occ.	84.9%	**Breakeven Rent**	$928
Average Rent	$1,013	**B/E Rent Margin**	$85
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$4,272/unit	**Controllable**	$2,833/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			7.0%
Highest Unit Capture Rate	14%	1 BR/50%	42
Dominant Unit Cap. Rate	13%	2 BR/50%	49
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	916 SF	**Density**	30.3/acre
Acquisition		$08K/unit	$2,066K
Building Cost	$133.01/SF	$122K/unit	$30,474K
Hard Cost		$144K/unit	$36,093K
Total Cost		$238K/unit	$59,384K
Developer Fee	$6,840K	(75% Deferred)	Paid Year: 13
Contractor Fee	$5,053K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Community Bank of Texas	15/35	3.75%	$30,594,394	1.13
TOTAL DEBT (Must Pay)			$30,594,394	

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

EQUITY / DEFERRED FEES	
Source	Amount
CREA	$24,129,232
Torrington Arcadia Trails Affordable Dev	$5,144,968
TOTAL EQUITY SOURCES	**$29,274,200**
TOTAL DEBT SOURCES	**$30,594,394**
TOTAL CAPITALIZATION	**$59,868,594**

CONDITIONS

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

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	7/19/2022
Bond Amount	$35,000,000
BRB Priority	1a
% Financed with Tax-Exempt Bonds	56.9%

RISK PROFILE

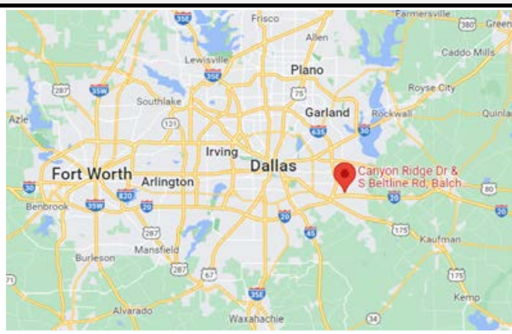
STRENGTHS/MITIGATING FACTORS

- 99.5% average occupancy for stabilized LIHTC developments in PMA
- Overall Feasibility Indicators as underwritten
- New construction and attractive design should enhance leasing
- Developer Experience

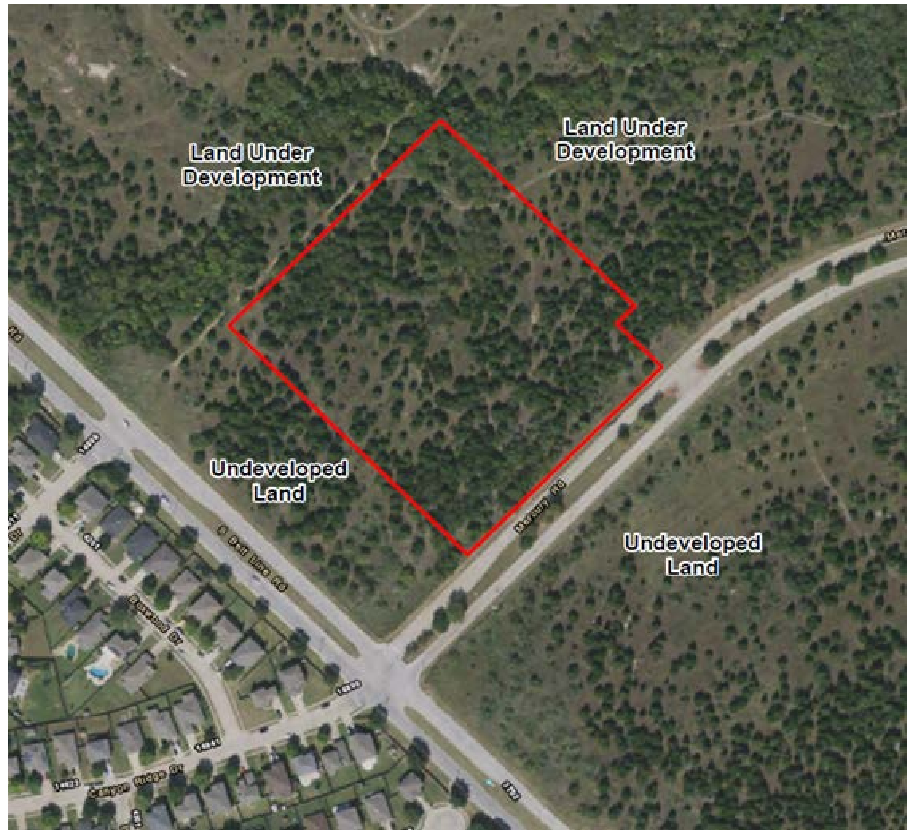
WEAKNESSES/RISKS

- Interest rate sensitivity
- Feasibility relies on 100% property tax exemption and
- 5% contingency

AREA MAP



AERIAL PHOTOGRAPH(s)



Real Estate Analysis Division
Underwriting Report
April 26, 2022

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **22601** Program(s): **TDHCA Bonds/4% HTC**

Torrington Arcadia

Address/Location: NEQ of Mercury Road and S. Beltline Road

City: Balch Springs County: Dallas Zip: 75181

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

Activity: New Construction Building Type: Garden (Up to 4-story) Region: 3

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	$31,000,000	3.75%	35	15	**$31,000,000**	**3.75%**	**35**	**15**	**1st**
LIHTC (4% Credit)	$2,726,740				**$2,726,740**				

CONDITIONS

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
50% of AMI	50% of AMI	125
60% of AMI	60% of AMI	125

PROJECT SUMMARY

New construction of 250 general population units. The unit mix is 33% one bedroom units, 39% 2-bedroom units and 27% 3-bedroom units. On site amenities include a community room, business center, fitness center, and community kitchen. The three story walk-up has three different apartment buildings that include a swimming pool, dog park and playground.

RISK PROFILE

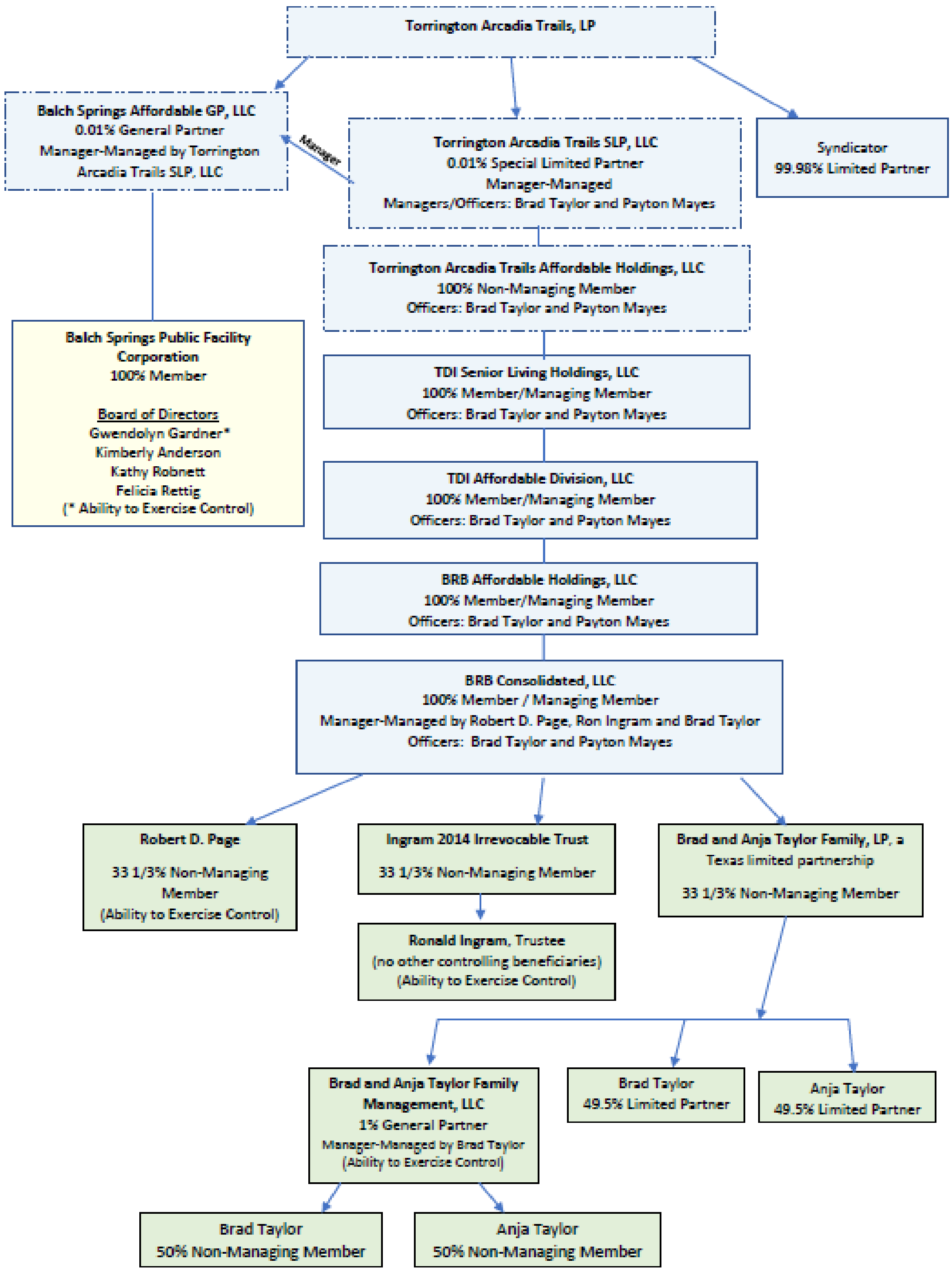
STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
▫ 99.5% average occupancy for stabilized LIHTC developments in PMA	▫ Interest rate sensitivity
▫ Overall Feasibility Indicators as underwritten	▫ Feasibility relies on 100% property tax exemption and a 4% Management Fee
▫ New construction and attractive design should enhance leasing	▫ 5% contingency
▫ Developer Experience	▫

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Payton Mayes	Name:	Ryan Combs
Phone:	(214) 451-5903	Phone:	(512) 983-0422
Relationship:	Developer	Relationship:	Developer

OWNERSHIP STRUCTURE

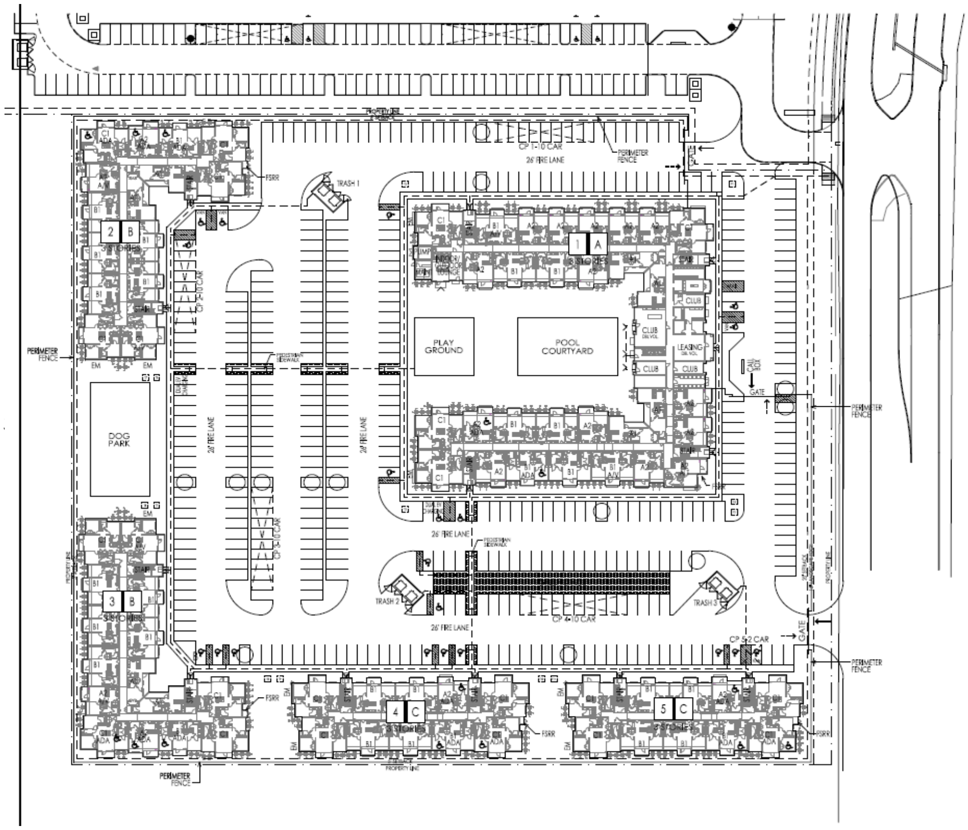


NOTE: Dotted line indicates the entity has not yet been formed

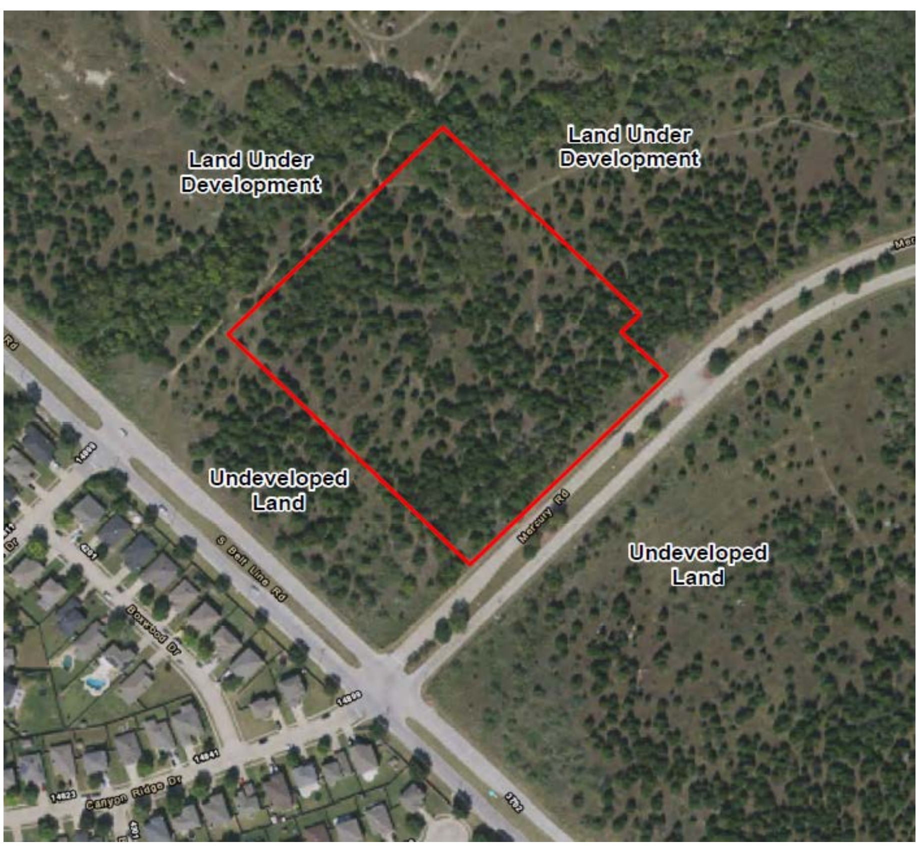
DEVELOPMENT SUMMARY

SITE PLAN

Place



deals.



Comments:

The site will be designed to provide two points of ingress and egress from Mercury Road (a public street). Onsite grading will provide for handicap accessibility and have a generally flat interior courtyard. Since there is a close proximity to an improved drainage channel and pond, no detention will be required. The site slopes across the site towards the northeast. Proposed grading will grade the property towards the northeast corner where an underground storm sewer will collect the stormwater and discharge it into an offsite drainage channel, following the natural drainage patterns.

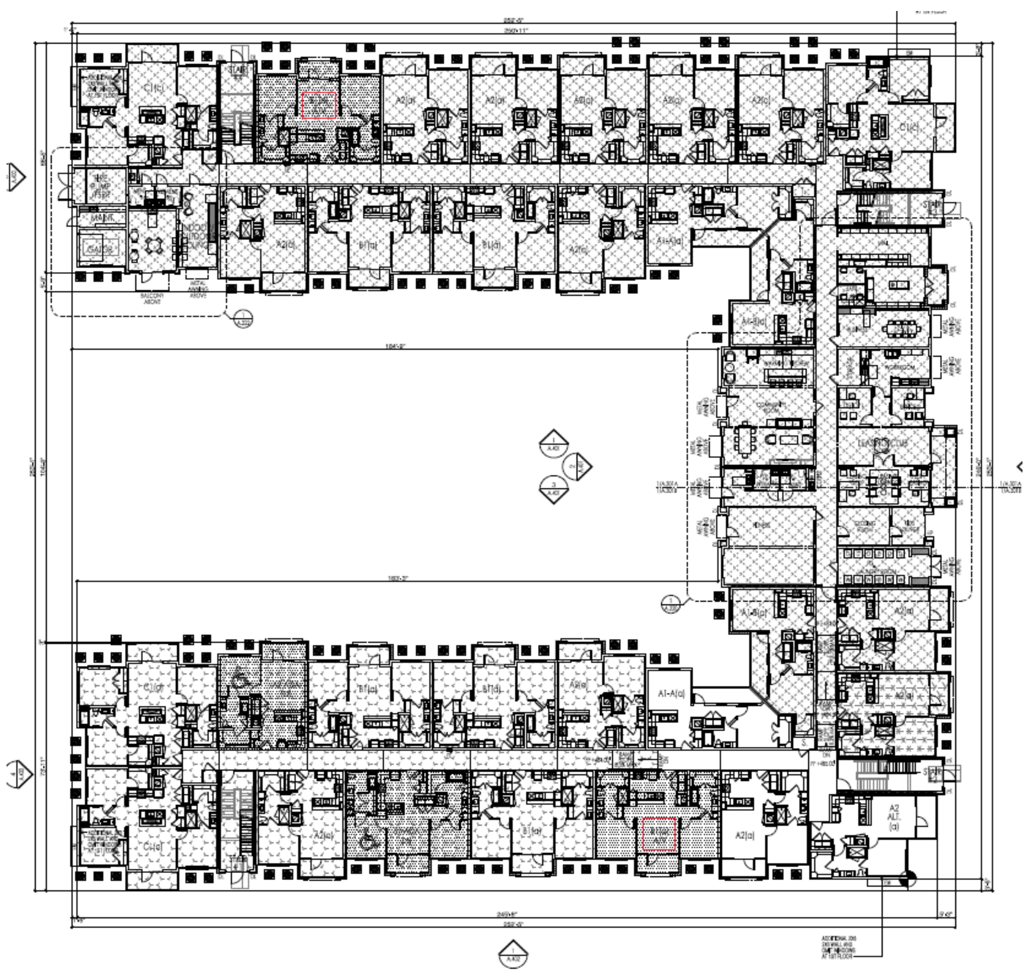
Site amenities include: community laundry room, indoor/outdoor lounge, pool and pool court, playground, grill stations and a dog park.

Parking	No Fee		Tenant-Paid		Total	
Open Surface	390	*1.6/unit*	0	--	390	*1.6/unit*
Carport	40	*0.2/unit*	0	--	40	*0.2/unit*
Garage	0	--	0	--	0	--
Total Parking	**430**	*1.7/unit*	**0**	--	**430**	*1.7/unit*

Comments:

Code parking requirement for this development is 367 spaces (1.5/unit). However, site plan reflects a total of 430 spaces (1.7/unit), which includes 40 carport spaces. All parking will be provided at no charge to the residents.

BUILDING PLAN (Typical)



Comments:

Buildings are three-stories with full-length enclosed corridors. Overall floor plan design requires multiple plumbing runs throughout. All units are non-rectangular, with 9 ft. ceilings, walk-in closets, breakfast bars and kitchen pantries with shelving. Two-bedroom units feature double vanities and three-bedroom units have island kitchens.

BUILDING ELEVATION

Comments:

Buildings have higher than average articulation with parapets along the roof line. Average exterior facade is composed of 47% stucco, 17% stone, 13% brick and 23% cement fiber siding. Roofs have a standard 5/12 pitch. Balconies feature metal railings.

BUILDING CONFIGURATION

Building Type	A	B	C	Total Buildings
Floors/Stories	3	3	3	
Number of Bldgs	1	2	2	**5**
Units per Bldg	100	45	30	
Total Units	100	90	60	**250**

Avg. Unit Size (SF)	**916 sf**	**Total NRA (SF)**	**229,120**	**Common Area (SF)***	**6,309**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 8.24 acres Density: 30.3 units/acre

Site Control: 8.241 **Site Plan:** 8.241 **Appraisal:** N/A **ESA:** 8.241

Feasibility Report Survey: 8.24 **Feasibility Report Engineer's Plan:** 8.241

Control Type: Unimproved Property Contract

Development Site: 8.24 acres Cost: $2,065,702 $8,263 per unit

Seller: Bloomfield Homes, L.P.

Buyer: TDI Affordable Acquisition, LLC

Assignee: Balch Springs Public Facility Corp.

Related-Party Seller/Identity of Interest: No

Comments:

Applicant's organizational structure contemplates full ownership of the general partner by the Balch Springs Public Facility Corporation (BSPFC). In order to achieve an exemption from property taxes, BSPFC will own the land and execute a ground lease with the Partnership.

The full 8.241 acres will be encumbered by the LURA.

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	Planned Development	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	0	Title Issues?	No

Current Uses of Subject Site:

Undeveloped land

Surrounding Uses:

Northeast: Land under development
Southeast: Undeveloped land
Southwest: Undeveloped land
Northwest: Land under development

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 11/8/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- None

MARKET ANALYSIS

Provider:	Apartment MarketData, LLC	Date:	12/15/2021
Contact:	Darrell G Jack	Phone:	(210) 530-0040

Primary Market Area (PMA): 27.88 sq. miles 3 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Dallas County Income Limits								
HH Size		1	2	3	4	5	6	7+
50% AMGI	Min	$25,020	$25,020	$30,030	$30,030	$34,710	$34,710	---
	Max	$31,150	$35,600	$40,050	$44,500	$48,100	$51,650	---
60% AMGI	Min	$30,030	$30,030	$36,030	$36,030	$41,670	$41,670	---
	Max	$37,380	$42,720	$48,060	$53,400	$57,720	$61,980	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
21604	Meadowbrook	Yes	New	General	140	180

Other Affordable Developments in PMA since 2017

File #	Development	Type	Target Population	Comp Units	Total Units
18614	Springs Apartments	New	General	n/a	221
18600	Forestwood	New	General	n/a	220
21445	Parmore Arcadia Trails	New	Elderly	n/a	200
21439	Riverstation Apartments	A/R	General	n/a	236

Stabilized Affordable Developments in PMA		
	Total Units	2,276
	Total Developments	11
	Average Occupancy	99.5%

OVERALL DEMAND ANALYSIS

	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	30,446			
Potential Demand from the Primary Market Area	5,047			
10% External Demand	505			
Potential Demand from Other Sources				
GROSS DEMAND	5,552			
Subject Affordable Units	250			
Unstabilized Competitive Units	140			
RELEVANT SUPPLY	390			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**7.0%**			

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						
50% AMGI	1,623	162	125	0	7%						
60% AMGI	3,424	342	125	140	7%						

Demand Analysis:

The capture rate calculation determines the percentage of the qualified demand that is needed to absorb the proposed units. All capture rates reported are below the maximum thresholds.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE											
	Market Analyst										
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate						
1 BR/50%	268	27	42	0	14%						
1 BR/60%	488	49	42	34	14%						
2 BR/50%	350	35	49	0	13%						
2 BR/60%	828	83	49	64	12%						
3 BR/50%	227	23	34	0	14%						
3 BR/60%	552	55	34	42	13%						

Market Analyst Comments:

The most recently completed family affordable projects are Springs Apartments (#18614 – 221 units) and Forestwood (#18600 – 220 units). Both projects were completed in 2020, leased quickly and are currently 100% occupied. (p.13)

Since 2010, there have been four major projects built in the PMA. These projects added 632 units to the supply. Currently there is one affordable family project under construction and one elderly affordable project in planning. Meadowbrook (#21604 – 180 units) is a family project that received an allocation in 2021. Meadowbrook is currently under construction. Parmore Arcadia Trails (#21445 – 200 units) is an elderly project that received an LIHTC allocation in 2021. (p.13)

"The occupancy rate for the income restricted one bedrooms is 100%, for income restricted two bedrooms it is 99.8%, for income restricted three bedrooms it is 98.4%, for income restricted four bedrooms it is 100% and the overall average occupancy for income restricted units is 99.5%." (p.13)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$1,813,188	Avg. Rent:	$1,013	Expense Ratio:	37.1%
Debt Service:	$1,576,185	B/E Rent:	$928	Controllable Expenses:	$2,833
Net Cash Flow:	$237,003	UW Occupancy:	92.5%	Property Taxes/Unit:	$0
Aggregate DCR:	1.15	B/E Occupancy:	84.9%	Program Rent Year:	2021

All units are restricted and underwritten at 2021 maximum net program rents.

Applicant's Pro Forma DCR is 1.16. However, they only assumed a $5K expense for the Bond Issuer Admin. Fee, while TDHCA's first year Fee will be $31K (10 basis points on the outstanding $31M Bond amount). By taking that into account, Applicant's DCR is reduced to 1.13. In order to achieve feasibility, the Underwriter has assumed a $485K reduction in the permanent debt with an offsetting increase in deferred developer fee.

Breakeven occupancy occurs with 38 units vacant (underwritten at 19).

As presented, average rent with 1 month concession on 60% units is still $39 above break-even, but no concessions are anticipated since subject is offering a combined 32% discount to indicated market rents.

The development will have a 100% property tax exemption. Without the tax exemption, the DCR would fall to 0.88 and the development would be considered infeasible.

Pro Forma exhibits long-term feasibility for 35 years at the permanent loan rate of 3.75% fixed. However, all else equal, rate could not increase without the first year DCR dropping below the minimum 1.15 threshold.

As underwritten, the long-term Pro Forma exhibits a 15 year residual cash flow of $1.8M after repayment of deferred developer fee in year 13.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$250,692/ac	$8,263/unit	**$2,065,702**	Contractor Fee	**$5,053,019**
Off-site + Site Work		$15,600/unit	**$3,900,000**	Soft Cost + Financing	**$7,741,485**
Building Cost	$133.01/sf	$121,897/unit	**$30,474,280**	Developer Fee	**$6,839,648**
Contingency	5.00%	$6,875/unit	**$1,718,714**	Reserves	**$1,590,746**
Total Development Cost	$237,534/unit	**$59,383,594**		**Rehabilitation Cost**	**N/A**
Qualified for 30% Basis Boost?	Located in a Small Area Difficult Development Area (SADDA)				

Site Work:

Certified total site work of $3.3M ($13K/unit) for typical grading, concrete, paving and utility costs.

Building Cost:

Applicant's Building Cost is $30.5M ($133/sf, $122K/unit). TDHCA has typically underwritten Building Cost using Marshall and Swift (M&S), and In this case, building design features warrant using M&S good quality construction values. By doing so, Underwriter came up with an estimate of $28.7M, a variance of $1.8M. Therefore by request, Applicant provided a schedule of values from their general contractor to support their budgeted costs. Since M&S may not yet have adjusted their values for the recent increases in lumber, steel, appliances, electrical wiring and petroleum-based products (like adhesives and roofing), Underwriter chose to use the $30.2M Building Cost reflected in the contractor's schedule of values.

Contingency:

Applicant's budgeted contingency is only 5%.

Reserves:

Applicant's total capital reserves represent approximately 7 months of operating expenses and debt service.

Comments:

Applicant's Total Development Cost only varies from TDHCA's estimate by 0.67%. As a result, 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
$59,383,594	$52,437,299	$2,726,740

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
TDHCA	$35,000,000	1/20/2022	1a
Closing Deadline			
7/19/2022			

Percent of Cost Financed by Tax-Exempt Bonds	56.9%

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Community Bank of Texas	Construction Loan	$31,000,000	3.75%	52%
Community Bank of Texas	Construction Loan Taxable	$17,000,000	4.75%	29%
CREA	HTC	$10,218,368	$0.89	17%
Torrington Arcadia Trails Affordable Development, LLC	Deferred Fee	$1,165,226	0.00%	2%
		$59,383,594	**Total Sources**	

Comments:

Community Bank of Texas will provide the construction and permanent financing for this transaction. Interim construction financing will consist of a primary $31M tax exempt construction loan at 3.75% along with a $17M taxable loan at 4.75%.

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Community Bank of Texas	$30,594,394	3.75%	35	15	$30,594,394	3.75%	35	15	52%
Total	**$30,594,394**				**$30,109,394**				

Comments:

The permanent phase loan amount is currently estimated at $30.6M, amortized over 35 years with a 15-year term, at a fixed rate of 3.75%.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
CREA	$24,129,236	$0.88		$24,129,232	$0.88	41%	
Torrington Arcadia Trails Affordable Development, LLC	$4,659,964		68%	$5,144,968		9%	76%
Total	**$28,789,200**			**$29,274,200**			
				$59,383,594	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$1.074	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.834	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

CREA's total equity contribution of $24.1M is being provided at a credit price of $0.88.

CONCLUSIONS

Recommended Financing Structure:

In order to achieve the minimum 1.15 debt coverage ratio, the underwriting analysis assumes a $485,000 decrease in the permanent loan amount from $30,594,394 to $30,109,394.

Gap Analysis:	
Total Development Cost	$59,383,594
Permanent Sources (debt + non-HTC equity)	$30,109,394
Gap in Permanent Financing	$29,274,200

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$24,129,232	$2,726,740
Needed to Balance Sources & Uses	$29,274,200	$3,308,150
Requested by Applicant	$24,129,232	$2,726,740

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$24,129,232**	**$2,726,740**

	Amount
TDHCA-Issued Bonds	**$31,000,000**

Deferred Developer Fee	**$5,144,968**	**(76% deferred)**
Repayable in	**13 years**	

Comments:

Underwriter recommends an annual credit allocation of $2,726,740 as requested by Applicant.

Underwriter:	*Deborah Willson*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Torrington Arcadia, Balch Springs, TDHCA Bonds/4% HTC #22601

LOCATION DATA	
CITY:	□alch □prings
COUNTY:	□allas
Area Median Income	□89,000
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
□ff	-	0.0□	0	0
1	84	33.6□	0	0
2	98	39.2□	0	0
3	68	27.2□	0	0
4	-	0.0□	0	0
5	-	0.0□	0	0
TOTAL	250	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	916 sf

55%	Income	20□	30□	40□	50□	60□	70□	80□	□□ □□□	TOTAL
Average Income	# Units	-	-	-	125	125	-	-	-	250
	% Total	0.0□	0.0□	0.0□	50.0□	50.0□	0.0□	0.0□	0.0□	100.0%

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
□C 50□	□834	42	1	1	700	□834	□59	□775	□0	□1.11	□775	**$32,550**	**$32,550**	□775	**$1**	**$0**	□1,203	□1.72	□1,203
□C 60□	□1,001	42	1	1	700	□1,001	□59	□942	□0	□1.35	□942	**$39,564**	**$39,564**	□942	**$1**	**$0**	□1,203	□1.72	□1,203
□C 50□	□1,001	49	2	2	940	□1,001	□75	□926	□0	□0.99	□926	**$45,374**	**$45,374**	□926	**$1**	**$0**	□1,523	□1.62	□1,523
□C 60□	□1,201	49	2	2	940	□1,201	□75	□1,126	□0	□1.20	□1,126	**$55,174**	**$55,174**	□1,126	**$1**	**$0**	□1,523	□1.62	□1,523
□C 50□	□1,157	34	3	2	1,150	□1,157	□87	□1,070	□0	□0.93	□1,070	**$36,380**	**$36,380**	□1,070	**$1**	**$0**	□1,762	□1.53	□1,762
□C 60□	□1,389	34	3	2	1,150	□1,389	□87	□1,302	□0	□1.13	□1,302	**$44,268**	**$44,268**	□1,302	**$1**	**$0**	□1,762	□1.53	□1,762
TOTALS/AVERAGES:		**250**			**229,120**				**$0**	**$1.11**	**$1,013**	**$253,310**	**$253,310**	**$1,013**	**$1.11**	**$0**	**$1,480**	**$1.62**	**$1,480**
ANNUAL POTENTIAL GROSS RENT:												**$3,039,720**	**$3,039,720**						

STABILIZED PRO FORMA

Torrington Arcadia, Balch Springs, TDHCA Bonds/4% HTC #22601

	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						□1.11	□1,013	□3,039,720	□3,039,720	□1,013	□1.11		0.0□	□0
Late □ees, App □ees, □et □ees							□25.00	□75,000						
0							□0.00	□0						
0							□0.00	□0						
□otal □econdary Income							□25.00		□75,000	□25.00			0.0□	□0
POTENTIAL GROSS INCOME								□3,114,720	□3,114,720				0.0□	□0
□acancy □ Collection Loss							7.5□ □□I	□233,604□	□233,604□	7.5□ □□I			0.0□	-
□ental Concessions								-	-				0.0□	-
EFFECTIVE GROSS INCOME								□2,881,116	□2,881,116				0.0□	□0

	Database		Local Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
□eneral □ Administrati□e	□123,035	□492□□nit	□110,311	□441	4.46□	□0.56	□514	□128,378	□123,035	□492	□0.54	4.27□	4.3□	5,343
□anagement	□115,117	3.7□ □□I	□118,235	□473	4.00□	□0.50	□461	□115,245	□115,245	□461	□0.50	4.00□	0.0□	-
□ayroll □ □ayroll □a□	□334,788	□1,339□□nit	□362,179	□1,449	7.03□	□0.88	□810	□202,477	□202,477	□810	□0.88	7.03□	0.0□	-
□epairs □ □aintenance	□180,672	□723□□nit	□237,826	□951	5.60□	□0.70	□645	□161,250	□162,500	□650	□0.71	5.64□	-0.8□	□1,250□
□lectric□□as	□61,591	□246□□nit	□40,955	□164	1.55□	□0.20	□179	□44,714	□40,955	□164	□0.18	1.42□	9.2□	3,759
□ ater, □e□er, □ □rash	□194,795	□779□□nit	□178,749	□715	5.95□	□0.75	□686	□171,536	□178,749	□715	□0.78	6.20□	-4.0□	□7,213□
□roperty Ins□rance	□113,577	□0.50 □sf	□97,787	□391	5.55□	□0.70	□640	□160,000	□160,000	□640	□0.70	5.55□	0.0□	-
□roperty □a□ □□ 0□□ 2.7131	□264,462	□1,058□□nit	□231,279	□925	0.00□	□0.00	□0	□0	□0	□0	□0.00	0.00□	0.0□	-
□eser□e for □eplacements					2.17□	□0.27	□250	□62,500	□62,500	□250	□0.27	2.17□	0.0□	-
Ca□le □□					0.00□	□0.00	□0	□0	□0	□0	□0.00	0.00□	0.0□	-
□□pporti□e □er□ices					0.00□	□0.00	□0	□0	□0	□0	□0.00	0.00□	0.0□	-
□□□CA Compliance fees □□40□□□C □nit□					0.23□	□0.03	□26	□6,578	□6,578	□26	□0.03	0.23□	0.0□	-
□□□CA □□L Compliance □□34□□□L □nit□					0.00□	□0.00	□0	□0	□0	□0	□0.00	0.00□	0.0□	-
□□□CA □ond Compliance □ee					0.14□	□0.02	□16	□4,000	□6,250	□25	□0.03	0.22□	-36.0□	□2,250□
□ond □r□stee □ees					0.39□	□0.05	□45	□11,250	□11,250	□45	□0.05	0.39□	0.0□	-
Iss□er □ngoing Compliance □ees					0.00□	□0.00	□0	□0	□0	□0	□0.00	0.00□	0.0□	-
□ec□rity					0.00□	□0.00	□0	□0	□0	□0	□0.00	0.00□	0.0□	-
□ond Iss□er Admin □ee					0.00□	□0.00	□0	□0	□0	□0	□0.00	0.00□	0.0□	-
TOTAL EXPENSES					**37.07%**	**$4.66**	**$4,272**	**$1,067,928**	**$1,069,539**	**$4,278**	**$4.67**	**37.12%**	**-0.2%**	**$ (1,611)**
NET OPERATING INCOME ("NOI")					**62.93%**	**$7.91**	**$7,253**	**$1,813,188**	**$1,811,577**	**$7,246**	**$7.91**	**62.88%**	**0.1%**	**$ 1,611**

CONTROLLABLE EXPENSES	$2,833/Unit		$2,831/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Torrington Arcadia, Balch Springs, TDHCA Bonds/4% HTC #22601

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
Comm□nity □ank of □e□as	0.10□	1.16	1.16	1,565,145	3.75□	35	15	□30,594,394	□30,594,394	15	35	3.750□	□1,601,574	1.13	51.5□
Adjustment to Debt Per §11.302(c)(2)	0.10□								□□485,000□	15	35	3.75□	□□25,389□	1.15	-0.8□
				$1,565,145	TOTAL DEBT / GRANT SOURCES			$30,594,394	$30,109,394	TOTAL DEBT SERVICE			$1,576,185	1.15	50.7□
NET CASH FLOW		□246,432	□248,043						APPLICANT	NET OPERATING INCOME		$1,813,188	$237,003	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
C□□A	LI□□C □□□ity	40.6□	□2,726,740	□0.88	□24,129,236	□24,129,232	□0.88	□2,726,740	40.6□	□10,907	Applicant □e□□est
□orrington Arcadia □rails Afforda□le □e□elopment, LLC	□eferred □e□eloper □ees	7.8□	□68□ □eferred□		□4,659,964	□5,144,968	□75□ □eferred□		8.7□	Total Developer Fee:	$6,839,648
Additional □□cess□□□nds □e□d		0.0□				□0			0.0□		
TOTAL EQUITY SOURCES		48.5□			□28,789,200	□29,274,200			49.3□		
TOTAL CAPITALIZATION					$59,383,594	$59,383,594				15-Yr Cash Flow after Deferred Fee:	$1,378,429

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 Ac□□isition				□8,263 □□nit	□2,065,702	□2,065,702	□8,263 □□nit				0.0□	□0
□ff-□ites		□0		□ □□nit	□0	□0	□ □□nit				0.0□	□0
□ite □ ork		□3,250,000		□13,000 □□nit	□3,250,000	□3,250,000	□13,000 □□nit		□3,250,000		0.0□	□0
□ite Amenities		□650,000		□2,600 □□nit	□650,000	□650,000	□2,600 □□nit		□650,000		0.0□	□0
□□ilding Cost		□30,474,280	□133.01 □sf	□121,897 □□nit	□30,474,280	□30,174,020	□120,696 □□nit	□131.70 □sf	□30,174,020		1.0□	□300,260
Contingency		□1,718,714	5.00□	5.00□	□1,718,714	□1,718,714	5.04□	5.04□	□1,718,714		0.0□	□0
Contractor □ees		□5,053,019	14.00□	14.00□	□5,053,019	□5,010,983	14.00□	14.00□	□5,010,983		0.8□	□42,036
□oft Costs	□0	□1,482,672		□5,931 □□nit	□1,482,672	□1,482,672	□5,931 □□nit		□1,482,672	□0	0.0□	□0
□inancing	□0	□2,968,967		□25,035 □□nit	□6,258,813	□6,258,813	□25,035 □□nit		□2,968,967	□0	0.0□	□0
□e□eloper □ee	□0	□6,839,648	15.00□	15.00□	□6,839,648	□6,788,303	15.00□	15.00□	□6,788,303	□0	0.8□	□51,344
□eser□es				7 □onths	□1,590,746	□1,590,746	7 □onths				0.0□	□0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	$0	$52,437,299		□237,534 □□nit	$59,383,594	$58,989,953	□235,960 □□nit		$52,043,659	$0	0.7%	$393,641
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	$52,437,299		□237,534□□nit	$59,383,594	$58,989,953	□235,960□□nit		$52,043,659	$0	0.7%	$393,641
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					$59,383,594							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Torrington Arcadia, Balch Springs, TDHCA Bonds/4% HTC #22601

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$52,437,299	$0	$52,043,659
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$52,437,299	$0	$52,043,659
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$68,168,489	$0	$67,656,756
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$68,168,489	$0	$67,656,756
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$0	$2,726,740	$0	$2,706,270
CREDITS ON QUALIFIED BASIS	$2,726,740		$2,706,270	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8849	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,726,740	$24,129,232	----	----	----
Needed to Fill Gap	$3,308,150	$29,274,200	----	----	----
Applicant Request	$2,726,740	$24,129,232	**$2,726,740**	**$0**	**$0**

50% Test for Bond Financing for 4% Tax Credits			
TDHCA Tax-Exempt Bond Amount	$ 31,000,000		
		Applicant	TDHCA
Land Cost	$ 2,065,702	$2,065,702	$2,065,702
Depreciable Bldg Cost **	$ 52,437,299	$52,437,299	$52,043,659
Aggregate Basis for 50% Test	**$ 54,503,001**	$54,503,001	$54,109,361
Percent Financed by Tax-Exempt Bond	56.88%	**56.88%**	**57.29%**

**Depreciable building cost includes total construction contract, total building acquisition, total developer fee, plus eligible financing and soft costs.

BUILDING COST ESTIMATE

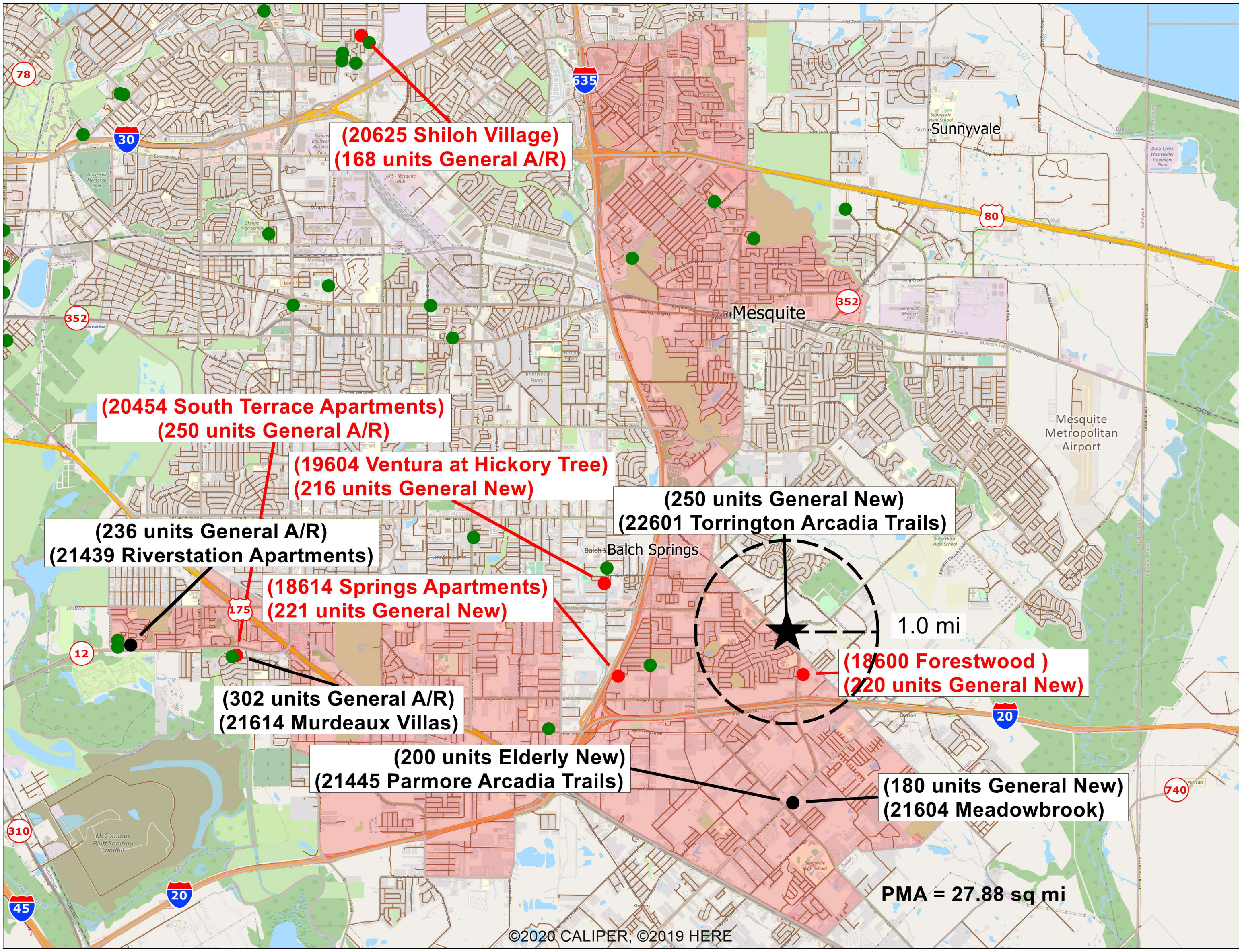
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Garden (Up to 4-story)		229,120 SF	$100.99	23,138,762
Adjustments				
Exterior Wall Finish	6.00%		6.06	$1,388,326
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.75%		3.79	867,704
Roof Adjustment(s)			0.00	0
Subfloor			(0.16)	(36,659)
Floor Cover			2.56	586,547
Enclosed Corridors	$92.54	23,740	9.59	2,196,893
Balconies	$39.18	19,128	3.27	749,487
Plumbing Fixtures	$1,610	596	4.19	959,560
Rough-ins	$600	500	1.31	300,000
Built-In Appliances	$2,950	250	3.22	737,500
Exterior Stairs	$2,460	10	0.11	24,600
Heating/Cooling			2.34	536,141
Storage Space	$92.54	1,386	0.56	128,260
Carports	$12.25	12,920	0.69	158,270
Garages		0	0.00	0
Common/Support Area	$131.80	4,914	2.83	647,674
Elevators		0	0.00	0
Metal Package:			2.24	514,038
Fire Sprinklers	$2.88	259,160	3.26	746,381
SUBTOTAL			**146.84**	**33,643,483**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**146.84**	**$33,643,483**
Plans, specs, survey, bldg permits	3.30%		(4.85)	($1,110,235)
Contractor's OH & Profit	11.50%		(16.89)	($3,869,001)
NET BUILDING COSTS		$114,657/unit	$125.11/sf	$28,664,248

Long-Term Pro Forma

Torrington Arcadia, Balch Springs, TDHCA Bonds/4% HTC #22601

	□ro□th □ate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
□□□□C□I□□ □□□□□ I□C□□□	2.00□	□2,881,116	□2,938,738	□2,997,513	□3,057,463	□3,118,613	□3,443,200	□3,801,571	□4,197,242	□4,634,094	□5,116,415	□5,648,935
□□□AL □□□□□□□□	3.00□	□1,067,928	□1,098,813	□1,130,602	□1,163,321	□1,196,998	□1,380,764	□1,593,082	□1,838,426	□2,121,973	□2,449,717	□2,828,598
NET OPERATING INCOME ("NOI")		**$1,813,188**	**$1,839,925**	**$1,866,911**	**$1,894,142**	**$1,921,615**	**$2,062,437**	**$2,208,490**	**$2,358,816**	**$2,512,122**	**$2,666,697**	**$2,820,337**
□□□□□□□□I□C□□□ □A□I□		37.1□	37.4□	37.7□	38.0□	38.4□	40.1□	41.9□	43.8□	45.8□	47.9□	50.1□
MUST -PAY DEBT SERVICE												
□□□AL □□□□ □□□□IC□		□1,576,185	□1,575,754	□1,575,306	□1,574,842	□1,574,359	□1,571,657	□1,568,399	□1,564,470	□1,559,732	□1,554,019	□1,547,130
□□□□ C□□□□A□□ □A□I□		1.15	1.17	1.19	1.20	1.22	1.31	1.41	1.51	1.61	1.72	1.82
ANNUAL CASH FLOW		**$237,003**	**$264,171**	**$291,605**	**$319,300**	**$347,255**	**$490,779**	**$640,090**	**$794,346**	**$952,389**	**$1,112,678**	**$1,273,207**
□eferred □e□eloper □ee □alance		□4,907,965	□4,643,793	□4,352,189	□4,032,888	□3,685,633	□1,521,233	□0	□0	□0	□0	□0
CUMULATIVE NET CASH FLOW		□0	□0	□0	□0	□0	□0	□1,378,429	□5,039,876	□9,484,498	□14,726,776	□20,772,127

22601 Torrington Arcadia PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.

Final Transcript

TEXAS DEPT OF HOUSING AND COMMUNITY AFFAIRS: Public Hearing

March 24, 2022/2:00 p.m. CDT

SPEAKERS

Teresa Morales – Director of Multifamily Bonds

PRESENTATION

Teresa	All right, good afternoon. This is Teresa Morales with the Texas Department of Housing and Community Affairs. And the purpose of this call is to conduct a public hearing for the proposed Torrington Arcadia Trails development.

To give folks an idea as to how we are going to proceed, there is a brief speech that I need to read for purposes of meeting the requirements of the Internal Revenue Code. And then it will be at the conclusion of that speech where I will unmute the lines. And if there are any individuals who would like to make public comment, that will be an opportunity for you to do so. So that being said, I will go ahead and start with a brief 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 2:02pm on Thursday, March 24, 2022. And 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 and multifamily 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 May 12, 2022. 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 and multifamily revenue bonds, and the aggregate principal amount not to exceed $31 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 Torrington Arcadia Trails LP, or a related person or affiliate entity thereof to finance a portion of the cost of acquiring and equipping a multifamily rental housing community described as follows: a 250-unit multifamily residential rental development to be located on approximately 8.241 acres of land located at or near the Northeast corner of Mercury Road and South Belt Line Road, Balch Springs, Dallas County, Texas 75181. The proposed multifamily rental housing community will be initially owned and operated by the borrower or a related person or affiliate there.

That is the conclusion of the speech. I will now go ahead and unmute—

W All participants are now in interactive talk mode.

Teresa And I would like to open the floor up for public comments. If there are any individuals on the call who would like to make public comment on this proposed development, this would be your opportunity to do so.

Again, all of the lines have been unmuted. If there are any individuals on the call who would like to make public comment, you may do so at this time.

All right, let the record show that there are no individuals on the line who would like to make public comment. And, therefore, the meeting is now adjourned. The time is 2:05 p.m. Thank you.

6b

BOARD ACTION REQUEST

MULTIFAMILY BOND DIVISION

MAY 12, 2022

Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Mortgage Revenue Bonds (Union Acres Project) Series 2022 Resolution No. 22-024, and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for Union Acres at the Board meeting of October 14, 2021;

WHEREAS, an application for Union Acres requesting 4% Housing Tax Credits, sponsored by The ITEX Group, LLC and and Nautical Affordable Housing, Inc., was submitted to the Department on December 17, 2021;

WHEREAS, a Certificate of Reservation was issued in the amount of $10,100,000 on January 7, 2022, with a bond delivery deadline of July 6, 2022;

WHEREAS, in accordance with 10 TAC §1.301(f), the compliance history was previously approved with prior conditions, included herein as Exhibit B, and was deemed acceptable without further review or discussion by the Executive Award and Review Advisory Committee (EARAC) as stated herein; and

WHEREAS, EARAC recommends approval of the issuance of Multifamily Housing Mortgage Revenue Bonds (Series 2022) for Union Acres, and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of tax-exempt Multifamily Housing Mortgage Revenue Bonds (Union Acres Project) Series 2022 in the amount of $10,100,000, Resolution No. 22-024, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $679,520 in 4% Housing Tax Credits for Union Acres, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, and previous participation review conditions as noted in Exhibit B, 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: Union Acres is located at 818 Cotton Ford Road in Center, Shelby County, and proposes the acquisition and rehabilitation of 100 units. The property was originally built in 1970 and will continue to serve the general population. There is an existing Section 8 project-based Housing Assistance Payment contract covering all 100 of the units that is expected to continue. The Certificate of Reservation from the Bond Review Board was issued under the Priority 1A designation, which requires that 50% of the units within the development have rents restricted to 50% of Area Median Family Income (AMFI), and 50% of the units have rents restricted to 60% of AMFI. The application submitted to the Department indicates that 50 of the units will be rent and income restricted at 50% of AMFI, and the remaining 50 units will be rent and income restricted at 60% of AMFI. Rehabilitation cost, which includes building costs and site work, is approximately $36k per unit. The development previously received an award of CDBG funds from the Department in 2009.

Organizational Structure and Previous Participation: The Borrower is Center 818 Cotton Ford Road, LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio was previously approved with the same prior conditions and was deemed acceptable, without further review or discussion, by EARAC. A list of those prior conditions is included herein as Exhibit B.

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 24, 2022. 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 letters of support for the development from the Mayor of Center, David Chadwick, as well as State Representative for District 9, Chris Paddie; those letters are included herein. The Department has received no letters of opposition for the development.

Summary of Financial Structure

Under the proposed structure, the Department will issue unrated, fixed rate tax-exempt bonds in the amount of $10,100,000 that will be initially purchased by CommunityBank of Texas, who will be serving as the construction and permanent lender. The construction phase of the loan will have term of 24 months, plus one 6-month extension option, and payments during the construction phase will be interest only. For both the construction and permanent phase of the loan, the interest rate is expected to be locked prior to closing at 4.25%. Upon conversion to the permanent phase, the loan will be paid down to approximately $6,500,000, and will from then have a 15-year term, 35-year amortization period, and a final maturity date of June 1, 2039.

Additionally, Union Acres Trust will provide a seller loan in the amount of approximately $2,970,000 that will have a term of 50 years. The interest rate on the seller loan will be the Applicable Federal Rate at the time of closing, currently estimated to be 1.9%.

A copy of the Exhibits recommended to be approved by the Board as referenced in Resolution No. 22-024 can be found online at TDHCA's Board Meeting Information Center website at http://www.tdhca.state.tx.us/board/meetings.htm.

EXHIBIT A

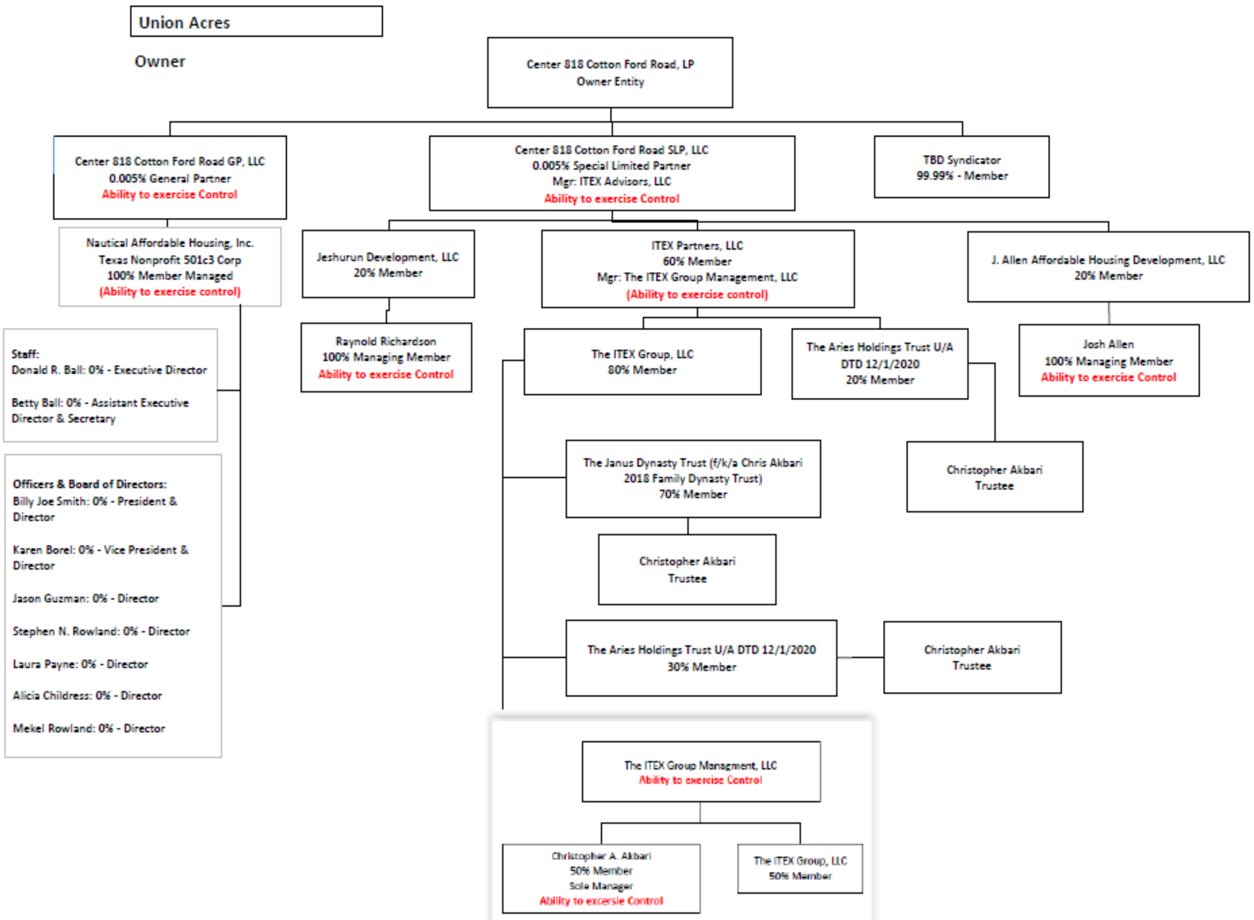

Union Acres
Owner
Center 818 Cotton Ford Road, LP
Owner Entity
Center 818 Cotton Ford Road GP, LLC
0.005% General Partner
Ability to exercise Control
Center 818 Cotton Ford Road SLP, LLC
0.005% Special Limited Partner
Mgr: ITEX Advisors, LLC
Ability to exercise Control
TBD Syndicator
99.99% - Member
Nautical Affordable Housing, Inc.
Texas Nonprofit 501c3 Corp
100% Member Managed
(Ability to exercise control)
Jeshurun Development, LLC
20% Member
ITEX Partners, LLC
60% Member
Mgr: The ITEX Group Management, LLC
(Ability to exercise control)
J. Allen Affordable Housing Development, LLC
20% Member
Staff:
Donald R. Ball: 0% - Executive Director
Betty Ball: 0% - Assistant Executive Director & Secretary
Raynold Richardson
100% Managing Member
Ability to exercise Control
The ITEX Group, LLC
80% Member
The Aries Holdings Trust U/A DTD 12/1/2020
20% Member
Josh Allen
100% Managing Member
Ability to exercise Control
Officers & Board of Directors:
Billy Joe Smith: 0% - President & Director
Karen Borel: 0% - Vice President & Director
Jason Guzman: 0% - Director
Stephen N. Rowland: 0% - Director
Laura Payne: 0% - Director
Alicia Childress: 0% - Director
Mekel Rowland: 0% - Director
The Janus Dynasty Trust (f/k/a Chris Akbari 2018 Family Dynasty Trust)
70% Member
Christopher Akbari
Trustee
Christopher Akbari
Trustee
The Aries Holdings Trust U/A DTD 12/1/2020
30% Member
Christopher Akbari
Trustee
The ITEX Group Managment, LLC
Ability to exercise Control
Christopher A. Akbari
50% Member
Sole Manager
Ability to excersie Control
The ITEX Group, LLC
50% Member

EXHIBIT B

1. ITEX agrees to replace the existing management company, consultant, or management personnel with another of its choosing, for any of their properties identified with new Events of Noncompliance (defined as those not corrected during the corrective action period) on any Audits notified from **March 1, 2021** through **December 31, 2022**.
2. ITEX will hire a third party compliance auditor to review their existing portfolio on a quarterly basis and have them provide reports and guidance to ITEX and independent reports to TDHCA upon request, through **December 31, 2022**.
3. ITEX will actively engage with TDHCA compliance staff to use better processes and best practices to reduce compliance issues through **December 31, 2022**.
4. Owner has designated the Director of Compliance and Asset Management to receive Compliance correspondence and provide timely responses to the Department on behalf of the proposed Development and all other Developments subject to a TDHCA LURAs over which the Owner has the power to exercise Control.
5. ITEX will require that at least on the of the following employees: VP of Operations, Compliance Director, Compliance Auditor(s), Regional Manager(s), or Site Staff annually attend the trainings listed and provide certifications to TDHCA upon request through **December 31, 2022**.
    a. Housing Tax Credit Trainings sponsored by the Texas Apartment Association;
    b. 1st Thursday Income Eligibility Training conducted by TDHCA;
    c. Review one or more of the TDHCA Compliance Training Webinars:
        i. 2012 Income and Rent Limits Webinar Video;
        ii. 2012 Supportive Services Webinar Video;
        iii. Income Eligibility Presentation Video;
        iv. 2013 Annual Owner's Compliance Report (AOCR) Webinar Video;
        v. Most current Tenant Selection Criteria Presentation;
        vi. Most current Affirmative Marketing Requirements Presentation;
        vii. Fair Housing Webinars (including but not limited to the 2017 FH Webinars)

RESOLUTION NO. 22-024

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (UNION ACRES PROJECT) SERIES 2022; 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, 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 Multifamily Housing Mortgage Revenue Bonds (Union Acres Project) Series 2022 (the "Bonds") pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") between the Department and Wilmington Trust, National Association, as trustee (the "Trustee"), for the purpose of providing funds in connection with the financing 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 Bonds to fund a mortgage loan to Center 818 Cotton Ford Road, LP, a Texas limited partnership (the "Borrower"), in connection with the acquisition, rehabilitation 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 14, 2021, declared its intent to issue its revenue bonds or notes 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, CommunityBank of Texas, N.A., as bond owner (the "Purchaser"), and the Borrower will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the acquisition, rehabilitation and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Borrower Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the obligations of the Borrower under the Financing Agreement will be secured by a Construction and Permanent Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing (the "Bond Mortgage") from the Borrower for the benefit of the Department and assigned to the Trustee; and

WHEREAS, the Department's rights (except for certain unassigned rights) under the Indenture, the Financing Agreement, the Borrower Note and the Bond Mortgage will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents (the "Assignment") from the Department to the Trustee; and

WHEREAS, with respect to the Bonds, the Board has determined that the Department, the Trustee 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 Shelby County, Texas; and

WHEREAS, in order to assure compliance with Section 103 and 141 through 150 of the Code, the Board has determined that the Department, the Trustee and the Borrower will execute a Tax Exemption Certificate and Agreement (the "Tax Exemption Agreement"), in connection with the Bonds, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Bonds as exempt from gross income for federal income tax purposes; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing 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 Bond Mortgage and the 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 Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Bond Mortgage 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 BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds 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 Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the Purchaser.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (i) the Bonds shall bear interest at a fixed interest rate of 4.25% subject to adjustment as described in the Indenture; provided that in no event shall the interest rate (including any default rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be $10,100,000; (iii) the final maturity of the Bonds shall occur on June 1, 2039; and (iv) the price at which the Bonds are sold to the Purchaser shall be the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement. That the form and substance of the Financing Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Financing Agreement, and to deliver the Financing Agreement to the Borrower.

Section 1.5 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 the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Shelby County, Texas.

Section 1.6 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement 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 Trustee.

Section 1.7 Reserved.

Section 1.8 Reserved.

Section 1.9 Reserved.

Section 1.10 Acceptance of the Borrower Note and the Bond Mortgage. That the form and substance of the Borrower Note and the Bond Mortgage 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 Trustee without recourse.

Section 1.11 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 Trustee.

Section 1.12 Reserved.

Section 1.13 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each 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 1.14 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each 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 1.15 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	-	Indenture
Exhibit C	-	Financing Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E	-	Borrower Note
Exhibit F	-	Bond Mortgage
Exhibit G	-	Assignment
Exhibit H	-	Tax Exemption Agreement

Section 1.16 Authorized Representatives. That the following persons are each 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 Interim Director of Bond Finance 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 Bonds 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 Bonds.

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 Bonds and all other Department activities.

Section 2.4 Reserved.

Section 2.5 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Indenture and the Tax Exemption Agreement.

Section 2.6 Reserved.

Section 2.7 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 2.8 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 Bonds 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 Financing Agreement, the Regulatory Agreement and the Tax Exemption 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 Financing Agreement, the Regulatory Agreement and the Tax Exemption 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 Bonds 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 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 Loan established pursuant to the Financing Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

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 Bonds in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do 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. Each Bond 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 Section 2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

PASSED AND APPROVED this 12th day of May, 2022.

EXHIBIT A

Description of Development

Borrower: Center 818 Cotton Ford Road, LP, a Texas limited partnership

Development: The Development is a 100-unit affordable, multifamily housing development known as Union Acres, located at 818 Cotton Ford Road, Center, Shelby County, Texas 75935. It consists of fifty (50) residential apartment buildings with approximately 84,292 net rentable square feet. The unit mix will consist of:

12	one-bedroom/one-bath units
24	two-bedroom/one-bath units
30	three-bedroom/one-bath units
30	four-bedroom/two-bath units
4	five-bedroom/two-bath units
100	Total Units

Unit sizes will range from approximately 522 square feet to approximately 1,150 square feet.

22607 Union Acres - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 27, 2022

PROPERTY IDENTIFICATION	
Application #	**22607**
Development	**Union Acres**
City / County	**Center / Shelby**
Region/Area	**5 / Rural**
Population	**General**
Set-Aside	**General**
Activity	**Acquisition/Rehab** (Built in 1970)

RECOMMENDATION				
TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$679,520	**$679,520**	**$6,795/Unit**	**$0.86**

KEY PRINCIPALS / SPONSOR

- Christopher Akbari / ITEX Development, LLC (60%)
- Jeshurun Development, LLC (20%)
- J. Allen Affordable Housing Developments, LLC (20%)

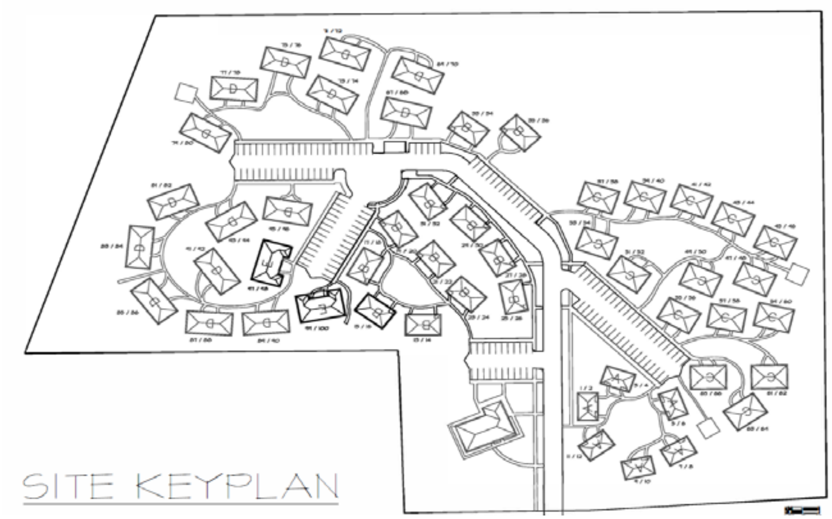
Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	20%	-	0%
1	12	12%	30%	-	0%
2	24	24%	40%	-	0%
3	30	30%	50%	50	50%
4	30	30%	60%	50	50%
5	4	4%	70%	-	0%
			80%	-	0%
			MR	-	0%
TOTAL	100	100%	TOTAL	100	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.16	Expense Ratio	61.6%
Breakeven Occ.	89.4%	Breakeven Rent	$899
Average Rent	$952	B/E Rent Margin	$52
Property Taxes	$450/unit	Exemption/PILOT	50%
Total Expense	$6,788/unit	Controllable	$3,963/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (30% Maximum)			6.2%
Highest Unit Capture Rate	57%	4 BR/60%	15
Dominant Unit Cap. Rate	5%	3 BR/50%	15
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	100	100% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten	TDHCA's Costs - Based on SCR		
Avg. Unit Size	843 SF	Density	5.4/acre
Acquisition		$65K/unit	$6,500K
Building Cost	$35.01/SF	$30K/unit	$2,951K
Hard Cost		$40K/unit	$4,019K
Total Cost		$167K/unit	$16,732K
Developer Fee	$1,923K	(42% Deferred)	Paid Year: 12
Contractor Fee	$563K	30% Boost	Yes

REHABILITATION COSTS / UNIT					
Site Work	$6K	16%	Finishes/Fixture	$13K	32%
Building Shell	$7K	19%	Amenities	$1K	1%
HVAC	$7K	17%	Total Exterior	$15K	40%
Appliances	$2K	5%	Total Interior	$22K	60%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Community Bank of Texas	15/35	4.25%	$6,500,000	1.16
TOTAL DEBT (Must Pay)			$6,500,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
Union Acres Trust (Seller Note)	50/0	1.90%	$2,970,000	1.16
Income During Construction	0/0	0.00%	$300,000	1.16
Existing Reserves	0/0	0.00%	$268,825	1.16
CASH FLOW DEBT / GRANTS			$3,538,825	

EQUITY / DEFERRED FEES	
Source	Amount
RBC	$5,877,260
Center 818 Cotton Ford Road Developer, LLC	$815,909
TOTAL EQUITY SOURCES	$6,693,169
TOTAL DEBT SOURCES	$10,038,825
TOTAL CAPITALIZATION	$16,731,994

CONDITIONS

1 Receipt and acceptance by Cost Certification:

- Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing

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

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	7/6/2022
Bond Amount	$10,100,000
BRB Priority	1a
Bond Structure	
% Financed with Tax-Exempt Bonds	67.0%

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

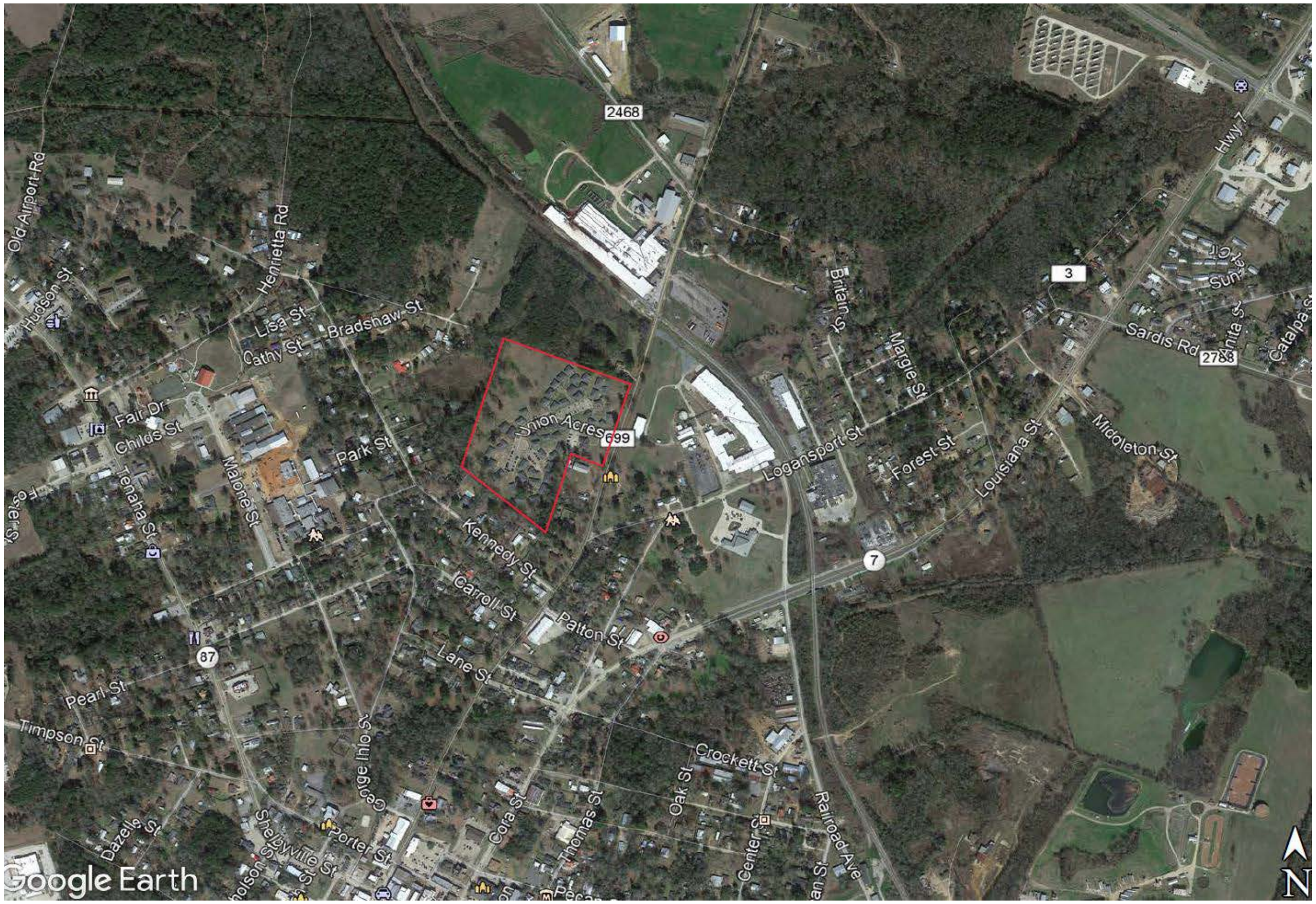
- 100% project-based vouchers
- Existing occupied property poses no lease-up risk
- Developer Experience

WEAKNESSES/RISKS

- Interest rate sensitivity
- Feasibility depends on 50% property tax exemption
- Low parking ratio

AREA MAP

AERIAL PHOTOGRAPH(s)



Real Estate Analysis Division
Underwriting Report
April 27, 2022

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **22607** Program(s): **TDHCA Bonds/4% HTC**

Union Acres

Address/Location: 818 Cotton Ford Road

City: Center County: Shelby Zip: 75935

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

Activity: Acquisition/Rehab Building Type: Duplex Region: 5

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	$10,100,000				**$10,100,000**				
LIHTC (4% Credit)	$679,520				**$679,520**				

CONDITIONS

1 Receipt and acceptance by Cost Certification:

- Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials and/or lead-based paint are being managed in accordance with acceptable Operations and Maintenance (O&M) programs.

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
50% of AMI	50% of AMI	50
60% of AMI	60% of AMI	50

PROJECT SUMMARY

Acquisition and rehab of 50 residential duplexes (100 units). All of the units are covered by a HUD project-based Section 8 HAP contract that will be assigned to the Applicant. HUD has indicated preliminary approval for the assignment and assumption of the existing mark-up-to-market contract to and by the Applicant.

Center is the county seat of Shelby County with a population of 5,221 (at 2020 U.S. Census). The city encompasses approximately 6.2 square miles and is located approximately 33 miles east of Nacogdoches and 200 miles east of Waco. Subject is in a mixed-use area (residential/industrial) in the northeast part of town, approximately 3 miles north of State Hwy 87.

RISK PROFILE

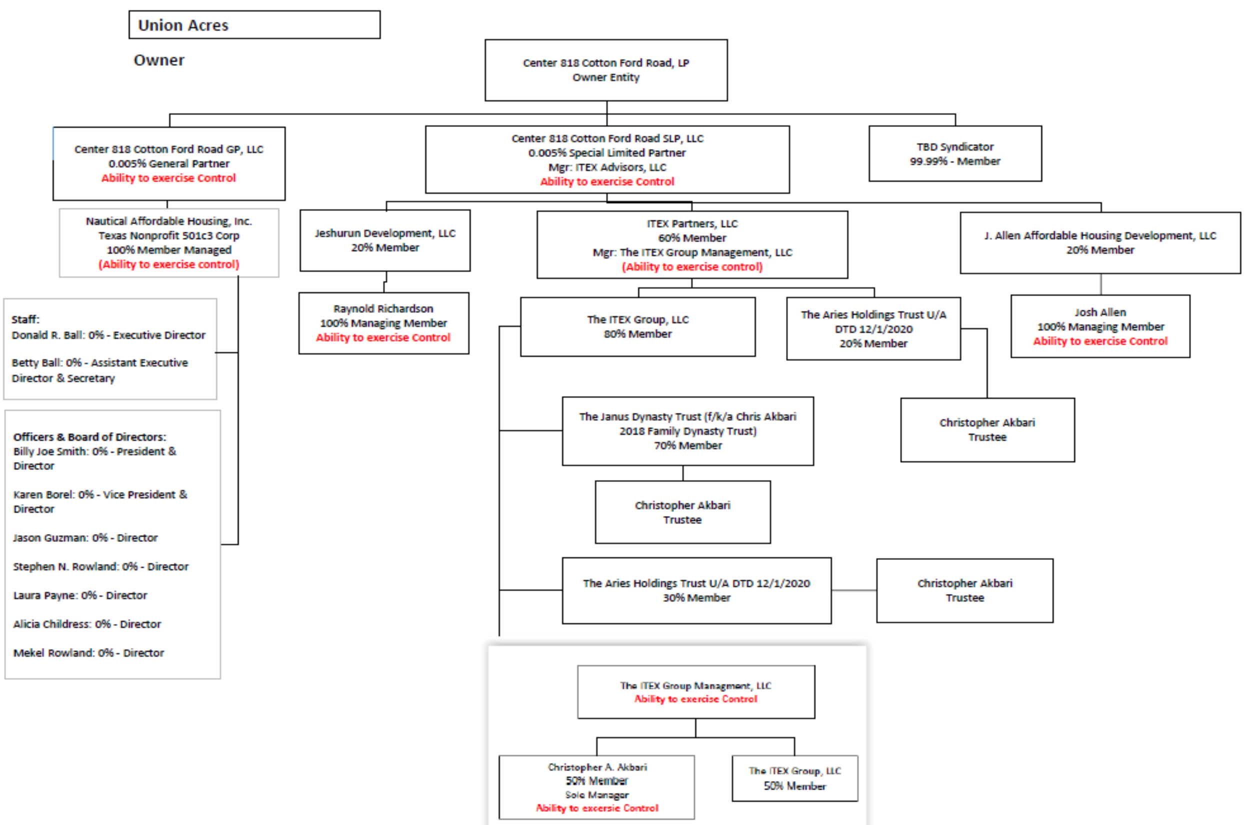
STRENGTHS/MITIGATING FACTORS	WEAKNESSES/RISKS
▫ 100% project-based vouchers	▫ Interest rate sensitivity
▫ Existing occupied property poses no lease-up risk	▫ Feasibility depends on 50% property tax exemption
▫ Developer Experience	▫ Low parking ratio

DEVELOPMENT TEAM

PRIMARY CONTACTS

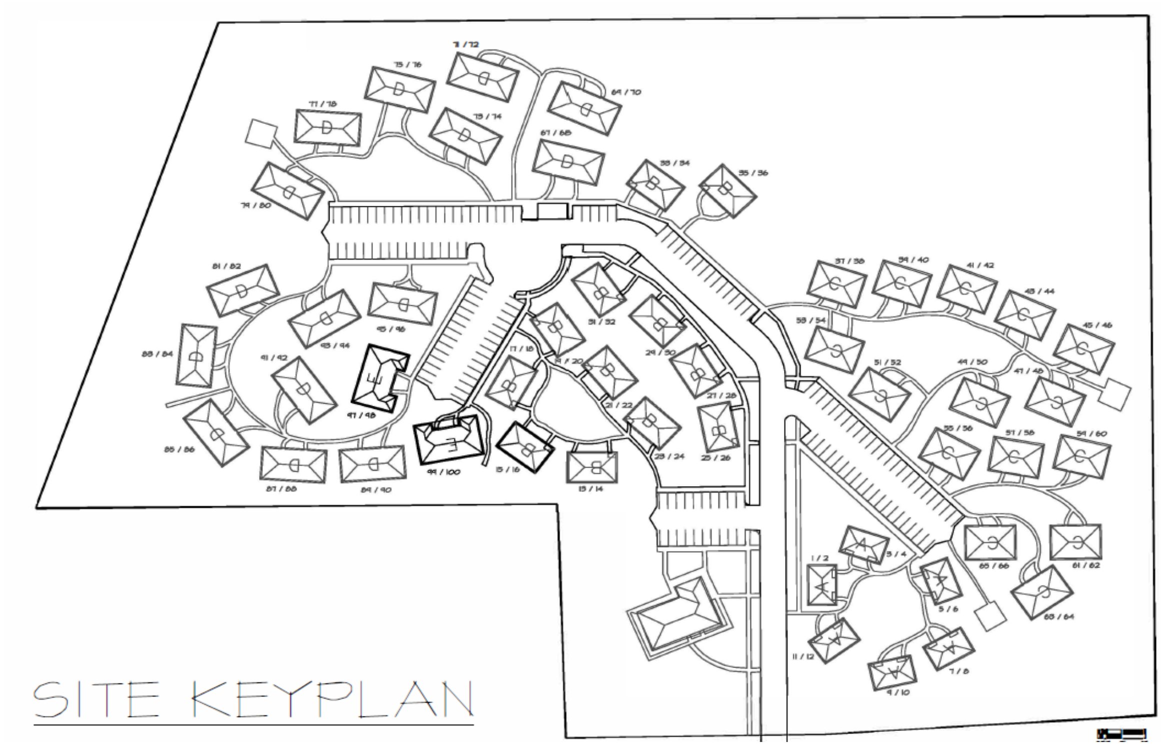
Name:	Kenny Baugh	Name:	Miranda Sprague
Phone:	(832) 941-5351	Phone:	(409) 853-3681
Relationship:	Applicant/Developer	Relationship:	Applicant/Developer

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN



Comments:

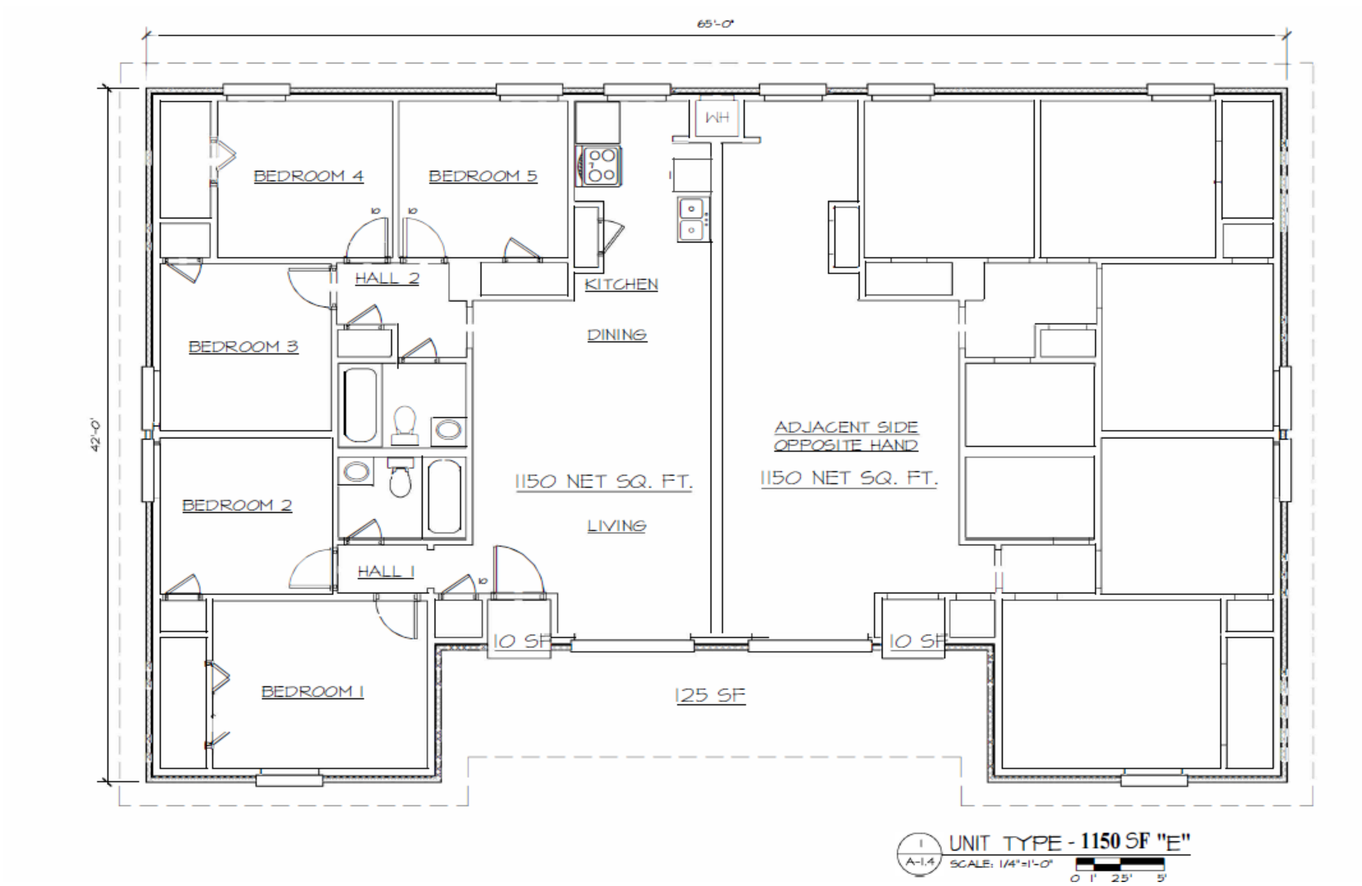
The existing 18.37 acre site has no significant topography. Site includes extensive green space between buildings and to the northwest. Site includes resident club house, laundry rooms and playgrounds.

Parking	No Fee		Tenant-Paid		Total	
Open Surface	145	*1.5/unit*	0	--	145	*1.5/unit*
Carport	0	--	0	--	0	--
Garage	0	--	0	--	0	--
Total Parking	**145**	*1.5/unit*	**0**	--	**145**	*1.5/unit*

Comments:

There are 145 parking spaces (1.45/unit) provided at no charge to the residents. If this project was new construction, current City Code would require 220 spaces (2.2/unit). However, the City Building Official has indicated that no additional parking will be required since no new units are being added to the existing development.

BUILDING PLAN (Typical)



Comments:

The property consists of 50 residential duplexes. Each unit within any given duplex is a mirror image of the adjoining unit. All of buildings have small patios at the entrance.

BUILDING ELEVATION

Comments:

Built in 1970, subject is comprised of 50 single-story duplex buildings. Building exteriors average 88% brick and 12% FCB siding. Roof pitch is 4/12.

BUILDING CONFIGURATION

Building Type	A	B	C	D	E								Total Buildings
Floors/Stories	1	1	1	1	1								
Number of Bldgs	6	12	15	15	2								50
Units per Bldg	2	2	2	2	2								
Total Units	12	24	30	30	4								**100**

Avg. Unit Size (SF)	**843 sf**	**Total NRA (SF)**	**84,292**	**Common Area (SF)***	**3,472**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 18.37 acres Density: 5.4 units/acre

Site Control: 18.37 **Site Plan:** 18.37 **Appraisal:** 18.37 **ESA:** 18.37

Feasibility Report Survey: N/A **Feasibility Report Engineer's Plan:** N/A

Control Type: Purchase and Sale Agreement

Development Site: 18.37 acres Cost: $6,500,000 $65,000 per unit

Seller: Trustees of the Union Acres Trust

Buyer: Center 818 Cotton Ford Road, LP

Related-Party Seller/Identity of Interest: Yes

Comments:

Identity of interest acquisition cost is supported by the third party appraisal.

The sole member of the general partner is a CHDO, thereby affording a 50% property tax exemption for the project.

APPRAISED VALUE

Appraiser: Valbridge Property Advisors — Date: 12/13/2021

Land as Vacant:	18.37 acres	$340,000	Per Unit:	$3,400
Existing Buildings: (as-is)		$6,160,000	Per Unit:	$61,600
Land + Buildings: (as-is)		$6,500,000	Per Unit:	$65,000
Total Development: (as-is)		**$6,500,000**	Per Unit:	**$65,000**

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	Multifamily	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	1970	Title Issues?	No

Current Uses of Subject Site:

100 unit general family development.

Surrounding Uses:

To the Northeast: Single family residential property and undeveloped land

To the Southeast: Center Fixture Operations, single family residential property and undeveloped land

To the Southwest: Single family residential property

To the Northwest: Undeveloped land

Other Observations:

The southeast adjoining property is an office and store fixtures and furniture manufacturing facility. There are onsite ASTs and the owner currently reports to the EPA and TCEQ as an RCRA and IHW facility, and formerly reported to the TCEQ as a UST facility.

TENANT RELOCATION PLAN

All tenants will be notified of the proposed project by General Information Notice ("GIN") sent via hand delivery.

Efforts will be made to carry out the rehabilitation work in phases that will limit the amount of disruption to the residents. The developer will provide moving services to move each household as necessary to temporary units as well as to newly rehabilitated permanent units upon completion of each construction phase. All utility reconnection fees and other reasonable out-of-pocket expenses will be paid for by the developer in connection with either the permanent or temporary moves. The total anticipated timeline for project completion is estimated to be no more than 12 months.

The total anticipated relocation costs are budgeted at $629,800, or $6,298 per unit.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 1/27/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- Asbestos inspection is recommended prior to any demolition or renovation activities
- Testing for Lead Based Paint is recommended if the on-site buildings will be renovated
- Testing for lead in the drinking water is recommended if any of the existing plumbing systems are planned for use in future development of the subject property

Comments:

The southeast adjoining property is an office and store fixtures and furniture manufacturing facility with onsite ASTs (Aboveground Storage Tank) that currently reports to the EPA and TCEQ as an RCRA and IHW (Industrial Hazardous Waste) facility and formerly reported to the TCEQ as a UST (Underground Storage Tank) facility.

MARKET ANALYSIS

Provider: Valbridge Property Advisors Date: 11/24/2021

Contact: David D Magnuson Phone: 713-467-5858

Primary Market Area (PMA): 835 sq. miles 16 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Shelby County Income Limits								
HH Size		1	2	3	4	5	6	7+
50% AMGI	Min	---	---	---	$27,480	$31,470	$31,470	$35,760
	Max	---	---	---	$30,450	$32,900	$35,350	$40,200
60% AMGI	Min	$24,540	$24,540	$27,480	$27,480	$31,470	$31,470	$35,760
	Max	$25,620	$29,280	$32,940	$36,540	$39,480	$42,420	$48,240

Demand Analysis:

Market Analyst calculates a Gross Capture Rate of 5.6%, which is below the 30% maximum. Underwriter reviewed the market study for compliance.

Capture rate limits do not apply to existing affordable housing that is at least 50% occupied and that provides a leasing preference to existing tenants.

Subject is currently 94% occupied.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$423,063	Avg. Rent:	$952	Expense Ratio:	61.6%
Debt Service:	$363,657	B/E Rent:	$899	Controllable Expenses:	$3,963
Net Cash Flow:	$59,405	UW Occupancy:	94.5%	Property Taxes/Unit:	$450
Aggregate DCR:	1.16	B/E Occupancy:	89.4%	Program Rent Year:	2021

All 100 units are covered by a HUD Section 8 HAP contract. Pro Forma reflects the current rents that were increased effective 6/1/21. Applicant provided a letter from HUD dated 4/14/2022 indicating preliminary approval for the assignment and assumption of the existing HAP mark-up-to-market contract that makes provision for annual rent increases.

Breakeven occupancy occurs with 11 units vacant (underwritten at 5).

Applicant has budgeted utility expense significantly lower than historically reported at the property. However, the renovation scope of work includes energy efficient fixtures, which should reduce utility expenses.

While historical expense for property insurance is significantly higher than area comparables ($1.42/sf vs. $0.50/sf), Applicant is budgeting insurance even higher. However, the increase is in line with rising insurance costs being seen on other deals currently being underwritten.

Applicant's budgeted expense for landlord paid water, sewer & trash is lower than historically reported at the property. However, the renovation scope includes new low flow toilets and water saving fixtures for all units, which should reduce water expense.

The development will have a 50% property tax exemption. Without the tax exemption, the DCR would fall to 0.98 and the development would be considered infeasible.

Pro Forma exhibits long-term feasibility for 25 years at the permanent loan rate of 4.25% fixed. However, all else equal, rate could only increase by 8.8 basis points (to 4.338%) before first year DCR would drop below the minimum 1.15 threshold.

As underwritten, the long-term Pro Forma exhibits a 15 year residual cash flow of $242K after repayment of deferred developer fee in year 12.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	$18,510/ac	$65,000/unit	**$6,500,000**	Contractor Fee	**$562,685**
Off-site + Site Work		$7,026/unit	**$702,589**	Soft Cost + Financing	**$3,104,488**
Building Cost	$35.01/sf	$29,512/unit	**$2,951,226**	Developer Fee	**$1,922,692**
Contingency	10.00%	$3,654/unit	**$365,381**	Reserves	**$622,933**
Total Development Cost	$167,320/unit	**$16,731,994.07**		**Rehabilitation Cost**	**$36,538/unit**

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH

Site Work:

Certified Site Work cost of $644K ($6,443/unit) is comprised of storm water drainage systems, landscaping and appurtenances, flatwork, paving, curbing and parking, framework, and life safety/fire protection.

Building Cost:

Pursuant to §11.302(e) of the QAP, TDHCA's underwritten costs are based on the estimates provided in the Scope and Cost Review (SCR) for the proposed renovation scope of work.

Applicant's budgeted costs are also consistent with costs determined by the SCR provider.

Substantial renovation will include general exterior and interior updates and replacements. Accessibility compliance and energy efficiency work is planned as well.

Sixty percent (60%) of total hard costs budgeted are for interior improvements with direct impact to residents.

REHABILITATION COSTS / UNIT / % HARD COST							
Site Work	$644,289	$6,443/unit	16%	Finishes/Fixtures	$1,301,866	$13,019/unit	32%
Building Shell	$748,360	$7,484/unit	19%	HVAC	$689,000	$6,890/unit	17%
Amenities	$58,300	$583/unit	1%	Appliances	$212,000	$2,120/unit	5%
Total Exterior	**$1,450,949**	**$14,509/unit**	**40%**	**Total Interior**	**$2,202,866**	**$22,029/unit**	**60%**

SCOPE & COST REVIEW

Provider: Phase Engineering, Inc. Date: 12/10/2021

Scope of Work:

The site rehabilitation will include storm water drainage systems, landscaping and appurtenances, flatwork, paving, curbing and parking, framework, and life safety/fire protection.
The property will also receive new HVAC units, plumbing, exterior walls, and roofing.
There will be a complete renovation of all interiors including but not limited to: Asbestos removal and interior demolition, trim carpentry, interior doors and hardware, glazing and mirrors, painting, appliances, casework, electrical and lighting fixtures.

The property was originally constructed in 1970 and features project based assistance; therefore, it is subject to the requirements of Section 504 of the Rehabilitation Act of 1973, which states that 5% or three (3) of the dwelling units must be handicapped accessible and that 2% or one (1) of the dwelling units are required to have audio/visual smoke alarms.

Contingency:

Development cost includes maximum 10% Contingency.

Soft Costs:

The total anticipated relocation costs are estimated at $629,800 ($6,298/unit) with minimal displacement anticipated.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$16,731,994	$14,740,644	$681,505

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
TDHCA	$10,100,000	1/7/2022	1a
Closing Deadline			
7/6/2022			

Percent of Cost Financed by Tax-Exempt Bonds	**67.0%**

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Community Bank of Texas	Conventional Loan	$10,100,000	4.25%	62%
RBC	HTC	$881,589	$0.87	5%
Center 818 Cotton Ford Road Developer, LLC	Deferred Fee	$1,797,142	0.00%	11%
Union Acres Trust (Seller Note)	Seller Loan	$2,970,000	1.90%	18%
Income During Construction	Ongoing Income	$300,000	0.00%	2%
Existing Reserves	Operating Reserves	$268,825	0.00%	2%
		$16,317,556	**Total Sources**	

Comments:

Related party Seller Note is a subordinate cash flow loan with a 50 year term.

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Community Bank of Texas	$6,500,000	4.25%	35	15	$6,500,000	4.25%	35	15	39%
Union Acres Trust (Seller Note)	$2,970,000	1.90%	0	50	$2,970,000	1.90%	0	50	18%
Income During Construction	$300,000	0.00%	0	0	$300,000	0.00%	0	0	2%
Existing Reserves	$268,825	0.00%	0	0	$268,825	0.00%	0	0	2%
Total	**$10,038,825**				**$10,038,825**				

Comments:

After pay down of the interim loan from equity funding, permanent loan only represents 39% of the capital structure.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
RBC	$5,877,260	$0.86		$5,877,260	$0.86	35%	
Center 818 Cotton Ford Road Developer, LLC	$815,908		42%	$815,909		5%	42%
Total	**$6,693,168**			**$6,693,169**			
				$16,731,994	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.985	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.829	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$16,731,994
Permanent Sources (debt + non-HTC equity)	$10,038,825
Gap in Permanent Financing	$6,693,169

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$5,894,433	$681,505
Needed to Balance Sources & Uses	$6,693,169	$773,854
Requested by Applicant	$5,877,260	$679,520

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$5,877,260**	**$679,520**

	Amount
TDHCA-Issued Bonds	**$6,500,000**

Deferred Developer Fee	**$815,909**	**(42% deferred)**
Repayable in	**12 years**	

Comments:

Credit recommendation is limited to $679,520 as requested by Applicant.

Underwriter:	*Andrew Tang*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Union Acres, Center, TDHCA Bonds/4% HTC #22607

LOCATION DATA	
CITY:	Center
COUNTY:	□hel□y
Area Median Income	□50,200
PROGRAM REGION:	5
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
□ff	-	0.0□	0	0
1	12	12.0□	12	0
2	24	24.0□	24	0
3	30	30.0□	30	0
4	30	30.0□	30	0
5	4	4.0□	4	0
TOTAL	100	100.0%	100	-

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	843 sf

55%	Income	20□	30□	40□	50□	60□	70□	80□	□□ □□□	TOTAL
Average Income	# Units	-	-	-	50	50	-	-	-	100
	% Total	0.0□	0.0□	0.0□	50.0□	50.0□	0.0□	0.0□	0.0□	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		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
□C 50□	□571	□A□	□818	6	1	1	522	□818	□56	□762	□0	□1.46	□762	$4,572	$4,572	□762	$1	$0	□882	□1.69	□882
□C 60□	□686	□A□	□818	6	1	1	522	□818	□56	□762	□0	□1.46	□762	$4,572	$4,572	□762	$1	$0	□882	□1.69	□882
□C 50□	□686	□A□	□916	12	2	1	697	□916	□87	□829	□0	□1.19	□829	$9,948	$9,948	□829	$1	$0	□975	□1.40	□975
□C 60□	□823	□A□	□916	12	2	1	697	□916	□87	□829	□0	□1.19	□829	$9,948	$9,948	□829	$1	$0	□975	□1.40	□975
□C 50□	□791	□A□	□1,049	15	3	1	875	□1,049	□92	□957	□0	□1.09	□957	$14,355	$14,355	□957	$1	$0	□1,120	□1.28	□1,120
□C 60□	□950	□A□	□1,049	15	3	1	875	□1,049	□92	□957	□0	□1.09	□957	$14,355	$14,355	□957	$1	$0	□1,120	□1.28	□1,120
□C 50□	□883	□A□	□1,192	15	4	2	1,015	□1,192	□104	□1,088	□0	□1.07	□1,088	$16,320	$16,320	□1,088	$1	$0	□1,240	□1.22	□1,240
□C 60□	□1,060	□A□	□1,192	15	4	2	1,015	□1,192	□104	□1,088	□0	□1.07	□1,088	$16,320	$16,320	□1,088	$1	$0	□1,240	□1.22	□1,240
□C 50□	□975	□A□	□1,301	2	5	2	1,150	□1,301	□106	□1,195	□0	□1.04	□1,195	$2,390	$2,390	□1,195	$1	$0	□1,365	□1.19	□1,365
□C 60□	□1,170	□A□	□1,301	2	5	2	1,150	□1,301	□106	□1,195	□0	□1.04	□1,195	$2,390	$2,390	□1,195	$1	$0	□1,365	□1.19	□1,365
TOTALS/AVERAGES:				100			84,292				$0	$1.13	$952	$95,170	$95,170	$952	$1.13	$0	$1,102	$1.31	$1,102

ANNUAL POTENTIAL GROSS RENT:	$1,142,040	$1,142,040

STABILIZED PRO FORMA

Union Acres, Center, TDHCA Bonds/4% HTC #22607

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT						TDHCA				VARIANCE	
	Database		Local Comps		Rolling 12 Mos. 10/2020 to 9/2021		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT								$1.13	$952	$1,142,040	$1,142,040	$952	$1.13		0.0%	$0
Laundry, Vending									$20.00	$24,000						
Total Secondary Income									$20.00		$24,000	$20.00			0.0%	$0
POTENTIAL GROSS INCOME										$1,166,040	$1,166,040				0.0%	$0
Vacancy & Collection Loss									5.5% PGI	(64,132)	(64,132)	5.5% PGI			0.0%	-
Rental Concessions										-	-				0.0%	-
EFFECTIVE GROSS INCOME										$1,101,908	$1,101,908				0.0%	$0
General & Administrative	$49,005	$490/Unit	$42,819	$428	$82,887	$829/Unit	4.13%	$0.54	$455	$45,500	$42,819	$428	$0.51	3.89%	6.3%	2,681
Management	$37,112	5.0% EGI	$34,551	$346	$61,443	5.6% EGI	5.00%	$0.65	$551	$55,095	$55,095	$551	$0.65	5.00%	0.0%	$0
Payroll & Payroll Tax	$114,492	$1,145/Unit	$138,711	$1,387	$132,357	$1,324/Unit	11.87%	$1.55	$1,308	$130,750	$130,750	$1,308	$1.55	11.87%	0.0%	-
Repairs & Maintenance	$80,453	$805/Unit	$122,079	$1,221	$154,475	$1,545/Unit	6.35%	$0.83	$700	$70,000	$70,000	$700	$0.83	6.35%	0.0%	-
Electric/Gas	$20,073	$201/Unit	$22,100	$221	$57,062	$571/Unit	3.63%	$0.47	$400	$40,000	$57,062	$571	$0.68	5.18%	-29.9%	(17,062)
Water, Sewer, & Trash	$64,403	$644/Unit	$80,045	$800	$151,498	$1,515/Unit	9.98%	$1.30	$1,100	$110,000	$121,685	$1,217	$1.44	11.04%	-9.6%	(11,685)
Property Insurance	$45,835	$0.54 /sf	$41,753	$0.50	$108,479	$1.29 /sf	10.89%	$1.42	$1,200	$120,000	$108,479	$1,085	$1.29	9.84%	10.6%	11,521
Property Tax 50% 2.6696	$46,599	$466/Unit	$40,459	$405	$0	/Unit	4.08%	$0.53	$450	$45,000	$47,781	$478	$0.57	4.34%	-5.8%	(2,781)
Reserve for Replacements							2.72%	$0.36	$300	$30,000	$30,000	$300	$0.36	2.72%	0.0%	-
TDHCA Compliance fees ($40/HTC Unit)							0.36%	$0.05	$40	$4,000	$4,000	$40	$0.05	0.36%	0.0%	-
TDHCA Bond Compliance Fee							0.23%	$0.03	$25	$2,500	$2,500	$25	$0.03	0.23%	0.0%	-
Bond Trustee Fees							0.32%	$0.04	$35	$3,500	$3,500	$35	$0.04	0.32%	0.0%	-
Security							2.04%	$0.27	$225	$22,500	$22,500	$225	$0.27	2.04%	0.0%	-
TOTAL EXPENSES							**61.61%**	**$8.05**	**$6,788**	**$678,845**	**$696,171**	**$6,962**	**$8.26**	**63.18%**	**-2.5%**	**$ (17,326)**
NET OPERATING INCOME ("NOI")							**38.39%**	**$5.02**	**$4,231**	**$423,063**	**$405,737**	**$4,057**	**$4.81**	**36.82%**	**4.3%**	**$ 17,326**

CONTROLLABLE EXPENSES	$3,963/Unit		$4,223/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Union Acres, Center, TDHCA Bonds/4% HTC #22607

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
Comm□nity □ank of □e□as	0.10□	1.11	1.15	367,121	4.25□	35	15	□6,500,000	□6,500,000	15	35	4.25□	□363,657	1.16	38.8□
CASH FLOW DEBT / GRANTS															
□nion Acres □r□st □□eller □ote□		1.11	1.15		1.90□	0	50	□2,970,000	□2,970,000	50	0	1.90□		1.16	17.8□
Income □□ring Constr□ction		1.11	1.15		0.00□	0	0	□300,000	□300,000	0	0	0.00□		1.16	1.8□
□□isting □eser□es		1.11	1.15		0.00□	0	0	□268,825	□268,825	0	0	0.00□		1.16	1.6□
				$367,121	TOTAL DEBT / GRANT SOURCES			$10,038,825	$10,038,825		TOTAL DEBT SERVICE		$363,657	1.16	60.0□
NET CASH FLOW		□38,616	□55,942						APPLICANT	NET OPERATING INCOME		$423,063	$59,405	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	
□□C	LI□□C □□□ity	35.1□	□679,520	□0.86	□5,877,260	□5,877,260	□0.86	□679,520	35.1□	□6,795	Applicant □e□□est	
Center 818 Cotton □ord □oad □e□eloper, LLC	□eferred □e□eloper □ees	4.9□	□42□ □eferred□		□815,908	□815,909	□42□ □eferred□		4.9□	Total Developer Fee:		$1,922,692
Additional □□cess□□□nds □e□d		0.0□				□0			0.0□			
TOTAL EQUITY SOURCES		40.0□			□6,693,168	□6,693,169			40.0□			
TOTAL CAPITALIZATION					$16,731,994	$16,731,994			15-Yr Cash Flow after Deferred Fee:			$241,652

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 Ac□□isition					□3,400 □□nit	□340,000	□340,000	□3,400 □□nit				0.0□	□0
□□ilding Ac□□isition		□6,160,000			□61,600 □□nit	□6,160,000	□6,160,000	□61,600 □□nit			□6,160,000	0.0□	□0
						□0	□0					0.0□	□0
□ff-□ites			□0		□ □□nit	□0	□0	□ □□nit				0.0□	□0
□ite □ ork			□644,289		□6,443 □□nit	□644,289	□644,289	□6,443 □□nit		□644,289		0.0□	□0
□ite Amenities			□58,300		□583 □□nit	□58,300	□58,300	□583 □□nit		□58,300		0.0□	□0
□□ilding Cost			□2,951,226	□35.01 □sf	□29,512 □□nit	□2,951,226	□2,951,226	□29,512 □□nit	□35.01 □sf	□2,951,226		0.0□	□□1□
Contingency			□365,381	10.00□	10.00□	□365,381	□365,381	10.00□	10.00□	□365,381		0.0□	□0
Contractor □ees			□562,685	14.00□	14.00□	□562,685	□562,685	14.00□	14.00□	□562,685		0.0□	□0
□oft Costs		□0	□926,239		□15,660 □□nit	□1,566,039	□1,566,039	□15,660 □□nit		□926,239	□0	0.0□	□0
□inancing		□0	□1,149,832		□15,384 □□nit	□1,538,449	□1,538,449	□15,384 □□nit		□1,149,832	□0	0.0□	□0
□e□eloper □ee	15.00□	□924,000	□998,692	15.00□	15.00□	□1,922,692	□1,922,692	15.00□	15.00□	□998,692	□924,000	0.0□	□0
□eser□es					7 □onths	□622,933	□622,933	7 □onths				0.0□	□0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		$7,084,000	$7,656,644		□167,320 □□nit	$16,731,994	$16,731,994	□167,320 □□nit		$7,656,644	$7,084,000	0.0%	($1)
Acquisition Cost		□0				□0							
Contingency			□0			□0							
Contractor's Fee			□0			□0							
Financing Cost			□0										
Developer Fee	15.00□	□□0□	□0	15.00□		□0							
Reserves						□0							
ADJUSTED BASIS / COST		$7,084,000	$7,656,644		□167,320□nit	$16,731,994	$16,731,994	□167,320□nit		$7,656,644	$7,084,000	0.0%	($1)
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA						$16,731,994							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Union Acres, Center, TDHCA Bonds/4% HTC #22607

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant Acquisition	Applicant Construction Rehabilitation	TDHCA Acquisition	TDHCA Construction
ADJUSTED BASIS	$7,084,000	$7,656,644	$7,084,000	$7,656,644
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$7,084,000	$7,656,644	$7,084,000	$7,656,644
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$7,084,000	$9,953,637	$7,084,000	$9,953,637
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$7,084,000	$9,953,637	$7,084,000	$9,953,637
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	283359.9855	$398,145	$283,360	$398,145
CREDITS ON QUALIFIED BASIS	$681,505		$681,505	

ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS			FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8649	Variance to Request	
Method	Annual Credits	Proceeds	**Credit Allocation**	Credits	Proceeds
Eligible Basis	$681,505	$5,894,433	----	----	----
Needed to Fill Gap	$773,854	$6,693,169	----	----	----
Applicant Request	$679,520	$5,877,260	**$679,520**	**$0**	**$0**

50% Test for Bond Financing for 4% Tax Credits				
TDHCA Tax-Exempt Bond Amount	$	10,100,000		
			Applicant	**TDHCA**
Land Cost	$	340,000	$340,000	$340,000
Depreciable Bldg Cost *	$	14,740,644	$14,740,644	$14,740,644
Aggregate Basis for 50% Test	**$**	**15,080,644**	$15,080,644	$15,080,644
Percent Financed by Tax-Exempt Bond	66.97%		**66.97%**	**66.97%**

*Depreciable building cost includes total construction contract, total building acquisition, total developer fee, plus eligible financing and soft costs.

BUILDING COST ESTIMATE

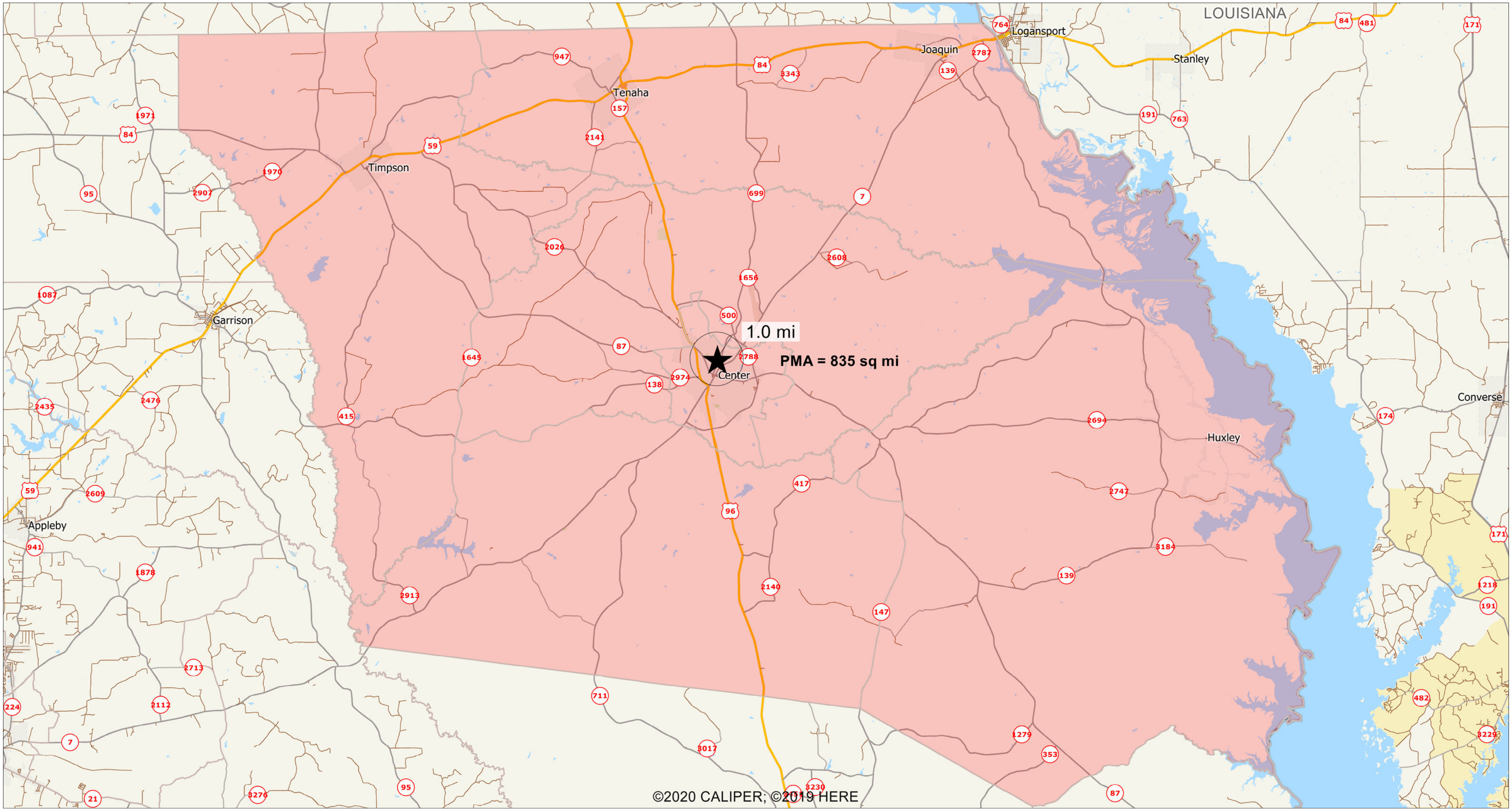
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Duplex:		84,292 SF	$0.00	0
Adjustments				
Exterior Wall Finish	7.02%		0.00	$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			3.49	293,758
Subfloor			(3.22)	(271,420)
Floor Cover			0.03	2,485
Breezeways	$0.00	0	0.00	0
Balconies	$27.47	2,304	0.75	63,291
Plumbing Fixtures	$1,080	102	1.31	110,160
Rough-ins	$530	100	0.63	53,000
Built-In Appliances	$1,830	100	2.17	183,000
Exterior Stairs	$2,460	0	0.00	0
Heating/Cooling			2.34	197,243
Storage Space	$0.00	0	0.00	0
Carports	$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$99.92	3,140	3.72	313,746
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.88	87,432	2.99	251,804
SUBTOTAL			**14.20**	**1,197,067**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**14.20**	**$1,197,067**
Plans, specs, survey, bldg permits	3.30%		(0.47)	($39,503)
Contractor's OH & Profit	11.50%		(1.63)	($137,663)
NET BUILDING COSTS		$10,199/unit	$12.10/sf	$1,019,901

Long-Term Pro Forma

Union Acres, Center, TDHCA Bonds/4% HTC #22607

	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%	$1,101,908	$1,123,946	$1,146,425	$1,169,353	$1,192,740	$1,316,882	$1,453,944	$1,605,272	$1,772,350	$1,956,817	$2,160,484
TOTAL EXPENSES	3.00%	$678,845	$698,659	$719,057	$740,056	$761,673	$879,696	$1,016,175	$1,174,012	$1,356,572	$1,567,748	$1,812,049
NET OPERATING INCOME ("NOI")		**$423,063**	**$425,287**	**$427,368**	**$429,298**	**$431,068**	**$437,186**	**$437,769**	**$431,259**	**$415,777**	**$389,069**	**$348,435**
EXPENSE/INCOME RATIO		61.6%	62.2%	62.7%	63.3%	63.9%	66.8%	69.9%	73.1%	76.5%	80.1%	83.9%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$363,657	$363,575	$363,489	$363,399	$363,305	$362,772	$362,113	$361,298	$360,291	$359,046	$357,506
DEBT COVERAGE RATIO		1.16	1.17	1.18	1.18	1.19	1.21	1.21	1.19	1.15	1.08	0.97
ANNUAL CASH FLOW		**$59,405**	**$61,712**	**$63,879**	**$65,899**	**$67,762**	**$74,414**	**$75,656**	**$69,961**	**$55,486**	**$30,023**	**($9,072)**
Deferred Developer Fee Balance		$756,503	$694,792	$630,913	$565,014	$497,252	$136,593	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$241,652	$605,965	$916,269	$1,122,201	$1,161,076

22607 Union Acres



Final Transcript

TEXAS DEPT OF HOUSING AND COMMUNITY AFFAIRS: Public Hearing

March 24, 2022/11:00 a.m. CDT

SPEAKERS

Teresa Morales – Director of Multifamily Bonds

PRESENTATION

Teresa Good morning. This is Teresa Morales with the Texas Department of Housing and Community Affairs. And the purpose of this call is to conduct a public hearing with respect to the proposed Union Acres development. To give folks a little bit more time to dial in, we'll get started in just about another minute or so.

All right, this is Teresa Morales with the Texas Department of Housing and Community Affairs. And the purpose of this call is to conduct a public hearing with respect to the proposed Union Acres development. To give folks an idea as to how we're going to proceed, there is a brief speech that I need to read for purposes of meeting the requirements of the Internal

Revenue Code. And then it will be at the conclusion of that speech where if there are any individuals who would like to make public comment, that will be your opportunity to do so. So after I finish reading the speech, I will unmute the lines and those who would like to make public comment, again, that will be your opportunity to do so. So let's go ahead and get started.

Good morning. My name is Teresa Morales, and I would like to proceed with the public hearing. Let the record show that it is 11:03 a.m. Thursday, March 24, 2022, and 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 multifamily 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 May 12, 2022. 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 multifamily revenue bonds and the aggregate principal amount not to exceed $10.1 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 Center 818 Cotton Ford Road LP, or a related person or affiliate entity thereof to finance a portion of the cost of acquiring, rehabbing and equipping a multifamily rental housing community described as follows: a 100-unit multifamily residential rental development to be located on approximately 18.368 acres of land located at or near 818 Cotton Ford Road, Center, Shelby County, Texas 75935. The proposed multifamily rental housing community will be initially owned and operated by the borrower or a related person or affiliate thereof.

So that is the conclusion of the speech. And now I'm going to unmute all of the lines.

W All participants are now in interactive talk mode.

Teresa — If there are any individuals on the line who would like to make public comment with respect to the proposed Union Acres development, this would be your opportunity to do so.

Again, all of the lines have been unmuted. So if there are any individuals who would like to make public comment, this would be your opportunity to do so.

Kenny — Good morning, Teresa. This is Kenny Baugh [ph] on behalf of the developer. As you know, this is a 100% Section A property which we plan on rehabilitation that includes interior improvements to the units and exterior improvements to the site and the buildings. We feel that once the project is complete, the development will continue to provide quality housing to the residents of Center, Texas and really be an asset overall to the community at large. So we're really looking forward to rehabilitating Union Acres and preserving the existing development there in Center.

Teresa — Excellent. Thank you, Mr. Baugh. Are there any other individuals who would like to make public comment?

All right, well, thank you for attending this hearing. The comments have been recorded, and the meeting is now adjourned. And the time is 11:07 a.m. Thank you.

Public Comment

City of CENTER TEXAS

617 Tenaha Street • P.O. Box 1744
Center, Texas 75935-1744

(936) 598-2941 • Fax (936) 598-2615
www.centertexas.org

August 25, 2021

Teresa Morales, Director of Multifamily Bonds
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Dear Ms. Morales,

I write to express my support for a bond allocation from the Texas Department of Housing and Community Affairs for the rehabilitation of Union Acres Apartments. Union Acres, located at 818 Cotton Ford Road, Center, Shelby County, TX, is a 100-unit, Project-Based Voucher Section 8 development for a low-income family population. The multi-family development was built in 1970 and is comprised of 1, 2, 3, 4 and 5 bedroom configurations.

Leading the redevelopment plans of Union Acres is a joint effort between The ITEX Group, Nautical Affordable Housing Solutions, Jeshurun Development and J. Allen Management Company. The development, which is entering its fiftieth year in operation, is in need of rehabilitation. The proposed request for financing by the partnership will be utilized to provide upgraded amenities for the residents to enjoy.

The ITEX Group, Nautical Affordable Housing Solutions, Jeshurun Development and J. Allen Management Company have partnered on a number of multifamily housing complexes in an effort to preserve and maintain affordable housing options across Texas, and will do the same for Union Acres.

The proposed rehabilitation has garnered the support of the community and serves some of the most vulnerable populations in the town of Center and in Shelby County more broadly. For these reasons, I am in full support of the application for funding.

Thank you for your consideration, and if I can be of any further assistance, please do not hesitate to call me at (936) 598-2941 or email at Davidchadwick70@yahoo.com.

Sincerely,

David Chadwick
Mayor

CHRIS D. PADDIE
TEXAS HOUSE OF REPRESENTATIVES
DISTRICT 9

May 5, 2020

Mr. David Long
President
Texas State Affordable Housing Corporation
2200 E. MLK Jr. Blvd.
Austin, TX 78702

Dear Mr. Long,

I have received the Public Notification for Union Acres Apartments in Center, Texas located in House District 9, which I represent.

I am pleased to lend my support to this development, which will serve the constituents in my District. Please do not hesitate to contact my office if I can be of any further assistance.

Sincerely,

Chris Paddie

CHRIS.PADDIE@HOUSE.TEXAS.GOV
P.O. BOX 2910 • AUSTIN, TEXAS 78768-2910 • (512) 463-0556 • (512) 463-0611 FAX
102 WEST HOUSTON • MARSHALL, TEXAS 75670 • (903) 935-1141 • (903) 935-1142 FAX

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BOARD ACTION REQUEST

MULTIFAMILY BOND DIVISION

MAY 12, 2022

Presentation, discussion and possible action regarding eligibility under 10 TAC §11.101(a)(3)(B)(ii) related to Undesirable Neighborhood Characteristics for Sunset Gardens (#22445)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for Sunset Gardens was submitted to the Department on March 3, 2022;

WHEREAS, the applicant disclosed the presence of all of the Neighborhood Risk Factors under 10 TAC §11.101(a)(3)(B) of the Qualified Allocation Plan (QAP) relating to the poverty rate for the census tract that exceeds 40%, the site is located within 1,000 feet of blight, the school ratings for the middle school are "F" in 2019 and the school was not rated in 2018 due to the Hurricane Harvey provision, and the site is located in a census tract and adjacent to a census tract where the Part I violent crime rate exceeds 18 per 1,000 persons annually according to NeighborhoodScout;

WHEREAS, the poverty rate was sufficiently mitigated pursuant to the QAP in the form of a resolution from the governing body;

WHEREAS, the presence of a few blighted properties could be considered mitigated based on evidence of new construction in the area and increased appraisal values associated with such new development;

WHEREAS, mitigation for the school rating is waived for 2022 pursuant to the QAP;

WHEREAS, the mitigation for the Neighborhood Risk factor relating to crime was not sufficient pursuant to the 2022 QAP as the crime data provided and discussed herein did not yield a Part I violent crime rate lower than the threshold allowed under the rule; and

WHEREAS, staff recommends the site for Sunset Gardens be found ineligible;

NOW, therefore, it is hereby

RESOLVED, that based on further review of the development site as discussed herein, the proposed site for Sunset Gardens is ineligible pursuant to 10 TAC §11.101(a)(3)(E) of the QAP relating to Neighborhood Risk Factors.

BACKGROUND

General Information: The development involves the rehabilitation and merging of two multifamily apartment complexes, Kings Row Apartments and Scott Plaza.

Kings Row Apartments, located at 4141 Barberry Drive in Houston, Harris County contains 180 units and has a Housing Assistance Payment Contract covering all of the units. Kings Row was originally constructed in 1970, and was previously rehabilitated with an award of Housing Tax Credits in 2002 (#02020).

Scott Plaza, located at 9703 Scott Street, Houston, Harris County contains 149 units and has a HAP contract that covers 105 of the units. Scott Plaza was originally constructed in 1965. It has been proposed that the Development will contain a total of 330 units (after conversion of a current leasing office to a residential unit at the Scott Plaza site) and the general population will continue to be served.

The location of the development site required disclosure of all four Neighborhood Risk Factors identified in the QAP; specifically the poverty rate, school ratings, Part I violent crime rate, and blight. Moreover, the location of the development site prompted disclosure of an Undesirable Site Feature relating to proximity to overhead high voltage transmission lines. Although the proximity to the high voltage transmission lines is considered mitigated under the rule, and although mitigation for the school rating is waived pursuant to the 2022 QAP, both are mentioned herein to provide adequate disclosure to the Board regarding all characteristics of the site.

Poverty: The development is located in a census tract (314.00) that has a poverty rate of 62.8% which exceeds the threshold of 40% allowed under 10 TAC §11.101(a)(3). The QAP allows for a resolution from the Governing Body of the appropriate municipality or county that acknowledges the high poverty rate and authorizes the development to move forward, to serve as acceptable mitigation for a poverty rate that exceeds the threshold. A resolution from the City of Houston has been provided that meets the requirements of 10 TAC §11.101(a)(3)(D)(i).

School: The development is located in the attendance zone of Thomas Middle School which received a rating of "F" for 2019 based on the Texas Education Agency (TEA) Accountability Ratings. The school was not rated in 2018 due to the Hurricane Harvey provision, however, it achieved a Met Standard rating in 2017. These are the most recent Accountability Ratings available due to the TEA not releasing Accountability Ratings for 2020, and not holding schools accountable based on 2021 Accountability Ratings. Given the disruption to the TEA Accountability Ratings, the QAP waived school mitigation for 2022.

Blight: The applicant disclosed that within 1,000 feet of the development site there are three structures that could be considered blight or that have fallen into such disrepair, overgrowth or vandalism that they would commonly be regarded as blighted or abandoned. Information provided to mitigate this risk factor included evidence of new construction in the area and increased appraisal values associated with such new development.

Crime: Sunset Gardens is located in a census tract that has a Part I violent crime rate of 35.08 per 1,000 persons annually, according to Neighborhood Scout, which exceeds the threshold requirement of 18 per 1,000 persons annually. The applicant provided a letter from Troy Finner, the Chief of Police for the Houston Police Department, which provided the Part I violent crime rate for the police beat which encompasses the development from 2017 to 2020, reflected in the table below. Staff requested data for the 2021 calendar year be provided which is also reflected in the table below. A downward trend is apparent until 2020 where there is an increase in crime which the applicant believes is related to the pandemic experienced nationwide.

Census Tract	2017	2018	2019	2020	2021
3314 (includes Police Beat 14D20)	36.59	31.44	28.68	35.08	30.24

In order for the site to be considered eligible, there must be a "*determination that the risk factor(s) must not be of a nature or severity that should render the Development Site ineligible based on the assessment and mitigation provided*." Despite the downward trend from 2017 – 2019 and slight downward trend from 2020 – 2021 the standard to be applied pursuant to 10 TAC §11.101(a)(3)(B) of the QAP include a demonstration of "*actions being taken that would lead staff to conclude that there is a high probability and reasonable expectation the risk factor will be sufficiently mitigated or significantly improved prior to placement in service and that the risk factor demonstrates a positive trend and continued improvement*." Staff does not believe the crime rates are indicative of such high probability and reasonable expectation that the crime rate would be at or below the threshold of 18 per 1,000 persons annually, particularly when considering the timeline for placement in service associated with rehabilitation developments. Specifically, the timeline is shorter, typically 12-18 months, compared to 24-36 months for new construction developments.

Included in Exhibit A of this item is the Neighborhood Risk Factor package provided by the Applicant which reflects these crime rates, including an annualized crime rate for 2022. Staff notes that the ability to annualize a crime rate is not a consideration allowed under the rule. Information from the applicant also speaks to security and crime prevention and city investment in the area.

Included in Exhibit B of this item is information compiled by staff regarding the crime risk factor. Specifically, there is a map that outlines the boundaries of the Police Beat 14D20, which encompasses the census tract of the subject development. This map provides a visual for the instances of violent crime in and the surrounding neighborhood of the proposed development. Also included are excerpts from the NeighborhoodScout report reflecting some characteristics of the neighborhood, including the median home value, unemployment rate, per capita and median household income, violent crime and property crime indices and comparisons to the greater Houston area, and the projected trend relating to violent crime rates through 2027.

Undesirable Site Feature: Buildings or designated recreational areas located within 100 feet of an overhead high voltage line may render a development ineligible, pursuant to 10 TAC §11.101(a)(2)(D) of the QAP. The QAP allows an exemption if the development is Rehabilitation with ongoing and existing federal assistance from HUD, USDA, or Veterans affairs. There are Section 8 project-based Housing Assistance Project (HAP) contracts covering 285 of the units that are expected to continue; therefore, the development meets the criteria for an exemption.

EXHIBIT A

May 2, 2022

Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Dear Mr. Wilkinson:

I am writing to provide the Department with additional information regarding the Neighborhood Risk Factor and to formally request a eligibility for TDHCA #22445 Sunset Gardens, in accordance with 11.101(a)(3)(B)(ii). We respectfully request that the Department considers the unique circumstances of this Development outlined below and that the Department approves our request for eligibility for the Part I Violent Crime Rate. This letter, along with supporting data and letters of support, should provide a clearer impression of the collaborative and concerted improvement initiatives underway the Sunnyside area of Houston. I hope you will let me know if there is any additional information that you would like to see.

The rehabilitation of this community critical to preserve existing low income housing in Houston. Through working closely with the City of Houston, we are certain it is reasonable to expect that planning and ongoing crime mitigation efforts support a favorable downward trend in crime rates.

Introduction to the Development

The Development Sunset Gardens is a rehabilitation initiative of two long-standing affordable housing developments in the Sunnyside neighborhood in Houston. The developments that are proposed to be rehabilitated into Sunset Gardens are Kings Row and Scott's Plaza. This property is within one of Houston's 10 Complete Communities, thus the rehabilitation of affordable homes to ensure there is quality affordable housing for the years to come is in accordance with the City's larger goals for this community. The Complete Communities program in Houston provides a backbone for reliable, collaborative, and concerted efforts to invest and improve the neighborhood so that all residents have business owners have access to quality services and amenities. Moreover, the Complete Communities focuses its efforts in 9 major areas: community leadership and advocacy, economy and jobs, education, health, housing, mobility and infrastructure, neighborhood character, parks and community amenities, and safety.

The proposed Development has received tremendous support from the City of Houston. City officials have emphatically expressed their support for the rehabilitation of existing affordable housing in Sunnyside, noting that this redevelopment would meet specific goals for Sunnyside shared by the City and residents alike. Sunset Garden's proposed programs and services provider, Rainbow Housing Assistance Corporation has a strong history mitigating crime to ensure that low income housing developments provide high quality and safe housing communities.

Current Crime Statistics

Although the Part I Violent Crime rate does exceed TDHCA's threshold for automatic eligibility, it is important to look at the crime trends in areas where public and private investments are together leveraging improved quality of life. The crime rates in Police Beat 14D20, which includes the Sunset Gardens redevelopment site, ***has consistently trended downwards except for in 2020***. Due to the unprecedented nature of the challenges that the COVID-19 Pandemic brought to communities across the county, we have been repeatedly advised to look at crime rates in 2020 as an outlier rather than as a reflection of communities as a whole. Of course, the challenges from the pandemic did not end in 2020, and thus many communities are still recovering. Regardless, from crime statistics provided by the Houston Police Department, the Part I Violent Crime rate **decreased by about 17% from 2017 to 2021**. Although crime statistics for the police beat are only available through March 2022, through annualizing the data, we are estimating a further decrease this year, making the **total estimated decrease from 2017 through 2022 to about 30%**. It is apparent that the crime mitigation efforts employed in the Sunnyside area are successful, and the Sunset Gardens redevelopment will only help these mitigation efforts. To further contextualize the success of crime mitigation in police beat 14D20, despite the challenges that resulted from the COVID-19 Pandemic in 2020, the Part I Violent Crime rate **decreased by about 9% from 2020 through 2021**. This indicates that while crime did increase in 2020, the City of Houston and the community of Sunnyside were effective in addressing these challenges and successfully ensuring that the crime rate decreased again. Please see exhibit A for more on current crime statistics.

Security and Crime Mitigation Planning

The Sunset Gardens security and crime mitigation plans have proven success both as the development site and at other low-income housing developments in the City of Houston. The development team is working with Delta Patrol to implement a thorough security plan, which includes security personnel, improved lighting, camera coverage in public spaces***. Partnership with Delta Patrol Officers since the beginning of 2021 has led to a 50% decrease of Part I Violent Crime incidents***. Moreover the development team has implemented a Zero Tolerance Policy that gives fair warning to anyone who is involved in criminal activity on the property at risk of losing their housing that Sunset Gardens. This policy when used elsewhere has proven to be very success in ensuring that individuals do not engage in criminal activity within the community.

Sunset Garden's proposed programs and services provider, Rainbow Housing Assistance Corporation has previously been successful at completely transforming a once crime ridden community into the safe, high quality housing that residents are proud to live in. Some of the challenges that the Haverstock Hills community faced are similar to the challenges that residents of King's Row and Scott's Plaza have faced, thus the Rainbow Housing Assistance Corporation is well equipped to usher the Sunset Gardens development into a similar transformation. For more information on the Haverstock Hills safety transformation, please see the link and QR code below:

https://tinyurl.com/2n4kjp3v

Please see exhibit B for Rainbow Housing Assistance Corporation's Crime Prevention Plan for Sunset Gardens. This plan includes detailed plans for 5 key steps to prevent crime. These steps include: administrative crime prevention, property inspection, management and personnel, security, and Crime Prevention Through Environmental Design requirements. The full Sunset Gardens Security Plan can be found in the Neighborhood Risk Factor Report that was submitted with the application.

City Of Houston Investment

Since the development site is located within the Sunnyside Complete Community and the Sunnyside TIRZ boundaries, it is clear that this area will continue to see significant redevelopment in the area through concerted partnerships with the City of Houston. The Sunnyside Complete Community Action Plan outlines plans for housing and infrastructure investment throughout the area. Notably, in July of 2021, the City of Houston approved the redevelopment of an old closed down landfill in the area into the largest brownfield solar installation in the nation. The project will turn a community liability into a community asset. Additionally, the Sunnyside TIRZ Fiscal Year 2021 budget that has been approved by the City identified ***over $13 million in approved improvements*** to the Sunnyside area. The City of Houston is committed to seeing the Sunnyside area redevelop, high quality affordable housing is an invaluable part of the greater goal of ensuring that Sunnyside is a complete community. Please see exhibit C for more on the City of Houston's investments in the Sunnyside community.

Conclusion

This requested finding of eligibility is critical to preserve existing low income housing and bring much needed health and safety improvements to the existing residents. Factoring out the COVID-19 anomaly from 2020, the data demonstrates a downward trend for instances of crime. Both the Development Owner and City of Houston are investing in the site and surround area security and safety measures for mitigation. There is more than a reasonable expectation that these efforts and existing statistics support a favorable downward trend in crime rates. If you have any additional questions, please do not hesitate to contact me at anjelica@structuretexas.com or 832-419-1796

Sincerely,

Anjelica Rivas

Consultant to the Project

Exhibit A Current Crime Statistics

Exhibit B Sunset Gardens Crime Prevention Plan

Exhibit C City of Houston Investment in Sunnyside

Houston's Police Beat 14D20 Part I Violent Crime Rates

	2017	2018	2019	2020	2021	2022 Estimate
Part I Violent Crime Rate	36.59	31.44	28.68	35.08	30.24	25.76
2017 - 2022 Percent Change	**-30%**					
2017- 2021 Percent Change	**-17%**					
2020- 2021 Percent Change	**-14%**					

Houston Police Department Crime Data: 2022 Estimate for Police Beat 14D20

Robbery	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	6	14D20
Aggravated Assault	3	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	4	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20

Total Jan - March 2022	180
Annualized Total	720
Estimated Pop County	27948
Crime rate / 1000	25.76213

Continued Houston Police Department Crime Data: 2022 Estimate for Police Beat 14D20

NIBRSDescription	OffenseCo	Beat
Aggravated Assault	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	3	14D20
Aggravated Assault	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Robbery	1	14D20
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Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20

Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Forcible rape	1	14D20
Robbery	1	14D20
Aggravated Assault	4	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Forcible rape	1	14D20
Aggravated Assault	3	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20

Aggravated Assault	2	14D20
Murder, non-negligent	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
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Robbery	1	14D20
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Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	3	14D20
Aggravated Assault	1	14D20

Crime Prevention Plan

Sunset Gardens
4141 Barberry Drive
Houston, Texas 77051

Crime Prevention Plan
Sunset Gardens
Houston, Texas

In an effort to prevent crime in our communities we have instituted a Crime Prevention Plan. This plan will allow our managing partners to work hand in hand with local law enforcement agencies to fight back against crime. To address the crime problem in rental properties requires a unique coalition of landlords (their employees), residents, and the local law enforcement. The most effective way to deal with any illegal activity on rental property is through a coordinated effort.

Criminal activity in rental property accounts for:

- radical decline in property values
- high demand on law enforcement resources
- property damage from residents loss of rents during eviction/repair process
- fear/frustration from management and other residents, increase in liability
- animosity from between neighbors and property managers
- Increase in liability on part of manager and owners
- Owners answering to criminal or civil abatement charges

Outlined below are the five key steps to the prevention plan.

- Administrative crime prevention
- Property inspection
- Management and Personnel
- Security
- CPTED requirements (Crime Prevention Through Environmental Design)
    - Access Control
    - Community Identity
    - Community Signage
    - Sense of Place
    - Building Entrance Design
    - Crime Free Multi-Housing Training
    - Police Calls
    - Surrounding Land Uses

Administrative Crime Prevention

1. Maintain complete tenant records for each apartment, which shall include:

- A completed application, lease, copies of photo identification and other identification documents, date of birth and photographs of all current and future occupants (children included). Lease shall include a list of each tenant's vehicle make, model and license plate.

- Credit and criminal background checks on all current and future tenants by established, independent firm. The credit and criminal background checks must include at least the states of California, New Mexico, Nevada, Texas, and the tenant's last state of residence.

- Obtain written documentation from chosen credit and criminal background check company on databases they search to obtain criminal background information. Ensure that Harris County and Municipality records are included in all databases. Maintain a paper copy of all criminal background checks performed on all applicants.

- Ensure that due diligence is met by testing information received from multiple background check company's before choosing a permanent background check company.

- Have all current and future tenants sign a copy of the property rules and maintain a copy in their file. At a minimum, the list should include provisions restricting loitering on the property and in the parking lot by tenants and their guests, loud music, and vehicle speed restrictions through the parking areas and alcohol consumption in the common areas.

- A signed crime free lease addendum from all current and future occupants over the age of 18.

- A signed landlord/tenant initial inspection/walk-thru report, at move-in, specifying any work or repairs to be completed within two days or as reasonable.

- Copies of quarterly HQS inspections in each unit file and any action taken in response to the inspections.

- Maintain records of action taken when notified by police or other sources of criminal activity on and off the property known as Sunset Gardens Apartments.

    - Suggested Binders
        - All Incident Reports
        - All Crime Alerts
        - All Police Reports

2. Provide the Houston Police Department with an e-mail address for the purpose of receiving future departmental records (police reports) and information on other activity on the property. Owner/Management will keep a copy of these e-mails and records of action taken in response to the information.

3. Develop and consistently apply a new tenant acceptance and renewal policy to include a written document to be handed to all perspective applicants.

   - Prohibit all persons from renting a unit or living on any part of the property with prior history of conviction or plea of no contest or guilty of any violent felony or any felony committed within the last 10 years.
   - Immediately evict through the justice system any persons, tenants, occupants, friends, guests of any tenant arrested for committing crime on or off the property at Sunset Gardens Apartments.
   - Post written rental policy in a conspicuous location within the leasing office(s). At a minimum the policy should be on an 8.5"X11" sheet with size 12, Times New Roman font.

4. Develop and consistently apply a list of property rules to be signed by all current and future tenants as referred to above in section 1(e).

5. Make these records available for review by the Houston Police Department. All records will be maintained at the Sunset Gardens leasing office for immediate inspection.

Property Inspections

1. Management or maintenance staff shall walk the property on a daily basis to conduct an exterior inspection of the grounds.

   Management or maintenance staff shall:

   - Identify and properly make needed repairs.

   - Identify and immediately remove graffiti.

   - Maintain landscaping and lighting to optimize natural surveillance.

   - Identify unauthorized and inoperable vehicles and properly address per written policy.

   - Identify safety concerns and promptly address those issues.

- Assign a management team of two or three along with local law enforcement every two weeks to walk the grounds during an hour of complete night time (dark outside) to ensure lighting sources are functioning properly and pointed in the appropriate directions.

2. Ensure management conducts proper quarterly maintenance inspections for
each occupied unit for air filters, smoke alarms, mold, bug infestations, unit maintenance and verification of occupancy. The written record of the monthly inspection shall include, but not limited to, response to these matters and actions taken.

3. Schedule a comprehensive inspection of the property including the interiors of any unit, a Crime Free Multi-Housing program inspection, a Crime Prevention Through Environmental Design (CPTED) audit, and implement recommendations.

CPTED REQUIREMENTS

1. Below are issues that need to be identified during the site and unit inspections.

    - Doors are constructed for exterior use. (This does not include hollow core doors).

    - Dead bolt strike plates. (2-3 inch screws, where construction permits)

    - 180 degree eye viewers in all front doors recommended on all new construction and implemented at turn stage.

    - Uniform security lighting, persons and vehicles should be distinguishable by ethnicity/color at 100 feet.

    - Proper trimming of bushes/trees. Trees may need to have a 7-8 feet clearance from ground level and bushes trimmed at 2-3 feet to provide detection. (Height and width of landscaping may need reduction to prevent obstruction of light poles or building lighting fixtures.)

    - Anti-lift/slide devices on sliding windows and doors. (Exception may be taken with second floor units where no outside access is reasonably possible.)

    - The exterior and interior of all units are in compliance with all applicable state, and local health, safety, and nuisance laws and ordinances.

- Access control is critical. Management needs the ability to control who enters and exits the community. This will enhance the ability to ensure safety.

- Community Identity Signage. Construct community identity signs at key access points along the perimeter of the community. This is critical for facilitating emergency responses and for guest who may not be familiar with unit locations in the community.

- Construct signage that accomplishes the following.

    - Identifies buildings by address or number and the units in each building. The building address/number should be visible at all times as should the unit number.
    - Identifies on-site facilities-laundries playground, pool

- Creating a sense of place is critical to building a strong community in which residents care about where they live.

- Building entrance design can create issues.

    - First it can provide hiding spaces for someone to surprise a resident and assault the resident or force the resident to provide entry into the unit.
    - Second it provides the opportunity for someone to not be seen when conducting a burglary.

- Crime Free Multi-Housing Training – All management should be trained through the CFMH program. This is a large community and needs constant review and monitoring. Monthly unit inspections – to verify residents – and daily walks through the community to identify maintenance and management issues are critical.

- Police calls – There are certain types of police calls that can generally be attributed to someone coming on-site – trespassing, suspicious person, burglar, auto theft and other calls that are generally attributable to residents such as domestic violence, loud noise and neighbor disputes.
    - If not analyzed already, management should work with the Law Enforcement Department to prepare an analysis of the calls for service by address to determine which portions of the community are the most susceptible to non-resident access. Once those locations have been identified, strategies could be developed for addressing access control issues in that specific area. This would allow for the targeting of limited resources to those areas where criminal activity is an issue and minimize the necessity to put in place access control mechanisms throughout the entire community.

Management and Personnel

1. Ensure all current and future management and maintenance personnel will be immediately instructed that any illegal activity or activity in violation of the lease, property rules, and lease addendum will not be tolerated. All legal remedies shall immediately be pursued against any such violators.

2. Keep personnel files for all current and future managers and maintenance personnel, which shall, at a minimum include a criminal background credit checks.

3. All employees and future personnel shall attend any and all Crime Free Multi-Housing training classes.

4. Implement a training program and continuing education for management and maintenance personnel.

5. Owners and their agents, including but not limited to management, maintenance personnel and security personnel, will keep a written log of all tenant contacts in any manner, i.e., in person, telephone or otherwise regarding the operation of the property. Such logs shall list dates and times, names of tenants and owners agent involved in contact, and summary of matter discussed.

Security

1. As needed, contract with licensed and bonded security personnel to patrol the property.

   - Security personnel shall keep a detailed duty log of occurrences which shall be provided to management daily.
   - Management shall keep these records and records of the action taken.

2. Implement and enforce a written visitor policy.

   - Require tenants to notify management of the names of visitors and duration of stay.

3. Provide a complete written tenant list including the names and dates of birth for each apartment to the Houston Police Department on a monthly basis.

4. Implement a policy to address unauthorized and inoperable vehicles, and enforce a towing policy. Suggested resident tags for all vehicles.

5. Implement and enforce a zero-tolerance policy for street vendors and solicitors, liquor in the common areas, loud music and disruptive behavior.

6. Post no trespassing signs in English and Spanish at each access to the property and fill out an Authority to Arrest form with the Houston Police Department

7. Ensure the occupancy of any unit shall not exceed the limits of the Harris County City Code or any other applicable laws.

8. Maintain the property consistent with all applicable State and County laws and city ordinances, including Fire, Zoning, and Neighborhood Preservation ordinances.

EXHIBIT C: New Development

Sunnyside Housing

11,860 Housing Units (2018)

- 10,086 Occupied (85%)
  - 4,893 Owners (49%)
    - 1,157 Cost Burdened (24%)
  - 5,193 Renters (51%)
    - 2,824 Cost Burdened (54%)
- 1,774 Vacant (15%)

In 2018, 11% of all housing units in Houston were vacant

In 2018, 57% of units were renter occupied in Houston

In 2018, 22% of owners and 48% of renters in Houston spent more than 30% of their income on housing

HOUSING

Introduction

High quality housing that meets the needs of people with a diversity of incomes and housing-related services that support residents are key components of a complete community.

Sunnyside households are facing a number of challenges related to housing. One challenge is that much of the existing housing stock in Sunnyside, which is predominantly single family homes, is aging and in need of repair. Another challenge is that the rate of homeownership in the neighborhood is declining. Specifically, between 2000 and 2018, the percent of homeowners in the neighborhood dropped from 59% to 49%. Over this same time period there has also been an increase in the number of families renting a single family home and the number of households that are burdened with high housing costs.

Housing Goals

The four housing goals focus on repairing and maintaining existing housing, expanding and securing homeownership, stabilizing renters, constructing new affordable housing, and expanding fair housing policies. The goals are summarized here and provided in more detail on the following pages. The housing goals are:

Sunnyside Housing

Well-Maintained Housing

Sunnyside is a historic community, and as a result one of every ten homes was built before 1960, and 73% of all housing units were built before 1980. Supporting existing home repair programs and developing new programs to assist with needed maintenance will help to preserve the historic character of the neighborhood and ensure families and seniors have access to safe and secure housing. Strategies developed through the Complete Communities process include establishing a local home repair loan pool, assessing neighborhood housing conditions, and encouraging area tenants to report unsafe and substandard conditions in multi-family housing developments. The objective is to reduce the number of housing violations in the neighborhood.

Secure Homeownership and Stable Renters

Homeownership is one of the most important factors in building generational wealth. The homeownership rate in Sunnyside dropped 10% between 2000 and 2018, with just under half of all households owning their home today. While the percentage of households renting a home has risen, these families have become increasingly burdened by high housing costs. In 2000, 40% of renter households spent more than 30% of their income on housing, by 2018 this number had risen to 54%. Providing workshops for current homeowners on property taxes, appraisals, wills, inheritance planning, predatory lending practices, and exemptions will increase housing security. Increasing access to new home buyer education programs will support the next generation of home owners and connecting renters to information and assistance programs will ensure safe and secure housing. In addition, establishing a Sunnyside Homestead

A complete community is an affordable community with high quality housing that is safe, well-maintained, and accessible to people with a diversity of needs and incomes

Preservation District could preserve existing affordable housing and encourage public investment. Success will be measured by stabilizing the rate of homeownership in Sunnyside.

New Quality Housing

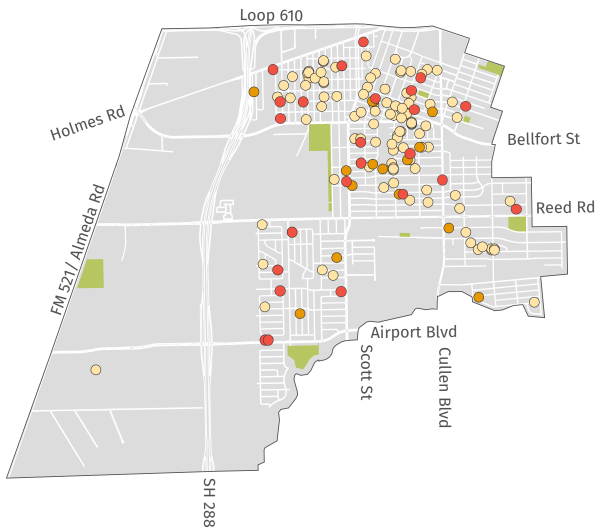
In the last twenty years more than 2,000 new housing units have been constructed in Sunnyside, representing 18% of all housing units. In 2020, the median list price of homes for sale was just over $150,000. Building a range of market rate and affordable single-family housing, particularly in partnership with the Houston Land Bank, promoting mixed-income rental housing, and encouraging innovative housing models such as mother-in-law cottages and accessory dwelling units will expand housing options to meet the needs of diverse households and families. Further, establishing a Sunnyside community housing development organization will promote neighborhood-based change and support the construction of housing that meets the needs of area families.

Fair Housing Policies

In 2018, 932 Sunnyside households (approximately 10%) had a Housing Choice Voucher to assist with housing costs. Yet, in the same year, over 2,100 families had household incomes below $20,000, and 85% of these families spent more than 30% of their income on housing. Expanding the number of housing choice vouchers available to area families will increase housing security. In addition, in 2018, nearly 7% of those raised in very low income households in Sunnyside had been incarcerated, which was more than twice the rate in Harris County. As a result, revising policies to allow those who are re-entering from the disciplinary system to receive public housing assistance is critical. The objective is to advocate for a 10% increase in housing choice vouchers available to area families.

Map of Houston Land Bank Properties

Land Bank Properties



Map of Building and Demolition Permits

Single Family Building Permit
Multi-Family Building Permit
Demolition Permit

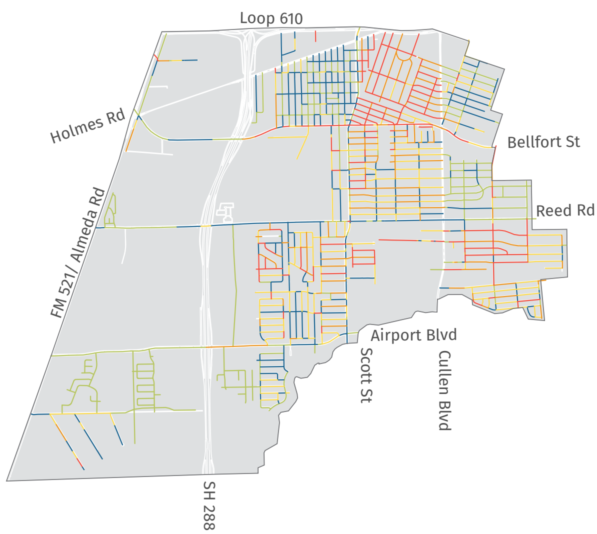
MOBILITY and INFRASTRUCTURE

Introduction
A complete community is connected and resilient, with high quality transit, infrastructure, and walkable streets.

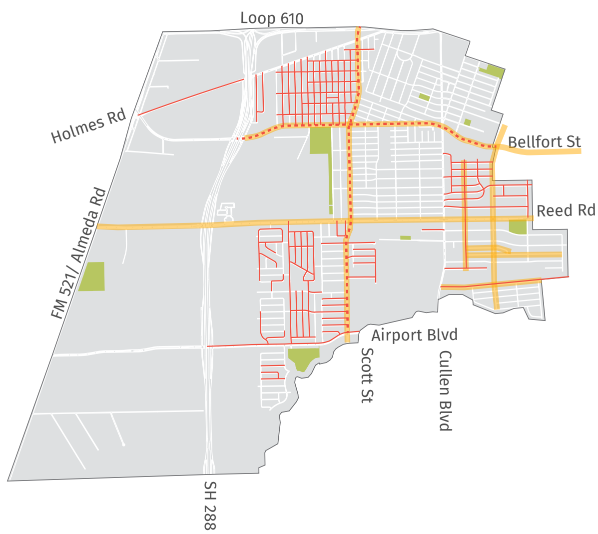
Sunnyside is well served by public transit. Six METRO bus routes serve the neighborhood: the 54 Scott and 73 Bellfort, which run every 15 minutes, the 29 Cullen/Hirsch, which runs every 30 minutes, and the 11 Almeda/Lyons, 87 Sunnyside, and 360 Peerless Shuttle, which run every hour. Between 2000 and 2018, the percentage of workers over the age of 16 commuting on public transit declined from 12% to 9%. Yet in 2018, Sunnyside workers were more than twice as likely as workers in Houston overall to commute by public transit. Over the same time period the percentage of Sunnyside households without a vehicle declined from 26% to 21%. Public transit is critical for area households, as more than twice the percent of Sunnyside households are without a car as compared to Houston.

While Sunnyside community members are well-served by public transit, significant improvements to local streets, sidewalks, transit amenities, and infrastructure are needed to enhance mobility and connectivity.

Mobility and Infrastructure Goals
The five mobility and infrastructure goals included in this plan focus on improving area streets, pedestrian and bicycle networks, storm drainage and wastewater systems, public transit, and advocating for equitable public infrastructure investment. The goals are summarized here and provided in more detail on the following pages. The mobility and infrastructure goals are:



Map of Pavement Conditions
Good
Fair
Very poor
Satisfactory
Poor



Map of CIP and Proposed Street Improvements
CIP Projects (Complete)
CIP Projects (Active)
Proposed Street Improvements

A **complete community** is a **connected** community with efficient and reliable public transit, safe and complete streets, and quality infrastructure

Great Streets

In 2020, 24% of Sunnyside streets were rated as "very poor" or "poor" by Houston Public Works. Improving and maintaining area streets is a key priority for stakeholders. In Sunnyside, Houston Public Works has many active or completed Capital Improvement Projects (CIP) focused on improving area streets. The CIP projects include Scott Street, Bellfort Street, Jutland Road, and the streets in three area subdivisions. These CIP projects address many of the community stakeholder's concerns. Encouraging residents to report poor street conditions to 311 and report street light outages to CenterPoint will ensure continued street and safety improvements in the neighborhood.

Great streets are not only functional, but also beautiful and safe for all users. Developing strategies to improve streetscaping and street lighting will encourage economic development, improve property values, and increase safety and connectivity. Advocating for the implementation of traffic calming strategies, particularly along streets adjacent to schools and parks, will enhance safety for pedestrians. The objective is to reduce the percent of area streets that are rated as "very poor" or "poor."

Complete and Safe Pedestrian and Bike Networks

In 2018, more than one of every five Sunnyside households did not have access to a vehicle, yet only 1% of area workers over the age of 16 walked or biked to work. Overall, only one-quarter of Sunnyside streets have sidewalks. Expanding the pedestrian and bicycle network will improve connectivity and safety and increase mobility options. Prioritizing pedestrian and bicycle projects in conjunction with the Houston Bike Plan and in areas adjacent to schools and parks is a priority. Success will be measured by the expansion of safe sidewalks and bike routes in the community.

Map of Existing and Proposed Sidewalks
Existing Sidewalk
Proposed Sidewalk Improvement

High Quality Storm Drainage and Wastewater Management

Sims Bayou runs along the southern boundary of Sunnyside. In 2016, the Harris County Flood Control District completed the Sims Bayou Flood Reduction project, which significantly reduced flood risks in the watershed. As a result, Sims Bayou was the only waterway in Houston that did not leave its banks during Hurricane Harvey in 2017. Yet, improvements to the local drainage network are needed to prevent localized street and structural flooding. Projects include ensuring that area ditches are well-maintained and free of debris and prioritizing necessary drainage system repairs and improvements. In addition, neighborhood cleanups will be organized and community members and other entities will be encouraged to participate in the adopt-a-ditch program. Over the long-term, the objective is to upgrade local storm drainage from the existing open ditches to curb and gutter systems to further minimize flood risks.

Mobile and Connected Community

Sunnyside residents are well-served by public transit, including two high-frequency routes along Scott Street and Bellfort Street that will become BOOST corridors in the future. Yet, targeted improvements to the public transit network will make it more useful, accessible, and efficient. To achieve this goal, strong partnerships should be established between area stakeholders, METRO, and other partners to advocate for priority improvements. Projects identified through the planning process include implementing a METRO Community Connector service to link Sunnyside Park and Community Center, the Multi-Service Center, healthcare services, and area shopping. In addition, stakeholders identified the need to improve the reliability of existing bus services and enhance amenities at area bus stops, including crosswalks, benches, and shelters. The objective is to provide safe and accessible connections to area transit corridors and improve transit amenities.

Equitable Infrastructure Investments

Capital improvement projects, particularly infrastructure improvements, require advocacy, funding, and institutional support. Public infrastructure spending should also address historic inequities across Houston communities. The goal is to advocate for transparency, including public access to

Cullen Boulevard

information on priorities and infrastructure project evaluations in Sunnyside, and to advocate for the City of Houston to prioritize public infrastructure improvements in under-served neighborhoods.

Transit Map
- High Frequency Route
- Mid Frequency Route
- Low Frequency Route
- Proposed BOOST Corridor

Map of Drainage and Floodplains
- Floodway
- 100-Year Floodplain
- 500-Year Floodplain
- Drainage
- Stormwater Drainage
- Utility Easement

Early Successes

The METRO Next Plan includes the development of a series of BOOST corridors, which are enhanced bus routes with improved amenities, schedules, and reliability. The Sunnyside community will be served by two new BOOST corridors, the 54 Scott and 73 Bellfort. The Scott Street BOOST corridor will be one of the first projects completed. There are 35 Universal Accessibility projects programmed for the Scott Street corridor, which are projects to improve sidewalks, bike routes, and address accessibility issues as a means to connect areas within the first and last mile of the corridor.

Houston Public Works is conducting drainage studies throughout the city, including in Sunnyside. The studies focus on areas where flooding threatens homes, storm sewers need improvement, and channels, bayous, and land create unique challenges for local flooding. The drainage studies will include an assessment of existing conditions and alternatives for improvements. The projects will be a partnership with Harris County Flood Control District and Harris County Engineering Department and funding is being requested through the Texas General Land Office's Community Development Block Grant Mitigation program.

Select

RESIDENTS BUSINESS VISITORS GOVERNMENT SERVICES CONTACT / SEARCH

> Mayor's Office > Press Releases > 2021

MAYOR'S OFFICE PRESS RELEASE

Houston City Council Approves Largest Brownfield Solar Project in the Nation

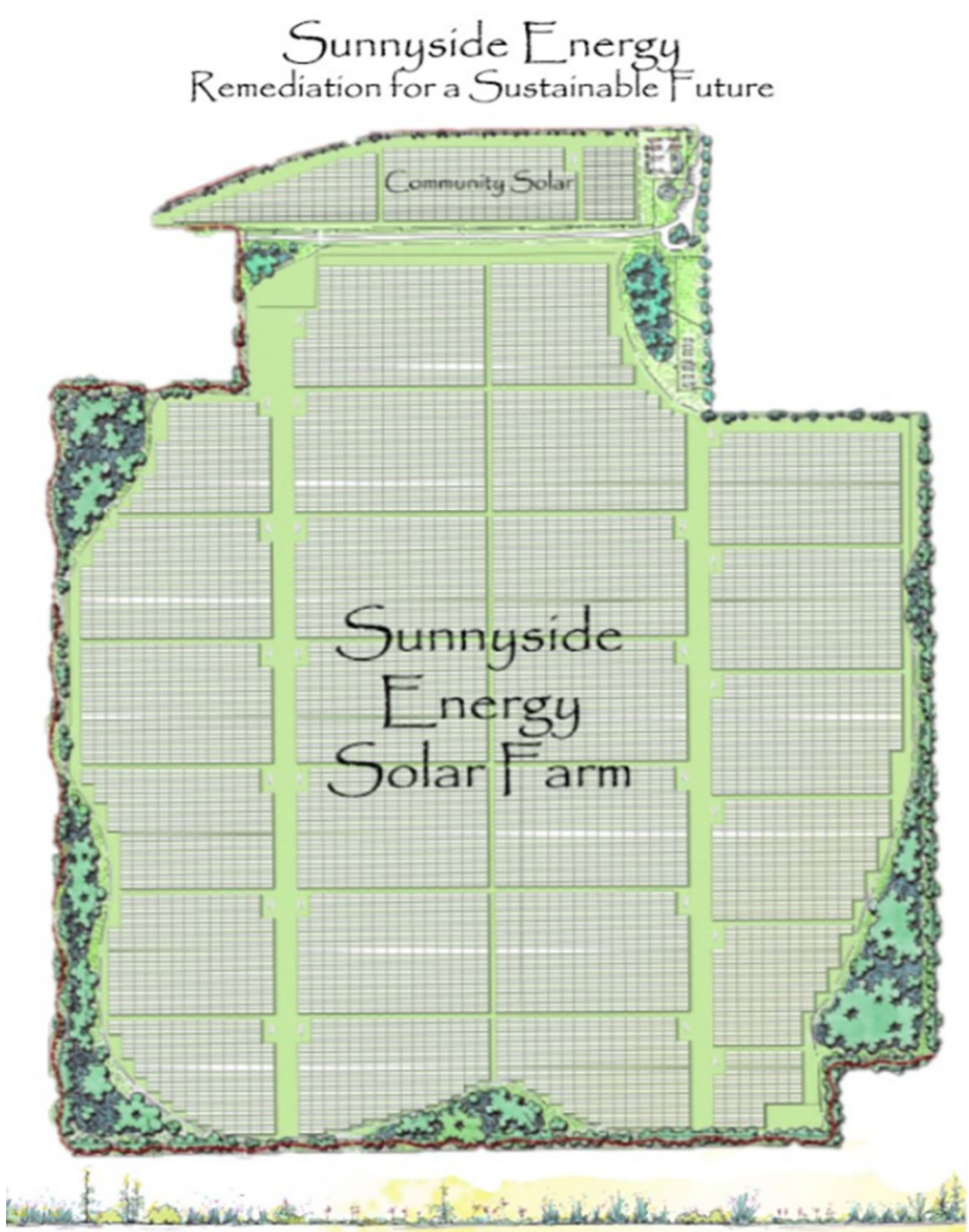
January 14, 2021 -- Mayor Sylvester Turner and city council yesterday approved unanimously a lease agreement with Sunnyside Energy, LLC to advance the Sunnyside Solar Project–an innovative public-private partnership to convert the 240-acre closed landfill in Sunnyside into the largest brownfield solar installation in the nation. The project is a product of the City's Climate Action Plan and Complete Communities Initiative. It is an example of how the City of Houston is working to find innovative, public-private solutions to addresses historic environmental justice concerns, climate change, and economic development in underserved communities.

“The Sunnyside landfill has been one of Houston's biggest community challenges for decades, and I am proud we are one step closer to its transformation," said Mayor Turner. "I thank the Sunnyside community because this project would not have come together without its support. This project is an example of how cities can work with the community to address long-standing environmental justice concerns holistically, create green jobs and generate renewable energy in the process.”

The project, developed by Sunnyside Energy, will be anchored by a 50 megawatt (MW) ballasted solar array that will generate enough renewable energy to power 5,000 homes and offset 120 million pounds of CO_2 each year. The array is expected to be installed and operational by the end of 2022 – at no cost to the City.

MAYOR'S OFFICE LINK

- Mayor's Home Page
- Ceremonial Documents
- Divisions and Directors
- Map to City Hall
- Mayoral History
- Press Releases
- Video Message Request



"We applaud the actions of Mayor Turner and the City Council in taking this significant step," said Dori Wolfe, Managing Director of Sunnyside Energy LLC. “It is a strong vote of confidence for this impactful project. All members of the project team realize that this Sunnyside Solar facility will be an iconic statement in the rejuvenation of the community. We are grateful that Mayor Turner has given us his support."

In 2017, the City of Houston joined the C40 Reinventing Cities Competition – a global competition to develop innovative, carbon-free, and resilient urban projects. Through the competition, Houston and 13 other cities across the globe identified for redevelopment under-utilized parcels of land. Through this effort, the City selected the winning proposal from Wolfe Energy, LLC. After receiving the green light to move the proposal forward, Wolfe Energy formed Sunnyside Energy LLC, a team of engineers, architects, community members, and artists, to transform the abandoned landfill site into an urban solar farm.

Under the terms of the lease agreement approved by City Council, the City will retain ownership of the land, but the tenant will be responsible for the permitting, construction, operation, and maintenance of the project, an estimated $70 million private investment for the community. In the coming months, Sunnyside Energy LLC will work to secure all necessary state and local permits and finalize financing and design plans to ensure the project meets the most rigorous environmental safety standards before construction.

As part of the City's Complete Communities initiative, the project also contains sustainability, resilience, and economic development components, requested by the community and will:

- Prevent potential future environmental hazards posed by the landfill
- Provide power discounts for low-income residents in the neighborhood
- Train and employ local labor
- Store and filter stormwater on the tract to help reduce flooding
- Include educational attributes at the restored site

Increasing Houstonians' use of solar power is a critical component of the city's first-ever Climate Action Plan. One hundred percent of the City of Houston's electricity to operate its facilities comes from solar and wind sources, making Houston the largest municipal user of renewable energy in the nation.

The mission of Complete Communities is to ensure that all Houstonians have equal access to quality services and amenities. By tapping the strengths of Houston’s community members, nonprofits, businesses, and philanthropic partners, the Complete Communities initiative is building a stronger, more resilient city and making transformational change where it’s needed most.

For more information on the Complete Communities initiative or to view the Sunnyside Complete Communities Action Plan, visit online at https://www.houstontx.gov/completecommunities/.

More details about the Sunnyside Solar Project and the Houston Climate Action Plan are available at www.greenhoustontx.gov and complete communities website.

City of Houston, Texas, Ordinance No. 2020-750

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF REINVESTMENT ZONE NUMBER TWENTY-SIX, CITY OF HOUSTON, TEXAS (SUNNYSIDE ZONE); APPROVING THE FISCAL YEAR 2021 OPERATING BUDGET FOR THE ZONE AND THE FISCAL YEARS 2021-2025 CAPITAL IMPROVEMENT PLAN BUDGET FOR THE ZONE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * * * *

WHEREAS, the City created Reinvestment Zone Number Twenty-Six, City of Houston, Texas (the "Zone") by Ordinance No. 2015-1092 on November 16, 2015; and

WHEREAS, the Zone has submitted an Operating Budget for Fiscal Year 2021 (the "Operating Budget") and a Capital Improvement Plan Budget for Fiscal Years 2021-2025 (the "CIP Budget" and, collectively with the Operating Budget, the "Budgets") to the City Council for approval; and

WHEREAS, the City Council desires to approve the Budgets for the Zone; **NOW, THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the City Council takes cognizance of the fact that to implement the Operating Budget for the Zone, and to make adjustments occasioned by events transpiring during the year, the Zone may need to transfer funds from one Line Item of Project Costs shown on Exhibit "A" to another. Unless approved by the City Council, the Zone may transfer funds only: (1) as needed for Debt Service; and (2) from one Line Item of Project Costs to another, if the aggregate of such transfers does not exceed $400,000 during Fiscal Year 2021. Subject to the foregoing, the Operating Budget attached hereto as Exhibit "A" is hereby approved for the Zone.

Section 3. That the CIP Budget attached hereto as Exhibit "B" is hereby approved for the Zone.

Section 4. That not later than March 31, 2021, the Zone shall, in cooperation with City representatives (1) identify surplus funds in the Zone's Fiscal Year Operating Budget based on the difference between Zone revenues and the Fiscal Year Operating Budget for the Zone approved by the City; and (2) make available any surplus Zone funds, through appropriate agreement, for projects identified by the City that are eligible for tax increment funding, such as affordable housing, areas of public assembly, incremental costs of municipal services attributable to development and redevelopment in the Zone, and capital projects that benefit the City and the Zone. The agreement may provide for the payment of surplus funds into one or more accounts established by the City or may provide for direct payment by the Zone for the purpose. The Zone shall consider amendments to its Operating Budget that may be necessary to accomplish this purpose, and shall expedite any such amendments.

Section 5. That the approval of this Budget is contingent upon receipt by the City's Chief Development Officer of a document signed by the Administrator of the Zone disclosing the name of each owner or developer of property within the Zone from which the Administrator has received compensation during the last five calendar years, and the amount of compensation by owner by year. Compensation may be expressed by category as follows:

Category I	Less than $1,000.00
Category II	At least $1,000.00 but less than $10,000.00
Category III	At least $10,000.00 but less than $50,000.00

Category IV	At least $50,000.00 but less than $100,000.00
Category V	At least $100,000.00 but less than $500,000.00
Category VI	At least $500,000.00 but less than $1,000,000.00
Category VII	$1,000,000.00 or more

Section 6. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, if the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 2nd **day of** September**, 2020.**

APPROVED this ______ day of ________________, 2020.

____
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is SEP 08 2020.

Pat J. Daniel
Interim City Secretary

CAPTION PUBLISHED IN DAILY COURT REVIEW
DATE: SEP 08 2020

(Prepared by Legal Department ____________________)
(KK;gd August 18, 2019) Senior Assistant City Attorney
(Requested by Andrew F. Icken, Chief Development Officer)
(L.D. File No. 042-1500191-006)

AYE	NO	
✓		**MAYOR TURNER**
• • • •	• • • •	**COUNCIL MEMBERS**
✓		PECK
✓		DAVIS
✓		KAMIN
✓		EVANS-SHABAZZ
✓		MARTIN
✓		THOMAS
✓		TRAVIS
✓		CISNEROS
✓		GALLEGOS
✓		POLLARD
✓		MARTHA CASTEX-TATUM
✓		KNOX
✓		ROBINSON
✓		KUBOSH
✓		PLUMMER
✓		ALCORN
CAPTION	ADOPTED	

Rev. 5/18

EXHIBIT "A"

Fiscal Year 2021 Operating Budget for the Sunnyside Zone

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2021 BUDGET PROFILE

Fund Summary
Fund Name: **Sunnyside**
TIRZ: **26**
Fund Number: **7583/50**

PROFILE			
	Base Year:		2015
	Base Year Taxable Value:	$	200,950,432
	Projected Taxable Value (TY2020):	$	321,232,303
	Current Taxable Value (TY2019):	$	308,877,214
	Acres:		3,142
	Administrator (Contact):		City of Houston
	Contact Number:		(832) 393-0985

NARRATIVE

Zone Purpose:

Tax Increment Reinvestment Zone Number Twenty-Six, City of Houston, Texas was created for the purpose of leveraging the expenditure of public funds for eligible project costs including the planning, engineering and construction of new streets, water distribution facilities, wastewater collection facilities, storm drainage improvements, roadway and street reconstruction projects, cultural and public facility improvements, parks and other related improvements.

PROJECT PLAN

	Total Plan	Cumulative Expenses (to 6/30/19)	Variance
Capital Projects:			
Roadways, Sidewalks, Trails and Other Right-of-Way Improvements	$ 5,200,000	$ -	$ 5,200,000
Water, Drainage, and Utilities	4,835,000	-	4,835,000
Open Space, Community and Cultural Amenities	1,804,000	140,000	1,664,000
Affordable Housing	800,000	-	800,000
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Capital Projects	$ 12,639,000	$ 140,000	$ 12,499,000
Financing Costs	-	-	-
Zone Administration	500,000	46,354	453,646
Total Project Plan	$ 13,139,000	$ 186,354	$ 12,952,646

DEBT

Additional Financial Data	FY2020 Budget	FY2020 Estimate	FY2021 Budget
Debt Service	$ -	$ -	$ -
Principal	$ -	$ -	$ -
Interest	$ -	$ -	$ -
	Balance as of 6/30/19	**Projected Balance as of 6/30/20**	**Projected Balance as of 6/30/21**
Year End Outstanding (Principal)			
	$ -	$ -	$ -
	$ -	$ -	$ -
	$ -	$ -	$ -
	$ -	$ -	$ -
Other	$ -	$ -	$ -

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2021 BUDGET PROFILE

Fund Summary
Fund Name: **Sunnyside**
TIRZ: **26**
Fund Number: **7583/50**

TIRZ Budget Line Items	FY2020 Budget	FY2020 Estimate	FY2021 Budget
RESOURCES			
RESTRICTED Funds - Capital Projects	$ 436,478	$ 420,471	$ 836,683
RESTRICTED Funds - Affordable Housing	$ -	$ -	$ -
RESTRICTED Funds - Bond Debt Service	$ -	$ -	$ -
Beginning Balance	**$ 436,478**	**$ 420,471**	**$ 836,683**
City tax revenue	$ 604,117	$ 575,390	$ 639,456
County tax revenue	$ -	$ -	$ 115,000
Incremental property tax revenue	**$ 604,117**	**$ 575,390**	**$ 754,456**
Miscellaneous revenue	**$ -**	**$ -**	**$ -**
COH TIRZ interest	$ 3,500	$ 9,592	$ 9,600
Interest Income	$ -	$ -	$ -
Other Interest Income	**$ 3,500**	**$ 9,592**	**$ 9,600**
	$ -	$ -	$ -
Grant Proceeds	**$ -**	**$ -**	**$ -**
	$ -	$ -	$ -
Proceeds from Bank Loan	**$ -**	**$ -**	**$ -**
	$ -	$ -	$ -
Contract Revenue Bond Proceeds	**$ -**	**$ -**	**$ -**
TOTAL AVAILABLE RESOURCES	**$ 1,044,095**	**$ 1,005,453**	**$ 1,600,739**

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2021 BUDGET PROFILE

Fund Summary
Fund Name: **Sunnyside**
TIRZ: **26**
Fund Number: **7583/50**

TIRZ Budget Line Items	FY2020 Budget	FY2020 Estimate	FY2021 Budget
EXPENDITURES			
Accounting	$ -	$ -	$ -
Administration Salaries & Benefits	$ 17,000	$ -	$ 36,000
Auditor	$ -	$ -	$ -
Bond Services/Trustee/Financial Advisor	$ -	$ -	$ -
Insurance	$ -	$ -	$ -
Office Administration	$ 500	$ -	$ 500
TIRZ Administration and Overhead	**$ 17,500**	**$ -**	**$ 36,500**
Engineering Consultants	$ -	$ -	$ -
Legal	$ -	$ -	$ -
Construction Audit	$ -	$ -	$ -
Planning Consultants	$ 140,000	$ 140,000	$ 180,000
Program and Project Consultants	**$ 140,000**	**$ 140,000**	**$ 180,000**
Management consulting services	**$ 157,500**	**$ 140,000**	**$ 216,500**
Capital Expenditures (See CIP Schedule)	$ -	$ -	$ 500,000
	$ -	$ -	$ -
TIRZ Capital Expenditures	**$ -**	**$ -**	**$ 500,000**
	$ -	$ -	$ -
	$ -	$ -	$ -
Developer / Project Reimbursements	**$ -**	**$ -**	**$ -**
System debt service	**$ -**	**$ -**	**$ -**
TOTAL PROJECT COSTS	**$ 157,500**	**$ 140,000**	**$ 716,500**
Payment/transfer to ISD - educational facilities	$ -	$ -	$ -
Administration Fees:			
City	$ 31,252	$ 28,770	$ 31,973
County	$ -	$ -	$ 5,750
ISD	$ -	$ -	$ -
Affordable Housing:			
City	$ -	$ -	$ -
County	$ -	$ -	$ -
ISD to City of Houston	$ -	$ -	$ -
Municipal Services Charge	$ -	$ -	$ -
Total Transfers	**$ 31,252**	**$ 28,770**	**$ 37,723**
Total Budget	**$ 188,752**	**$ 168,770**	**$ 754,223**
RESTRICTED Funds - Capital Projects	$ 855,343	$ 836,683	$ 846,516
RESTRICTED Funds - Affordable Housing	$ -	$ -	$ -
RESTRICTED Funds - Bond Debt Service	$ -	$ -	$ -
Ending Fund Balance	**$ 855,343**	**836,683**	**846,516**
Total Budget & Ending Fund Balance	**$ 1,044,095**	**$ 1,005,453**	**$ 1,600,739**

Notes:

EXHIBIT “B”

Fiscal Years 2021-2025 Capital Improvement Plan Budget for the Sunnyside Zone

Council District	CIP No.	Project	Fiscal Year Planned Appropriations								
			Through 2019	Projected 2020	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
D	T-2601	Heritage Green	$ -	-	230,000	1,090,000	1,000,000	-	-	2,320,000	2,320,000
D	T-2602	Phase I Area-Wide Beautification	$ -	-	270,000	-	145,000	365,000	-	780,000	780,000
D	T-2603	Gateway at Airport Boulevard	$ -	-	-	-	-	125,000	-	125,000	125,000
D	T-2604	Cullen Boulevard Beautification	$ -	-	-	-	-	140,000	120,000	260,000	260,000
Totals			$ -	$ -	$ 500,000	$ 1,090,000	$ 1,145,000	$ 630,000	$ 120,000	$ 3,485,000	$ 3,485,000

* NOTE:

** NOTE:

*** NOTE:

Source of Funds	Fiscal Year Planned Appropriations								
	Through 2019	Projected 2020	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
TIRZ Funds	-	-	385,000	545,000	645,000	630,000	120,000	2,325,000	2,325,000
City of Houston	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Other	-	-	115,000	545,000	500,000	-	-	1,160,000	1,160,000
Project Total	-	-	500,000	1,090,000	1,145,000	630,000	120,000	3,485,000	3,485,000

Project:	Heritage Green	City Council District		Key Map:		WBS.:	T-2601
		Location:	D	Geo. Ref.:			
		Served:	D	Neighborhood:			

Description: Create a Gateway to Sunnyside that celebrates the local heritage and culture. A destination space that enhances quality of life by providing a walking/jogging trail, benches, pedestrian lighting, a space for activities such as pop up Art festivals, local vendors, and food trucks.

Justification: Based on the public meetings and workshops, the culture and heritage of the Sunnyside community was of major importance. The gateway would celebrate the local culture and heritage while encouraging economic development.

Operating and Maintenance Costs: ($ Thousands)

/	2021	2022	2023	2024	2025	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation	Projected Expenses thru 6/30/19	2020 Budget	2020 Estimate	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	30,000	-	-		-	$ 30,000	$ 30,000
2 Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3 Design	-	-	-	200,000	50,000	-	-	-	$ 250,000	$ 250,000
4 Construction	-	-	-	-	1,040,000	1,000,000	-	-	$ 2,040,000	$ 2,040,000
5 Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6 Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7 Other	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:	-	-	-	-	-	-	-	-	$ -	$ -
Total Allocations	$ -	$ -	$ -	$ 230,000	$ 1,090,000	$ 1,000,000	$ -	$ -	$ 2,320,000	$ 2,320,000
Source of Funds										
TIRZ Funds	-	-	-	115,000	545,000	500,000	-	-	$ 1,160,000	$ 1,160,000
City of Houston	-	-	-	-	-	-	-	-	$ -	$ -
Grant Funds	-	-	-	-	-	-	-	-	$ -	$ -
Other	-	-	-	115,000	545,000	500,000	-	-	$ 1,160,000	$ 1,160,000
Total Funds	$ -	$ -	$ -	$ 230,000	$ 1,090,000	$ 1,000,000	$ -	$ -	$ 2,320,000	$ 2,320,000

*NOTE:

Project:	Phase I Area-Wide Beautification	City Council District	Key Map:		WBS.: T-2602
		Location: D	Geo. Ref.:		
		Served: D	Neighborhood:		

Description: To improve the visual appearance of the area, strategic locations have been identified for a phase I area-wide beautification.

Justification: Improve the visual appearance of the area to encourage economic development and public safety.

Operating and Maintenance Costs: ($ Thousands)

	2021	2022	2023	2024	2025	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation		Projected Expenses thru 6/30/19	2020 Budget	2020 Estimate	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
Phase											
1	Planning	-	-	-	20,000	-	5,000	5,000	-	$ 30,000	$ 30,000
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3	Design	-	-	-	50,000	-	50,000	40,000	-	$ 140,000	$ 140,000
4	Construction	-	-	-	200,000	-	90,000	320,000	-	$ 610,000	$ 610,000
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other	-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:		-	-	-	-	-	-	-	-	$ -	$ -
Total Allocations		$ -	$ -	$ -	$ 270,000	$ -	$ 145,000	$ 365,000	$ -	$ 780,000	$ 780,000
Source of Funds											
TIRZ Funds		-	-	-	270,000	-	145,000	365,000	-	$ 780,000	$ 780,000
City of Houston			-	-	-	-	-	-	-	$ -	$ -
Grant		-	-	-	-	-	-	-	-	$ -	$ -
Other		-	-	-	-	-	-	-	-	$ -	$ -
Total Funds		$ -	$ -	$ -	$ 270,000	$ -	$ 145,000	$ 365,000	$ -	$ 780,000	$ 780,000

Project:	**Gateway at Airport Boulevard**		
City Council District		**Key Map:**	
Location:	D	**Geo. Ref.:**	
Served:	D	**Neighborhood:**	
WBS.:	T-2603		
Description:	A scondary gateway into the area for visitors coming along SH-288 or from the west on Airport Boulevard.		
Justification:	Gateway and median improvements to encourage economic development.		

Operating and Maintenance Costs: ($ Thousands)

	2021	2022	2023	2024	2025	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation	Projected Expenses thru 6/30/19	2020 Budget	2020 Estimate	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	-	-	-	5,000	-	$ 5,000	$ 5,000
2 Acquisition	-	-	-	-	-	-		-	$ -	$ -
3 Design	-	-	-	-	-	-	20,000	-	$ 20,000	$ 20,000
4 Construction	-	-	-	-	-	-	100,000	-	$ 100,000	$ 100,000
5 Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6 Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7 Other	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:	-	-	-	-	-	-	-	-	$ -	$ -
Total Allocations	$ -	$ -	$ -	$ -	$ -	$ -	$ 125,000	$ -	$ 125,000	$ 125,000
Source of Funds										
TIRZ Funds	-	-	-	-	-	-	125,000	-	$ 125,000	$ 125,000
City of Houston	-	-	-	-	-	-	-	-	$ -	$ -
Grants	-	-	-	-	-	-	-	-	$ -	$ -
Other	-	-	-	-	-	-	-	-	$ -	$ -
Total Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ 125,000	$ -	$ 125,000	$ 125,000

Project:	**Cullen Boulevard Beautification**	**City Council District**	**Key Map:**		**WBS.:** T-2604
		Location: D	**Geo. Ref.:**		
		Served: D	**Neighborhood:**		
Description:	Landscape, sidewalk, curb, and curb ramp improvements between E Orem Road and Fuqua Street.				
Justification:	The beautification and amenity improvements will help enhance the area's visual appearance and walkability for pedestrians.				

Operating and Maintenance Costs: ($ Thousands)

	2021	2022	2023	2024	2025	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation		Projected Expenses thru 6/30/19	2020 Budget	2020 Estimate	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
Phase											
1	Planning	-	-	-	-	-	-	10,000	-	$ 10,000	$ 10,000
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3	Design	-	-	-	-	-	-	30,000	20,000	$ 50,000	$ 50,000
4	Construction	-	-	-	-	-	-	100,000	100,000	$ 200,000	$ 200,000
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other	-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:		-	-	-	-	-	-	-	-	$ -	$ -
Total Allocations		$ -	$ -	$ -	$ -	$ -	$ -	$ 140,000	$ 120,000	$ 260,000	$ 260,000
Source of Funds											
TIRZ Funds		-	-	-	-	-	-	140,000	120,000	$ 260,000	$ 260,000
City of Houston		-	-	-	-	-	-	-	-	$ -	$ -
Grants		-	-	-	-	-	-	-	-	$ -	$ -
Other		-	-	-	-	-	-	-	-	$ -	$ -
Total Funds		$ -	$ -	$ -	$ -	$ -	$ -	$ 140,000	$ 120,000	$ 260,000	$ 260,000

MF RCVD 9:20 AM 4/6/22-LC

DEVELOPMENT

April 6, 2022

Liz Cline-Rew
Specialist, Multifamily Finance
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Via: liz.cline@tdhca.state.tx.us

Re: Sunset Gardens, Houston, Application # 22445

Dear Ms. Cline-Rew:

Please see the following responses and associated attachments regarding the deficiency for HTC application #22445 Sunset Gardens, dated March, 30,2022. The attachment includes missing documentation and evidence where applicable.

1. Neighborhood Risk Factor: Provide data that includes incidents reported during the entire 2021 calendar year for the Development Site, if available.

Please see the attached 2021 crime rate data for police beat 14D20. This data was provided by the Houston Police Department and shows an overall 2021 violent crime rate of 30.24/ 1000 persons in police beat 14D20. This end-of-year actual crime rate is lower than the estimated 2021 crime rate provided by the Houston Police Department.

2. Census Tract Map: The submitted census tract map shows the QCT designation for 2021 only.

Please see the attached census tract map that shows the 2022 QCT designation.

3. Development Narrative: The Development appears to be a scattered site since there is not an accessible pedestrian path between the two developments. Either revise the form to include or provide an explanation as to why it should not be considered scattered site.

The development is not scattered site. See the revised site plan showing the accessible route.

4. Development Narrative: The ESA indicates that the years of construction for Kings Row and Scott Plaza are 1970 and 1965, respectively, which differs from the Development Narrative. Clarify which is correct.

The dates should be 1970 and 1965, per the ESA. The Development Narrative has been updated.

5. Existing Development, Part 2: The number of units stated to receive the HAP contract for Scott Plaza (112) does not agree with the Development Narrative or Rent Schedule (105). Clarify the discrepancy.

Scott Plaza has 105 HAP units. The Existing Development Tab has been updated.

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HOUSTON POLICE DEPARTMENT

Violent Crime Statistics for 14D20's Beat

Offense Type	2017	2017 Crime Rate Per 1,000 Population	2018	2018 Crime Rate Per 1,000 Population	2019	2019 Crime Rate Per 1,000 Population	2020	2020 Crime Rate Per 1,000 Population	2021 (Jan - Jun)	2021 (Jan - Jun) Crime Rate Per 1,000 Population	Estimated 2021 (Jan - Dec)	Estimated 2021 (Jan - Dec) Crime Rate Per 1,000 Population
Murder, Non-Negligent	17	0.71	15	0.60	15	0.55	21	0.78	10	0.36	20	0.72
Rape	29	1.20	31	1.24	40	1.46	35	1.29	18	0.64	36	1.29
Robbery	251	10.41	171	6.87	232	8.47	166	6.13	71	2.54	142	5.08
Aggravated Assault	585	24.27	566	22.72	499	18.21	728	26.88	369	13.20	738	26.41
Total Violent Crimes	**882**	**36.59**	**783**	**31.44**	**786**	**28.68**	**950**	**35.08**	**468**	**16.75**	**936**	**33.49**

The Part 1 Violent Crime Rate for police beat 14D20 in 2021 estimated by the Houston Police Departments resulted in a higher crime rate than the actual 2021 crime rate. Based on the population count 27,948 as provided by the Houston Police Department, the data on the next pages show a total of 845 crime incidents resulting in a crime rate of 30.24/ 10000.

Source: SRS/NIBRS, COH Planning

Office of Planning and Data Governance (DL)
08/02/2021

Houston Police Department Crime Data:
2021 Data for Police Beat 14D20

Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Murder, non-negligent	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20

Total Offenses	845
Estimated Pop Count	27948
Violent Crime Rate / 1000	30.2347

HPD Crime Data Continued

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NIBRSDescription	OffenseCo	Beat
Aggravated Assault	3	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	3	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	3	14D20
Aggravated Assault	3	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Forcible rape	1	14D20
Aggravated Assault	1	14D20

Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Forcible rape	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Murder, non-negligent	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Robbery	1	14D20
Forcible rape	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
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Robbery	1	14D20
Aggravated Assault	2	14D20

Robbery	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	3	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	3	14D20
Aggravated Assault	5	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	3	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	2	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20

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Aggravated Assault	2	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Forcible rape	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	4	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
Forcible rape	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
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Robbery	1	14D20
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Robbery	1	14D20
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Aggravated Assault	2	14D20
Forcible rape	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	4	14D20
Robbery	1	14D20
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Aggravated Assault	1	14D20
Murder, non-negligent	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
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Robbery	1	14D20
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Robbery	1	14D20
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Robbery	1	14D20
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Aggravated Assault	4	14D20
Robbery	1	14D20
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Murder, non-negligent	1	14D20
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Robbery	1	14D20
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Robbery	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	6	14D20
Forcible rape	1	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Forcible rape	1	14D20
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Robbery	1	14D20
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Robbery	1	14D20
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Robbery	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Forcible rape	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Forcible rape	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Murder, non-negligent	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Forcible rape	1	14D20
Aggravated Assault	1	14D20

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Robbery	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
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Aggravated Assault	2	14D20
Robbery	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	4	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
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Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Forcible rape	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	4	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20

Aggravated Assault	2	14D20
Forcible rape	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
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Robbery	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
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Robbery	1	14D20
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Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20

Robbery	1	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	3	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
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Murder, non-negligent	1	14D20
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Murder, non-negligent	1	14D20
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Robbery	1	14D20
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Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Murder, non-negligent	1	14D20

Aggravated Assault	1	14D20
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Murder, non-negligent	1	14D20
Aggravated Assault	7	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
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Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Murder, non-negligent	1	14D20
Robbery	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
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Robbery	1	14D20
Aggravated Assault	1	14D20
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Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Forcible rape	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	2	14D20
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Aggravated Assault	2	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
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Aggravated Assault	1	14D20
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Robbery	1	14D20
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Aggravated Assault	1	14D20
Murder, non-negligent	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
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Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Aggravated Assault	1	14D20
Robbery	1	14D20
Robbery	1	14D20
Robbery	1	14D20

Sunset Gardens

Neighborhood Risk Factor Packet

2022 Neighborhood Risk Factors Report Packet

(Submit for pre-determination prior to Pre-application or Application, or behind Tab 2 of the Application)

Due to restrictions related to the COVID-19 pandemic, mitigation for schools is not required for 2022 Applications. Applicants must continue to provide disclosure and Application documentation. If schools are the only Neighborhood Risk Factor, this report is not required.

The purpose of the packet is to formalize the process in which Neighborhood Risk Factors (NRF) are disclosed and the NRF Report is submitted pursuant to 10 TAC §11.101(a)(3) of the Qualified Allocation Plan (QAP). The packet may be submitted at pre-application (if applicable per 10 TAC §11.8(b)(1)(I) relating to Pre-Application Requirements) or at Application. If TDHCA is the Bond Issuer and a determination of NRF is requested as part of the Inducement Resolution process, the packet may be submitted as described by 10 TAC §12.4(b) and (e) of the Multifamily Housing Revenue Bond Rule. Applicants who wish to submit a request for pre-determination prior to pre-application or Application are advised to review 10 TAC §11.1(k) for additional guidance. Termination due to an Applicant's own non-disclosure is not appealable as such appeal is in direct conflict with certifications made in the Application and within the control of the Applicant.

Pursuant to 10 TAC §11. 8(b), related to Pre-application Participation, the competitive HTC pre-application must identify NRFs related to crime and schools.

☐ **Pre-application Disclosure:** Pre-application # ______ Development Name ______

☒ **Application Disclosure:** Application # 22445 Development Name Sunset Gardens

***<u>The Development Site includes the following Neighborhood Risk Factor(s) (NRFs) (check all that apply)</u>*:**

☒ Development Site is located in a census tract has poverty rate above 40% for individuals (or 55% for Developments in regions 11 and 13). If poverty is the only Neighborhood Risk Factor, attach a copy of the resolution described in 10 TAC §11.101(a)(3)(D)(i) and no further information is necessary.

☒ Development Site is located in a census tract (or for any adjacent census tract with a boundary less than 500 feet from the proposed Development Site that is not separated from the Development Site by a natural barrier such as a river or lake, or an intervening restricted area, such as a military installation) in an Urban Area and the rate of Part I violent crime is greater than 18 per 1,000 persons annually as reported on https://www.neighborhoodscout.com/.

☒ Development Site is located within 1,000 feet (measured from nearest boundary of the Site to the nearest boundary of blighted structure) 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.

☐ Development Site is located within the attendance zone of an elementary school, middle school, or high school that:

- ☐ Has a TEA Accountability Rating of D for the most recent year available prior to Application and an Improvement Required Rating for the most recent available year preceding; or

- ☐ Has a TEA Accountability Rating of F for the most recent year available prior to Application and a Met Standard Rating by the Texas Education Agency for the most recent available year preceding.

- ☐ Has a TEA Accountability Rating of F or D for the most recent year available prior to Application and does not have a TEA Accountability Rating for the most recent available year preceding

- ☐ Does not have a TEA Accountability Rating for the most recent year available prior to Application and has a TEA Improvement Required Rating for the most recent available year preceding.

Neighborhood Risk Factors Report:

Pursuant to 10 TAC §11.101(a)(3)(C)(i)-(viii), information is being submitted for the items listed below if such information pertains to the Neighborhood Risk Factor(s) disclosures, including mitigation pursuant to 10 TAC §11.101(a)(3)(D) or any other such mitigation as the Applicant determines appropriate, to support a staff determination that the proposed Development Site should be found eligible. Such information is included behind this page:

☒ Determination regarding neighborhood boundaries based on the review of a combination of natural and manmade physical features (rivers, highways, etc.), apparent changes in land use, the Primary Market Area (PMA) as defined in the Market Analysis, census tract or municipal boundaries, and information obtained from any Site visits;

☒ Assessment of general land use in the neighborhood, including comment on the prevalence of residential uses;

☒ Assessment concerning any of the Undesirable Site Features that are present in the neighborhood, regardless of whether they are within the specified distances referenced in 10 TAC §11.101(a)(2);

☒ Assessment of the number of existing affordable rental units (generally includes, but is not limited to, rental properties subject to TDHCA, HUD, or USDA restrictions) in the Primary Market Area (PMA), including comment on concentration based on the size of the PMA;

☒ Assessment of the percentage of households residing in the census tract that have household incomes equal to or greater than the median household income for the MSA or county where the Development Site is located;

☒ Assessment of the number of market rate multifamily units in the neighborhood and their current rents and levels of occupancy;

☒ Any additional information necessary to complete an assessment of the Development Site, as requested by the Department.

Provide any comments or additional information in the box below, if applicable.

Mitigation of the Neighborhood Risk Factor(s):

Pursuant to 10 TAC §11.101(a)(3)(D), information regarding mitigation is being submitted for the items listed below, if such information pertains to the Neighborhood Risk Factor(s) disclosures. Mitigation must include documentation of efforts underway at the time of Application, and should include the measures described in 10 TAC §11.101(a)(3)(D)(i) – (iv), or such other mitigation as the Applicant determines appropriate to support a staff determination that the proposed Development Site should be found eligible. Such information is included behind this page:

☒ I have provided information regarding mitigation of the above-mentioned Neighborhood Risk Factors, as applicable, behind this page, along with a summary narrative describing how the information presented meets the requirements of 10 TAC §11.101(a)(3)(D) and I have demonstrated how the information is consistent with the goals in 10 TAC §11.101(a)(3)(E)(i) – (iii) of the QAP (if applicable).

Provide any comments or additional information in the box below, if applicable.

How to Submit the NRF Report Packet:

The NRF Packet should be submitted directly to the applicable Department Contact listed below if submitting ***prior to Pre-application or Application submission and requesting a pre-determination***.

- [ ] 9% HTC Applications: Colin.Nickells@tdhca.state.tx.us (9% HTC Program Manager)
- [X] 4% HTC and Tax-Exempt Bond Applications: Teresa.Morales@tdhca.state.tx.us (Director of Multifamily Bonds and 4% HTC Program Administrator)
- [ ] Direct Loan Only Applications: Charlotte.Flickinger@tdhca.state.tx.us (Multifamily Direct Loan Program Manager)

If a pre-determination will not be requested, the Packet must be included behind Tab 2 when the full Application is uploaded to the Serv-U Account that has been set-up for the pre-application or Application. Notify the appropriate contact person of the upload (refer to the Multifamily Programs Procedures Manual posted at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm for an explanation of the process to set-up a Serv-U Account if needed).

March 1, 2022

Teresa Morales
Director of Multifamily Bonds and Administrator of 4% Housing Tax Credits
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Sunset Gardens Neighborhood Risk Factor Report Predetermination Request

Dear Ms. Morales,

I am writing to provide the Department with information regarding the Neighborhood Risk Factor report for Sunset Gardens in accordance with 11.101(a)(3)(B)(iii). This letter, along with the Neighborhood Risk Factor Report, should provide a clearer impression of the City of Houston's revitalization efforts to reduce poverty and blight in the Sunnyside neighborhood and the Houston Police Departments efforts to reinforce public safety. I hope you will let me know if there is any additional information that you would like to see.

Sunnyside Community Context

Developed in 1912, Sunnyside is one of Houston's first historically black communities. In the 1970s and 1980s the community experienced an economic peak, and was often referred to as the "Baby River Oaks" in reference to one of Houston's wealthiest neighborhoods. After this peak, the community began to experience economic decline. In 2020 Sunnyside was designated one of the Houston's Compete Communities and an Action Plan was adopted to steward Sunnyside through sustainable growth and prosperity. Located near major job and cultural centers, such as the medical and museum districts, Sunnyside is well suited for continued reinvestment.

Neighborhood Land Use

The Sunnyside community is primarily a residential neighborhood, with 2- and 3-bedroom single-family homes lining the streets. In the Western portion of the neighborhood, there is a large multifunctional parking that serves as a center point for the community. Sunnyside is located within close proximity to several highly desirable areas of Houston, namely the Texas Medical District and the Museum District.

Undesirable Site Features Summary

Highly Voltage Transmission Line

There are high voltage transmission lines within 100 ft of the Development site. Since the application is for a rehabilitation development, this undesirable site feature is eligible to be waiver. A waiver request has been submitted with this application.

Railroads

There is an active railroad track within the Sunnyside community, but far outside of the TDHCA designated distance of 500 ft that determines it as an undesirable site feature. The track is approximately 9,000 ft from the Development site.

Pipelines that Carry Highly Volatile Liquids

There is a pipeline that carries highly volatile liquids within the northern portion of the Sunnyside community, but far outside of the TDHCA designated distance that determines it as an undesirable site feature. The pipeline is approximately 9,000 ft from the Development site.

Other Undesirable Site features: *Solid waste Facilities, Sexually oriented business, Heavy Industrial Uses, Nuclear Plant, Airport Clear Zones or Accident Potential Zones, Junkyard, Refinery, Noise Contour of 65 decibels or great via a Joint Land Use Study*

For more information on the location of the existing undesirable site features within Sunset Gardens, please see the map in Exhibit C.

Neighborhood Risk Factors Summary

Poverty

The poverty rate is the census tract that Sunset Gardens is located in is 62.8%. The 2022 QAP requires no mitigation for poverty with a resolution from the City of Houston that acknowledges the poverty rate. Please see the “Poverty Level” section for more information on the targeted efforts to improve the socioeconomic status of the residents in the census tract, and Exhibit D in the documentation packet for a copy of the resolution and more information on current poverty rates.

It is worth noting that the City of Houston defines a Complete Community in part as a community with no concentrated poverty. By designating the Sunnyside community as one of the City’s newest complete communities in 2020, the City committed to decreasing poverty by addressing many of the factors that contribute to poverty, such as the local economy, safety, health, access to education, and access to stable housing. As new investments continue to emerge in the community, Sunnyside residents will continue to find themselves in a community with greater economic opportunity. Due to the current and ongoing investment into the area, it can reasonably be estimated that poverty in the census tract containing Sunset Gardens will fall below TDHCA’s threshold before the Development is placed in service in.

The City of Houston has demonstrated its agreement with this assertion through the adoption of a resolution on February 23,2022 that explicitly authorizes the approval of Sunset Gardens despite the poverty rate, with the knowledge that the work towards improving socioeconomic outcomes is not yet finished in the Sunnyside Complete Community. Adjacent census tracts report poverty rates significantly lower than

TDHCA's threshold of 40%, showing a favorable trend for the area the Sunset Gardens development site is located in.

Crime

The Sunset Gardens development site is located in Houston's police beat 14D20, which has a crime rate of 35.08 crimes per 1000 residents. The census tract that the Sunset Gardens development site is in, and the adjacent census tract within 500 ft. of the site are fully within the police beat 14D20. The Houston Police Department is engaged in highly focused efforts to address local crime in this police beat. Recently the Houston Police Department, Council Member Shabazz and Sunnyside stakeholders partnered to develop a comprehensive program for community-based crime prevention. The program focuses on providing additional lighting, hosting meet and greets, increasing officer visibility, and organizing neighborhood clean ups. Notably, this program is designed to track progress and take feedback to develop best practices for reducing crime throughout the neighborhood. It is worth mentioning that according to a survey conducted in 2019 by Rice University's Baker Institute, there is not only a high level of community participation in Sunnyside, but also high expectations among parents that their children will attend college, which the study notes is indicative of the community's fundamentally strong social structure. This strong social structure will continue to play an invaluable role in the success of crime reduction initiatives, as these initiatives require the community buy in that Sunnyside can support to make a large impact.

Based on crime data from the Houston Police Department, the violent crime rate had a consistent downward trend from 2017-2019, with an increase in 2020 and a projected decrease again in 2021.While the crime rate did increase in 2020, it is important to take into consideration how the COVID-19 pandemic has burdened all communities and impacted security and safety across the board. As such, 2020 is an outlier year in many ways and should not be used to determine community trends.

It is important to note that since Sunset Gardens is a rehabilitation development of 2 existing affordable housing developments that have seen high levels of criminal activity, the Applicant has coordinated with external agencies to create and will implement a security plan to deter and prevent criminal activity on site. The security plan includes:

- Partnership with Delta Patrol Officers since the beginning of 2021 has led to a 50% decrease of Part 1 violent crime incidents at the Barberry site through security guards and security patrols 7 hours a day, 6 days a week.
- 55 security cameras at Scott Street Site provide sufficient security camera coverage. Only 13 security cameras at the Barberry Site have been incorporated, but with renovations 42 more cameras will be added bringing it up to par with Scott Street Site and eliminating the existing blind spots.
- Motion detection lighting will be installed, and perimeter fencing is to be upgraded in order for residents to feel safer and prevent nonresidents from entering.

For the full security plans, and more information on current crime rates and additional crime mitigation efforts, please see Exhibit E of this documentation packet.

Blight

In an aim to remain fully transparent with the Department, the Development team for Sunset Gardens has catalogued all properties that could potentially be considered 'blight'. The Development team found 3 properties within 1000 ft of the development site that could potentially be considered blight, and examples of new developments in the area. Since the development site is located within the Sunnyside Complete

Community and the Sunnyside TIRZ boundaries, it is clear that this area will continue to see significant redevelopment in the area through concerted partnerships with the City of Houston. The Sunnyside Complete Community Action Plan outlines plans for housing and infrastructure investment throughout the area. Notably, in July of 2021, the City of Houston approved the redevelopment of an old closed down landfill in the area into the largest brownfield solar installation in the nation. The project will turn a community liability into a community asset. Additionally, the Sunnyside TIRZ Fiscal Year 2021 budget that has been approved by the City identified over $13 million in approved improvements to the Sunnyside area. For more information on the 3 properties in need of repair and new developments in the area, and excerpts from the Sunnyside Complete Community Action Pan, please see Exhibit F of this documentation packet.

Schools

Students at Sunset Gardens are in Houston Independent School District and attend Woodson Elementary School, Thomas Middle School and Worthing High School. Both the elementary and high school exceed TDHCA's requirements for school achievement. Thomas Middle School received a score of F in 2018, was not rated in 2018 due to Hurricane Harvey, but Met Standards in 2017. Please see the most recent available school ratings for all schools in Exhibit G of the attached documentation

Incomes and Market

The median household income in Harris County is approximately $62,000 as compared to the Houston MSA median household income of approximately $68,000 according to US Census Bureau American Community Survey 5-Year Estimates for 2019. Though the Sunset Gardens census tract has a more modest median family income, when looking at all the census tracts within Sunnyside, the median household income of the community is approximately $42,400. Approximately 10% of households in the Sunset Garden's census tract have incomes higher than the Houston MSA median household income. Please see Exhibit H of this documentation packet for more information on incomes.

Census Tract	3311	3312	3313	3314**	3318	3319	3320	3321
Median Household Income*	$38,094	$34,624	$54,789	$24,646	$44,252	$57,898	$40,705	$44,175

** US Census Bureau American Community Survey 5-Year Estimates for 2019*
*** Sunset Gardens census tract*

With a rent burden ranking of 670 according to HUD's Comprehensive Housing Affordability Strategy data for 2014-2018, renters in the Sunset Gardens census tract are in the top 15% of the most cost-burdened renters in the State of Texas. The City of Houston has clearly demonstrated their commitment to serving these cost-burdened households by issuing a formal Resolution allowing for the rehabilitation development of Sunset Gardens.

The Primary Market Area (PMA) for Sunset Gardens includes about 3,500 affordable housing units across 22 affordable developments, excluding the existing units at King's Place and Scott Plaza, which will be combined in the rehabilitation development and renamed as Sunset Gardens. Despite there being existing affordable units, these units are approximately 99.6% occupied, illustrating the need to ensure units high quality afford bale housing is maintained in the are. As a deeply cost burdened area, residents need reliable affordable housing options.

There are similarly very few opportunities to rent a market-rate apartment or home in Sunnyside. Of the approximately 12,886 units in the neighborhood, the occupancy rate is 90%. Moreover, at the time that this report was compiled, Realtor.com indicated that only 30 vacancies are available in the Sunnyside area with an average rent of approximately $1,227. A household would need to earn at least $49,000 to pay this monthly rent and not be cost burdened. As such, the rehabilitation of Sunset Gardens will help support the City’s goals of building and maintaining affordable, multi-family housing options. Please see Exhibit I of this documentation packet for the listing of available rental properties in the Sunnyside area.

Summary

As the Sunnyside Community continues to transform, with the assistance of both public and private investment, it is reasonable to expect a redevelopment and crime to reduce throughout the area. The preservation of stable affordable housing will help to contribute to a safe and stable mixed-income community, where residents of Sunnyside are supported at a variety of income levels. Due to the overwhelming demand for more affordable rental housing in the Houston area combined with Houston’s targeted revitalization efforts in its urban core, we are confident that residents at Kings Row/ Scott Plaza will be able to live in a high-quality home that is close to jobs, City services, transit, amenities, and access to economic opportunity.

Thank you for reviewing this report and for your consideration. Please let me know should you have any questions or concerns at anjelica@structuretexas.com.

Sincerely,

Anjelica Rivas, Consultant to the Project

Exhibit A Neighborhood Map
Exhibit B Land Use Map
Exhibit C Undesirable Site Features Map
Exhibit D Poverty Resolution and Map
Exhibit E Crime Data and Security Plan
Exhibit F Evidence of New Development
Exhibit G TEA School Scores
Exhibit H Income Data
Exhibit I PMA Data
Exhibit J Current Listings

EXHIBIT A

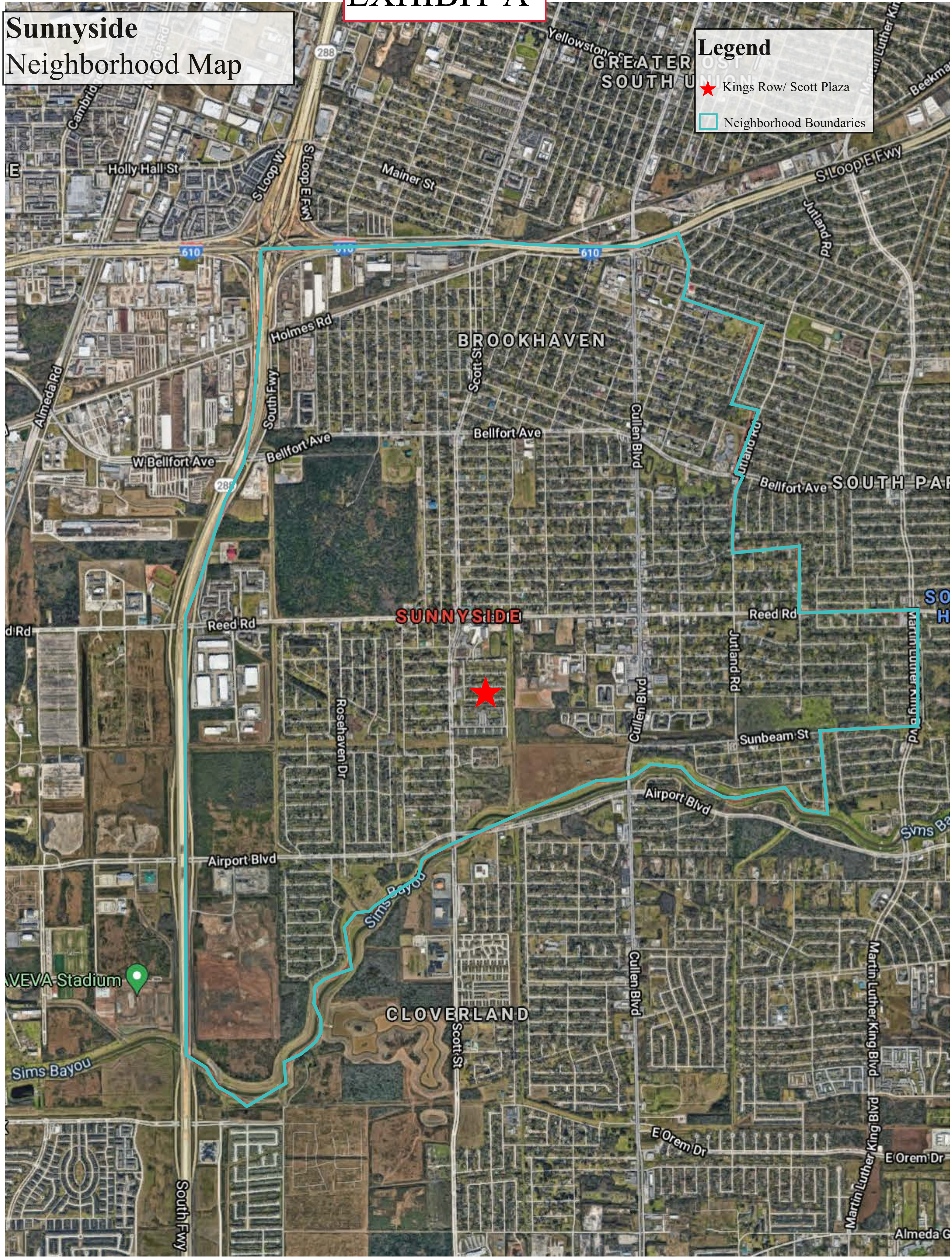
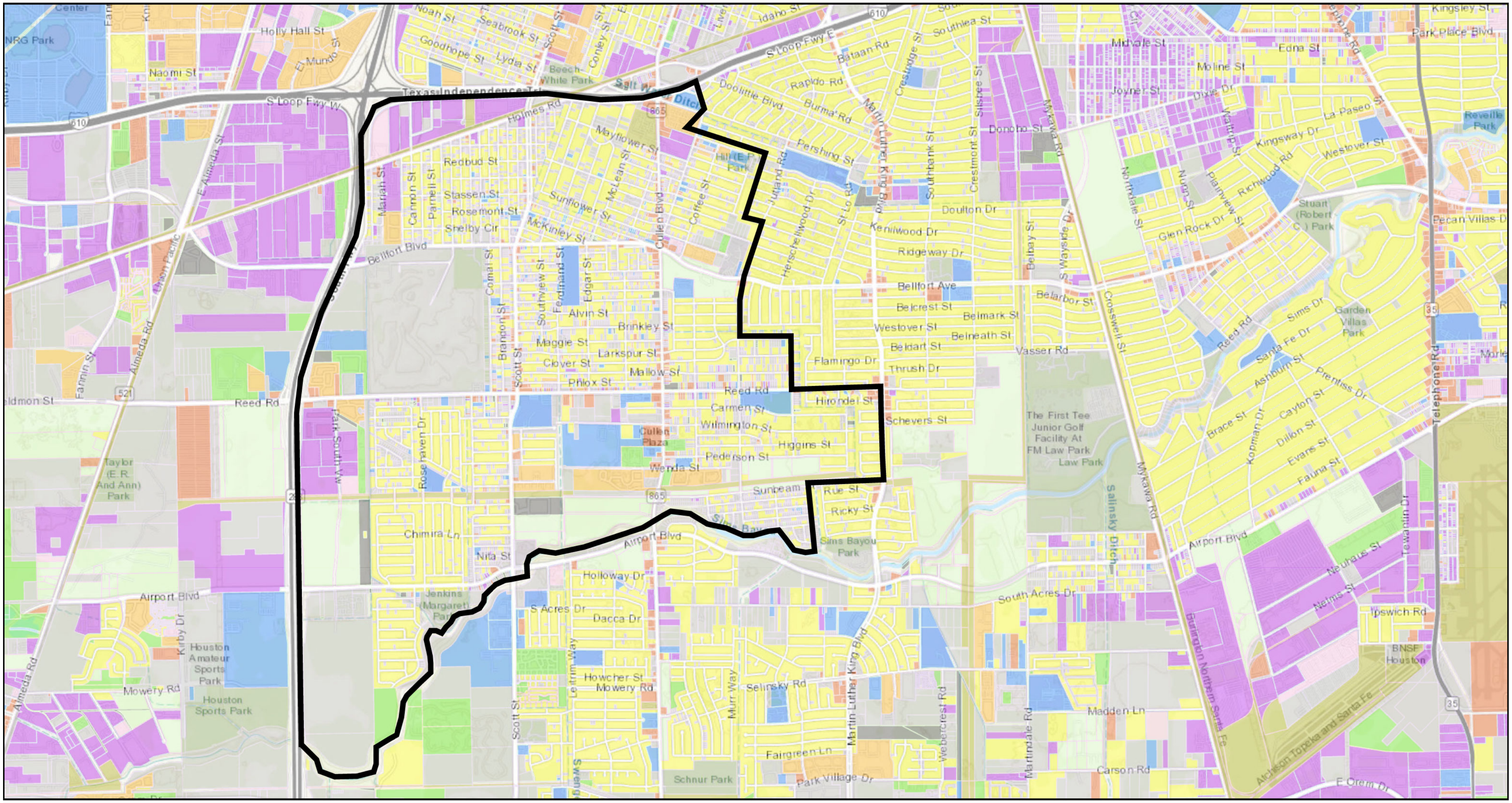

Sunnyside
Neighborhood Map
Legend
Kings Row/ Scott Plaza
Neighborhood Boundaries
BROOKHAVEN
SUNNYSIDE
CLOVERLAND
Holly Hall St
Mainer St
S Loop E Fwy
S Loop W
Holmes Rd
Scott St
Cullen Blvd
Jutland Rd
Bellfort Ave
W Bellfort Ave
South Fwy
Almeda Rd
Reed Rd
Rosehaven Dr
Sunbeam St
Airport Blvd
Sims Bayou
Martin Luther King Blvd
E Orem Dr
AVEVA Stadium
610
288

EXHIBIT B: Land Use Map

Sunnyside Land Use Map



August 13, 2021

Land Use (Grouped)

- Single-Family Residential
- Multi-Family Residential
- Commercial
- Office
- Public & Institutional
- Industrial
- Park & Open Spaces
- Transportation & Utility
- Undeveloped
- Agriculture Production
- Unknown

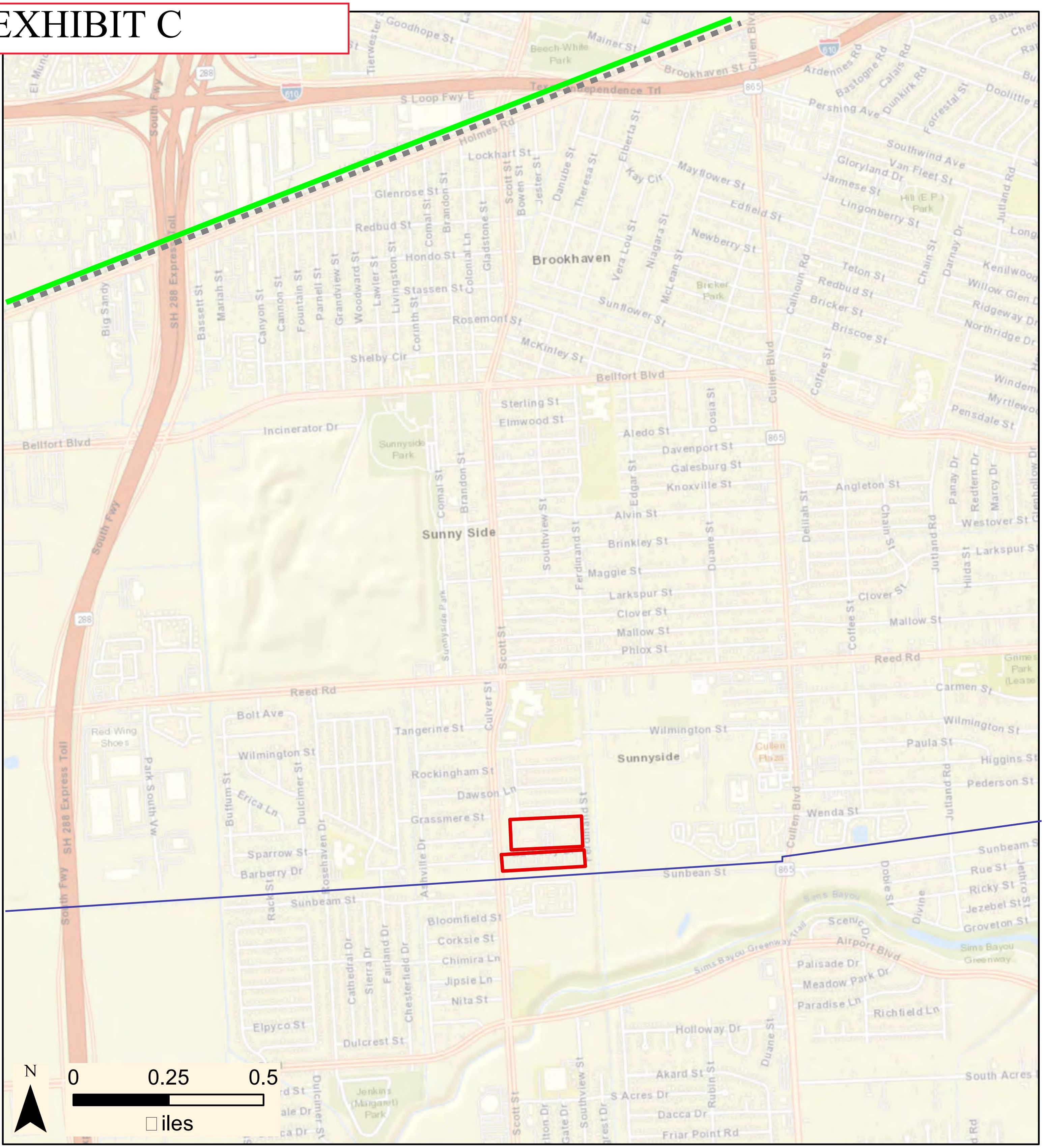
1:36,112

0 0.4 0.8 1.6 mi

0 0.5 1 2 km

HCAD, FBCAD, MCAD, City of Houston, HPB, Texas Parks & Wildlife, Esri, HERE, Garmin, INCREMENT P, USGS, METI/NASA, NGA, EPA, USDA

EXHIBIT C



Undesirable Site Features Map

Sunset Gardens

4141 Barberry Street Houston, Texas

Site

High Voltage Transmission Line

Railroad Track

Pipeline carrying highly volatile liquids

STRUCTURE DEVELOPMENT

EXHIBIT D: City of Houston
Poverty Resolution

City of Houston, Texas, Resolution No. 2022- 6

A RESOLUTION ALLOWING REHABILITATION OF SUNSET GARDENS, AN AFFORDABLE RENTAL HOUSING PROPERTY LOCATED AT 4141 BARBERRY DRIVE AND 9703 SCOTT STREET IN THE CITY OF HOUSTON, TEXAS AND WITHIN A CENSUS TRACT THAT HAS A POVERTY RATE ABOVE 40% FOR INDIVIDUALS AND AUTHORIZING THE ALLOCATION OF 2022 HOUSING TAX CREDITS TO SUCH DEVELOPMENT; AND MAKING VARIOUS FINDINGS AND PROVISIONS RELATING TO THE SUBJECT.

* * *

WHEREAS, the City Council (the "City Council") of the City of Houston (the "City") finds that Sunset Gardens Preservation, LP (the "Applicant") has proposed rehabilitation of an affordable rental housing property named Sunset Gardens (the "Project"), located at 4141 Barberry Drive and 9703 Scott Street, in the City of Houston, Texas; and

WHEREAS, the City Council finds that the Applicant has advised that it intends to submit an application (the "Application") to the Texas Department of Housing and Community Affairs for 2022 Housing Tax Credits for the Project; and

WHEREAS, the City Council finds and, as provided in 10 Texas Administrative Code § 11.101(a)(3), acknowledges that the Project proposed for rehabilitation is located within a census tract that has a poverty rate above 40% for individuals; and

WHEREAS, the City Council, as the governing body of the City, acknowledges the high poverty rate and supports the Project and the submittal of the Application and the allocation of 2022 Housing Tax Credits related thereto; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HOUSTON:

Section 1. That the findings contained in the preamble of this Resolution are determined to be true and correct and are hereby adopted as a part of this Resolution.

Section 2. That the City Council hereby (i) confirms that it supports the Project and the submittal of the Application related thereto, (ii) acknowledges that the proposed Project is located within a census tract that has a poverty rate above 40% for individuals; (iii) votes specifically to allow the rehabilitation of the Project to move forward; and (iv) authorizes an allocation of Housing Tax Credits to the Project.

Section 3. That, for and on behalf of the City Council, the City Secretary is hereby authorized, empowered, and directed to certify this Resolution to the Texas Department of Housing and Community Affairs.

Section 4. That this Resolution shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Resolution within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 23rd **day of** February **, 2022.**

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Resolution is ______________________.

DS
OJ

City Secretary

DocuSigned by:
(Prepared by Legal Dept. Kene Chinweze
2D15F4E132574E1)
Senior Assistant City Attorney

(Requested by Keith W. Bynam, Interim Director, Housing and Community Development Department)

Meeting 2/23/2022

Aye	No	
✓		**Mayor Turner**
....	....	**Council Members**
✓		Peck
✓		Jackson
✓		Kamin
✓		Evans-Shabazz
✓		Martin
✓		Thomas
✓		Huffman
✓		Cisneros
✓		Gallegos
✓		Pollard
✓		Castex-Tatum
✓		Knox
✓		Robinson
✓		Kubosh
✓		Plummer
✓		Alcorn
Caption	Adopted	

Captions Published in DAILY COURT REVIEW
Date: 3/1/2022

Exhibit D: Poverty Rate Map

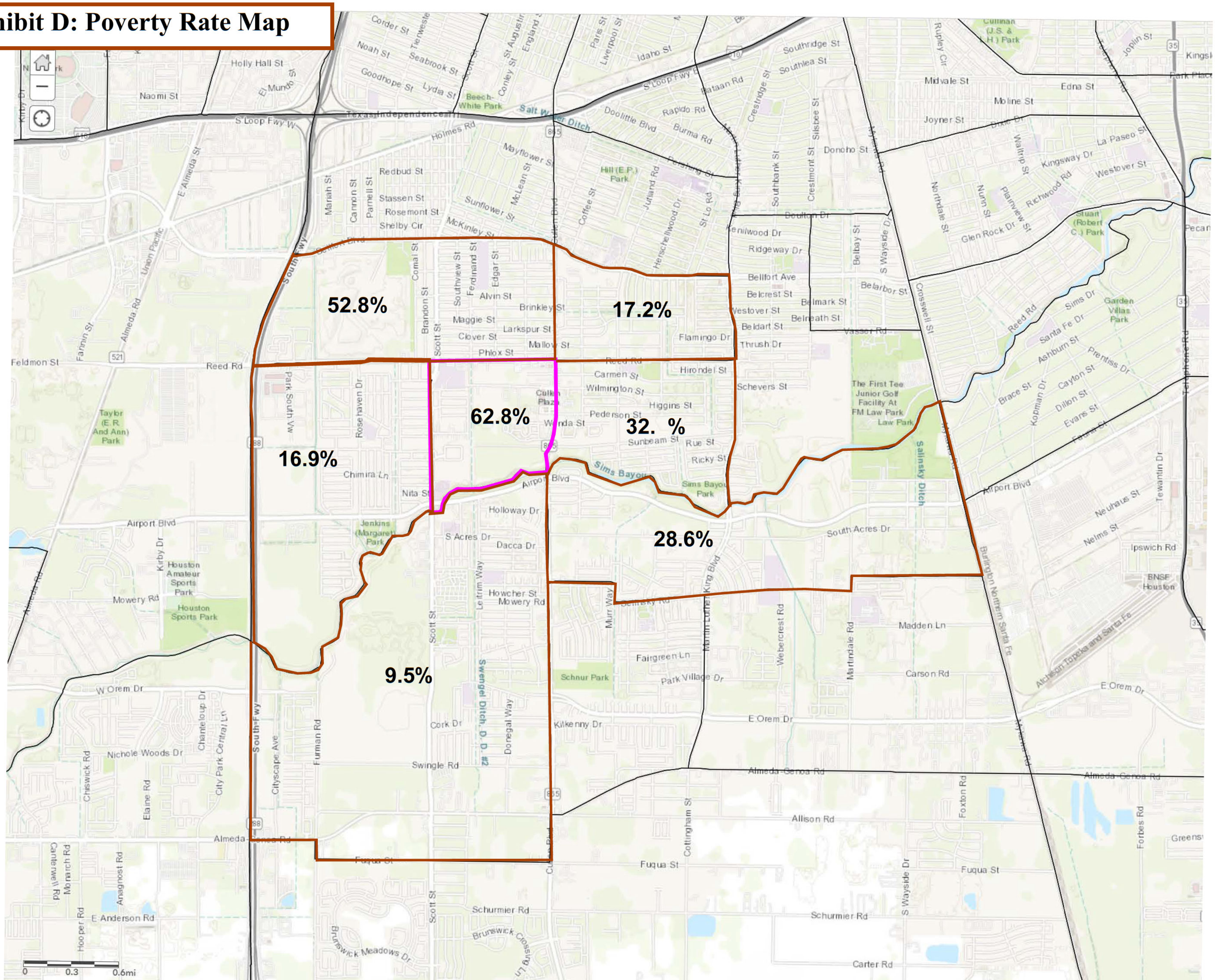
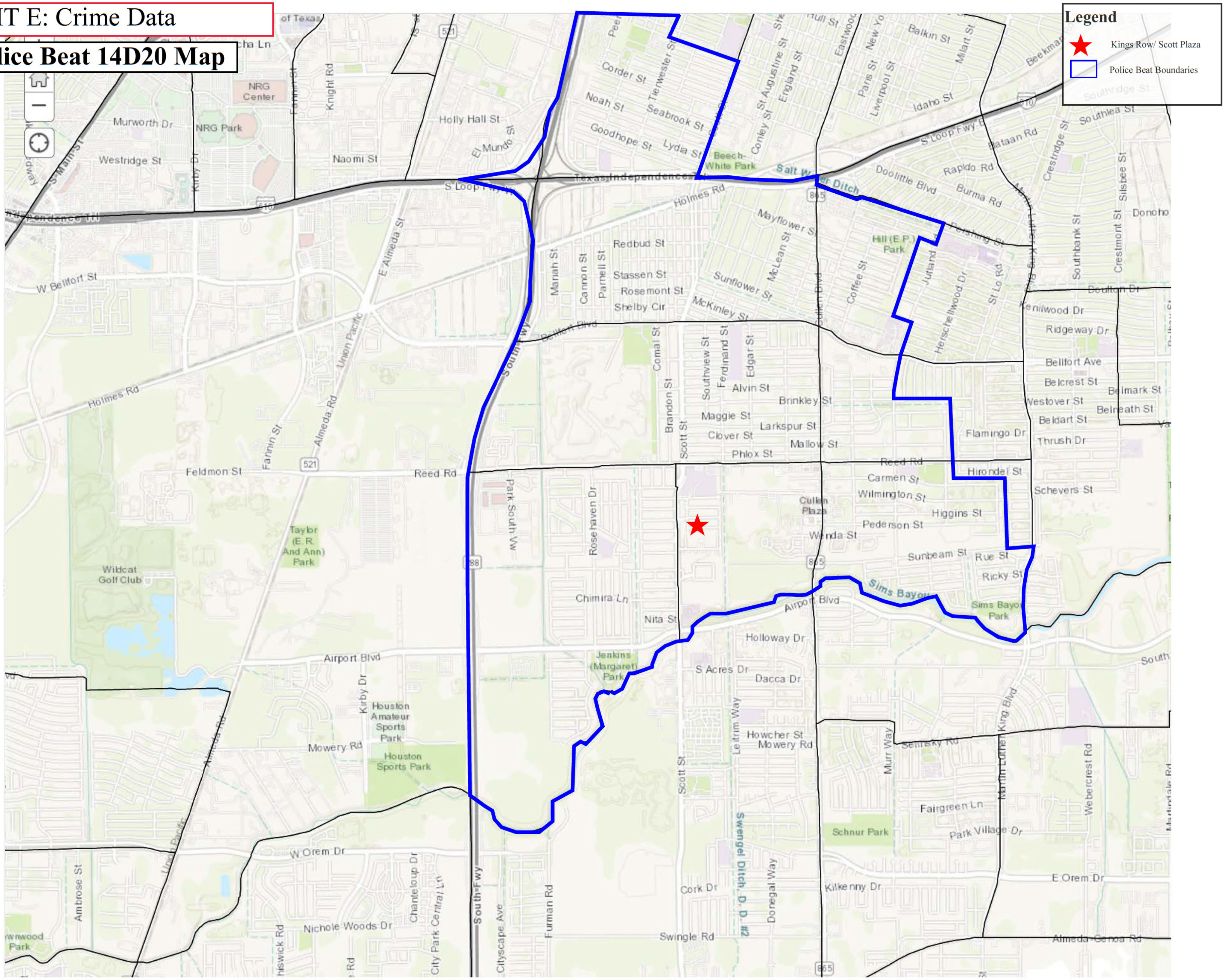


EXHIBIT E: Crime Data

Police Beat 14D20 Map



CITY OF HOUSTON

Houston Police Department

Sylvester Turner, Mayor

1200 Travis Houston, Texas 77002-6000 713/308-1600

November 5, 2021

Troy Finner
Chief of Police

Bobby Wilkinson, Executive Director
Texas Department of Housing and Community Affairs
P.O Box 13941
Austin, Texas 78711-3941

RE: TDHCA – Scott Plaza and King's Row Part I Violent Crime Rate

Dear Director Wilkinson:

The Houston Police Department (HPD) was advised that LEDG Capital, LLC will be submitting an application to the Texas Department of Housing and Community Affairs (TDHCA) for a tax credit to facilitate the redevelopment of two multifamily developments that are located at 9703 Scott Street and 4141 Barberry Drive, Houston, Texas 77051.

It is our understanding that TDHCA evaluates the Part 1 Violent Crime Rates of the area applicable to the development site. HPD posts monthly crime reports and datasets to the department's website and an analysis of the data for the police beat in which the proposed development site is located (14D20) has been completed. This letter advises that the Part I Violent Crime Rate per 1,000 for Police Beat 14D20 was 36.59 in 2017, 31.44 in 2018, 28.68 in 2019, and 35.08 in 2020.

HPD regularly engages with community partners to address crime and public safety concerns. In accordance with these partnerships, this application includes a development plan to address security methods intended to achieve crime prevention through environmental design (CPTED) as a means to reduce offender opportunities to engage in criminal behavior. As a partner, HPD will continue to support crime reduction efforts and strive for the safety and security of the community. Where feasible, and in coordination with the Division Commander within the respective area, HPD will support crime reduction initiatives that may include increased patrols, crime prevention strategies, problem-solving strategies, access to Domestic Abuse Response Teams, and any other response effort that has a crime prevention or crime control objective.

If you have any questions regarding this analysis, please do not hesitate to call.

Sincerely,

Troy Finner,
Chief of Police

tf:cz:cd
COP #21-80267

EXHIBIT E: Security Plan

Sunset Gardens – Security Plan

Sunset Gardens will be located on two sites located at 4141 Barberry Drive ("Barberry Site") and 9703 Scott Street ("Scott Street Site") in Houston, TX 70051. The Project site map is included as **Appendix A**.

This Security Plan comprises of the following security procedures and features:

Improved Tenant Screening Procedures

The staff will implement more stringent enforcement of community rules and more detailed prospective tenant screening process. Tenant Screening Procedures are included as **Appendix B**, and House Rules are included as **Appendix C**.

Some of the House Rules are highlighted below:

1. The TENANT shall not make or permit any disturbing noises by him/herself, his/her family or visitors, nor do or permit anything by such person(s) that will interfere with the rights, comforts, or conveniences of other tenants, including sitting in parked vehicles playing loud music, needlessly setting off car alarms, sitting or standing anywhere on the premises talking loud, using illegal substances or drinking alcoholic beverages.
2. The TENANT acknowledges that the curfew at the Property Apartments for persons under eighteen (18) years of age shall be 9:30 AM- 2:30 PM on school days, and 10:00 PM - 6:00 AM every day. TENANT will make certain that his/her family, employees, and visitors shall abide by this curfew. TENANT's guests are not allowed outside at anytime without TENANT.
3. The TENANT may be evicted and his/her lease terminated if, in the opinion of the LANDLORD, he/she fails to maintain his/her apartment in a clean and sanitary manner or if his/her children are found to be destructive of the grounds, gardens, basements, hallways, stairways, or any appurtenance thereto.
4. Each Unit will be assigned one parking bay. All TENANTS must register with management any vehicle that they will park on the Property. The vehicle must be registered in the name of the TENANT. The Property does not have parking space available for non-tenant vehicles. The TENANT further agrees to affix any and all assigned decal(s) as directed by the management staff.

Security Patrols

Delta Patrol Officers, LLC ("DPO") provides security patrols for the Barberry site since the beginning of 2021. They will continue to provide security patrols for 7 hours a day, 6 days a week. As part of these services, DPO provides daily reports of activity at the property. DPO's services proposal is included in **Appendix D**. Since DPO has begun their patrols, Part 1 violent crime incidents at the property have decreased by over 50%.

DPO will provide certified, licensed, insured, and bonded security guards. DPO security guards are equipped with two-way radios to ensure constant communication with DPO's management team. The management team also regularly makes spot checks to prevent the issue of complacency among security guards. The security guards are trained to make visible foot patrols throughout their posts in undetermined patterns. The security guards are outfitted with police-type uniforms. **DPO security guards are trained to be an approachable source of information to residents, employees, and visitors. The security guards are expected to interact with people on the property in addition to standing a fixed post.**

Improved Surveillance Camera System

The Project currently incorporates 55 security cameras at Scott Street Site and 13 cameras at the Barberry Site. The Scott Street Site has sufficient security camera coverage, but the coverage at the Barberry Site is insufficient. As part of the renovations, the Sponsor will add 42 cameras at the Barberry Site to eliminate the existing blind spots and bring the security camera coverage on par with the Scott Street Site. In addition to discouraging any criminal activity, the security cameras will assist the patrol officers in determining the chain of events in case something does happen. Project site map with existing cameras (blue circles) and proposed cameras (yellow circles) is included in **Appendix E**. Red arrows illustrate the cameras direction.

Improved Site Lighting

Lighting is currently insufficient on both sites. Additional lighting will be added throughout the Project to eliminate any dark spots and make the camera monitoring system more efficient at night. Lights with motion detection will be installed to bring additional attention onto any activity at night. The motion detection feature will minimize the number of permanent illuminated spots which can create unwanted activity at night in a community struggling with criminal activity. Entry porch lights for each apartment will no longer be operated by the tenants; instead, they will be wired to a house meter and will turn on automatically at sundown. The lighting plan is shown in the photometric study in **Appendix F**.

Improved Site Access Control

Perimeter fencing as well as all 10 pedestrian gates and all 10 vehicular gates will upgraded or repaired (on as needed basis). The gates will include a FOB system to minimize unauthorized access to the site. The current keys can be lost/stolen or copied, so keeping unauthorized individuals from entering the site is challenging. If a FOB is lost or stolen, the management will deactivate it and issue a new one. The gates will be repaired in a timely manner further minimizing unauthorized access.

In summary, we believe thanks to this security plan, parents will feel safe to let their children use the playgrounds; tenants will be able utilize BBQ and picnic areas without any concerns, and people will start to build a sense of pride in their community at which point any criminal activity is more likely to be detected and reported by people within the community itself.

Appendix A

Site Map

Appendix B

Tenant Screening Procedures

1. Family Members to be Screened.

Screening will be completed on all adult head of households, co-heads, live in aides, and other adults living in the unit, or additional adult household members wishing to move in after the initial move-in. "Adults" in this case is defined to comply with Federal and State laws, government regulations, the Federal Fair Housing Act, as amended in 1988 and the States' Fair Housing Practices Act as:

a. 18 years of age or over.

b. Persons married (regardless of age).

c. Persons married at one time and presently divorced (regardless of age).

d. A minor (under age 18) who is emancipated from parental control by a court order removing disabilities for general purposes, which includes the capacity to contract.

e. A minor (under age 18) who has a child.

f. A minor (under age 18) who is expecting a child.

g. A minor (under age 18) who has legal custody of a child.

h. A minor (under age 18) who is seeking legal custody of a child and the petition has been filed.

All heads, co-heads, or other persons meeting the definition of an adult under the age of 18 must bring in approved documentation of marriage, custody, pregnancy, and/or emancipation.

2. Screening Criteria

a. Income Verification

Each Applicant will sign authorization forms to allow the Managers to verify their income third party. Management has developed verification forms for this purpose that comply with government requirements.

b. Criminal History

HUD has established standards that prohibit admission of:

1) Any household in which any member was evicted in the last three years from federally assisted housing for drug-related criminal activity.

2) A household in which any member is currently engaged in illegal use of drugs or for which the owner/agent has reasonable cause to believe that a member's illegal use or pattern of illegal use of a drug may interfere with the health, safety, and right to peaceful enjoyment of the property by other residents.

3) Any household member who is subject to any state lifetime sex offender registration requirement (household member may be removed).

4) Any household member if there is reasonable cause to believe that member's behavior, from abuse or pattern of abuse of alcohol, may interfere with the health, safety, and right to peaceful enjoyment by other residents. The screening standards must be based on behavior, not the condition of alcoholism or alcohol abuse.

In addition to HUD requirements, the owner/agent has established a policy to reject all applications where the applicant or any household member has engaged in criminal activity as described in this document. The owner/agent will reject applications if any household member's criminal history includes one or more of the following:

Automatic Denial Felony:

Sex Offender Registration
Murder, Homicide, Manslaughter related offenses
Sexually Oriented Offenses

Automatic Denial Felony if offense is within the past 84 months:

Abuse/Assault and Battery related offenses
Theft, Robbery, Breaking and Entering related offenses
Abduction/Kidnapping offenses
Arson Related offenses
Forgery, Money, Check related crimes
Prostitution, Solicitation related crimes
Fraud, Embezzlement, Tampering related offenses
Narcotics Drug related offenses
Gang related offenses
Pornography related offenses
Stolen Property related offenses
Trespassing, prowling related offenses
Environmental, Animal related offenses
Corruption of Minors related offenses

Automatic Denial Misdemeanor:

Murder, Homicide, Manslaughter related offenses
Sexually Oriented offenses

Automatic Denial Misdemeanor if offense is within the last 24 months:

Abuse/Assault and Battery related offenses
Theft, Robbery, Breaking and Entering related offenses
Abduction/Kidnapping offenses
Arson Related offenses
Forgery, Money, Check related crimes
Prostitution, Solicitation related crimes
Fraud, Embezzlement, Tampering related offenses
Narcotics Drug related offenses
Gang related offenses
Pornography related offenses Stolen Property related offenses.

Trespassing, prowling related offenses
Environmental, Animal related offenses
Corruption of Minors related offenses

United States Code Title 8, subsection 1324(a)(1)(A) prohibits the harboring of illegal aliens. The provision of housing to illegal aliens is a fundamental component of harboring. All applicants will be required to provide proof of citizenship or legal immigration status.

If criminal screening indicates an unresolved criminal charge or an unresolved charge of an act covered under the Violence Against Women Act, the application will be suspended until the charge is resolved. At that time, the owner/agents current screening criteria will be applied.

If a resident or applicant has requested VAWA protections and such protections have been justified based on owner/agent investigation, the abuser/perpetrator will not be approved to live on the property.

If the owner/agent is unable to complete required criminal or sexual offender screening, the application will be rejected.

If criminal screening indicates that the applicant has an unacceptable criminal history, the owner/agent will reject the applicant in accordance with HUD guidance and the owner/agent's standards for applicant rejection.

If the owner/agent determines that a sex offender is part of the household, the owner/agent will allow the household to remove the sex offender from the application. Removal must be documented using a signed, notarized copy of the owner's form. The household will have 10 business days to provide verification that the household member has alternative housing or that the household member has applied for alternative housing. Failure to provide such documentation will result in rejection of the application for all household members.
In this case, the owner/agent reserves the right to monitor household composition after move-in. If the owner/agent discovers that a sex offender has moved into the unit, assistance will be terminated, and the household will be evicted in accordance with HUD requirements. Any assistance paid-in-error must be returned to HUD.

Criminal Screening Discoveries

If the criminal background investigation results indicate that the applicant does not meet the criminal screening criteria, the owner/agent will reject the applicant in accordance with HUD guidance and the owner/agent's standards for applicant rejection.

Before rejecting the household, the owner/agent will compare the information provided by the applicant with the criminal history report.

If the information conflicts, the owner/agent will:

1) Notify the household of the proposed action based on the information.

2) Provide the content of the criminal record and information about how to obtain a copy of the information.

3) Provide the applicant with an opportunity to dispute the accuracy and relevance of the information obtained from any law enforcement agency.

4) Allow the household the opportunity to remove the household member.

In this situation, applicants will have fourteen (14) business days to resolve the discrepancy. If the applicant fails to contact the owner/agent or indicates that he/she cannot provide documentation to refute the criminal discovery, the owner/agent will reject the application and remove the household from the waiting list.

If, after move-in, the owner/agent discovers that there was criminal history that would have resulted in rejection, the owner/agent will contact the resident to ascertain the accuracy of the criminal report. If the resident would have been rejected had the information been know at the time of the eligibility determination, the owner/agent will take appropriate action including notifying HUD's Office of the Inspector General of potential fraud and pursuing termination of tenancy (eviction).

B. Credit History

The owner/agent reviews each adult applicant's credit history. The owner/agent does not consider educational or medical bills/expenses when reviewing credit history. Credit history will be reviewed to determine if there is any debt owed to a prior landlord. Applicants owing prior landlords will be rejected unless such debt has been paid and verification provided.

Other credit history will be reviewed; the following discoveries will be reason for rejection:

- One or more outstanding judgments more than $1000 within the last three years.
- Overpayment of federal assistance due to misrepresentation and/or fraud.

C. Rental History

All applicants **MUST** disclose if they are currently receiving HUD housing assistance. The owner/agent will not knowingly assist applicants who will maintain a residence in addition to the HUD-assisted unit on this property.

HUD provides the owner/agent with information about an applicant's status as a HUD housing assistance recipient. The owner/agent will use the **Existing Tenant Report** provided via HUD's Enterprise Income Verification System (EIV) to determine if the applicant or any member of the applicant household is currently receiving HUD housing assistance.

Nothing prohibits a HUD housing assistance recipient from applying to this property. However, the applicant must move out of the current property and/or forfeit any voucher before HUD assistance on this property will begin. Special consideration applies to:

1. Minor children where two assisted families share custody.

2. Recipients of HUD assistance in another unit who are moving to establish a new household when other family/household members will remain in the original unit.

If an applicant fails to disclose rental history fully and accurately, the application may be denied based on the applicant's "misrepresentation" of information and the household will be removed from the waiting list.

This information will be reviewed periodically. If any household member receives or attempts to receive assistance in another HUD assisted unit while receiving assistance on this property, the household member will be required to reimburse HUD for assistance paid in error. This is considered a material lease violation and may result in penalties up to and including eviction and pursuit of fraud charges.

If any member of the applicant household has been evicted from any property for lease violations, or non-payment of rent, that applicant household will be rejected.

The owner/agent will review rental history with any landlord indicated in the past three (3) years. The owner/agent will also review information provided through automated databases including eviction databases. If we are unable to verify your current and/or previous rental history, we reserve the right to deny your application. We will request an explanation for any address discrepancies listed on the application and credit report.

The owner/agent will contact the prior property owner/agent (as indicated above) and inquire about the following information:

- Adherence to the Lease & Community Policies.
- Compliance with certification reporting requirements.
- Rental Payment Performance.
- Compliance with requirements to disclose income information fully and accurately in a timely manner.
- Requirement to Return Assistance Paid in Error due to under-reporting income or un-reported income.
- Unit Maintenance.
- Presence of Bed Bugs, Head Lice, Roaches, or other parasitic infestation.
- Record of Disturbing Neighbors.
- Complaints.

If information obtained is negative the applicant will be rejected. Negative responses include but are not limited to:

- Failure to comply with the lease.
- Failure to comply with House Rules or Pet/Assistance Animal Rules.
- Failure to report income, new employment, or changes fully and accurately in household composition in a timely manner.
- Providing false information.
- Attempting to receive or receiving HUD assistance in multiple units/homes.
- Slow or no response to requests to recertify.
- Poor rental payment history (average more than two (2) late payments per year, record of bounced checks, any outstanding balance).
- Record of poor unit maintenance or damage to the unit beyond normal wear-and-tear.
- Presence of parasitic infestation unless the applicant agrees to have all unit contents treated before moving- in.
- Complaints from neighbors regarding actions that directly affect the peace and quiet comfort of others living in the community.
- Record of actions that interfered with or prevented the previous landlord from effectively managing the property.
- A current outstanding balance owed by any household member to a prior landlord.
- Failure to execute or pay repayment agreements.

If no rental history is available, the owner/agent will accept a single reference from a person who is not related to the applicant who is a licensed business owner, accredited professional or an employee of an accredited education facility. No additional inquiry will be made.

Appendix C

HOUSE RULES

The material in this appendix is not intended to cover every situation which might arise, but simply to designate some special areas of concern. In any and all situations, tenants are expected to conduct themselves in such a way so as not to offend the sensibilities of the other tenants. We want our tenants to be comfortable and enjoy their community.

The material contained in this appendix is a part of the lease agreement. Any violation of these House Rules is a violation of the lease agreement.

Entering unit: The TENANT agrees to permit the LANDLORD or his Agent or any representative of a holder of a mortgage on the property or when authorized by the LANDLORD, the employees of any contractor, utility company, municipal agency or others, to enter the premises for the purpose of making reasonable inspections, repairs and/or replacement.

Plumbing fixtures: The water closets and other water and sewer apparatus and fixtures shall not be used for purpose other than those for which they are designed; and NO cooking fat, sweepings, matches, rags, ashes, feminine hygiene products, stockings or other improper articles shall be thrown therein. The cost of repairing any damage, from misuse of any of the same shall be born by the TENANT of the damaged premises.

Damages: Whenever damage is caused by carelessness, misuse, or neglect on the part of the TENANT, household member, or a visitor of the TENANT's, the TENANT agrees to reimburse the owner for the damages within 30 days after the TENANT receives a bill from the owner. TENANT agrees that owner's bill will cover actual and reasonable costs incurred by the owner for the repair.

Utilities: The TENANT for his/herself and his/her heirs, executors, and administrators agrees not to waste utilities furnished by the LANDLORD; not to use utilities or equipment for any improper or unauthorized purpose.

Quiet to others: The TENANT shall not make or permit any disturbing noises by him/herself, his/her servants, family, employees or visitors, nor do or permit anything by such person(s) that will interfere with the rights, comforts, or conveniences of other tenants, including sitting in parked vehicles playing loud music, needlessly setting off car alarms, sitting or standing anywhere on the premises talking loud, using illegal substances or drinking alcoholic beverages. TENANT parties shall be kept inside the TENANT's apartment. Domino and card tables, stereo speakers, and the like, are not to be brought outside.

Curfew: The TENANT acknowledges that the curfew at the Property Apartments for persons under eighteen (18) years of age shall be 9:30 AM- 2:30 PM on school days, and 10:00 PM - 6:00 AM every day. TENANT will make certain that his/her family, employees, and visitors shall abide by this curfew. TENANT's guests are not allowed outside at anytime without TENANT.

Conduct: The LANDLORD shall have the right to terminate this lease at any time should the LANDLORD deem the tenancy of the TENANT undesirable by reason of objectionable or improper conduct on the part of the TENANT, the occupants of the apartment hereby leased or visitors thereto, or by reason of conduct or actions of the persons aforesaid or any of then causing annoyance to other tenants. The TENANT agrees that visits by police to the premises for the occupants and/or visitors improper behavior are, grounds for termination of this lease and eviction by the LANDLORD. Any termination pursuant to this paragraph shall be in accordance with the provisions of Paragraph 23 of this lease.

Housekeeping: The TENANT may also be evicted and his/her lease terminated if, in the opinion of the LANDLORD, he/she fails to maintain his/her apartment in a clean and sanitary manner or if his/her children are found to be destructive of the grounds, gardens, basements, hallways, stairways, or any appurtenance thereto. Any termination pursuant to this paragraph shall be in accordance with the provisions of Paragraph 23 of this lease.

Treatment of Rainey Property Management, LLC representatives: The TENANT and his/her family, employees, visitors shall not interfere, hinder, obstruct, harass, assault or render verbal abuse upon the Management Staff, employees, or contractors in the performance of their assigned duties.

Trash: NO household waste or trash is to be placed anywhere outside on Property grounds except in the trash bins supplied by Rainey Property Management, LLC. Large household furniture are not to be placed anywhere outside on the Property, including next to the trash bins. If a trash item does not fit neatly into the bins, it is the TENANT's responsibility to have such items hauled off the Property at Tenant's expense. If TENANT has no means of hauling large items from the Property, TENANT will call the management office and arrange for a special pick up for which TENANT agrees to be charged. Listed below are examples of the items that would need to be hauled off:

- Carpet
- beds
- mattresses
- box springs
- sofas
- tables
- chairs
- baby furniture
- refrigerators
- stoves
- washers
- dryers
- dishwashers
- and any other items of a similar nature that will not fit neatly into the trash bins.

Important: Do not throw feminine products, pampers, baby products, condoms, cooking oil or grease down the toilet or the sink! It will stop up your pipes!

Laundry: Portable washers and dryers are not permitted. NO laundry, wash, clothing or other personal property is permitted to be aired, dried, hung or stored outside of the TENANT'S apartment. I also understand that I am not to hang mops, rags, brooms, clothes, rugs, etc. out on the porch, window sills or hedges.

LAUNDRY ROOM Hours: 9:00 A.M. to 5:00 P.M. Mon thru Fri
10:00 A.M. to 5:00 P.M. Saturday
Closed Sundays, Holidays, Bad Weather Conditions or Emergency

No children under eighteen years old shall be permitted in the laundry at any time unless accompanied by a parent or guardian. TENANT must have belongings out of the Laundry Room by 5:00 P.M. otherwise belongings will have to remain in the Laundry Room until the next scheduled time for the Laundry Room to be opened.

TENANT agrees that the Property Owner and Rainey Property Management, LLC will not be responsible for any losses due to fire, theft, damages to articles, vandalism, or Act of God to my belongings. TENANT agrees not to approach Rainey Property Management, LLC personnel about unlocking the Laundry Room and retrieving their belongings while the Laundry Room is closed.

Window coverings: TENANT agrees that NO blinds or screens not supplied by the LANDLORD shall be attached to or hung in or used in connection with any window or door of the premises without the prior written consent of the LANDLORD or his Agent. Window screens shall not be removed except for cleaning and must be replaced immediately. Also, the TENANT agrees that curtains or drapes must be affixed to all windows within 14 days of the move-in date and NO sheets, blankets, aluminum foil or other such materials or substances may be places on windows at any time. If TENANT removes or breaks any mini-blinds in their unit, management will replace them at TENANT's expense.

Windows: ALL TENANT and OCCUPANTS must observe strict care not to leave windows open during inclement weather. Any default or carelessness in these respects or any of them, TENANT shall make good any injury sustained by TENANT and to the LANDLORD for damages to paints, plastering or other parts of the building, resulting from such default or carelessness.

Water bed: The TENANT agrees not to install or allow to be installed a water bed of any kind.

Alterations: No radio, television or other similar device shall be installed which requires the defacing, drilling or alteration of ANY manner of the rented premises without the LANDLORD or his Agent's expressed written consent.

Making holes: Nails, tacks, brads, staples, screws shall not be driven into the woodwork, walls, or floors of said premises.

Obstructions: Parking lot entrances, crosswalks, fire lanes, entry, passes, halls, pub1ic corridors and/or stairways shall not be obstructed by TENANT, his/her family, employees, visitors or used by them for any purpose other than those of ingress or egress. The doors and windows that reflect or admit light into any place in halls, stairways or other common area of said building shall not be covered or obstructed by TENANT.

Lock out: A nuisance charge of $5 will be assessed for lock-outs which occur during regular office hours. A $20 charge will be assessed for other than regular office hours.

Parking assignment: Each Unit will be assigned one parking bay. All TENANTS must register with management any vehicle that they will park on the Property. The vehicle must be registered in the name of the TENANT. The Property does not have parking space available for non-tenant vehicles. The TENANT further agrees to affix any and all assigned decal(s) as directed by the management staff.

Use of parking areas: The TENANT agrees to park his/her vehicle only in designated parking bay and that all vehicles will be driven INTO the parking bay, NOT BACKED INTO the parking bay. The TENANT shall not him/herself, nor shall he/she permit their family, employees, or visitors to drive and/or park any vehicles other than on the streets and permitted parking lots. At no time will any vehicle be driven or parked on the sidewalks or lawn areas, or parked in such a way as to block the dumpsters and other parked vehicles. Parking of trucks, buses, or commercial vehicles and "dead storage", such as unlicensed, unregistered non-current state safety inspection decal, or inoperable vehicle is prohibited, as well as any repair of any vehicle, i.e. changing oil, parts, etc. Washing of vehicles of the premises of the LANDLORD is prohibited. Trail motorcycles or other off- road vehicles are prohibited on Property grounds. The violation of any provision of this paragraph will result in the LANDLORD or his Agent having the right to remove the vehicle at the vehicle owner's expense without further notice and/or termination of the lease.

Wading pools: NO wading pools shall be allowed to be used on the premises.

Rental property: No rental party equipment allowed on the Property, such as jumpers and moon-walks.

Exterior plantings: The TENANT shall not plant flowers, shrubs, vegetables or any other growing object(s) without the expressed written consent of the LANDLORD or his Agent. Neither will the TENANT, his/her family or visitors pick, remove, or damage any growing plant, shrub or any other object on the complex.

Exterior appearance: The TENANT nor his/her family shall do anything to mar the appearance of the buildings, grounds or appurtenances thereto. This includes littering the property or the neighboring areas, keeping a garbage can or any indoor type furniture outside of the apartment unit.

Hazardous storage: NO articles constituting a fire hazard may be stored in the building, apartment or any appurtenance thereto. This includes gas combustible scooters, tires, and other flammables. NO items of any kind may be stored in the maintenance closets, where the furnace and water heater are installed.

Cooking outside: TENANT will not cook, charcoal, barbecue, or permit such in the breezeways.

Deliveries: The LANDLORD shall not be responsible for any articles delivered to or left with any employee or at this office.

Pets: TENANT agrees not to keep any pets in their apartment or on the grounds of the Property unless prior approval has been obtained from Rainey Property Management, LLC, provide proof of vaccination and the pet is no larger than twenty two pounds.

New tenants will be allowed to bring pre-existing pets to the Property

There will be a $250 pet security deposit for all pets that do not serve as assistance animals.

Rainey Property Management, LLC will always grant approval for pets functioning as assistance animals.

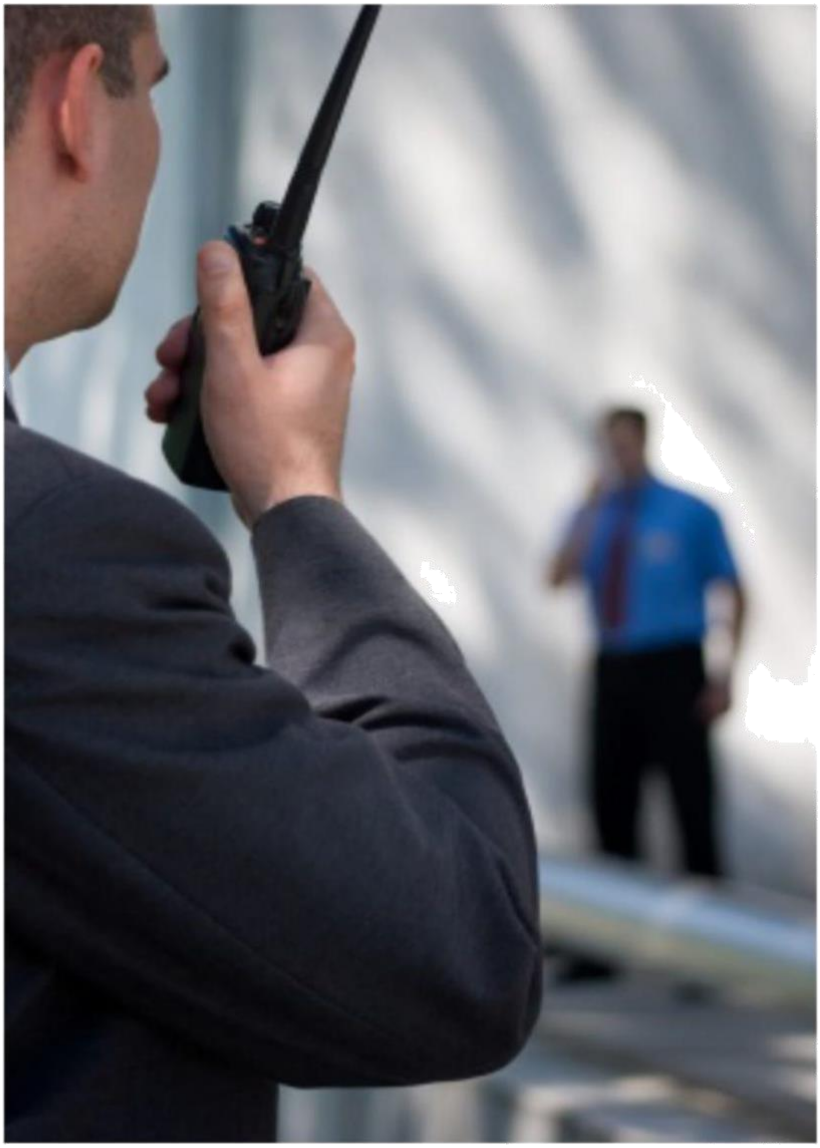
Family composition: An "unauthorized guest" is defined as any person who stays in a TENANT'S unit more than two consecutive nights without written permission from Rainey Property Management. Without such approval, the unauthorized guest must either immediately (a.) vacate the unit, or (b.) the TENANT must bring the unauthorized guest to the office, request and make application to add the person to the TENANT'S lease as a tenant.

Maintenance/Repairs: Call the office during normal business hours. If the recorder answers, leave your name, unit number, phone number and type of maintenance needed. If it is an emergency after-hours, page the number that is on the recording.

Pest Control: Our routine control schedule is 3 buildings every other Friday. Call the office for your unit to be added if you see roaches, ants, and other pests. We will give you notice one or two days before your scheduled date so that you will have time to unload your kitchen cabinets and otherwise prepare for the technician. If you do not do these things, the technician is not allowed to treat your apartment and you will need to reimburse us for their wasted trip.

Appendix D

Security Patrol Proposal



PROPOSAL FOR

SECURITY SERVICES

Delta Patrol Officers LLC
7324 Southwest Freeway Suite 2-650
Houston, Texas 77074

DELTA PATROL OFFICERS LLC

TO WHOM IT MAV CONCERN

It is with great pleasure herewith we submit our proposal for the provision of security services. We hope that this may be the start of an exciting and productive relationship on what promises to be a worthwhile project.

Delta Patrol Officers is an acclaimed firm of security officers with a reputation for both effective security solutions and the use of innovative technology in the protection of life and property. We have a portfolio of completed and on-going projects with particular emphasis on governmental security administration. We think that your project is well suited to our strengths and aspirations
We respectfully requests that you study our proposal in detail; we are extremely interested in the project and we very much hope that you consider the Delta Patrol Officers team as a strong candidate for selection.

Yours Sincerely,
H. Aziz

President,
Delta Patrol Officers

INDEX

Delta Patrol Officers will provide you with certified, Licensed, insured, and bonded Security Guards.

1) **Our pre-employment background investigation far exceeds that of most other security Agencies.**
2) **Delta Patrol Officers offers, free of charge, supervisory personnel to insure strict adherence to our general orders and your rules, regulations and ordinances. Delta Patrol Officers supervisors are utilized as a liaison between Delta Patrol Officers and our clients. Supervisors are on duty 24 hours a day, 365 days per year for your convenience and will regularly make spot checks to prevent the issue of complacency. It is our belief that in order to assure the best quality of service that we stand by, we must keep close relationships with our personnel both on and off duty.**
3) **At Delta Patrol Officers, all of our security guards will be equipped with two-way radios or equivalent to ensure constant communication with our management team.**
4) **Each and every security guard will be trained regularly regarding your specific site to further enhance the protection we provide.**

Delta Patrol Officers has taken a unique approach to the business of contract security. Many of our competitors employ minimally screened and trained guards. Our approach involves a proactive theory of well-groomed, exceptionally trained, uniformed security guards. Our strategy entails several steps to mitigate the possibility and opportunity for theft of property, or injury to persons within the facility. The following is an overview of our Security Guard Project:

Applicant Screening

5) **The quality we bring to your environment begins long before you see our security guards. The President at Delta Patrol Officers has resolved to make the recruitment and training of our personnel the key to our success; in that, we conduct hiring initiatives on a regular basis. Most applicants are unable to meet our qualifications.**

Training

Delta Patrol Officers conducts training that exceeds that of any of our competitor's programs. The knowledge of our management team is passed on to our new employees. In addition to the state mandated certification courses,

Method

6) **Our uniformed security guards are trained to act as a criminal deterrent by adopting the principals of the C.P.O.P** *(community police officer program)* **methodology Simply put, our guards are encouraged to be an approachable source of information to patrons, residents and employees. Letting the public know that we are there for them generates a feeling of community and safety.**

Patrol

7) **The placement of our security guards is what generally places Delta Patrol Officers in the position to confidently describe the implementation of our security guard project as authentic. Our security guards are trained to make visible foot patrols throughout their posts in undetermined patterns. We encourage our personnel to interact with your patrons and employees in addition to standing a fixed post**

Compliance

Delta Patrol Officers has the experience and training that sets it apart the competition

The management, having 14 years of combined security and law enforcement experience, has realized that prevention of crime can be accomplished by utilizing tactical approaches, and best practices of our in-house training to minimize risk while mitigating threats and affecting arrests when necessary.

Uniforms

8) **Our uniformed security guards are outfitted with police-type uniforms. Our corporate general orders, require that our personnel keep their uniforms pressed and clean at all times. Well groomed with neat haircuts. Our female officers are held to the same standard. We pride ourselves on the appearance of our personnel, as they are representing our agency in your facilities.**

Supervision

9) Delta Patrol Officers supervisory personnel are required to possess a minimum of 7 years of security experience. Our supervisors are charged with scheduling, assigning security posts, and acting as liaison between the President and our client. Supervisory personnel are available during any of your scheduled hours (when our personnel are working for you) in order to maintain quality assurance and customer service on behalf of Delta Patrol Officers.

24 Hour Dispatch

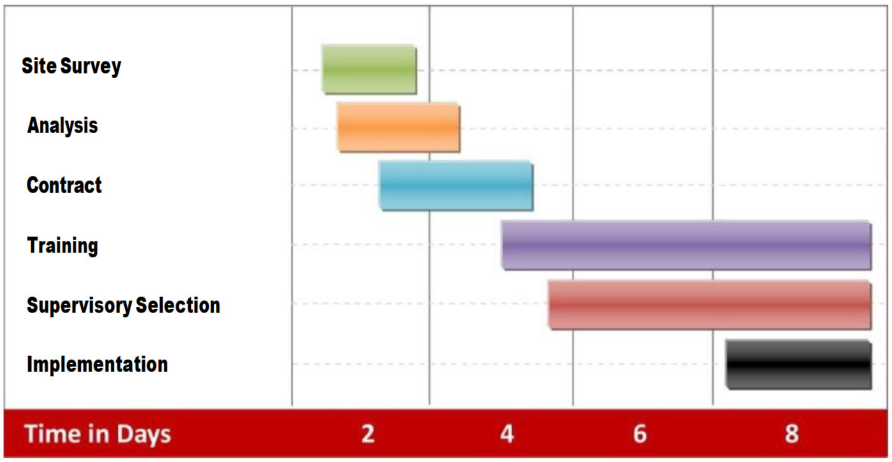
Our offices are staffed around the clock with an in-house dispatcher for your convenience. While most of our competitors work from their homes, Delta Patrol Officers staffs fully functional offices. Our dispatchers are not salespeople; they are security professional's assigned administrative functions. Desk personnel are utilized as watch-commanders with full authority to make supervisor decisions for Delta Patrol Officers.

COST

Delta Patrol Officers will provide you with a forensic breakdown of our costing specifications. Delta Patrol Officers maintains a philosophy that in order to retain the highest quality security professionals in the industry, we must compensate them commensurate to their qualifications. The President has resolved to reduce our profit margin rather than decrease a security guard's salary. Our costing structure provides for a well-paid security professional and a conservative rate to our client.

Delta Patrol Officers maintains insurance that is five times the minimum aggregate coverage obtained by most of our competitors. Our Legal Division recommends that in order to protect our assets as well as yours, we must maintain financial security in full force and effect at a level that far exceeds industry standard.

Security Service Project Schedule



During our site survey we will check out the local ion during both day time and night time hours, observing residents and guests, the surrounding area off site, the amount of calls for service (police, fire) that the location has. As well as lighting and other factors

We will then analyze our data and come up with a plan that best fits the situation.

After we have a plan in place we will bring in a guard and work with them on site ensuring that the plan is put into action.

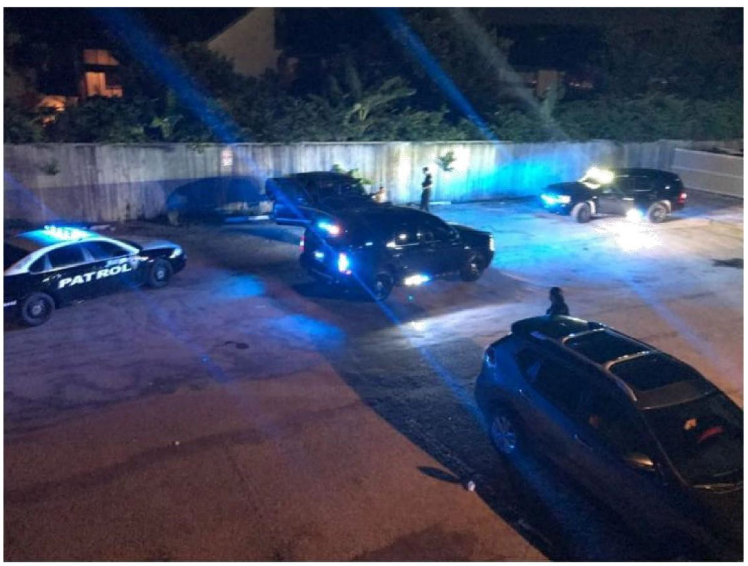
Supervisors then come by for follow up the guard and reinforce both the training and the plan in place

Our Dispatcher also monitors activities remotely through computer and radio.

Delta Patrol Officers have combined experience of over 10 years. As such, we regularly deal with the following:

1) **People stealing appliances from apartments**
2) **Squatters**
3) **Dealing with the homeless**
4) **Narcotic's activity**
5) **Identifying employ theft**
6) **Breaking into cars/apartments**

Delta Patrol Officers has made arrests at different locations across the city regarding the above listed issues. As a company we have developed different strategies for each issue, and we train our guards accordingly



COST

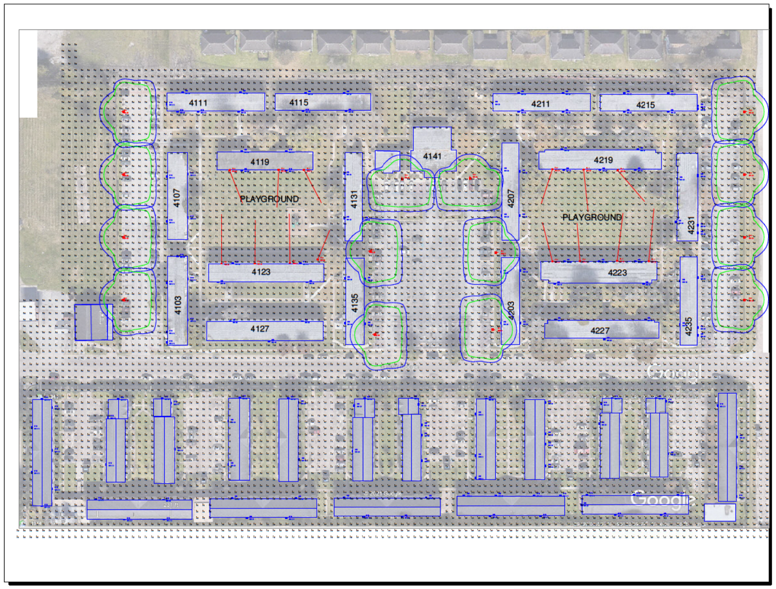
Delta Patrol Officers, LLC with licensed, bonded and insured security officers. Our Hourly rates for this

Property Name: Kings Row Apartment
Address: 4141 Barberry Dr, Houston TX 77051

2 Guards 7 hours 6 days a week shift each guard hourly rate (21.00$ / Hour)

1. Mobile Patrol the premises check all gate and doors.
2. Escort homeless people or detain for trespassing look for a suspicious activities.
3. Officers will be in company issue uniform.
4. Company will provide a dispatchers phone number for the residents.
5. Officers will observe and report time by time.

DELTA PATROL OFFICERS LLC



SUMMARY TABLES:

Luminaire Schedule

Symbol	[MANUFAC]	Qty	Label	LLF	Description	Arr. Watts	Arr. Lum. Lumens
	ESL VISION	14	FL-1	0.900	ESL-MFL-45W-140	42.9	5194
	ESL Vision	14	SL-1	0.900	ESL-AL-200W-240-XXYY-T4	200	28877
	ESL Vision LLC	149	WM	0.900	ESL-FCWP-120W-140	120	16837

Calculation Summary

Label	CalcType	Units	Avg	Max	Min	Avg/Min	Max/Min
CalcPts_1	Illuminance	Fc	2.62	25.5	0.0	N.A.	N.A.

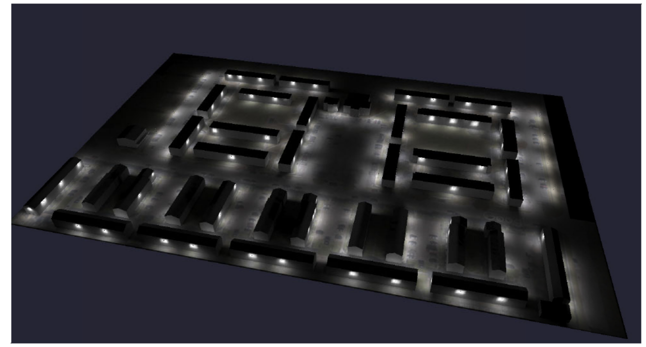
PARAMETERS:

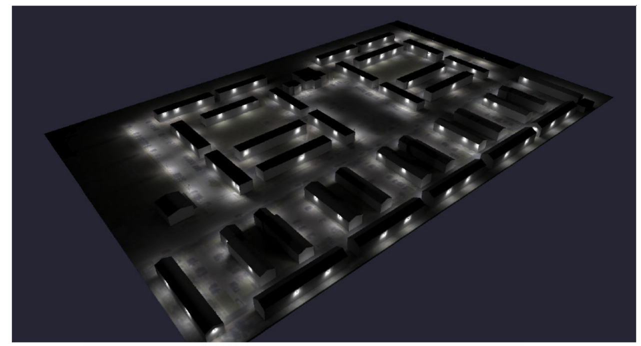
Fixture/ Height >>Wall mts 20' >>Fixed Locations
.13 Surface Reflectance >>> Calcs on 10' Centers @ Grade

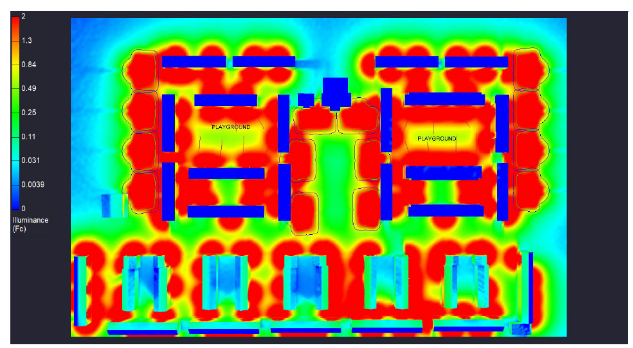
DISCLAIMER:

THE ENGINEER AND/OR ARCHITECT MUST DETERMINE APPLICABILITY OF THE LAYOUT TO EXISTING / FUTURE FIELD CONDITIONS. THIS LIGHTING LAYOUT REPRESENTS ILLUMINATION LEVELS CALCULATED FROM LABORATORY DATA TAKEN UNDER CONTROLLED CONDITIONS IN ACCORDANCE WITH ILLUMINATING ENGINEERING SOCIETY (IESNA) APPROVED METHODS. ADDITIONALLY, THE PREPARER USED INFORMATION PROVIDED BY THE CUSTOMER. IF/WHEN SUFFICIENT INFORMATION WAS NOT PROVIDED, PREPARER USED EDUCATED ASSUMPTIONS. ACTUAL PERFORMANCE OF ANY MANUFACTURER'S LUMINAIRE(S) MAY VARY DUE TO VARIATION IN ELECTRICAL VOLTAGE, TOLERANCE IN LAMPS, AND OTHER FIELD CONDITIONS NOT ACOCUNTED FOR IN THIS PHOTOMETRIC ANALYSIS.
THESE LIGHTING CALCULATIONS ARE NOT A SUBSTITUTE FOR INDEPENDENT ENGINEERING ANALYSIS OF LIGHTING SYSTEM SUITABILITY AND SAFETY. THE ENGINEER AND/OR ARCHITECT IS RESPONSIBLE TO REVIEW FOR ENERGY CODE AND RELEVANT LIGHTING QUALITY COMPLIANCE.

RENDERS:







ESL VISION

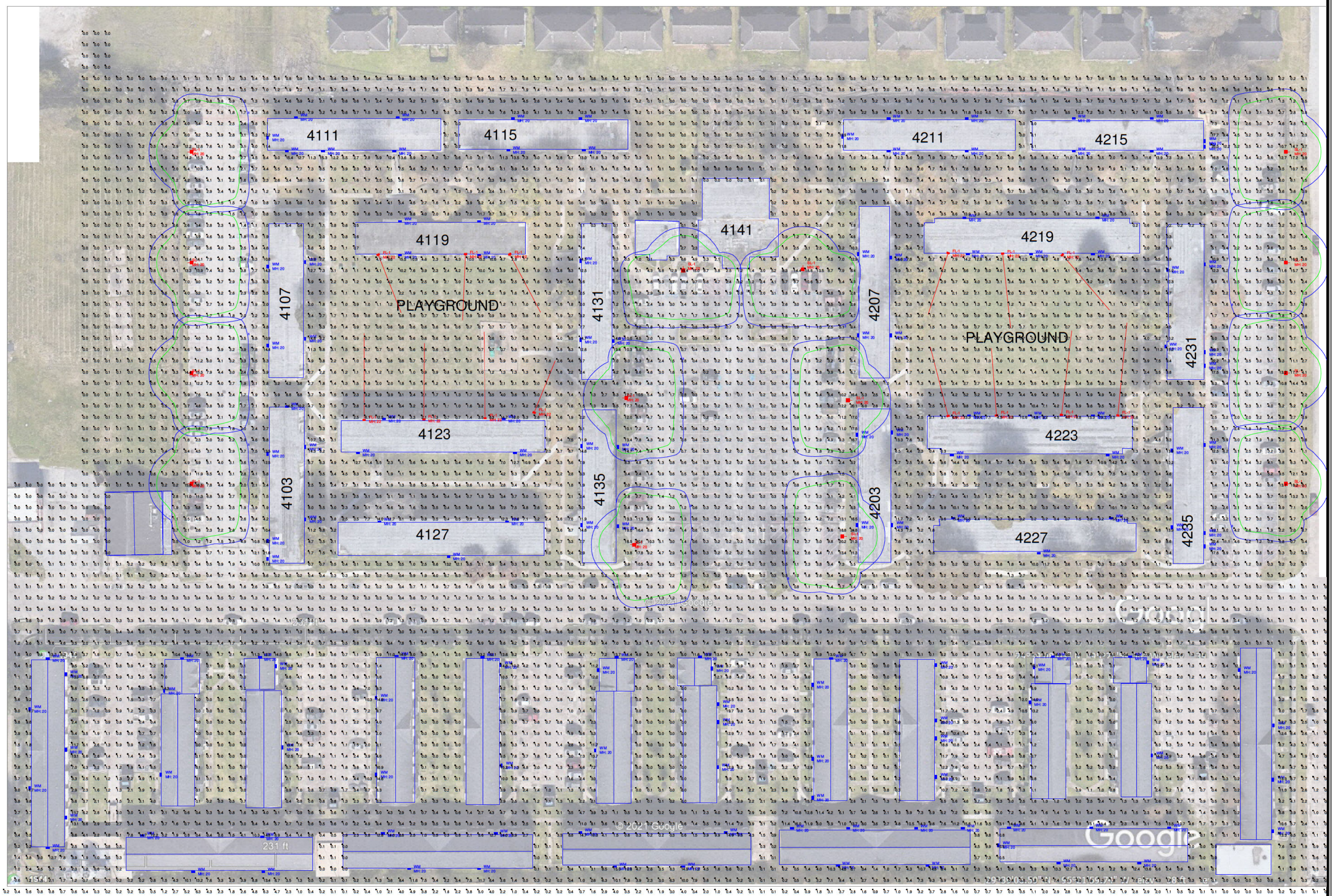
Date:8/23/2021

PROJECT:

KINGS ROW & SCOTT PLAZA APTS

REV-1

Photometric Study



ESL VISION

Date:8/23/2021

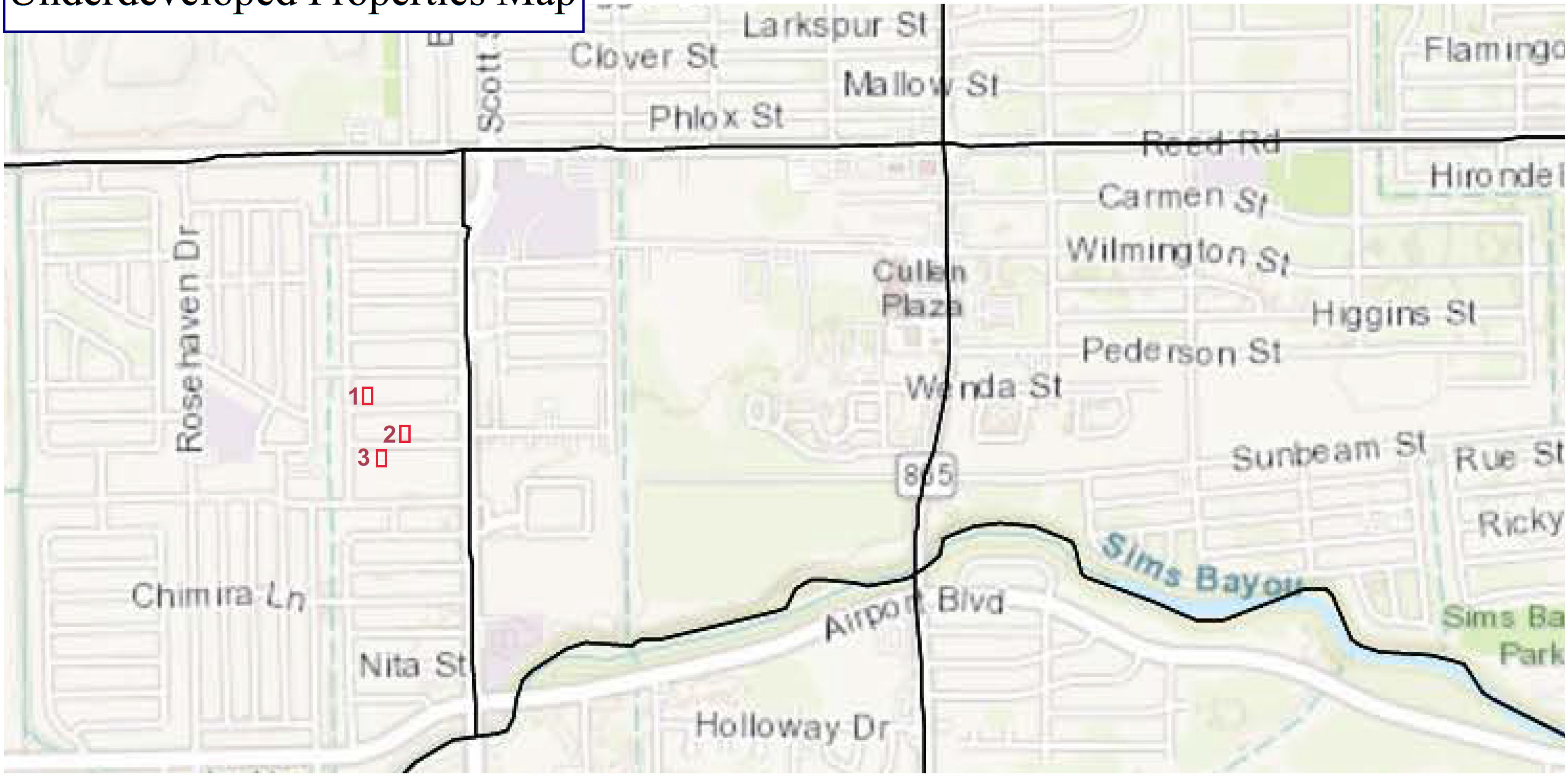
PROJECT:

KINGS ROW & SCOTT PLAZA APTS

REV-1

Photometric Study

Underdeveloped Properties Map



1. 3509 Sparrow St; Property Value increased 1500% in 5 years
2. 3613 Barberry Dr; Property Value increased 278% in 5 years
3. 3522 Barberry Dr; Property Value increased 20% in 5 years

3509 SPARROW AVE

APPRAISED VALUE HISTORY: 0771850100020

Print

Tax Year:	2021	2020	2019	2018	2017
Appraised Value:	$197,388	199,693	189,177	12,250	12,250

(The appraised value shown on this screen may be less than the property's January 1 market value if the property is a residence homestead and is subject to a cap on annual increases in appraised value.)

-close window-

3613 BARBERRY DR

APPRAISED VALUE HISTORY: 0771860120027

Print

Tax Year:	2021	2020	2019	2018	2017
Appraised Value:	**$136,247**	**82,654**	**71,502**	**54,520**	**36,000**

(The appraised value shown on this screen may be less than the property's January 1 market value if the property is a residence homestead and is subject to a cap on annual increases in appraised value.)

-close window-

3522 Barberry Dr

APPRAISED VALUE HISTORY: 0771860130012

Print

Tax Year:	2021	2020	2019	2018	2017
Appraised Value:	$87,051	80,418	79,997	74,275	72,317

(The appraised value shown on this screen may be less than the property's January 1 market value if the property is a residence homestead and is subject to a cap on annual increases in appraised value.)

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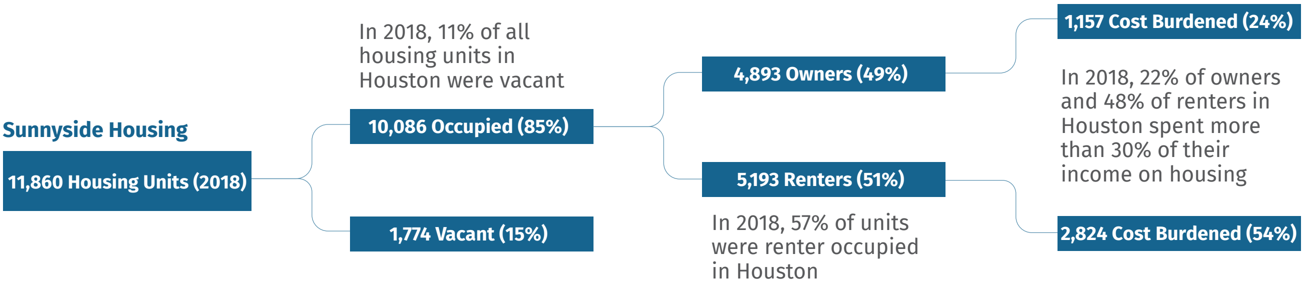
EXHIBIT F: New Development



HOUSING

Introduction
High quality housing that meets the needs of people with a diversity of incomes and housing-related services that support residents are key components of a complete community.

Sunnyside households are facing a number of challenges related to housing. One challenge is that much of the existing housing stock in Sunnyside, which is predominantly single family homes, is aging and in need of repair. Another challenge is that the rate of homeownership in the neighborhood is declining. Specifically, between 2000 and 2018, the percent of homeowners in the neighborhood dropped from 59% to 49%. Over this same time period there has also been an increase in the number of families renting a single family home and the number of households that are burdened with high housing costs.

Housing Goals
The four housing goals focus on repairing and maintaining existing housing, expanding and securing homeownership, stabilizing renters, constructing new affordable housing, and expanding fair housing policies. The goals are summarized here and provided in more detail on the following pages. The housing goals are:

Well-Maintained Housing
Sunnyside is a historic community, and as a result one of every ten homes was built before 1960, and 73% of all housing units were built before 1980. Supporting existing home repair programs and developing new programs to assist with needed maintenance will help to preserve the historic character of the neighborhood and ensure families and seniors have access to safe and secure housing. Strategies developed through the Complete Communities process include establishing a local home repair loan pool, assessing neighborhood housing conditions, and encouraging area tenants to report unsafe and substandard conditions in multi-family housing developments. The objective is to reduce the number of housing violations in the neighborhood.

Secure Homeownership and Stable Renters
Homeownership is one of the most important factors in building generational wealth. The homeownership rate in Sunnyside dropped 10% between 2000 and 2018, with just under half of all households owning their home today. While the percentage of households renting a home has risen, these families have become increasingly burdened by high housing costs. In 2000, 40% of renter households spent more than 30% of their income on housing, by 2018 this number had risen to 54%. Providing workshops for current homeowners on property taxes, appraisals, wills, inheritance planning, predatory lending practices, and exemptions will increase housing security. Increasing access to new home buyer education programs will support the next generation of home owners and connecting renters to information and assistance programs will ensure safe and secure housing. In addition, establishing a Sunnyside Homestead

A **complete community** is an **affordable community** with high quality housing that is safe, well-maintained, and accessible to people with a diversity of needs and incomes

Preservation District could preserve existing affordable housing and encourage public investment. Success will be measured by stabilizing the rate of homeownership in Sunnyside.

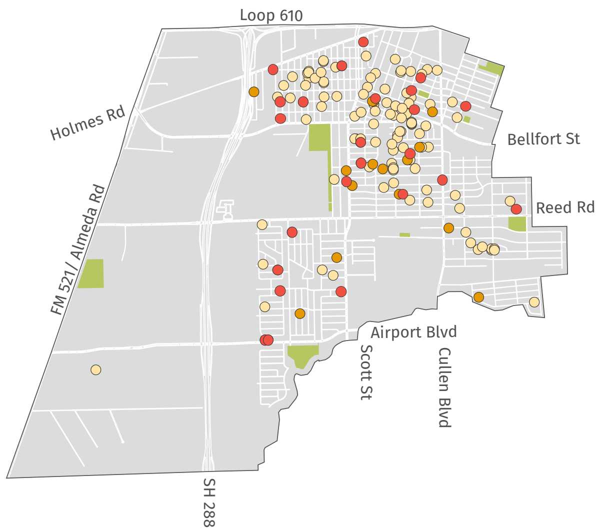
New Quality Housing

In the last twenty years more than 2,000 new housing units have been constructed in Sunnyside, representing 18% of all housing units. In 2020, the median list price of homes for sale was just over $150,000. Building a range of market rate and affordable single-family housing, particularly in partnership with the Houston Land Bank, promoting mixed-income rental housing, and encouraging innovative housing models such as mother-in-law cottages and accessory dwelling units will expand housing options to meet the needs of diverse households and families. Further, establishing a Sunnyside community housing development organization will promote neighborhood-based change and support the construction of housing that meets the needs of area families.

Fair Housing Policies

In 2018, 932 Sunnyside households (approximately 10%) had a Housing Choice Voucher to assist with housing costs. Yet, in the same year, over 2,100 families had household incomes below $20,000, and 85% of these families spent more than 30% of their income on housing. Expanding the number of housing choice vouchers available to area families will increase housing security. In addition, in 2018, nearly 7% of those raised in very low income households in Sunnyside had been incarcerated, which was more than twice the rate in Harris County. As a result, revising policies to allow those who are re-entering from the disciplinary system to receive public housing assistance is critical. The objective is to advocate for a 10% increase in housing choice vouchers available to area families.

Map of Houston Land Bank Properties
Land Bank Properties



Map of Building and Demolition Permits
Single Family Building Permit
Multi-Family Building Permit
Demolition Permit

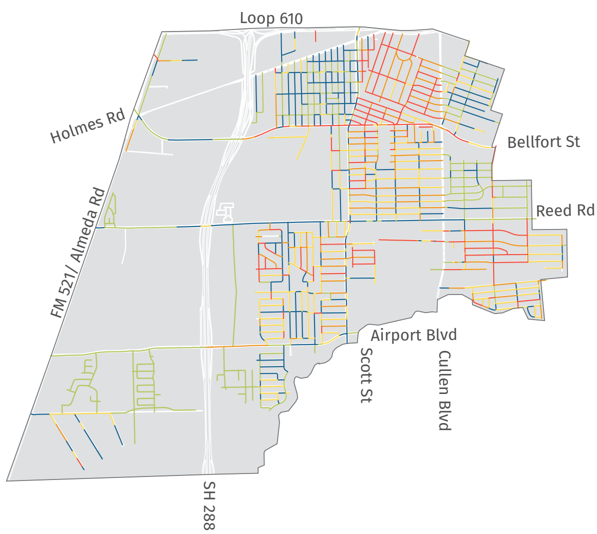
MOBILITY and INFRASTRUCTURE

Introduction
A complete community is connected and resilient, with high quality transit, infrastructure, and walkable streets.

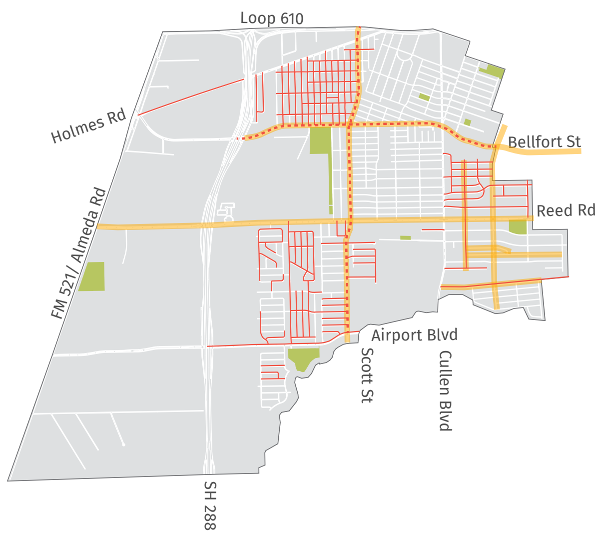
Sunnyside is well served by public transit. Six METRO bus routes serve the neighborhood: the 54 Scott and 73 Bellfort, which run every 15 minutes, the 29 Cullen/Hirsch, which runs every 30 minutes, and the 11 Almeda/Lyons, 87 Sunnyside, and 360 Peerless Shuttle, which run every hour. Between 2000 and 2018, the percentage of workers over the age of 16 commuting on public transit declined from 12% to 9%. Yet in 2018, Sunnyside workers were more than twice as likely as workers in Houston overall to commute by public transit. Over the same time period the percentage of Sunnyside households without a vehicle declined from 26% to 21%. Public transit is critical for area households, as more than twice the percent of Sunnyside households are without a car as compared to Houston.

While Sunnyside community members are well-served by public transit, significant improvements to local streets, sidewalks, transit amenities, and infrastructure are needed to enhance mobility and connectivity.

Mobility and Infrastructure Goals
The five mobility and infrastructure goals included in this plan focus on improving area streets, pedestrian and bicycle networks, storm drainage and wastewater systems, public transit, and advocating for equitable public infrastructure investment. The goals are summarized here and provided in more detail on the following pages. The mobility and infrastructure goals are:



Map of Pavement Conditions
Good — Fair — Very poor
Satisfactory — Poor



Map of CIP and Proposed Street Improvements
CIP Projects (Complete)
CIP Projects (Active)
Proposed Street Improvements

A **complete community** is a **connected** community with efficient and reliable public transit, safe and complete streets, and quality infrastructure

Great Streets
In 2020, 24% of Sunnyside streets were rated as "very poor" or "poor" by Houston Public Works. Improving and maintaining area streets is a key priority for stakeholders. In Sunnyside, Houston Public Works has many active or completed Capital Improvement Projects (CIP) focused on improving area streets. The CIP projects include Scott Street, Bellfort Street, Jutland Road, and the streets in three area subdivisions. These CIP projects address many of the community stakeholder's concerns. Encouraging residents to report poor street conditions to 311 and report street light outages to CenterPoint will ensure continued street and safety improvements in the neighborhood.

Great streets are not only functional, but also beautiful and safe for all users. Developing strategies to improve streetscaping and street lighting will encourage economic development, improve property values, and increase safety and connectivity. Advocating for the implementation of traffic calming strategies, particularly along streets adjacent to schools and parks, will enhance safety for pedestrians. The objective is to reduce the percent of area streets that are rated as "very poor" or "poor."

Complete and Safe Pedestrian and Bike Networks
In 2018, more than one of every five Sunnyside households did not have access to a vehicle, yet only 1% of area workers over the age of 16 walked or biked to work. Overall, only one-quarter of Sunnyside streets have sidewalks. Expanding the pedestrian and bicycle network will improve connectivity and safety and increase mobility options. Prioritizing pedestrian and bicycle projects in conjunction with the Houston Bike Plan and in areas adjacent to schools and parks is a priority. Success will be measured by the expansion of safe sidewalks and bike routes in the community.

Map of Existing and Proposed Sidewalks
Existing Sidewalk
Proposed Sidewalk Improvement


Sunnyside Park Trail

High Quality Storm Drainage and Wastewater Management

Sims Bayou runs along the southern boundary of Sunnyside. In 2016, the Harris County Flood Control District completed the Sims Bayou Flood Reduction project, which significantly reduced flood risks in the watershed. As a result, Sims Bayou was the only waterway in Houston that did not leave its banks during Hurricane Harvey in 2017. Yet, improvements to the local drainage network are needed to prevent localized street and structural flooding. Projects include ensuring that area ditches are well-maintained and free of debris and prioritizing necessary drainage system repairs and improvements. In addition, neighborhood cleanups will be organized and community members and other entities will be encouraged to participate in the adopt-a-ditch program. Over the long-term, the objective is to upgrade local storm drainage from the existing open ditches to curb and gutter systems to further minimize flood risks.

Mobile and Connected Community

Sunnyside residents are well-served by public transit, including two high-frequency routes along Scott Street and Bellfort Street that will become BOOST corridors in the future. Yet, targeted improvements to the public transit network will make it more useful, accessible, and efficient. To achieve this goal, strong partnerships should be established between area stakeholders, METRO, and other partners to advocate for priority improvements. Projects identified through the planning process include implementing a METRO Community Connector service to link Sunnyside Park and Community Center, the Multi-Service Center, healthcare services, and area shopping. In addition, stakeholders identified the need to improve the reliability of existing bus services and enhance amenities at area bus stops, including crosswalks, benches, and shelters. The objective is to provide safe and accessible connections to area transit corridors and improve transit amenities.

Equitable Infrastructure Investments

Capital improvement projects, particularly infrastructure improvements, require advocacy, funding, and institutional support. Public infrastructure spending should also address historic inequities across Houston communities. The goal is to advocate for transparency, including public access to

Cullen Boulevard

information on priorities and infrastructure project evaluations in Sunnyside, and to advocate for the City of Houston to prioritize public infrastructure improvements in under-served neighborhoods.

Transit Map

- High Frequency Route
- Mid Frequency Route
- Low Frequency Route
- Proposed BOOST Corridor

Map of Drainage and Floodplains

- Floodway
- 100-Year Floodplain
- 500-Year Floodplain
- Drainage
- Stormwater Drainage
- Utility Easement

Early Successes

The METRO Next Plan includes the development of a series of BOOST corridors, which are enhanced bus routes with improved amenities, schedules, and reliability. The Sunnyside community will be served by two new BOOST corridors, the 54 Scott and 73 Bellfort. The Scott Street BOOST corridor will be one of the first projects completed. There are 35 Universal Accessibility projects programmed for the Scott Street corridor, which are projects to improve sidewalks, bike routes, and address accessibility issues as a means to connect areas within the first and last mile of the corridor.

Houston Public Works is conducting drainage studies throughout the city, including in Sunnyside. The studies focus on areas where flooding threatens homes, storm sewers need improvement, and channels, bayous, and land create unique challenges for local flooding. The drainage studies will include an assessment of existing conditions and alternatives for improvements. The projects will be a partnership with Harris County Flood Control District and Harris County Engineering Department and funding is being requested through the Texas General Land Office's Community Development Block Grant Mitigation program.

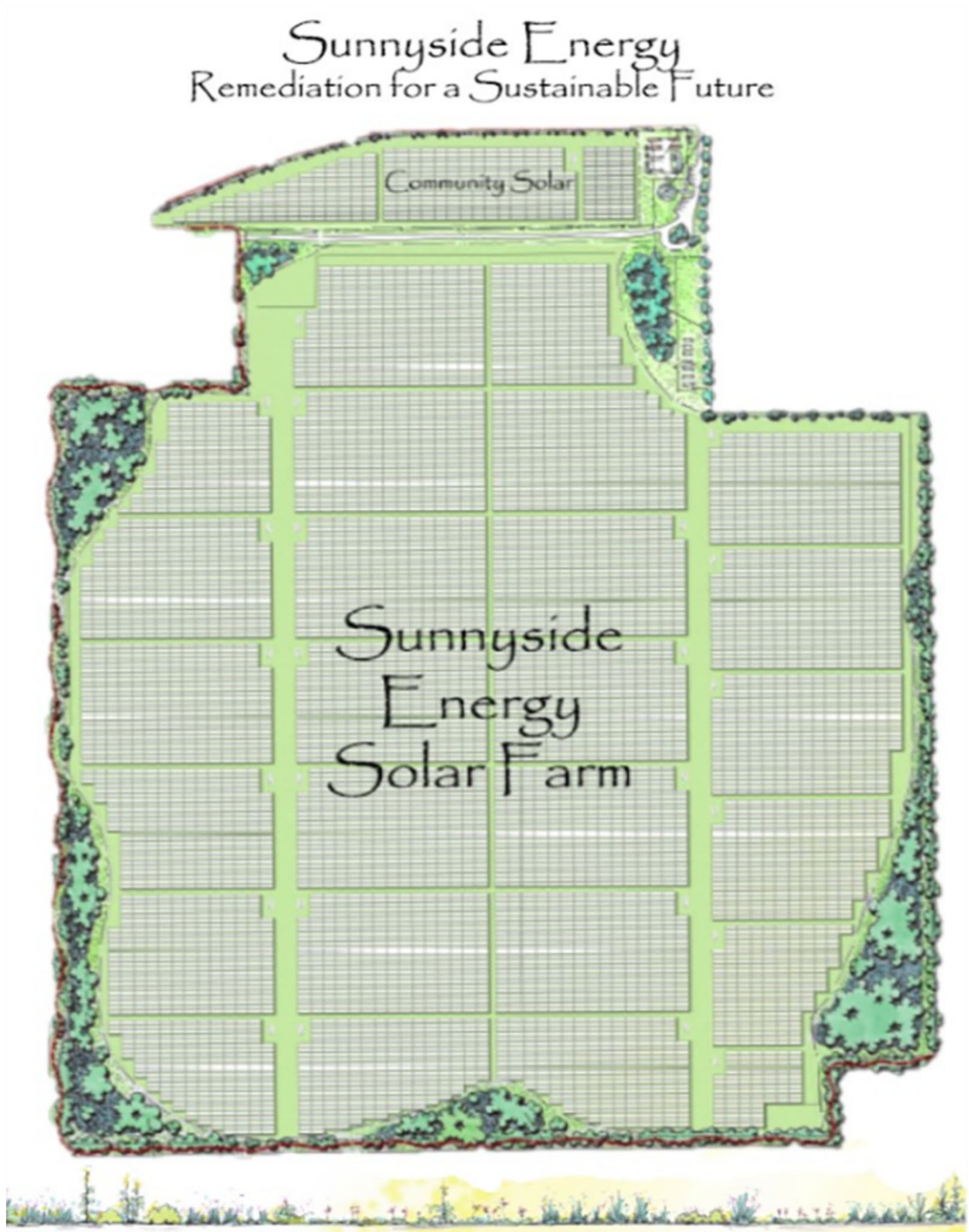
MAYOR'S OFFICE PRESS RELEASE

Houston City Council Approves Largest Brownfield Solar Project in the Nation

January 14, 2021 -- Mayor Sylvester Turner and city council yesterday approved unanimously a lease agreement with Sunnyside Energy, LLC to advance the Sunnyside Solar Project–an innovative public-private partnership to convert the 240-acre closed landfill in Sunnyside into the largest brownfield solar installation in the nation. The project is a product of the City's Climate Action Plan and Complete Communities Initiative. It is an example of how the City of Houston is working to find innovative, public-private solutions to addresses historic environmental justice concerns, climate change, and economic development in underserved communities.

"The Sunnyside landfill has been one of Houston's biggest community challenges for decades, and I am proud we are one step closer to its transformation," said Mayor Turner. "I thank the Sunnyside community because this project would not have come together without its support. This project is an example of how cities can work with the community to address long-standing environmental justice concerns holistically, create green jobs and generate renewable energy in the process."

The project, developed by Sunnyside Energy, will be anchored by a 50 megawatt (MW) ballasted solar array that will generate enough renewable energy to power 5,000 homes and offset 120 million pounds of CO_2 each year. The array is expected to be installed and operational by the end of 2022 – at no cost to the City.



"We applaud the actions of Mayor Turner and the City Council in taking this significant step," said Dori Wolfe, Managing Director of Sunnyside Energy LLC. "It is a strong vote of confidence for this impactful project. All members of the project team realize that this Sunnyside Solar facility will be an iconic statement in the rejuvenation of the community. We are grateful that Mayor Turner has given us his support."

In 2017, the City of Houston joined the C40 Reinventing Cities Competition – a global competition to develop innovative, carbon-free, and resilient urban projects. Through the competition, Houston and 13 other cities across the globe identified for redevelopment under-utilized parcels of land. Through this effort, the City selected the winning proposal from Wolfe Energy, LLC. After receiving the green light to move the proposal forward, Wolfe Energy formed Sunnyside Energy LLC, a team of engineers, architects, community members, and artists, to transform the abandoned landfill site into an urban solar farm.

Under the terms of the lease agreement approved by City Council, the City will retain ownership of the land, but the tenant will be responsible for the permitting, construction, operation, and maintenance of the project, an estimated $70 million private investment for the community. In the coming months, Sunnyside Energy LLC will work to secure all necessary state and local permits and finalize financing and design plans to ensure the project meets the most rigorous environmental safety standards before construction.

As part of the City's Complete Communities initiative, the project also contains sustainability, resilience, and economic development components, requested by the community and will:

- Prevent potential future environmental hazards posed by the landfill
- Provide power discounts for low-income residents in the neighborhood
- Train and employ local labor
- Store and filter stormwater on the tract to help reduce flooding
- Include educational attributes at the restored site

Increasing Houstonians' use of solar power is a critical component of the city's first-ever Climate Action Plan. One hundred percent of the City of Houston's electricity to operate its facilities comes from solar and wind sources, making Houston the largest municipal user of renewable energy in the nation.

The mission of Complete Communities is to ensure that all Houstonians have equal access to quality services and amenities. By tapping the strengths of Houston's community members, nonprofits, businesses, and philanthropic partners, the Complete Communities initiative is building a stronger, more resilient city and making transformational change where it's needed most.

For more information on the Complete Communities initiative or to view the Sunnyside Complete Communities Action Plan, visit online at https://www.houstontx.gov/completecommunities/.

More details about the Sunnyside Solar Project and the Houston Climate Action Plan are available at www.greenhoustontx.gov and complete communities website.

City of Houston, Texas, Ordinance No. 2020-750

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF REINVESTMENT ZONE NUMBER TWENTY-SIX, CITY OF HOUSTON, TEXAS (SUNNYSIDE ZONE); APPROVING THE FISCAL YEAR 2021 OPERATING BUDGET FOR THE ZONE AND THE FISCAL YEARS 2021-2025 CAPITAL IMPROVEMENT PLAN BUDGET FOR THE ZONE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * * * *

WHEREAS, the City created Reinvestment Zone Number Twenty-Six, City of Houston, Texas (the "Zone") by Ordinance No. 2015-1092 on November 16, 2015; and

WHEREAS, the Zone has submitted an Operating Budget for Fiscal Year 2021 (the "Operating Budget") and a Capital Improvement Plan Budget for Fiscal Years 2021-2025 (the "CIP Budget" and, collectively with the Operating Budget, the "Budgets") to the City Council for approval; and

WHEREAS, the City Council desires to approve the Budgets for the Zone; **NOW, THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the City Council takes cognizance of the fact that to implement the Operating Budget for the Zone, and to make adjustments occasioned by events transpiring during the year, the Zone may need to transfer funds from one Line Item of Project Costs shown on Exhibit "A" to another. Unless approved by the City Council, the Zone may transfer funds only: (1) as needed for Debt Service; and (2) from one Line Item of Project Costs to another, if the aggregate of such transfers does not exceed $400,000 during Fiscal Year 2021. Subject to the foregoing, the Operating Budget attached hereto as Exhibit "A" is hereby approved for the Zone.

Section 3. That the CIP Budget attached hereto as Exhibit "B" is hereby approved for the Zone.

Section 4. That not later than March 31, 2021, the Zone shall, in cooperation with City representatives (1) identify surplus funds in the Zone's Fiscal Year Operating Budget based on the difference between Zone revenues and the Fiscal Year Operating Budget for the Zone approved by the City; and (2) make available any surplus Zone funds, through appropriate agreement, for projects identified by the City that are eligible for tax increment funding, such as affordable housing, areas of public assembly, incremental costs of municipal services attributable to development and redevelopment in the Zone, and capital projects that benefit the City and the Zone. The agreement may provide for the payment of surplus funds into one or more accounts established by the City or may provide for direct payment by the Zone for the purpose. The Zone shall consider amendments to its Operating Budget that may be necessary to accomplish this purpose, and shall expedite any such amendments.

Section 5. That the approval of this Budget is contingent upon receipt by the City's Chief Development Officer of a document signed by the Administrator of the Zone disclosing the name of each owner or developer of property within the Zone from which the Administrator has received compensation during the last five calendar years, and the amount of compensation by owner by year. Compensation may be expressed by category as follows:

Category I	Less than $1,000.00
Category II	At least $1,000.00 but less than $10,000.00
Category III	At least $10,000.00 but less than $50,000.00

Category IV	At least $50,000.00 but less than $100,000.00
Category V	At least $100,000.00 but less than $500,000.00
Category VI	At least $500,000.00 but less than $1,000,000.00
Category VII	$1,000,000.00 or more

Section 6. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, if the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 2nd day of September, 2020.

APPROVED this _______ day of ___________________, 2020.

____
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is SEP 08 2020.

Pat J. Daniel
____
Interim City Secretary

CAPTION PUBLISHED IN DAILY COURT REVIEW
DATE: SEP 08 2020

(Prepared by Legal Department _______________________)
(KK;gd August 18, 2019) Senior Assistant City Attorney
(Requested by Andrew F. Icken, Chief Development Officer)
(L.D. File No. 042-1500191-006)

AYE	NO	
✓		**MAYOR TURNER**
• • • •	• • • •	**COUNCIL MEMBERS**
✓		PECK
✓		DAVIS
✓		KAMIN
✓		EVANS-SHABAZZ
✓		MARTIN
✓		THOMAS
✓		TRAVIS
✓		CISNEROS
✓		GALLEGOS
✓		POLLARD
✓		MARTHA CASTEX-TATUM
✓		KNOX
✓		ROBINSON
✓		KUBOSH
✓		PLUMMER
✓		ALCORN
CAPTION	ADOPTED	

Rev. 5/18

EXHIBIT "A"

Fiscal Year 2021 Operating Budget for the Sunnyside Zone

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2021 BUDGET PROFILE

Fund Summary
Fund Name: **Sunnyside**
TIRZ: **26**
Fund Number: **7583/50**

PROFILE			
Base Year:		2015	
Base Year Taxable Value:	$	200,950,432	
Projected Taxable Value (TY2020):	$	321,232,303	
Current Taxable Value (TY2019):	$	308,877,214	
Acres:		3,142	
Administrator (Contact):		City of Houston	
Contact Number:		(832) 393-0985	

NARRATIVE

Zone Purpose:

Tax Increment Reinvestment Zone Number Twenty-Six, City of Houston, Texas was created for the purpose of leveraging the expenditure of public funds for eligible project costs including the planning, engineering and construction of new streets, water distribution facilities, wastewater collection facilities, storm drainage improvements, roadway and street reconstruction projects, cultural and public facility improvements, parks and other related improvements.

PROJECT PLAN

	Total Plan	Cumulative Expenses (to 6/30/19)	Variance
Capital Projects:			
Roadways, Sidewalks, Trails and Other Right-of-Way Improvements	$ 5,200,000	$ -	$ 5,200,000
Water, Drainage, and Utilities	4,835,000	-	4,835,000
Open Space, Community and Cultural Amenities	1,804,000	140,000	1,664,000
Affordable Housing	800,000	-	800,000
	-	-	-
	-	-	-
	-	-	-
Total Capital Projects	$ 12,639,000	$ 140,000	$ 12,499,000
Financing Costs	-	-	-
Zone Administration	500,000	46,354	453,646
Total Project Plan	$ 13,139,000	$ 186,354	$ 12,952,646

DEBT

Additional Financial Data	FY2020 Budget	FY2020 Estimate	FY2021 Budget
Debt Service	$ -	$ -	$ -
Principal	$ -	$ -	$ -
Interest	$ -	$ -	$ -
	Balance as of 6/30/19	**Projected Balance as of 6/30/20**	**Projected Balance as of 6/30/21**
Year End Outstanding (Principal)			
	$ -	$ -	$ -
	$ -	$ -	$ -
	$ -	$ -	$ -
	$ -	$ -	$ -
Other	$ -	$ -	$ -

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2021 BUDGET PROFILE

Fund Summary
Fund Name: **Sunnyside**
TIRZ: **26**
Fund Number: **7583/50**

TIRZ Budget Line Items	FY2020 Budget	FY2020 Estimate	FY2021 Budget
RESOURCES			
RESTRICTED Funds - Capital Projects	$ 436,478	$ 420,471	$ 836,683
RESTRICTED Funds - Affordable Housing	$ -	$ -	$ -
RESTRICTED Funds - Bond Debt Service	$ -	$ -	$ -
Beginning Balance	**$ 436,478**	**$ 420,471**	**$ 836,683**
City tax revenue	$ 604,117	$ 575,390	$ 639,456
County tax revenue	$ -	$ -	$ 115,000
Incremental property tax revenue	**$ 604,117**	**$ 575,390**	**$ 754,456**
Miscellaneous revenue	**$ -**	**$ -**	**$ -**
COH TIRZ interest	$ 3,500	$ 9,592	$ 9,600
Interest Income	$ -	$ -	$ -
Other Interest Income	**$ 3,500**	**$ 9,592**	**$ 9,600**
	$ -	$ -	$ -
Grant Proceeds	**$ -**	**$ -**	**$ -**
	$ -	$ -	$ -
Proceeds from Bank Loan	**$ -**	**$ -**	**$ -**
	$ -	$ -	$ -
Contract Revenue Bond Proceeds	**$ -**	**$ -**	**$ -**
TOTAL AVAILABLE RESOURCES	**$ 1,044,095**	**$ 1,005,453**	**$ 1,600,739**

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2021 BUDGET PROFILE

Fund Summary
Fund Name: **Sunnyside**
TIRZ: **26**
Fund Number: **7583/50**

TIRZ Budget Line Items	FY2020 Budget	FY2020 Estimate	FY2021 Budget
EXPENDITURES			
Accounting	$ -	$ -	$ -
Administration Salaries & Benefits	$ 17,000	$ -	$ 36,000
Auditor	$ -	$ -	$ -
Bond Services/Trustee/Financial Advisor	$ -	$ -	$ -
Insurance	$ -	$ -	$ -
Office Administration	$ 500	$ -	$ 500
TIRZ Administration and Overhead	**$ 17,500**	**$ -**	**$ 36,500**
Engineering Consultants	$ -	$ -	$ -
Legal	$ -	$ -	$ -
Construction Audit	$ -	$ -	$ -
Planning Consultants	$ 140,000	$ 140,000	$ 180,000
Program and Project Consultants	**$ 140,000**	**$ 140,000**	**$ 180,000**
Management consulting services	**$ 157,500**	**$ 140,000**	**$ 216,500**
Capital Expenditures (See CIP Schedule)	$ -	$ -	$ 500,000
	$ -	$ -	$ -
TIRZ Capital Expenditures	**$ -**	**$ -**	**$ 500,000**
	$ -	$ -	$ -
	$ -	$ -	$ -
Developer / Project Reimbursements	**$ -**	**$ -**	**$ -**
System debt service	**$ -**	**$ -**	**$ -**
TOTAL PROJECT COSTS	$ 157,500	$ 140,000	$ 716,500
Payment/transfer to ISD - educational facilities	$ -	$ -	$ -
Administration Fees:			
City	$ 31,252	$ 28,770	$ 31,973
County	$ -	$ -	$ 5,750
ISD	$ -	$ -	$ -
Affordable Housing:			
City	$ -	$ -	$ -
County	$ -	$ -	$ -
ISD to City of Houston	$ -	$ -	$ -
Municipal Services Charge	$ -	$ -	$ -
Total Transfers	**$ 31,252**	**$ 28,770**	**$ 37,723**
Total Budget	**$ 188,752**	**$ 168,770**	**$ 754,223**
RESTRICTED Funds - Capital Projects	$ 855,343	$ 836,683	$ 846,516
RESTRICTED Funds - Affordable Housing	$ -	$ -	$ -
RESTRICTED Funds - Bond Debt Service	$ -	$ -	$ -
Ending Fund Balance	**$ 855,343**	**836,683**	**846,516**
Total Budget & Ending Fund Balance	**$ 1,044,095**	**$ 1,005,453**	**$ 1,600,739**

Notes:

EXHIBIT "B"

Fiscal Years 2021-2025 Capital Improvement Plan Budget for the Sunnyside Zone

Council District	CIP No.	Project	Fiscal Year Planned Appropriations								
			Through 2019	Projected 2020	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
D	T-2601	Heritage Green	$ -	-	230,000	1,090,000	1,000,000	-	-	2,320,000	2,320,000
D	T-2602	Phase I Area-Wide Beautification	$ -	-	270,000	-	145,000	365,000	-	780,000	780,000
D	T-2603	Gateway at Airport Boulevard	$ -	-	-	-	-	125,000	-	125,000	125,000
D	T-2604	Cullen Boulevard Beautification	$ -	-	-	-	-	140,000	120,000	260,000	260,000
Totals			$ -	$ -	$ 500,000	$ 1,090,000	$ 1,145,000	$ 630,000	$ 120,000	$ 3,485,000	$ 3,485,000

* NOTE:
** NOTE:
*** NOTE:

Source of Funds	Fiscal Year Planned Appropriations								
	Through 2019	Projected 2020	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
TIRZ Funds	-	-	385,000	545,000	645,000	630,000	120,000	2,325,000	2,325,000
City of Houston	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Other	-	-	115,000	545,000	500,000	-	-	1,160,000	1,160,000
Project Total	-	-	500,000	1,090,000	1,145,000	630,000	120,000	3,485,000	3,485,000

Project:	Heritage Green	City Council District		Key Map:		WBS.: T-2601
		Location:	D	Geo. Ref.:		
		Served:	D	Neighborhood:		

Description: Create a Gateway to Sunnyside that celebrates the local heritage and culture. A destination space that enhances quality of life by providing a walking/jogging trail, benches, pedestrian lighting, a space for activities such as pop up Art festivals, local vendors, and food trucks.

Justification: Based on the public meetings and workshops, the culture and heritage of the Sunnyside community was of major importance. The gateway would celebrate the local culture and heritage while encouraging economic development.

Operating and Maintenance Costs: ($ Thousands)

/	2021	2022	2023	2024	2025	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation	Projected Expenses thru 6/30/19	2020 Budget	2020 Estimate	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	30,000	-	-		-	$ 30,000	$ 30,000
2 Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3 Design	-	-	-	200,000	50,000	-	-	-	$ 250,000	$ 250,000
4 Construction	-	-	-	-	1,040,000	1,000,000	-	-	$ 2,040,000	$ 2,040,000
5 Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6 Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7 Other	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:	-	-	-	-	-	-	-	-	$ -	$ -
Total Allocations	$ -	$ -	$ -	$ 230,000	$ 1,090,000	$ 1,000,000	$ -	$ -	$ 2,320,000	$ 2,320,000
Source of Funds										
TIRZ Funds	-	-	-	115,000	545,000	500,000	-	-	$ 1,160,000	$ 1,160,000
City of Houston	-	-	-	-	-	-	-	-	$ -	$ -
Grant Funds	-	-	-	-	-	-	-	-	$ -	$ -
Other	-	-	-	115,000	545,000	500,000	-	-	$ 1,160,000	$ 1,160,000
Total Funds	$ -	$ -	$ -	$ 230,000	$ 1,090,000	$ 1,000,000	$ -	$ -	$ 2,320,000	$ 2,320,000

*NOTE:

Project:	Phase I Area-Wide Beautification	City Council District		Key Map:		WBS.: T-2602
		Location:	D	Geo. Ref.:		
		Served:	D	Neighborhood:		

Description:	To improve the visual appearance of the area, strategic locations have been identified for a phase I area-wide beautification.
Justification:	Improve the visual appearance of the area to encourage economic development and public safety.

Operating and Maintenance Costs: ($ Thousands)

	2021	2022	2023	2024	2025	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation		Projected Expenses thru 6/30/19	2020 Budget	2020 Estimate	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
Phase											
1	Planning	-	-	-	20,000	-	5,000	5,000	-	$ 30,000	$ 30,000
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3	Design	-	-	-	50,000	-	50,000	40,000	-	$ 140,000	$ 140,000
4	Construction	-	-	-	200,000	-	90,000	320,000	-	$ 610,000	$ 610,000
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other	-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:		-	-	-	-	-	-	-	-	$ -	$ -
Total Allocations		$ -	$ -	$ -	$ 270,000	$ -	$ 145,000	$ 365,000	$ -	$ 780,000	$ 780,000
Source of Funds											
TIRZ Funds		-	-	-	270,000	-	145,000	365,000	-	$ 780,000	$ 780,000
City of Houston		-	-	-	-	-	-	-	-	$ -	$ -
Grant		-	-	-	-	-	-	-	-	$ -	$ -
Other		-	-	-	-	-	-	-	-	$ -	$ -
Total Funds		$ -	$ -	$ -	$ 270,000	$ -	$ 145,000	$ 365,000	$ -	$ 780,000	$ 780,000

Project:	**Gateway at Airport Boulevard**	**City Council District**	**Key Map:**		**WBS.:** T-2603
		Location: D	**Geo. Ref.:**		
		Served: D	**Neighborhood:**		

Description: A scondary gateway into the area for visitors coming along SH-288 or from the west on Airport Boulevard.

Justification: Gateway and median improvements to encourage economic development.

Operating and Maintenance Costs: ($ Thousands)

	2021	2022	2023	2024	2025	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation		Projected Expenses thru 6/30/19	2020 Budget	2020 Estimate	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
Phase											
1	Planning	-	-	-	-	-	-	5,000	-	$ 5,000	$ 5,000
2	Acquisition	-	-	-	-	-	-		-	$ -	$ -
3	Design	-	-	-	-	-	-	20,000	-	$ 20,000	$ 20,000
4	Construction	-	-	-	-	-	-	100,000	-	$ 100,000	$ 100,000
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other	-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:		-	-	-	-	-	-	-	-	$ -	$ -
Total Allocations		$ -	$ -	$ -	$ -	$ -	$ -	$ 125,000	$ -	$ 125,000	$ 125,000
Source of Funds											
TIRZ Funds		-	-	-	-	-	-	125,000	-	$ 125,000	$ 125,000
City of Houston		-	-	-	-	-	-	-	-	$ -	$ -
Grants		-	-	-	-	-	-	-	-	$ -	$ -
Other		-	-	-	-	-	-	-	-	$ -	$ -
Total Funds		$ -	$ -	$ -	$ -	$ -	$ -	$ 125,000	$ -	$ 125,000	$ 125,000

Project:	**Cullen Boulevard Beautification**	**City Council District**	**Key Map:**		**WBS.:** T-2604
		Location: D	**Geo. Ref.:**		
		Served: D	**Neighborhood:**		
Description:	Landscape, sidewalk, curb, and curb ramp improvements between E Orem Road and Fuqua Street.				
Justification:	The beautification and amenity improvements will help enhance the area's visual appearance and walkability for pedestrians.				

Operating and Maintenance Costs: ($ Thousands)

	2021	2022	2023	2024	2025	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation		Projected Expenses thru 6/30/19	2020 Budget	2020 Estimate	2021	2022	2023	2024	2025	FY21 - FY25 Total	Cumulative Total (To Date)
Phase											
1	Planning	-	-	-	-	-	-	10,000	-	$ 10,000	$ 10,000
2	Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3	Design	-	-	-	-	-	-	30,000	20,000	$ 50,000	$ 50,000
4	Construction	-	-	-	-	-	-	100,000	100,000	$ 200,000	$ 200,000
5	Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6	Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7	Other	-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
		-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:		-	-	-	-	-	-	-	-	$ -	$ -
Total Allocations		$ -	$ -	$ -	$ -	$ -	$ -	$ 140,000	$ 120,000	$ 260,000	$ 260,000
Source of Funds											
TIRZ Funds		-	-	-	-	-	-	140,000	120,000	$ 260,000	$ 260,000
City of Houston		-	-	-	-	-	-	-	-	$ -	$ -
Grants		-	-	-	-	-	-	-	-	$ -	$ -
Other		-	-	-	-	-	-	-	-	$ -	$ -
Total Funds		$ -	$ -	$ -	$ -	$ -	$ -	$ 140,000	$ 120,000	$ 260,000	$ 260,000

Texas Education Agency

Accountability Data | Performance | Participation | Attendance and Graduation | Postsecondary Readiness | Profile | KG Readiness | Postsecondary Outcomes | Finance Data | Search

Texas Education Agency
2019 Accountability Ratings Overall Summary
WOODSON SCHOOL (101912127) - HOUSTON ISD

Accountability Rating Summary

	Component Score	Scaled Score	Rating
Overall		81	B
Student Achievement		55	F
STAAR Performance	29	55	
College, Career and Military Readiness			
Graduation Rate			
School Progress		85	B
Academic Growth	78	85	B
Relative Performance (Eco Dis: 99.5%)	29	57	F
Closing the Gaps	59	73	C

Identification of Schools for Improvement

This campus is identified for targeted support and improvement.

Distinction Designations

ELA/Reading	Not Earned
Mathematics	Not Earned
Science	Not Earned
Social Studies	Not Eligible
Comparative Academic Growth	Earned
Postsecondary Readiness	Not Earned
Comparative Closing the Gaps	Not Earned

Texas Education Agency

2018 Accountability Ratings Overall Summary

WOODSON SCHOOL (101912127) - HOUSTON ISD

	Component Score	Scaled Score	Rating
Overall		68	Met Standard
Student Achievement		48	Improvement Required
STAAR Performance	21	48	
College, Career and Military Readiness			
Graduation Rate			
School Progress		69	Met Standard
Academic Growth	68	69	Met Standard
Relative Performance (Eco Dis: 90.4%)	21	50	Improvement Required
Closing the Gaps	42	67	Met Standard

Distinction Designations

ELA/Reading	Not Earned
Mathematics	Not Earned
Science	Not Earned
Social Studies	Not Eligible
Comparative Academic Growth	Not Earned
Postsecondary Readiness	Not Earned
Comparative Closing the Gaps	Not Earned

Texas Education Agency

Accountability Data | Performance | Participation | Attendance and Graduation | Postsecondary Readiness | Profile | KG Readiness | Postsecondary Outcomes | Finance Data | Search

Texas Education Agency
2019 Accountability Ratings Overall Summary
THOMAS MIDDLE (101912077) - HOUSTON ISD

Accountability Rating Summary

	Component Score	Scaled Score	Rating
Overall		54	F
Student Achievement		53	F
STAAR Performance	25	53	
College, Career and Military Readiness			
Graduation Rate			
School Progress		58	F
Academic Growth	56	57	F
Relative Performance (Eco Dis: 99.8%)	25	58	F
Closing the Gaps	5	45	F

Identification of Schools for Improvement

This campus is identified for targeted support and improvement.

Distinction Designations

ELA/Reading	Not Earned
Mathematics	Not Earned
Science	Not Earned
Social Studies	Not Earned
Comparative Academic Growth	Not Earned
Postsecondary Readiness	Not Earned
Comparative Closing the Gaps	Not Earned

Texas Education Agency

Accountability Data Performance Participation Attendance and Graduation
Postsecondary Readiness Profile KG Readiness Postsecondary Outcomes
Finance Data Search

Texas Education Agency
2018 Accountability Ratings Overall Summary
THOMAS MIDDLE (101912077) - HOUSTON ISD

	Component Score	Scaled Score	Rating
Overall		59	Not Rated: Harvey Provision
Student Achievement		54	Improvement Required
STAAR Performance	26	54	
College, Career and Military Readiness			
Graduation Rate			
School Progress		58	Improvement Required
Academic Growth	59	58	Improvement Required
Relative Performance (Eco Dis: 80.4%)	26	56	Improvement Required
Closing the Gaps	14	62	Met Standard

Notes:
- This campus was directly affected by Hurricane Harvey and did not receive an overall rating.

Distinction Designations

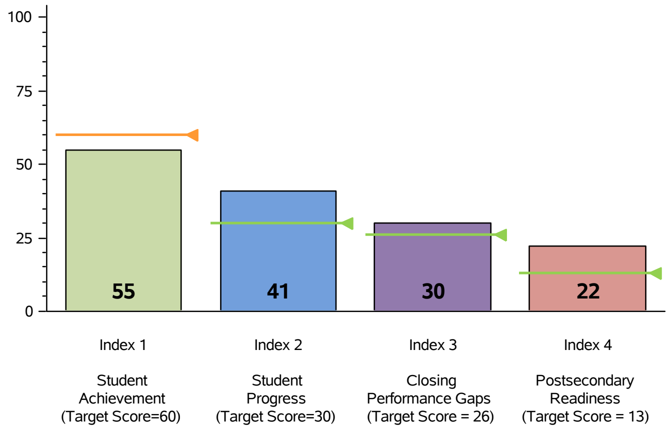
ELA/Reading	Not Eligible
Mathematics	Not Eligible
Science	Not Eligible
Social Studies	Not Eligible
Comparative Academic Growth	Not Eligible
Postsecondary Readiness	Not Eligible
Comparative Closing the Gaps	Not Eligible

Texas Education Agency
2016-17 School Report Card
THOMAS MIDDLE (101912077)

District Name: **HOUSTON ISD** | Total Students: **449**
Campus Type: **Middle School** | Grade Span: **06 - 08**

2017 Performance Index

State accountability ratings are based on four performance indices: Student Achievement, Student Progress, Closing Performance Gaps, and Postsecondary Readiness. The bar graph below illustrates the index scores for this campus. The score required to meet each index's target is indicated below the index description and as a line on each bar. In 2017, to receive the Met Standard or Met Alternative Standard accountability rating, districts and campuses must meet targets on three indices: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.



2017 Accountability Rating

Met Standard

For 2017 state accountability, campuses are rated as **Met Standard**, **Improvement Required**, or **Not Rated**. The rating, **Met Alternative Standard**, is assigned to charters and alternative education campuses evaluated under alternative education accountability (AEA) provisions.

Distinction Designations

Mathematics	Social Studies
Top 25% Student Progress	Postsecondary Readiness

Campuses that receive a rating of **Met Standard** are eligible for as many as seven distinction designations: **Academic Achievement in English Language Arts (ELA)/Reading, Academic Achievement in Mathematics, Academic Achievement in Science, Academic Achievement in Social Studies, Top 25%: Student Progress, Top 25%: Closing Performance Gaps,** and **Postsecondary Readiness.**

School and Student Information

This section provides demographic information about the campus, including attendance rates; enrollment percentages for various student groups; student mobility rates; and class size averages at the campus, district, and state level, where applicable.

	Campus	District	State
Attendance Rate (2015-16)	93.2%	95.6%	95.8%
Enrollment by Race/Ethnicity			
African American	55.2%	23.9%	12.6%
Hispanic	42.1%	62.1%	52.4%
White	1.1%	8.7%	28.1%
American Indian	0.7%	0.2%	0.4%
Asian	0.2%	3.9%	4.2%
Pacific Islander	0.0%	0.1%	0.1%
Two or More Races	0.7%	1.1%	2.2%
Enrollment by Student Group			
Economically Disadvantaged	92.9%	77.1%	59.0%
English Language Learners	21.8%	31.8%	18.9%
Special Education	16.3%	7.0%	8.8%
Mobility Rate (2015-16)	33.4%	19.3%	16.2%

	Campus	District	State
Class Size Averages by Grade or Subject			
Elementary			
Grade 6	22.0	21.4	20.4
Secondary			
English/Language Arts	16.0	20.0	16.8
Foreign Languages	17.6	22.1	18.7
Mathematics	19.5	22.2	18.0
Science	15.1	22.2	19.0
Social Studies	15.1	22.8	19.4

School Financial Information (2015-16)

Various financial indicators are reported for the campus, district, and state, where applicable, based on actual data from the prior year. For more information, see http://tea.texas.gov/financialstandardreports/.

	Campus	District	State
Instructional Staff Percent	n/a	60.2%	64.6%
Instructional Expenditure Ratio	n/a	64.6%	63.6%

	Campus	District	State
Expenditures per Student			
Total Operating Expenditures	$7,825	$9,052	$9,373
Instruction	$5,269	$5,249	$5,317
Instructional Leadership	$0	$135	$143
School Leadership	$516	$641	$544

For more information about this campus, please see the Texas Academic Performance Report at /perfreport/tapr/2017/index.html.

Texas Education Agency
2019 Accountability Ratings Overall Summary
WORTHING H S (101912019) - HOUSTON ISD

Accountability Rating Summary

	Component Score	Scaled Score	Rating
Overall		74	C
Student Achievement		61	D
STAAR Performance	32	57	
College, Career and Military Readiness	35	67	
Graduation Rate	74.4	55	
School Progress		78	C
Academic Growth	68	78	C
Relative Performance (Eco Dis: 99.9%)	34	68	D
Closing the Gaps	19	65	D

Identification of Schools for Improvement

This campus is a comprehensive support and improvement reidentified school.

Distinction Designations

ELA/Reading	Not Earned
Mathematics	Not Earned
Science	Not Earned
Social Studies	Not Earned
Comparative Academic Growth	Not Earned
Postsecondary Readiness	Not Earned
Comparative Closing the Gaps	Not Earned

Texas Education Agency
2018 Accountability Ratings Overall Summary
WORTHING H S (101912019) - HOUSTON ISD

	Component Score	Scaled Score	Rating
Overall		72	Met Standard
Student Achievement		50	Improvement Required
STAAR Performance	26	52	
College, Career and Military Readiness	14	46	
Graduation Rate	71.9	55	
School Progress		76	Met Standard
Academic Growth	67	76	Met Standard
Relative Performance (Eco Dis: 73.1%)	20	50	Improvement Required
Closing the Gaps	13	61	Met Standard

Distinction Designations

ELA/Reading	Not Earned
Mathematics	Not Earned
Science	Not Earned
Social Studies	Not Earned
Comparative Academic Growth	Earned
Postsecondary Readiness	Not Earned
Comparative Closing the Gaps	Not Earned

INCOME IN THE PAST 12 MONTHS (IN 2019 INFLATION-ADJUSTED DOLLARS)

United States® Census Bureau

Note: This is a modified view of the original table produced by the U.S. Census Bureau. This download or printed version may have missing information from the original table.

	Harris County, Texas	Houston-The Woodlands-Sugar Land, TX Metro Area
	Households	Households
Label	Estimate	Estimate
Total	1,605,368	2,352,275
Less than $10,000	6.1%	5.4%
$10,000 to $14,999	3.7%	3.4%
$15,000 to $24,999	9.0%	8.3%
$25,000 to $34,999	9.5%	8.7%
$35,000 to $49,999	12.6%	11.7%
$50,000 to $74,999	17.3%	16.8%
$75,000 to $99,999	12.1%	12.3%
$100,000 to $149,999	14.4%	15.8%
$150,000 to $199,999	6.6%	7.8%
$200,000 or more	8.7%	9.9%
Median income (dollars)	61,705	67,516
Mean income (dollars)	91,486	97,410
PERCENT ALLOCATED		

Table Notes

INCOME IN THE PAST 12 MONTHS (IN 2019 INFLATION-ADJUSTED DOLLARS)

Survey/Program: American Community Survey
Year: 2019
Estimates: 5-Year
Table ID: S1901

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities, and towns and estimates of housing units for states and counties.

Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates

When information is missing or inconsistent, the Census Bureau logically assigns an acceptable value using the response to a related question or questions. If a logical assignment is not possible, data are filled using a statistical process called allocation, which uses a similar individual or household to provide a donor value. The "Allocated" section is the number of respondents who received an allocated value for a particular subject.

Between 2018 and 2019 the American Community Survey retirement income question changed. These changes resulted in an increase in both the number of households reporting retirement income and higher aggregate retirement income at the national level. For more information see Changes to the Retirement Income Question .

The categories for relationship to householder were revised in 2019. For more information see Revisions to the Relationship to Household item.

Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate arising from sampling variability is represented through the use of a margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted roughly as providing a 90 percent probability that the interval defined by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence bounds) contains the true value. In addition to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see ACS Technical Documentation). The effect of nonsampling error is not represented in these tables.

The 2015-2019 American Community Survey (ACS) data generally reflect the September 2018 Office of Management and Budget (OMB) delineations of metropolitan and micropolitan statistical areas. In certain instances, the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB delineation lists due to differences in the effective dates of the geographic entities.

Estimates of urban and rural populations, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2010 data. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.

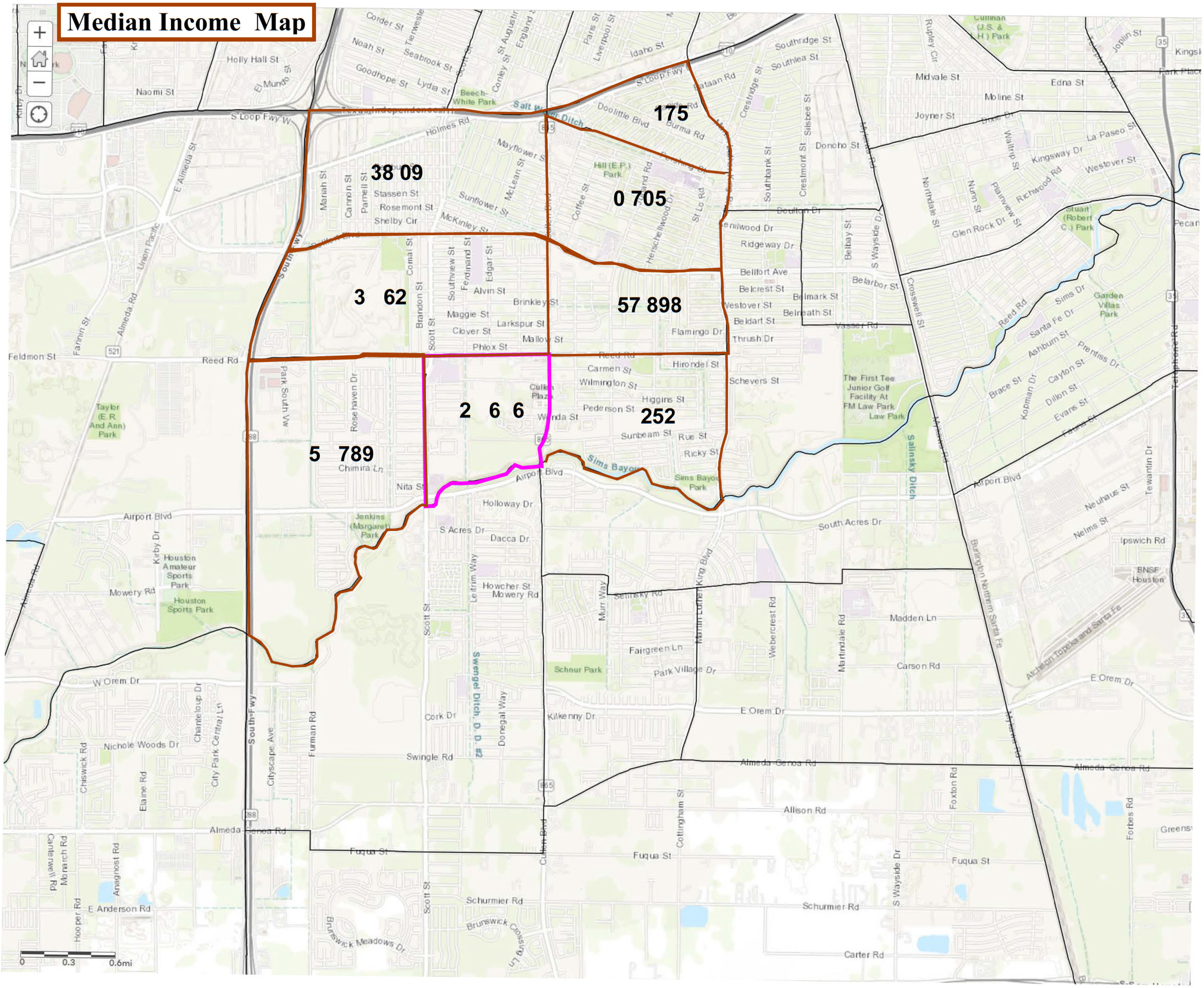
Explanation of Symbols:

An "**" entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.

An "-" entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution, or the margin of error associated with a median was larger than the median itself.
An "-" following a median estimate means the median falls in the lowest interval of an open-ended distribution.
An "+" following a median estimate means the median falls in the upper interval of an open-ended distribution.
An "***" entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.
An "*****" entry in the margin of error column indicates that the estimate is controlled. A statistical test for sampling variability is not appropriate.
An "N" entry in the estimate and margin of error columns indicates that data for this geographic area cannot be displayed because the number of sample cases is too small.
An "(X)" means that the estimate is not applicable or not available.

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Technical Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.


Median Income Map
175
38 09
0 705
3 62
57 898
2 6 6
252
5 789
0
0.3
0.6mi

INCOME IN THE PAST 12 MONTHS (IN 2019 INFLATION-ADJUSTED DOLLARS)

Survey/Program: American Community Survey **TableID:** S1901 **Product:** 2019: ACS 5-Year Estimates Subject Tables

Notes | Selections | 8 Geos | Years | 2 Topics | Surveys | Codes | Hide | Filter | Recommended Pivot | Transpose | Margin of Error | Restore | Excel | Download | Print | More Data | Map

	Census Tract 3311, Harris Cou...	Census Tract 3312, Harris Cou...	Census Tract 3313, Harris Cou...	Census Tract 3314, Harris Cou...	Census Tract 3318, Harris Cou...	Census Tract 3319, Harris Cou...	Census Tract 3320, Harris Cou...	Census Tract 3321, Harris Cou...
	Households	Households	Households	Households	Households	Households	Households	Households
Label	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Total	1,534	1,428	1,701	1,147	1,172	1,199	2,010	949
Less than $10,000	18.6%	9.0%	6.5%	26.1%	10.7%	2.0%	28.8%	8.0%
$10,000 to $14,999	17.6%	9.9%	2.8%	30.3%	8.7%	4.2%	6.7%	2.8%
$15,000 to $24,999	10.4%	22.8%	15.8%	16.7%	13.7%	9.4%	9.1%	13.0%
$25,000 to $34,999	13.8%	24.2%	16.2%	8.1%	14.6%	19.7%	14.0%	22.3%
$35,000 to $49,999	13.6%	15.3%	18.5%	4.4%	25.3%	12.7%	14.4%	17.4%
$50,000 to $74,999	14.5%	10.5%	19.3%	9.1%	12.4%	26.6%	14.4%	25.1%
$75,000 to $99,999	0.9%	4.9%	4.9%	1.7%	5.1%	14.2%	2.6%	7.4%
$100,000 to $149,999	10.0%	2.2%	12.6%	3.7%	6.7%	9.5%	7.9%	4.0%
$150,000 to $199,999	0.0%	1.1%	2.9%	0.0%	2.1%	0.0%	0.0%	0.0%
$200,000 or more	0.5%	0.0%	0.6%	0.0%	0.8%	1.8%	2.1%	0.0%
Median income (dollars)	26,903	26,130	42,250	13,886	36,250	51,021	29,441	39,053
Mean income (dollars)	38,094	34,624	54,789	24,646	44,252	57,898	40,705	44,175
PERCENT ALLOCATED								

EXHIBIT I: PMA Data

EXISTING AFFORDABLE PROPERTIES IN THE PMA

Project Name	Address	Zip	Year Built/Allocated	Tenancy	Program	Number of Units	LIHTC Units	Subsidized units	Occupancy
Anna Dupree Terrace	10012 Cullen Boulevard	77051	2018	Senior	Section 8	150	0	150	100.0%
Bellfort Pines Apartments	8300 Canyon Street	77051	2001	General	LIHTC	248	248	0	N/A
Cullen Park Apartments	4700 Wenda Street	77033	2001	General	LIHTC	240	240	0	N/A
Cypress Creek at Reed Road	2910 Reed Road	77051	2008	General	LIHTC	132	126	0	100.0%
Lansbourough Apartments	10010 Cullen Boulevard	77051	2007	General	LIHTC	176	176	0	94.9%
Magnolia Place Apartments	4647 Wenda Street	77051	2010	Senior	LIHTC	144	144	0	100.0%
Mariposa Apartment Homes at Reed Road	2889 Reed Road	77051	2006	Senior	LIHTC	180	172	0	100.0%
New Hope Housing at Reed	2565 Reed Road	77051	2016	General	PSH	125	0	125	100.0%
Norma's Plaza	7526 Martin Luther King	77033	2004	General	LIHTC/Market	80	77	0	100.0%
Palomino Place Apartments	4400 W. Airport	77045	2001	General	LIHTC	272	272	0	N/A
Pilgrim Place III	5055 Sunflower Street	77033	2011	Senior/Disabled	Section 8	40	0	40	100.0%
Pointe at Crestmont	5602 Selinsky Road	77048	2016	General	LIHTC/HOME	192	94	98	N/A
Reed Parque Townhomes	2725 Reed Road	77051	2000	General	LIHTC/Market	192	171	0	100.0%
Simmons Gardens Apartments	10225 Scott Street	77051	1995	Senior	LIHTC	120	120	0	100.0%
South Acres Ranch	11409 Scott Street	77047	2008	General	LIHTC	80	77	0	N/A
South Acres Ranch II	11409 Scott Street	77047	2009	General	LIHTC	49	48	0	N/A
Sunflower Terrace	5050 Sunflower Street	77033	1971	General	Section 8	160	0	160	100.0%
Sunrise Village	7526 MLK Boulevard	77033	2002	General	LIHTC	80	72	0	N/A
The Cottages at South Acres	11005 Scott Street	77047	2013	General	LIHTC	144	144	0	N/A
Oakmoor Apartment Homes	11900 Oakmoor Parkway	77051	2007	General	LIHTC	248	248	0	100.0%
Villa Americana	5901 Selinsky Street	77048	1973/2017	General	Section 8	258	0	258	100.0%
Wesley Square Apartments	7402 Calhoun Street	77033	1970	General	Section 8	252	0	252	N/A
Total						**3,562**	**2,429**	**1,083**	

EXHIBIT J Current Listings

Vacancies in Sunnyside via Realtor.com

Brokered by Resilient Properties

2 bed 1 bath 720 sqft 6,821 sqft lot
4202 Larkspur St Unit B,
Houston, TX 77051
Contact property

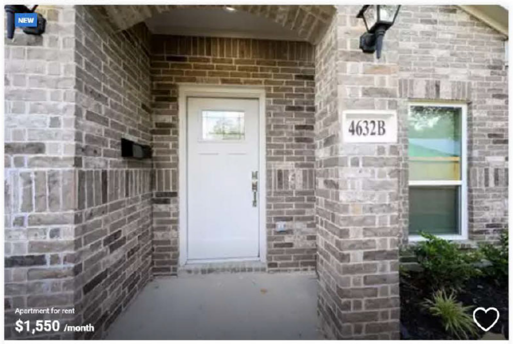
Brokered by Hh Premier Realty, Llc

4 bed 2 bath 1,134 sqft 5,715 sqft lot
3329 Airport Blvd,
Houston, TX 77051
Contact property

Brokered by Ever Agent

3 bed 2 bath 1,589 sqft 6,480 sqft lot
4749 Alvin St,
Houston, TX 77033
Contact property

Brokered by Cjm Realty Advisors



3 bed 2 bath 1,200 sqft 2,474 sqft lot
4632 Brinkley St Unit B,
Houston, TX 77051
Contact property

Brokered by Hamilton Properties

3 bed 1 bath 1,064 sqft 9,335 sqft lot
4725 Maggie St,
Houston, TX 77033
Contact property

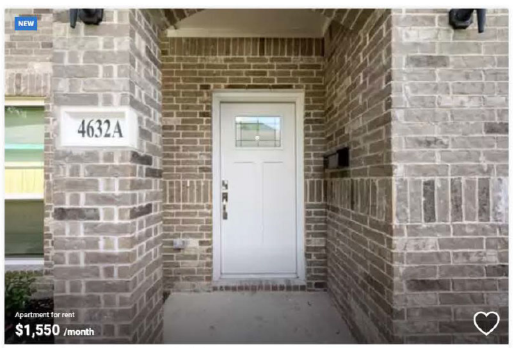
Brokered by Realty Associates

3 bed 2.5+ bath 1,098 sqft 5,249 sqft lot
4547 Redbud St,
Houston, TX 77051
Contact property

Brokered by Dream Home Realty

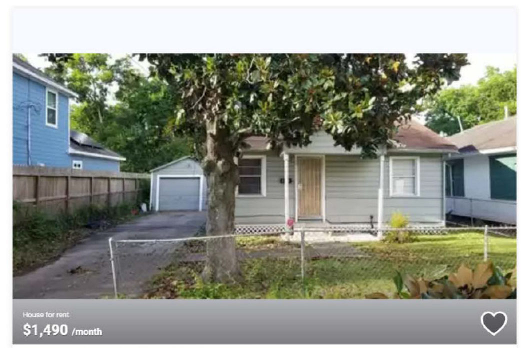
3 bed 1 bath 840 sqft 5,500 sqft lot
9421 Sierra Dr,
Houston, TX 77051
Contact property

3 bed 1 bath 1,284 sqft 5,131 sqft lot
4910 Southwind St,
Houston, TX 77033
Contact property



3 bed 2 bath 1,200 sqft 2,474 sqft lot
4632 Brinkley St Unit A,
Houston, TX 77051
Contact property

3 bed 2.5 bath 1,902 sqft 5,998 sqft lot
10202 Cathedral Dr,
Houston, TX 77051
Contact property



3 bed 2 bath 1,064 sqft 5,249 sqft lot Pets OK
4515 White Rock St,
Houston, TX 77051
Contact property

Apartment for rent
$1,500 /month

3 bed 2 bath 1,235 sqft 8,525 sqft lot
4534 Maggie St Unit B,
Houston, TX 77051

Contact property

NEW
House for rent
$1,800 /month

3 bed 2 bath 1,684 sqft 5,510 sqft lot
8221 Parnell St,
Houston, TX 77051

Contact property

Apartment for rent
$1,500 /month

3 bed 2 bath 1,235 sqft 8,525 sqft lot
4534 Maggie St Unit A,
Houston, TX 77051

Contact property

Apartment for rent
$1,550 /month

2 bed 2.5 bath 0.83 acres lot
4906 Mallow St,
Houston, TX 77033

Contact property

Condo for rent
$695 /month

2 bed 1 bath 736 sqft
4201 Phlox St Unit Couple,
Houston, TX 77051

Contact property

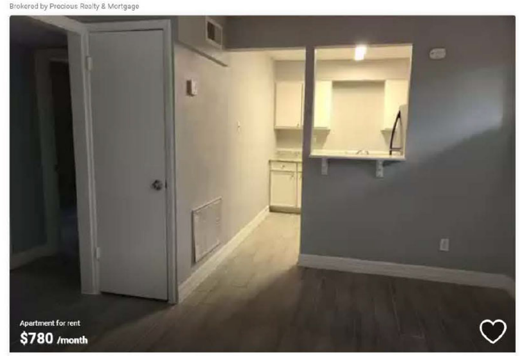
Brokered by Realm Real Estate Professional

House for rent
$1,450 /month

4 bed 2 bath 957 sqft 5,502 sqft lot
10106 Sierra Dr,
Houston, TX 77051

Contact property

Brokered by Precious Realty & Mortgage

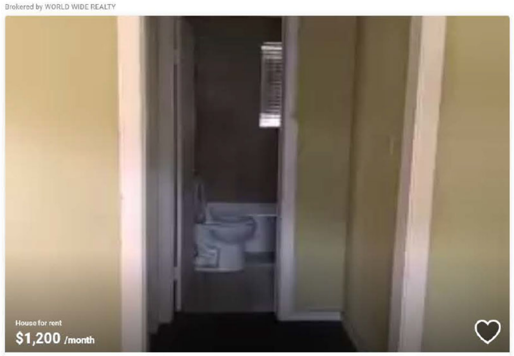


Apartment for rent
$780 /month

2 bed 1 bath 5,704 sqft 5,249 sqft lot Pets OK
7902 Rock Rose St Apt 8,
Houston, TX 77051

Contact property

Brokered by WORLD WIDE REALTY

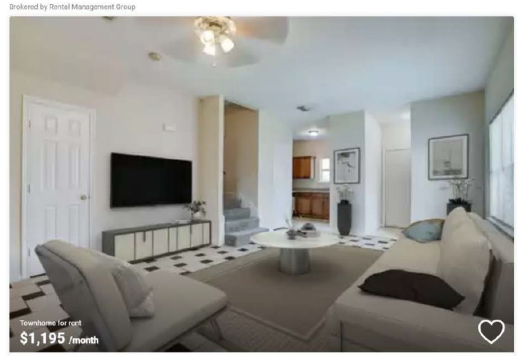


House for rent
$1,200 /month

3 bed 2 bath 950 sqft 5,001 sqft lot
8331 Corinth St,
Houston, TX 77051

Contact property

Brokered by Rental Management Group



Townhome for rent
$1,195 /month

3 bed 2.5 bath 1,378 sqft 5,937 sqft lot
8005 Parnell St Apt B,
Houston, TX 77051

Contact property

Condo for rent
$1,400 /month

3 bed 2 bath Pets OK
5006 Higgins St Unit 1,
Houston, TX 77033

Contact property

Duplex/Triplex for rent
$950 /month

2 bed 1 bath 800 sqft
9440 Coffee St,
Houston, TX 77033
Contact property

Apartment for rent
$700 /month

2 bed 1 bath 700 sqft 6,987 sqft lot
4124 Dawson Ln,
Houston, TX 77051
Contact property

Condo for rent
$970 /month

2 bed 1 bath Pets OK
5301 Higgins St Unit 2,
Houston, TX 77033
Contact property

House for rent
$1,650 /month

3 bed 2.5 bath 1,480 sqft
3013 Wilmington St Unit A,
Houston, TX 77051
Contact property

Apartment for rent
$650 /month

1 bed 1 bath
4612 Maggie St,
Houston, TX 77051
Contact property

House for rent
$1,100 /month

4 bed 2 bath 1,070 sqft Pets OK
4522 White Rock St,
Houston, TX 77051
Contact property

Brokered by COMPASS

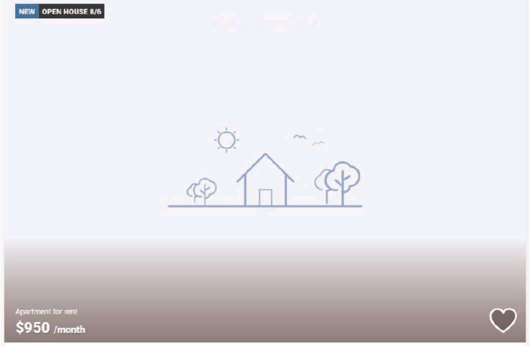
Apartment for rent
$900 /month

2 bed 1 bath 1,470 sqft 9,348 sqft lot
4633 Alvin St Unit 2,
Houston, TX 77051
Contact property

Apartment for rent
$650 /month

2 bed 1 bath
4305 Phlox St,
Houston, TX 77051
Contact property

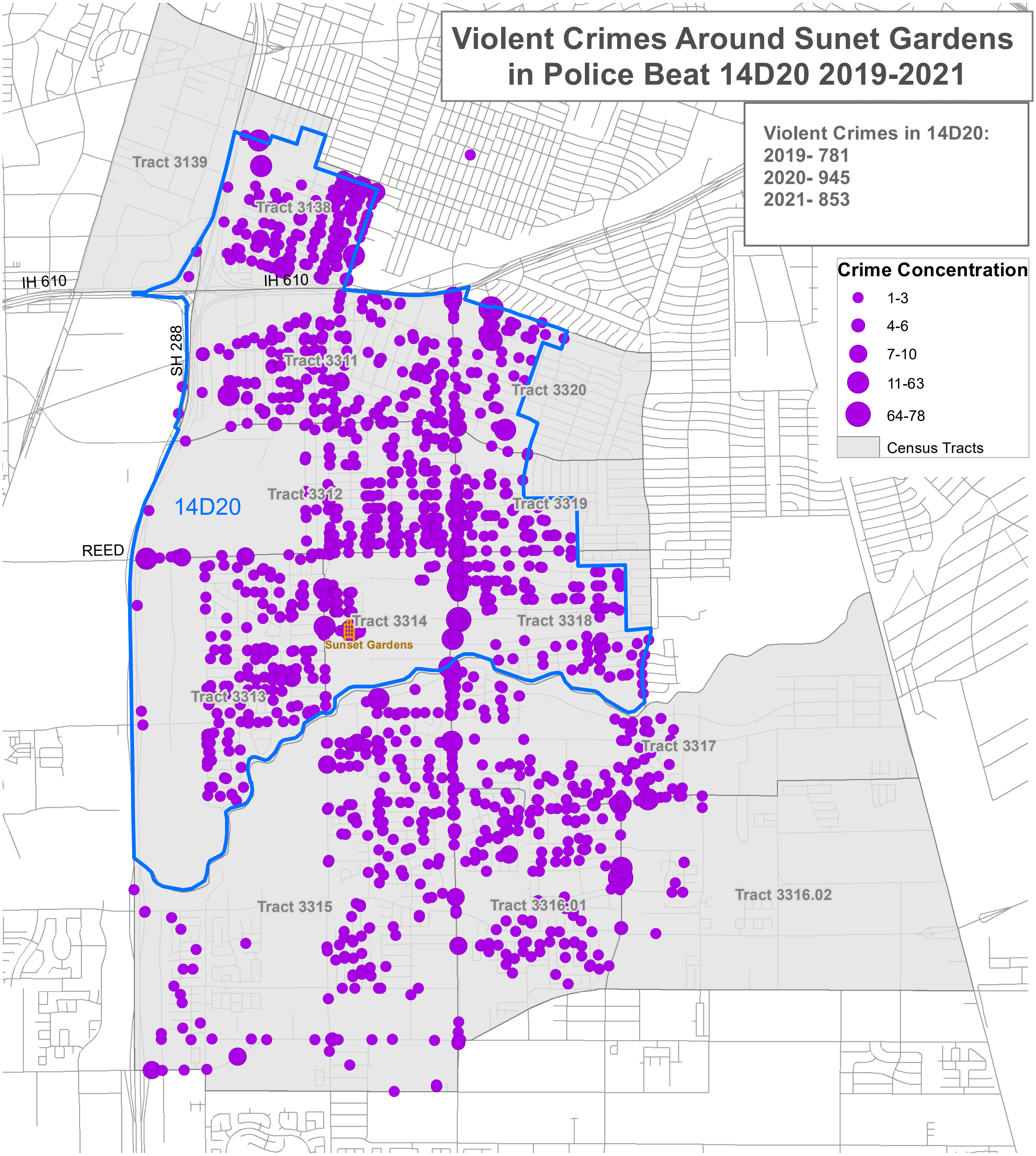
NEW OPEN HOUSE 8/6



Apartment for rent
$950 /month

2 bed 1 bath 750 sqft 6,100 sqft lot
4636 Mayflower St Apt A,
Houston, TX 77033
Contact property

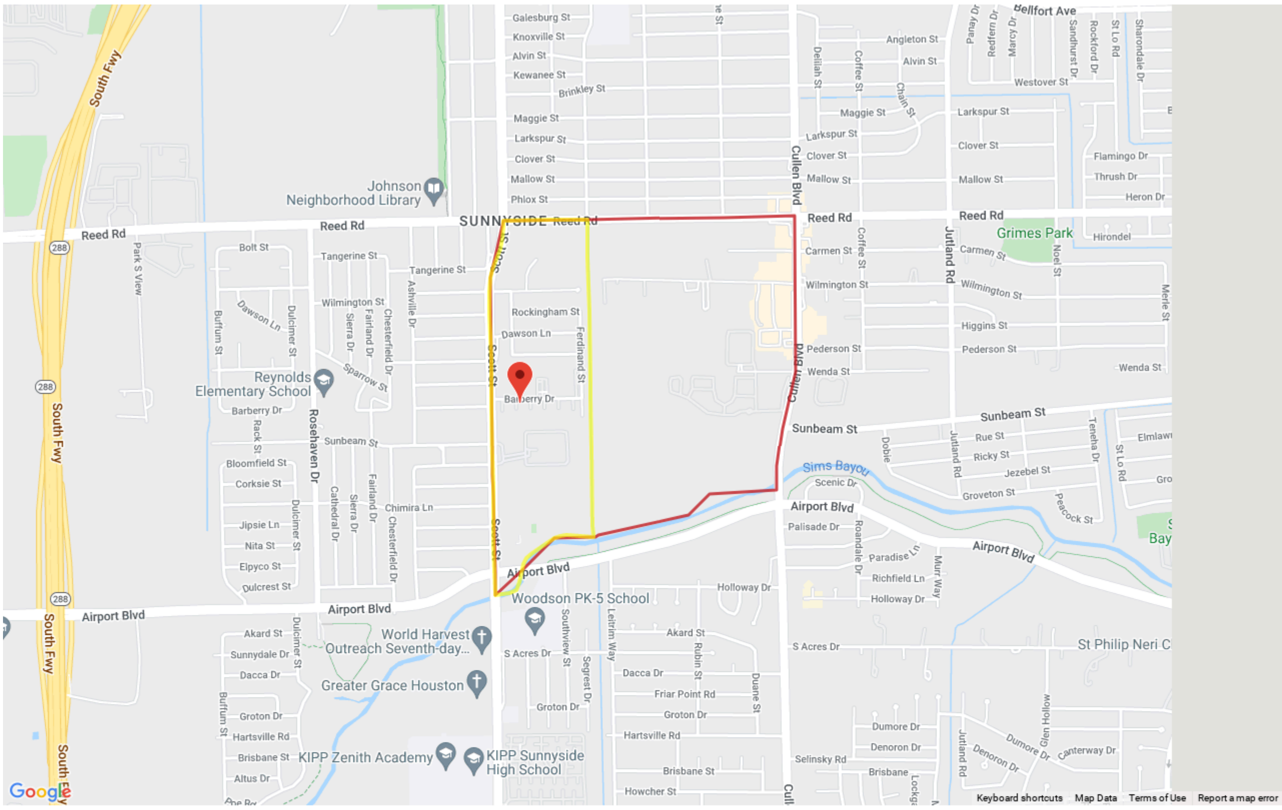
EXHIBIT B



Houston PD does not report nonnegligant manslaugter in their crime stats; it may have been grouped in another category or not reported.
Nearly 98% of the addresses were successfully geocoded.
The location of the crime is based on the first number within the block reported for that incident. e.g. 5601 Selinsky for an incident between 5601-5699 Selinsky

Violent crime is composed of murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault.
Population for police beat from police beat data from applicant
(Source: https://ucr.fbi.gov/crime-in-the-u.s/)

This map is not a survey product; boundaries, distances and scale are approximate only.
Source: HPD data
Date: 4/21/22



Neighborhood Boundary — Micro-Neighborhood Boundary

THE 9703 SCOTT ST NEIGHBORHOOD REAL ESTATE

AVERAGE HOME VALUES

MEDIAN HOME VALUE:

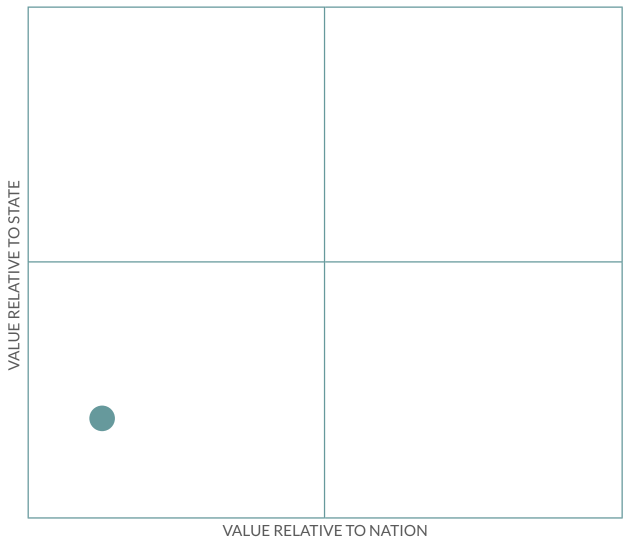
$107,739

MEDIAN REAL ESTATE TAXES:

(effective rate)

NEIGHBORHOOD HOME PRICES

No Data Available



AVERAGE MARKET RENT

AVERAGE MARKET RENT:

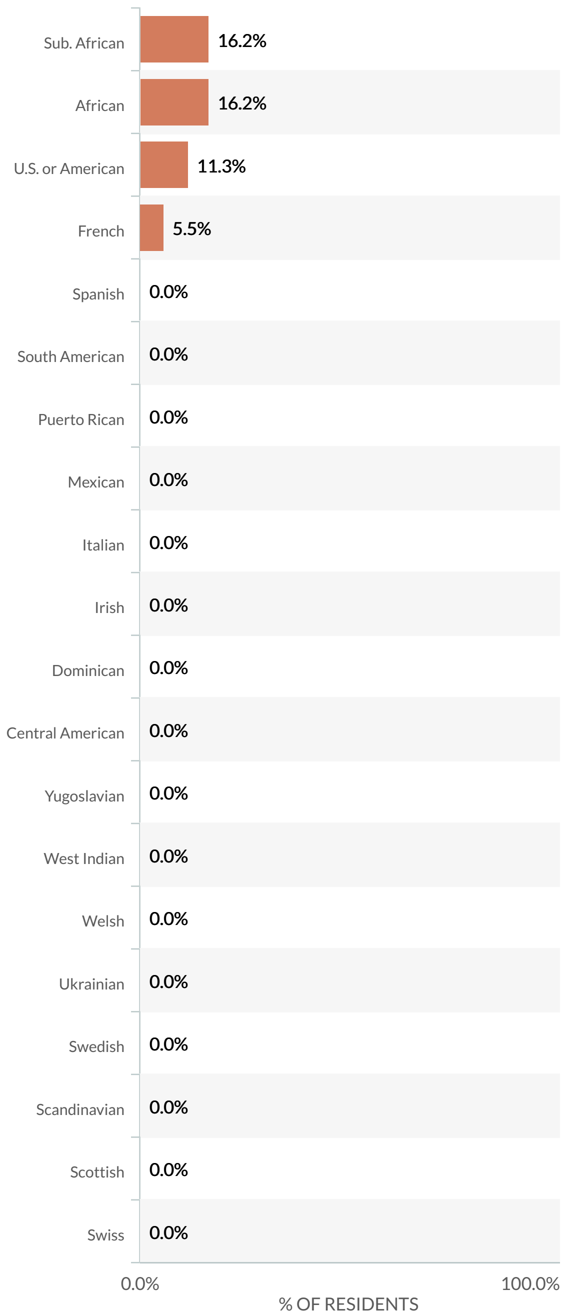
$742 / per month

GROSS RENTAL YIELD:

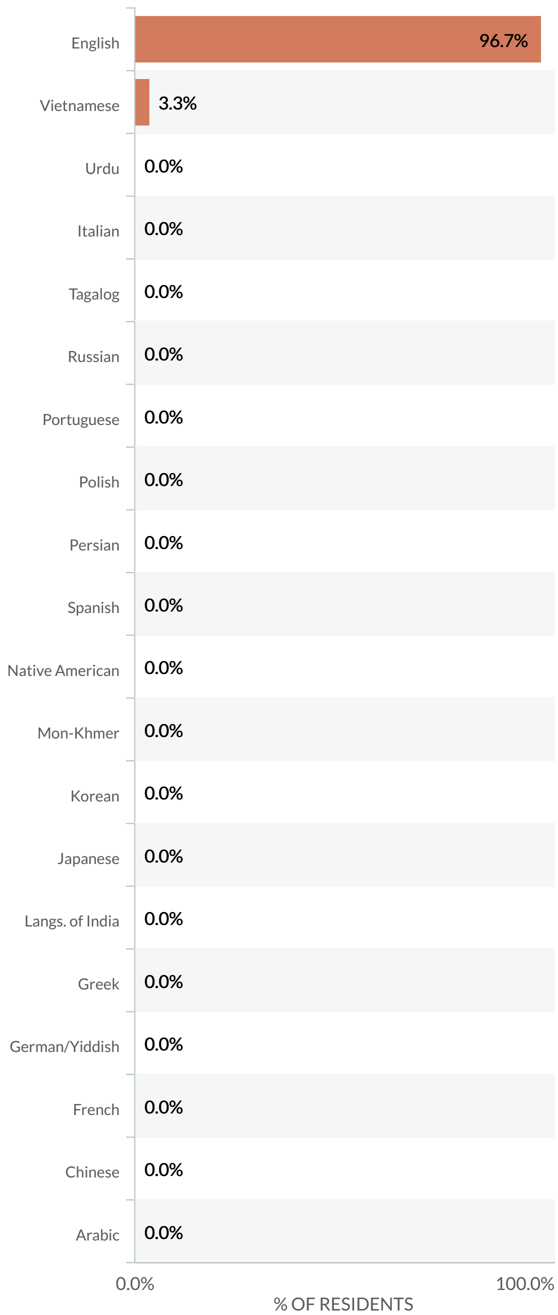
8.26 %

ANCESTRIES & LANGUAGES SPOKEN

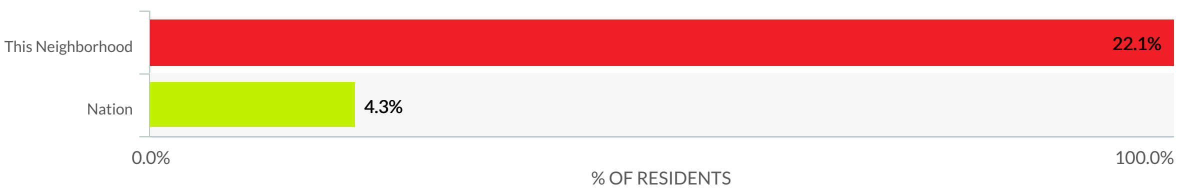
ANCESTRY (TOP 20)



LANGUAGES SPOKEN (TOP 20)

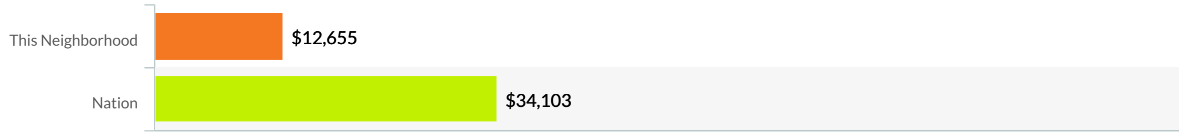


UNEMPLOYMENT RATE

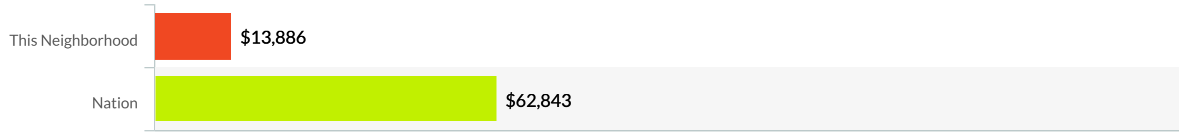


AVERAGE INCOME

PER CAPITA INCOME

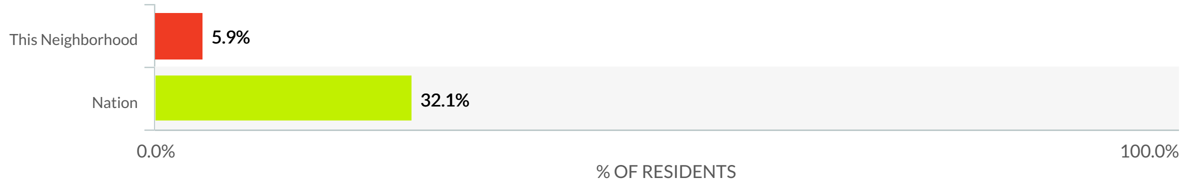


MEDIAN HOUSEHOLD INCOME

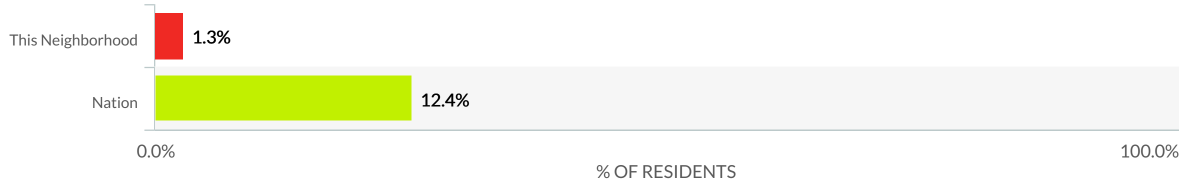


EDUCATION

PERCENT WITH COLLEGE DEGREE



PERCENT WITH ADVANCED DEGREE



THE 9703 SCOTT ST NEIGHBORHOOD CRIME

67 Vital Statistics found.

7 Condition Alerts found.

NEIGHBORHOOD CRIME DATA

TOTAL CRIME INDEX
1
(100 is safest)
Safer than 1% of U.S. neighborhoods.

NEIGHBORHOOD ANNUAL CRIMES

	VIOLENT	PROPERTY	TOTAL
Number of Crimes	104	190	294
Crime Rate (per 1,000 residents)	41.27	75.40	116.67

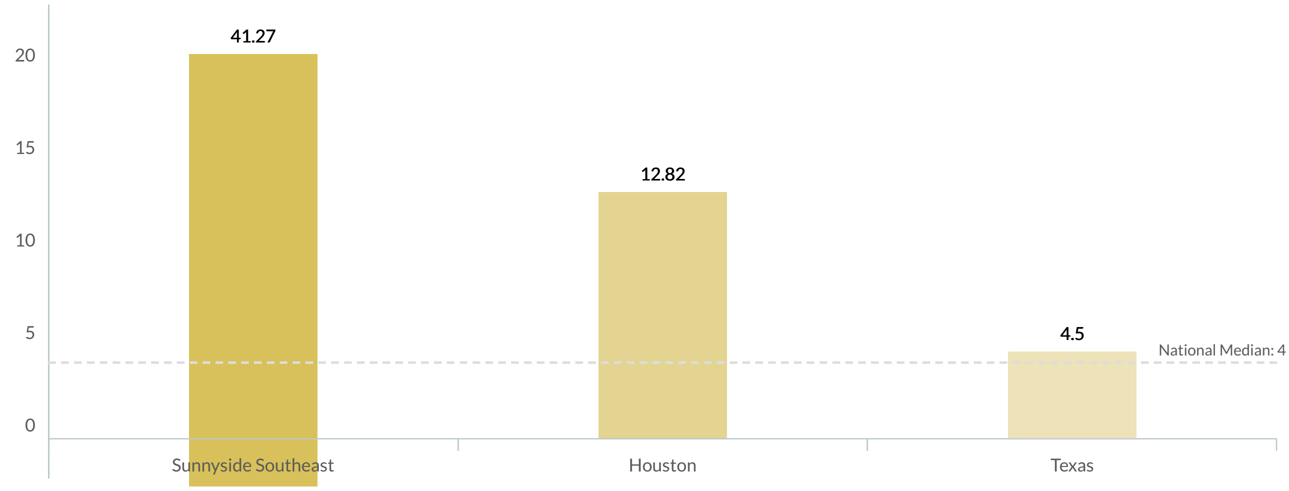
NEIGHBORHOOD VIOLENT CRIME

VIOLENT CRIME INDEX
0
(100 is safest)
Safer than 0% of U.S. neighborhoods.

VIOLENT CRIME INDEX BY TYPE

MURDER INDEX	RAPE INDEX	ROBBERY INDEX	ASSAULT INDEX
6 100 is safest	9 100 is safest	0 100 is safest	1 100 is safest

VIOLENT CRIME COMPARISON (PER 1,000 RESIDENTS)



MY CHANCES OF BECOMING A VICTIM OF A VIOLENT CRIME

1 IN 24	1 IN 78	1 IN 222
in this Neighborhood	in Houston	in Texas

HOUSTON VIOLENT CRIMES

POPULATION: 2,304,580

	MURDER	RAPE	ROBBERY	ASSAULT
Report Total	399	1,151	8,774	19,218
Rate per 1,000	0.17	0.50	3.81	8.34

UNITED STATES VIOLENT CRIMES

POPULATION: 331,449,281

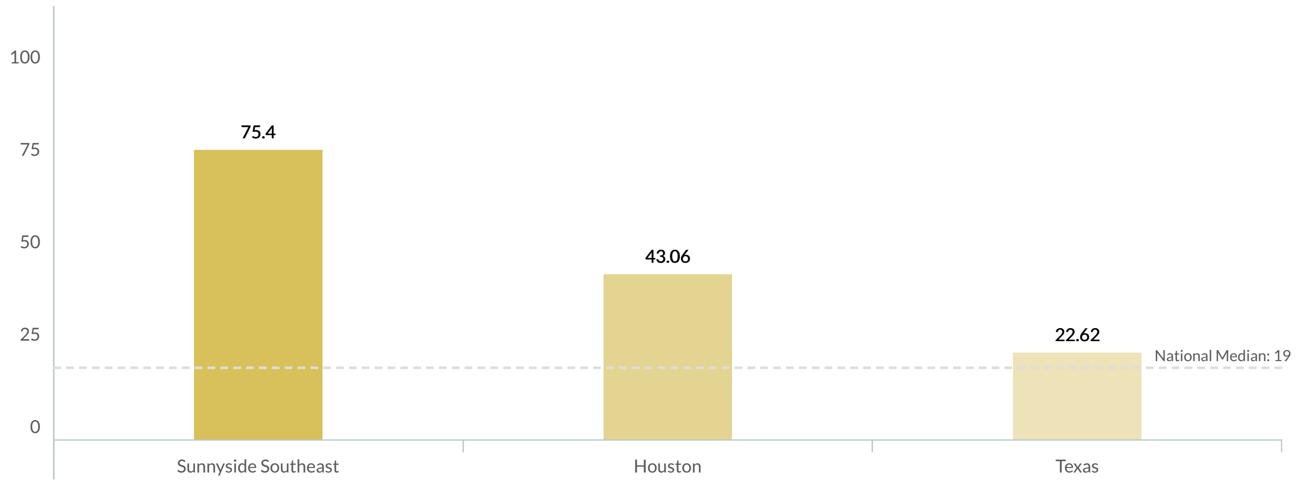
	MURDER	RAPE	ROBBERY	ASSAULT
Report Total	21,570	126,430	243,600	921,505
Rate per 1,000	0.07	0.38	0.73	2.78

NEIGHBORHOOD PROPERTY CRIME

PROPERTY CRIME INDEX
2
(100 is safest)
Safer than 2% of U.S. neighborhoods.

PROPERTY CRIME INDEX BY TYPE		
BURGLARY INDEX	THEFT INDEX	MOTOR VEHICLE THEFT
2 100 is safest	3 100 is safest	0 100 is safest

PROPERTY CRIME COMPARISON (PER 1,000 RESIDENTS)



MY CHANCES OF BECOMING A VICTIM OF A PROPERTY CRIME		
1 IN 13 in this Neighborhood	1 IN 23 in Houston	1 IN 44 in Texas

HOUSTON PROPERTY CRIMES

POPULATION: 2,304,580

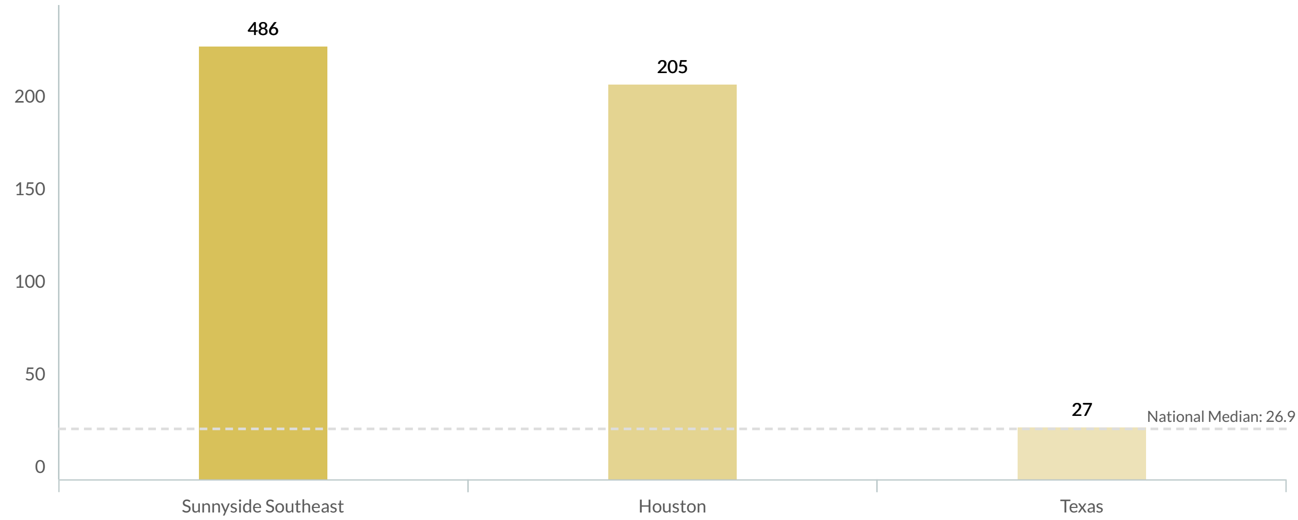
	BURGLARY	THEFT	MOTOR VEHICLE THEFT
Report Total	15,962	68,396	14,867
Rate per 1,000	6.93	29.68	6.45

UNITED STATES PROPERTY CRIMES

POPULATION: 331,449,281

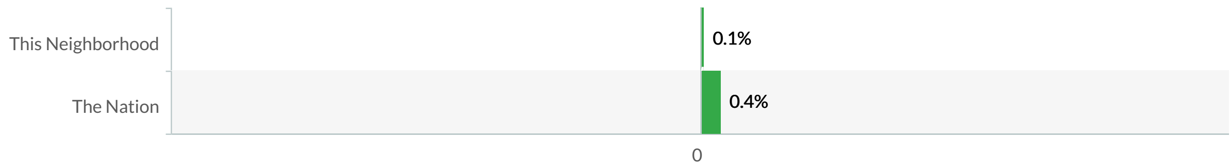
	BURGLARY	THEFT	MOTOR VEHICLE THEFT
Report Total	1,035,314	4,606,324	810,400
Rate per 1,000	3.12	13.90	2.45

CRIME PER SQUARE MILE

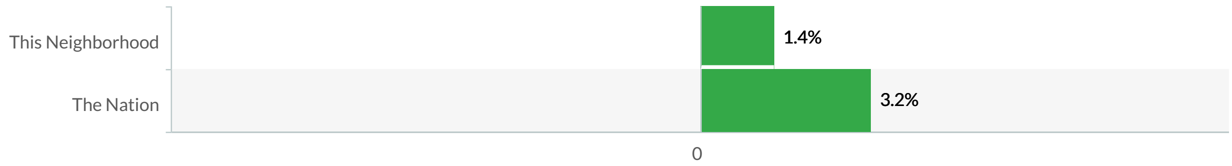


SCOUT VISION® REAL ESTATE TRENDS AND FORECAST

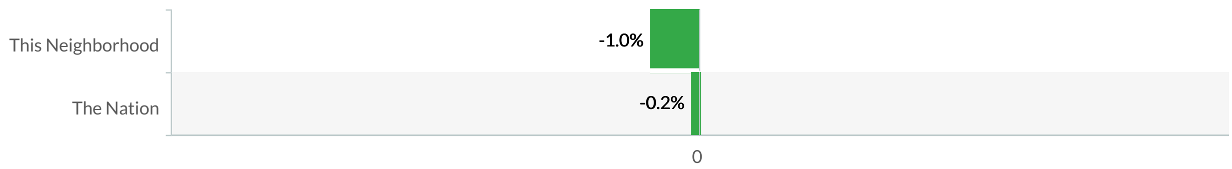
AVG. ANNUAL HOMEOWNERSHIP TREND Over last 5 years



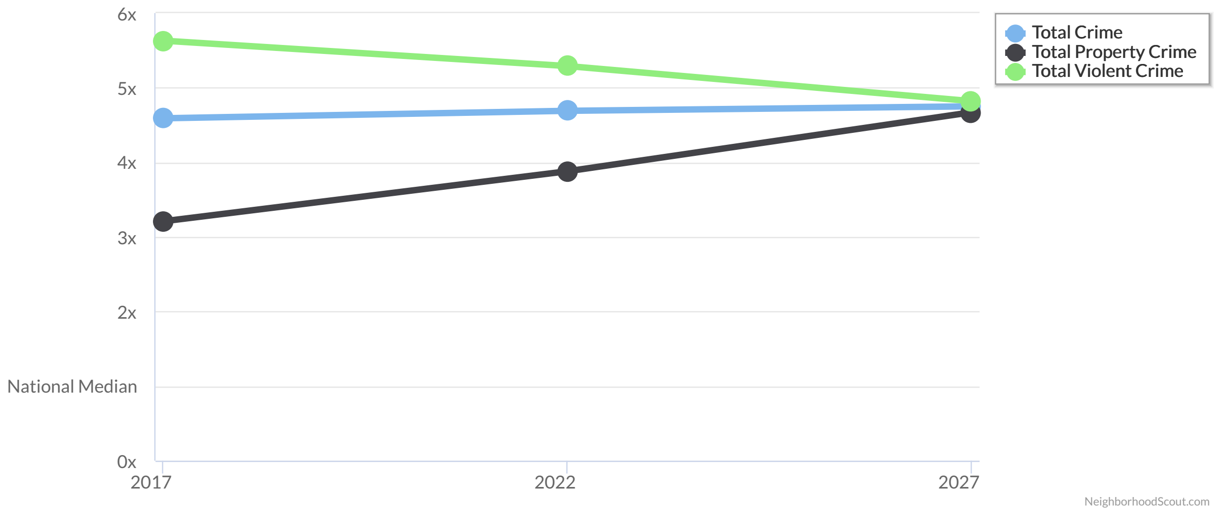
AVG. ANNUAL RENT PRICE TREND Over last 5 years



AVG. ANNUAL VACANCY TRENDS Over last 5 years



SCOUT VISION® CRIME TRENDS AND FORECAST



Inserted from ESA

Aerial Photograph Year: 1982

500 1000 2000

N

Key Subject Property

APPENDIX B: AERIAL PHOTOGRAPHS

Project No. 21-305312.2

PARTNER

Google Maps 3859 Barberry Dr

3859 Barberry Dr

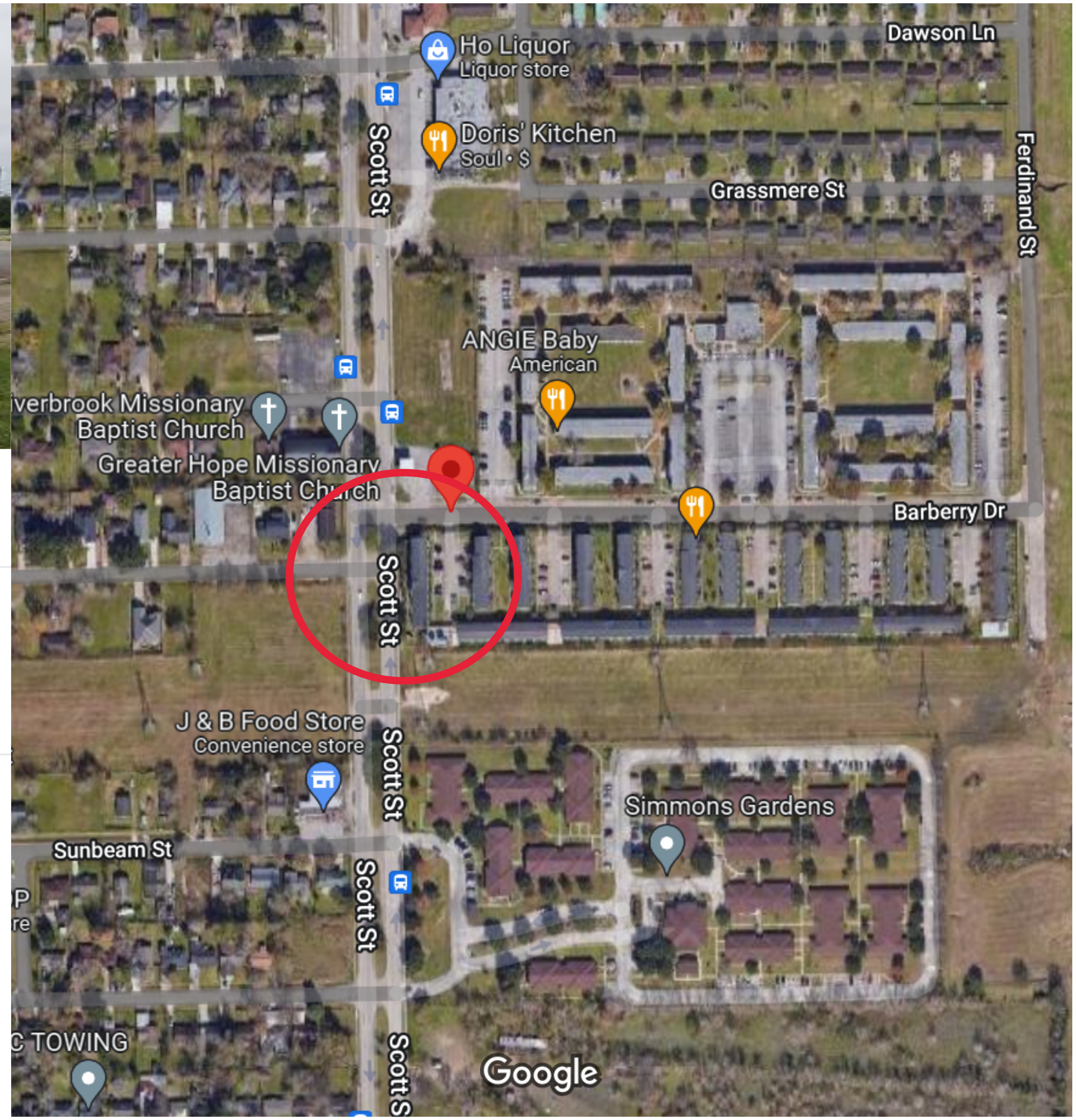
Houston, TX 77051

Directions Save Nearby Send to phone Share

Confirm or fix this location

The location shown is not precise

Photos



gies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2022 200 ft

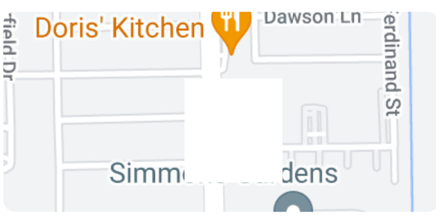
Google Maps 3859 Barberry Dr

Image capture: Nov 2019

Houston, Texas

Google

Street View - Nov 2019



Google Maps 9643 Scott St

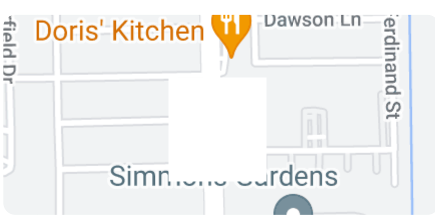
Image capture: Nov 2019 © 2022 Google

Houston, Texas

Google

Street View - Nov 2019

Scott Plaza



Google Maps 9903 Scott St

Image capture: Dec 2018

Google Maps 4141 Barberry Dr

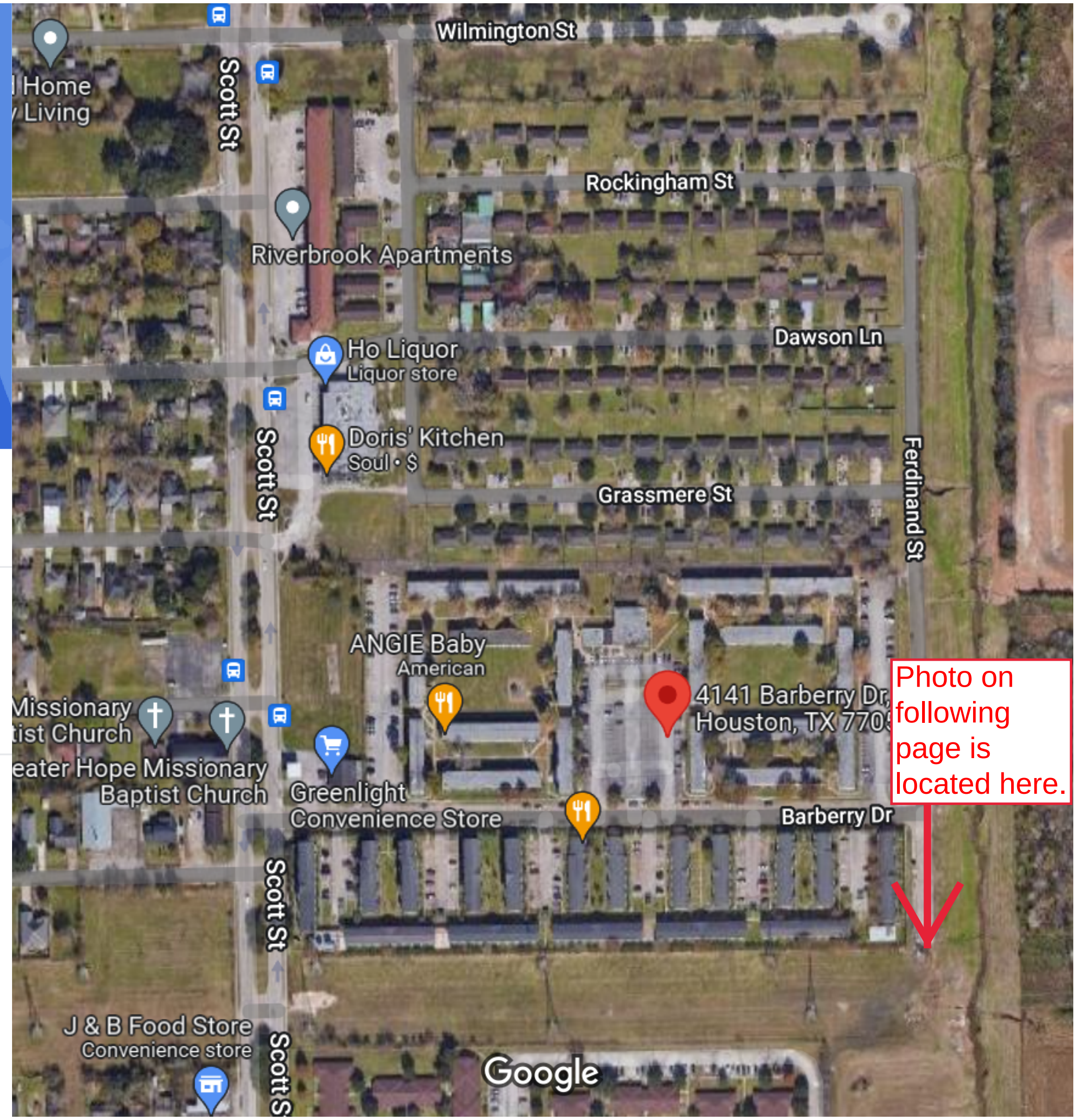
4141 Barberry Dr

Houston, TX 77051

Directions | Save | Nearby | Send to phone | Share

At this location

King's Row Apartments
2.9 (76)
Housing development · 4141 Barberry Dr



gies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2022 200 ft

Google Maps 9718 Ferdinand St

Part of Site.

Image capture: Nov 2019 © 2022 Google

Houston, Texas

Google

Street View - Nov 2019

Google Maps 9518 Ferdinand St

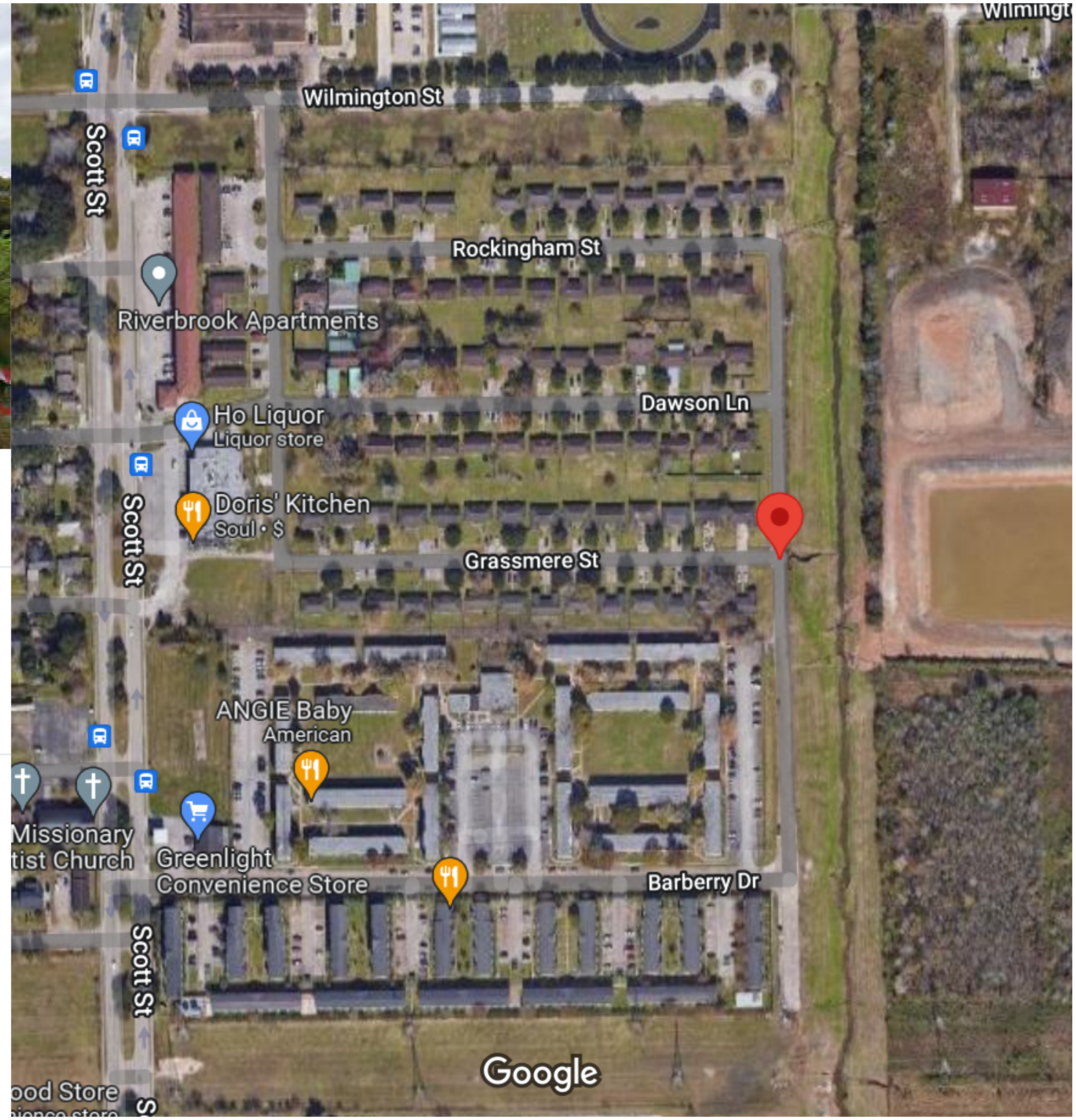
9518 Ferdinand St

Houston, TX 77051

Directions Save Nearby Send to phone Share

Confirm or fix this location
The location shown is not precise

Photos



gies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2022 200 ft

Google Maps 9518 Ferdinand St

Image capture: Nov 2019 © 2022 Google

Houston, Texas

Google

Street View - Nov 2019

Google Maps 4141 Barberry Dr

4141 Barberry Dr

Houston, TX 77051

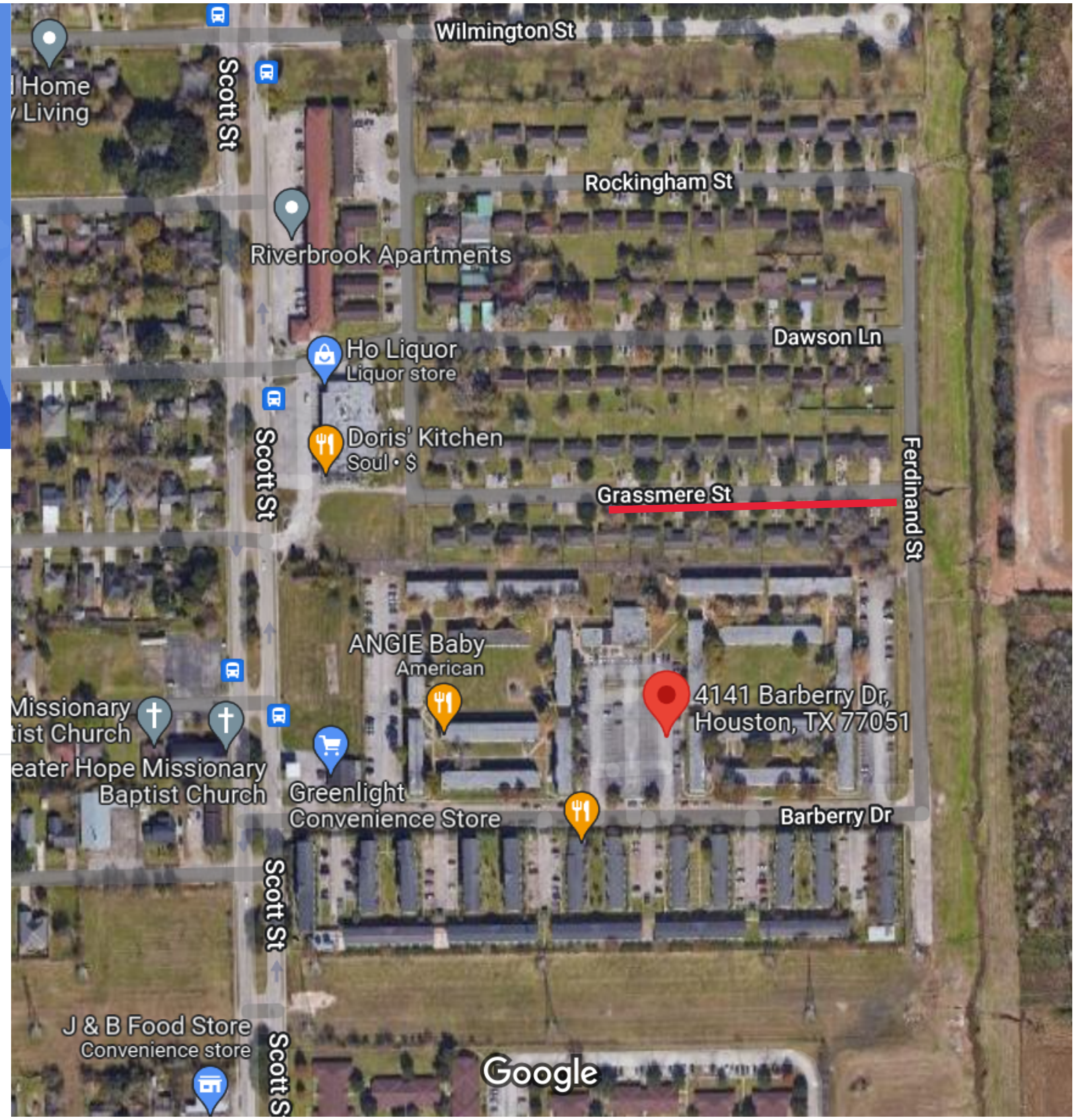
Directions Save Nearby Send to phone Share

At this location

King's Row Apartments

2.9 (76)

Housing development · 4141 Barberry Dr



gies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2022 200 ft

Google Maps 4228 Grassmere St

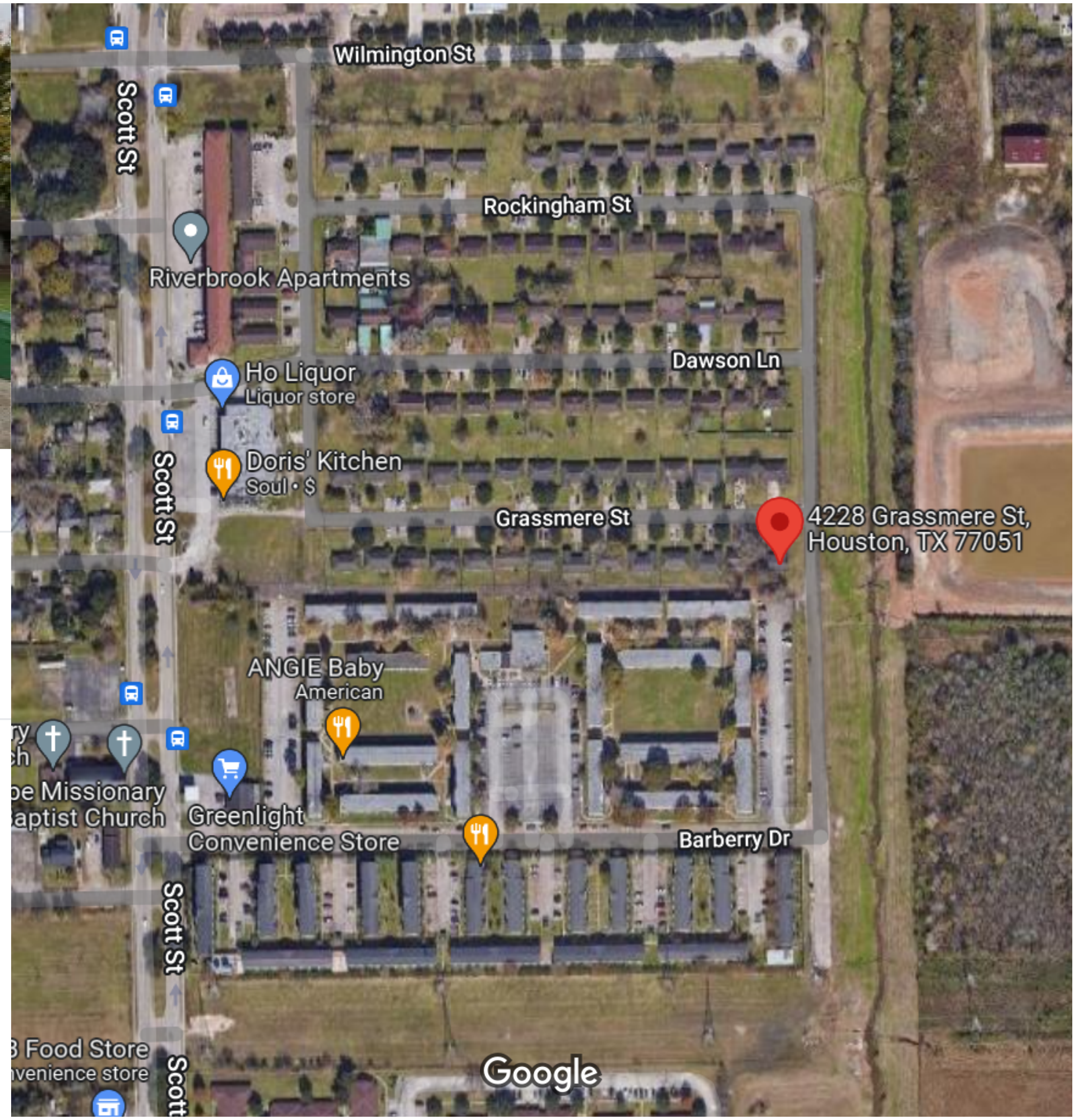
4228 Grassmere St

Directions Save Nearby Send to phone Share

4228 Grassmere St, Houston, TX 77051

MJ3P+62 South Side, Houston, TX

Photos



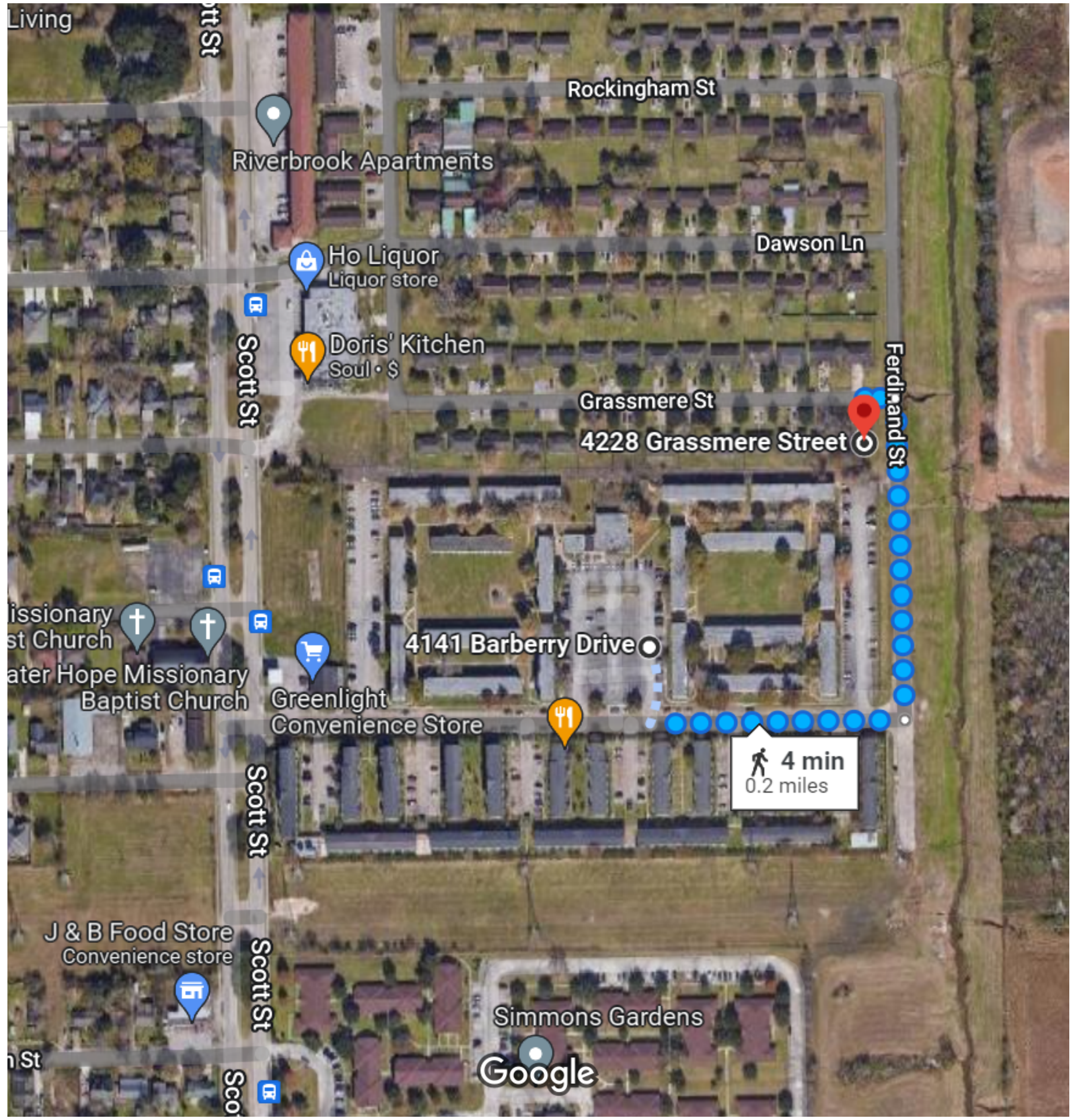
gies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2022 200 ft

Google Maps 4141 Barberry Dr, Houston, TX 77051 to 4228 Grassmere St, Houston, TX 77051 Walk 0.2 mile, 4 min

via Barberry Dr and Ferdinand St 4 min

0.2 mile

Mostly flat



gies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2022 200 ft

Google Maps 4228 Grassmere St

Image capture: Nov 2019 © 2022 Google

Google Maps

4228 Grassmere St

Image capture: Nov 2019

Houston, Texas

Google

Street View - Nov 2019

Google Maps 4219 Grassmere St

Image capture: Nov 2019

Google Maps 3718 Grassmere St

West side of Grassmere St. seems more maintained.

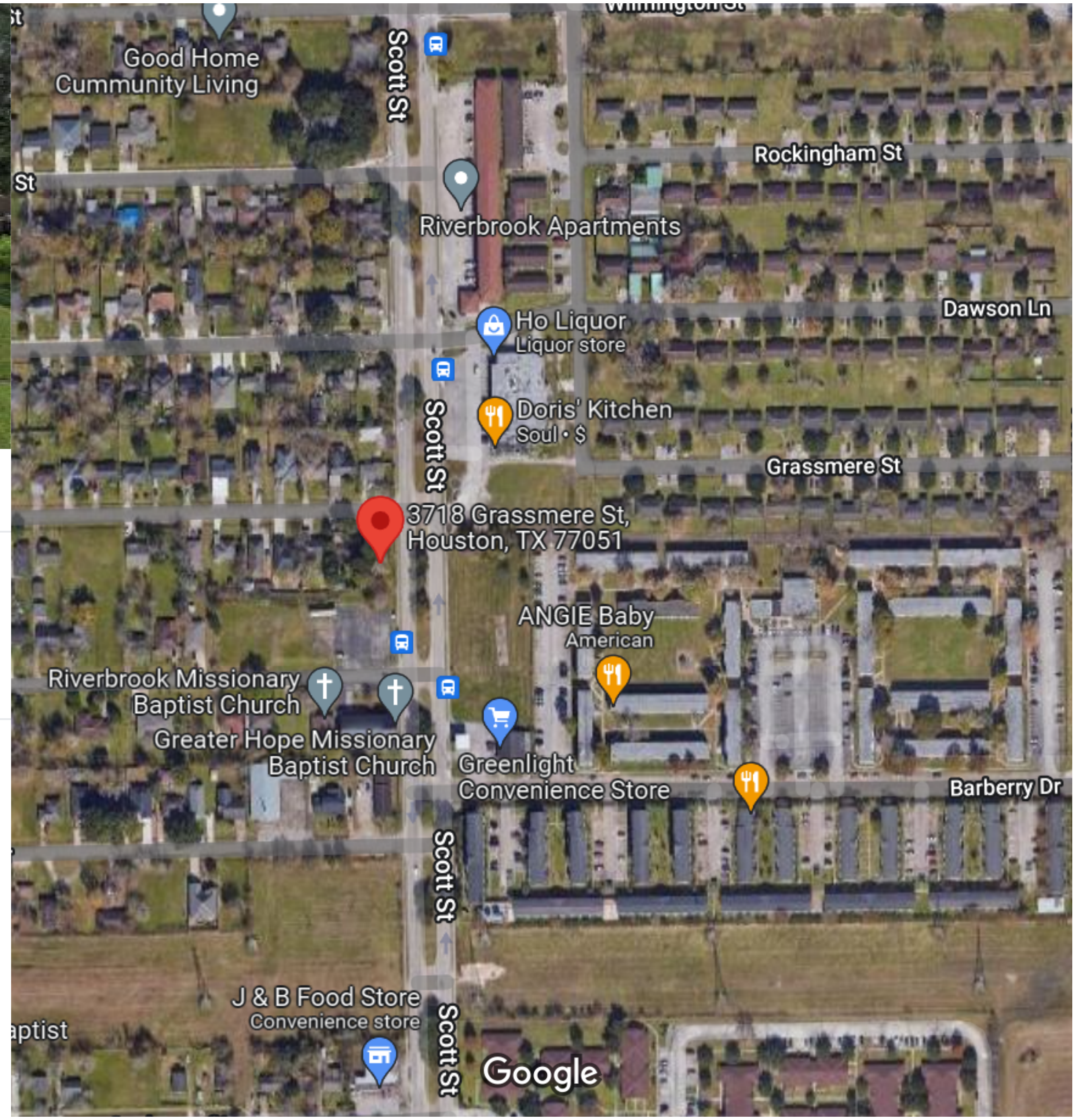
3718 Grassmere St

Directions | Save | Nearby | Send to phone | Share

3718 Grassmere St, Houston, TX 77051

MJ3J+4F South Side, Houston, TX

Photos



gies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2022 200 ft

Google Maps 3718 Grassmere St

Google Maps 4141 Barberry Dr

4141 Barberry Dr

Houston, TX 77051

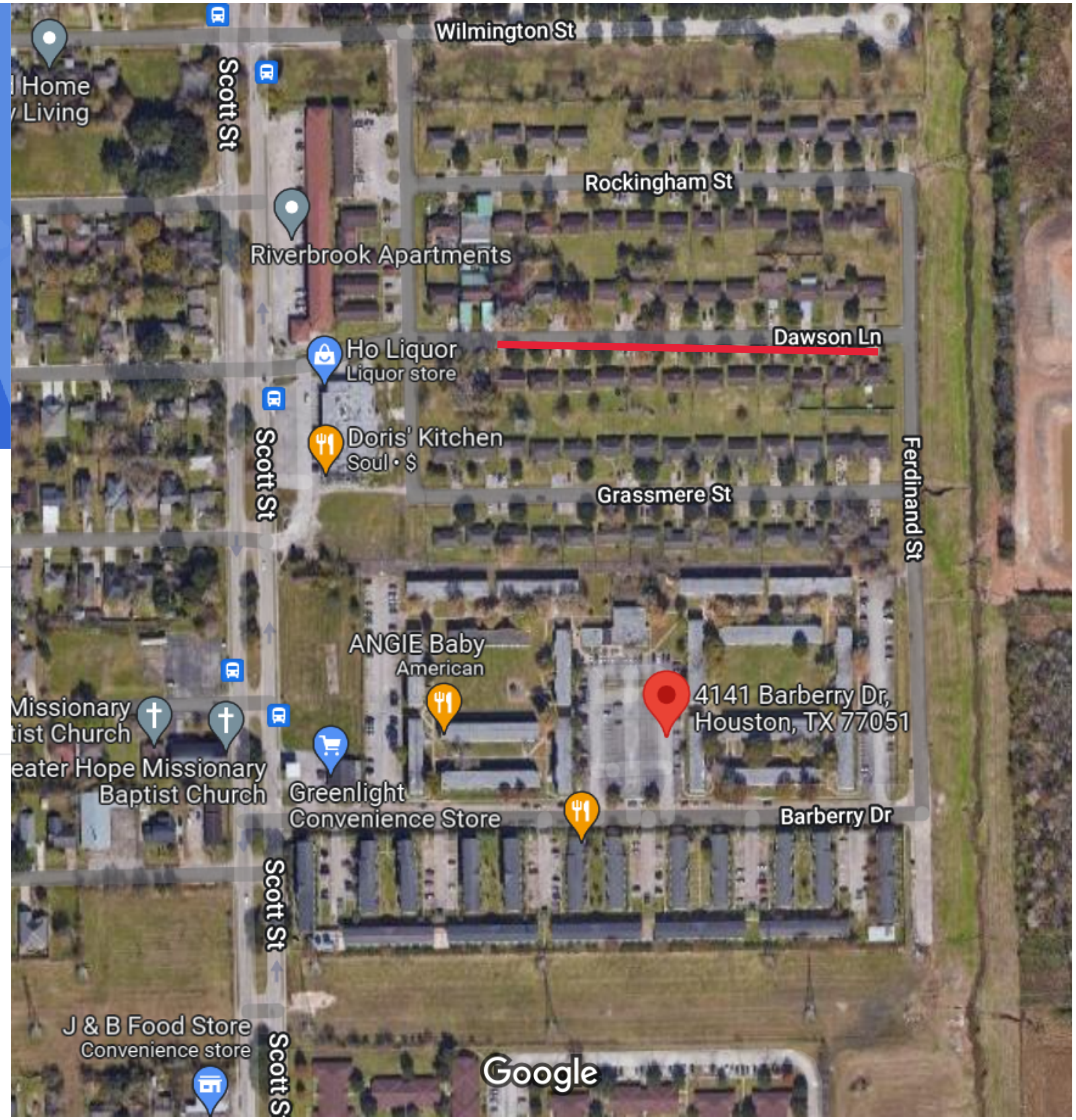
Directions Save Nearby Send to phone Share

At this location

King's Row Apartments

2.9 (76)

Housing development · 4141 Barberry Dr



gies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2022 200 ft

Google Maps 4120 Dawson Ln

Image capture: Dec 2018 © 2022 Google

Google Maps 4141 Barberry Dr

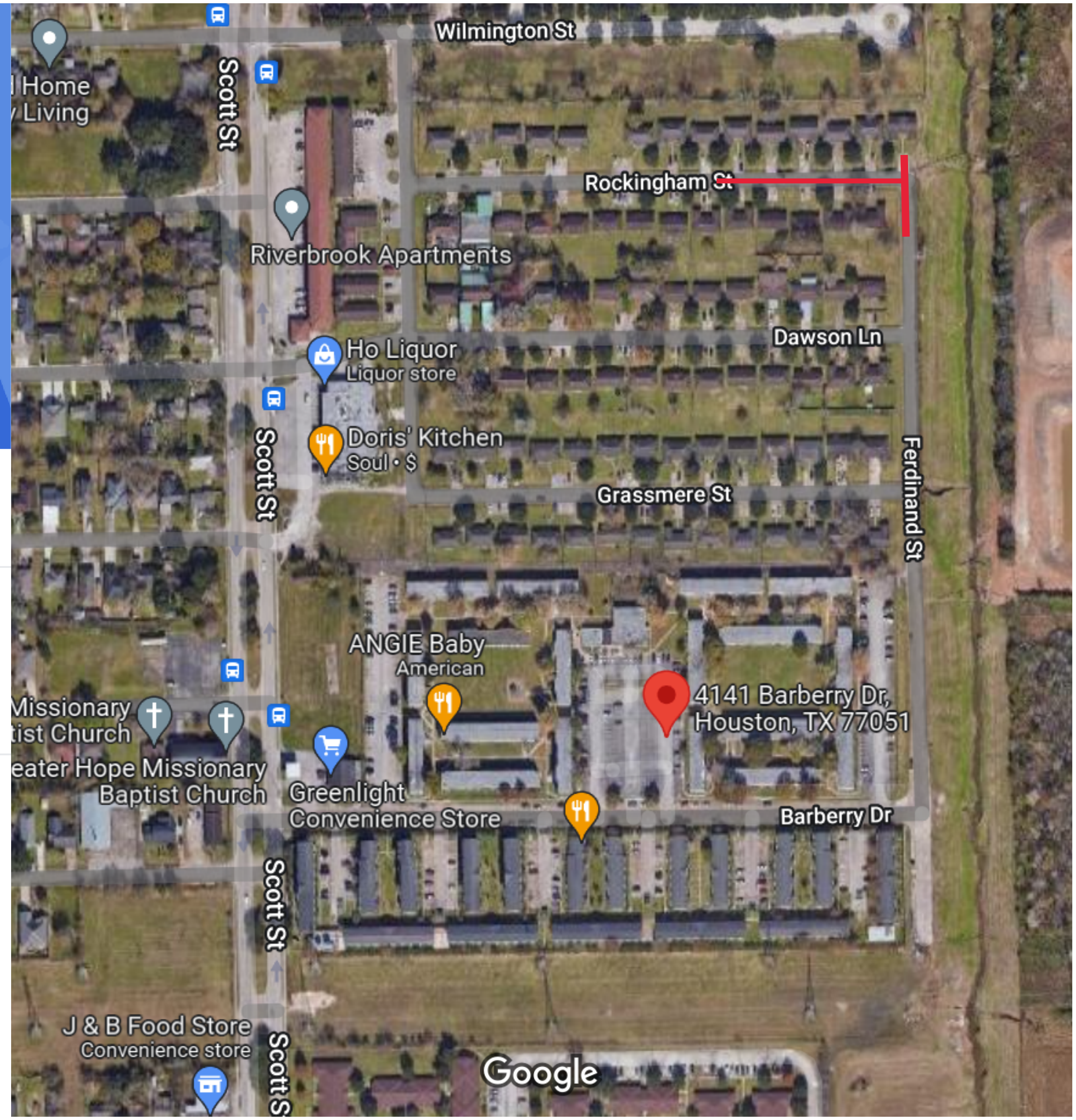
4141 Barberry Dr

Houston, TX 77051

Directions Save Nearby Send to phone Share

At this location

King's Row Apartments
2.9 (76)
Housing development · 4141 Barberry Dr



gies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2022 200 ft

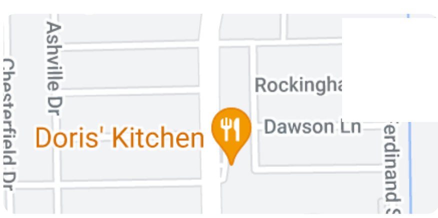
Google Maps 9401 Ferdinand St

Image capture: Nov 2019 © 2022 Google

Houston, Texas

Google

Street View - Nov 2019



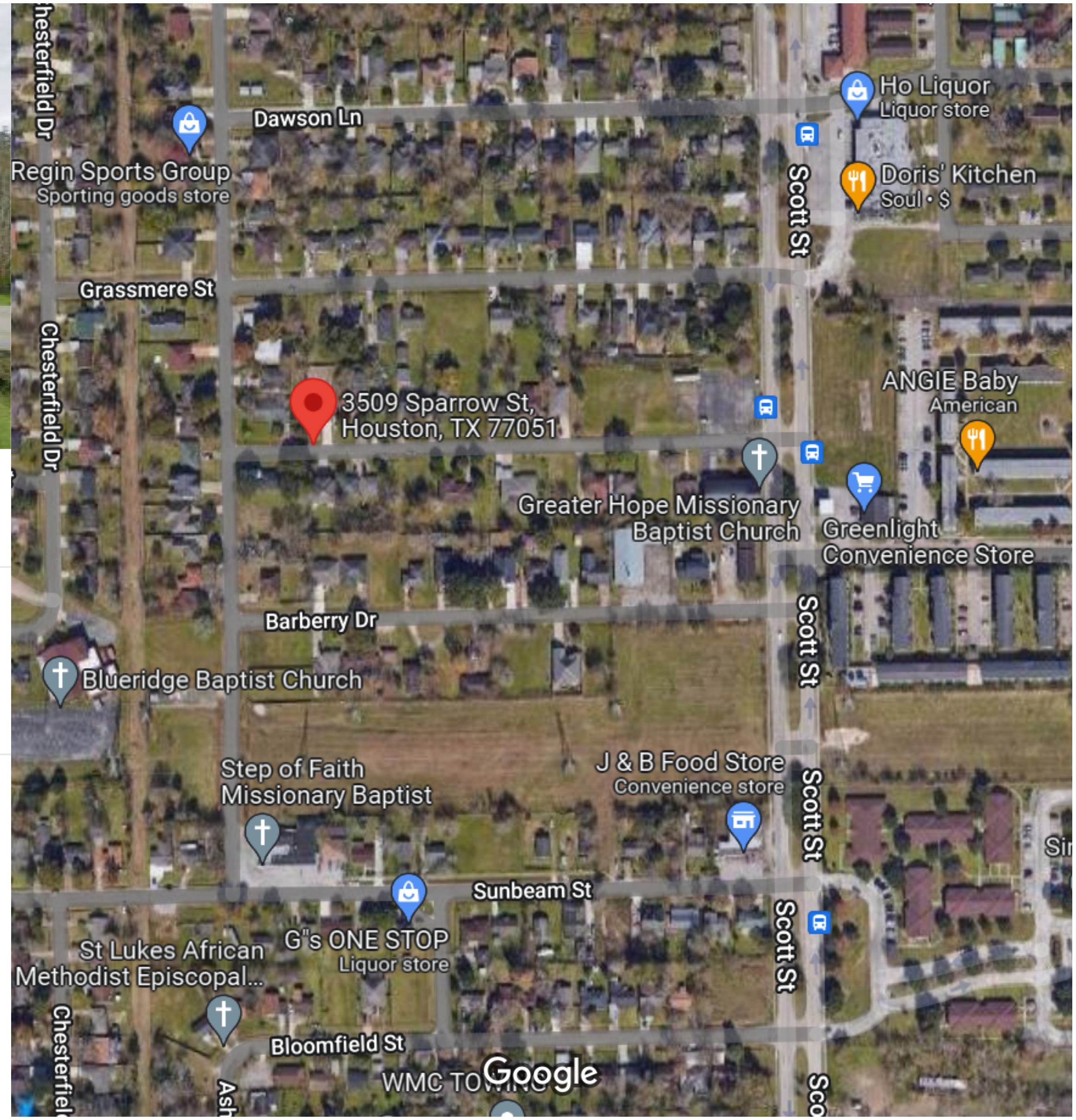
Google Maps 9401 Ferdinand St

.3 miles from Site.

Image capture: Nov 2019 © 2022 Google

The Applicant sited this address for blight in the application.

Google Maps 3509 Sparrow St



3509 Sparrow St

Houston, TX 77051

Directions | Save | Nearby | Send to phone | Share

MJ2H+VF South Side, Houston, TX

Photos

jies, Texas General Land Office, U.S. Geological Survey, USDA Farm Service Agency, Map data ©2022 200 ft

Google Maps 3509 Sparrow St

Image capture: Nov 2019 © 2022 Google

Google Maps 3510 Sparrow St

Image capture: Dec 2018 © 2022 Google

Google Maps 3505 Sparrow St

Image capture: Nov 2019

Google Maps 3613 Barberry Dr

Applicant disclosed this address for blight

Image capture: Nov 2019 © 2022 Google

Google Maps 3622 Barberry Dr

Looking toward 3613 Barberry.

Image capture: Nov 2019

Applicant disclosed this address for blight.

Google Maps 3522 Barberry Dr

Image capture: Nov 2019

Google Maps 3517 Barberry Dr

Image capture: Nov 2019 © 2022 Google

7a

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

MAY 12, 2022

Presentation, discussion, and possible action regarding a waiver of 10 TAC §13.2(14) and awards from the Multifamily Direct Loan (MFDL) 2021 Notices of Funding Availability (NOFA)

Table 1 2021 NOFA Applications Recommended for Action				
App. ID	Application Name	Recommended Award	Fund Source	City
21513	Balcones Terrace	$6,000,000	NHTF	Austin
21514	Parker Apartments	$2,025,974	NHTF	Austin
21513 is sourced from the Supportive Housing Set-Aside of the 2021-3 NOFA and 21514 is sourced from the General/Soft Repayment Set-Aside of the 2021-1 NOFA.				

RECOMMENDED ACTION

WHEREAS, the Governing Board approved publication of the MFDL 2021-1 and 2021-3 NOFAs, along with subsequent amendments to each, between December 10, 2020 and November 2, 2021;

WHEREAS, as noted above in Table 1, two 2021 NOFA Applications requesting $8,025,974 are being recommended for an award;

WHEREAS, staff has identified that a waiver of 10 TAC §13.2(14), related to the definition of "Qualifying Unit," is necessary for Application #21513;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history for both Applications 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 the 2021 Applications referenced in Table 1.

NOW, therefore, it is hereby

RESOLVED, that the 2021 NOFA Applications Recommended for Action reflected in Table 1 are approved, subject to conditions that may be applicable as found in the Real Estate Analysis Underwriting Report posted to the Department's website and as described within this Board Action Request;

FURTHER RESOLVED, that the wavier of 10 TAC §13.2(14) for Application #21513 is approved;

FURTHER RESOLVED, that because the Department has not yet met its 2020 NHTF commitment deadline, the latest deadline to sign a contract with the Department is July 29, 2022, despite any other deadline in 10 TAC Chapters 11 or 13; and

FURTHER RESOLVED, that the Board's approval is conditioned upon satisfaction of all conditions of EARAC, underwriting, and completion of any other reviews required to assure compliance with the applicable rules and requirements.

BACKGROUND

<u>21513 Balcones Terrace:</u> $6,000,000 NHTF

Description: Balcones Terrace proposes the adaptive re-use of 123 efficiency units that will serve a Supportive Housing population in two buildings, originally constructed in 2000, that previously operated as a hotel in Austin, Travis County. Of the 123 units, 113 will be restricted at the 30% limit for the National Housing Trust Fund. 10 additional units will be restricted at 50% AMI by other funding sources, inclusive of 3 Low –HOME match units. The Department intends to treat the Development as Rehabilitation for NHTF purposes; however, this may be changed to New Construction prior to contract if necessary.

Forty percent of the units will have a preference for households meeting HUD's definition of Chronically Homeless (at 24 CFR §576.8 or subsequent definition). 25 units will have a preference for households experiencing homelessness and 25 units will units will be limited for veteran households experiencing homelessness for as long as the property receives VASH vouchers. This property will also serve persons transitioning out of homelessness, persons at-risk of homelessness, persons with physical, intellectual, and/or developmental disabilities, youth aging out of foster care, persons transitioning out of institutionalized care, and/or persons with special housing needs.

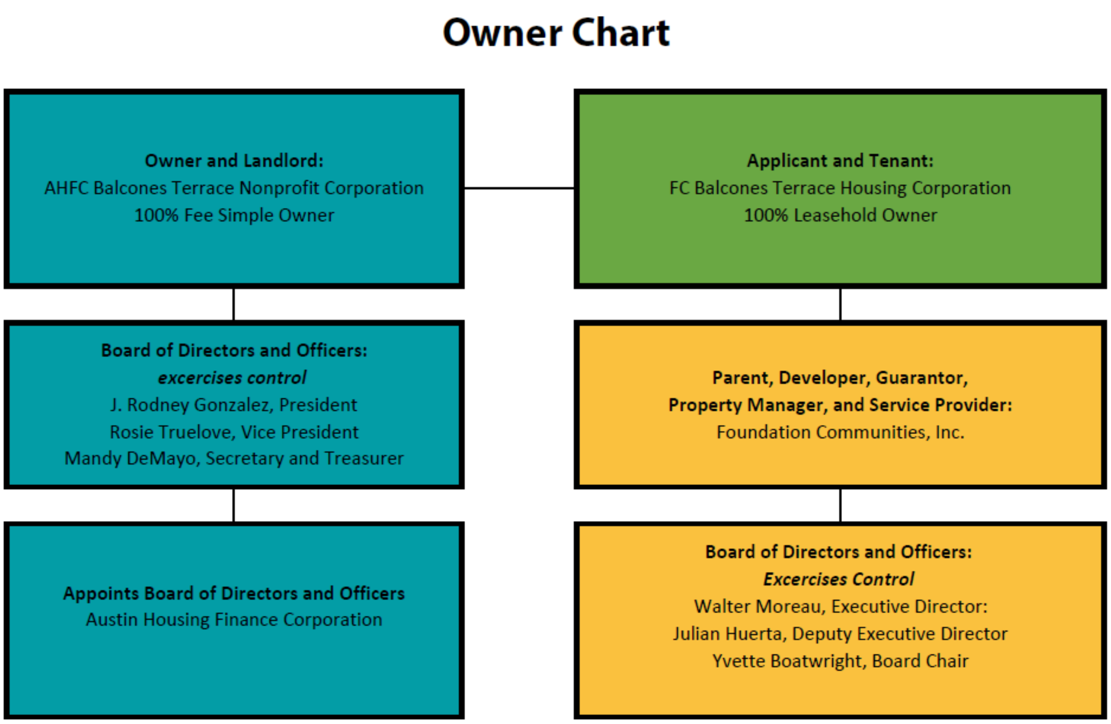
Much of the first floor lobby will also be renovated to provide several on-site amenities including a secure single point of entry, tenant laundry, food pantry, exercise room, community kitchen, TV room, and a secure landscaped courtyard. Offices will also be provided on site for property management and supportive services.

The Applicant is requesting $6,000,000 in NHTF.

Financing and Regulatory Terms: Subject to final underwriting as further set forth in the following Real Estate Analysis (REA) Report, the $6,000,000 MFDL NHTF loan will be in first lien position with a 30-year term at 0% interest, no amortization, and structured as a Deferred Forgivable loan. Other funding sources for the project include a loan from the City of Austin for $15,681,500, and a sponsor loan of $2,193,045. The affordability period will bebe 30 years.

Waiver: 10 TAC §13.2(14), related to the definition of "Qualifying Unit," establishes that, "Qualifying Units may not also have a Project-Based Voucher issued under 24 CFR Part 983, unless the Application contains permission from the Public and Indian Housing Division of HUD for the layered units to use a utility allowance that is not the Public Housing Utility Allowance, or the Applicant has received permission from the Community Planning and Development Division of HUD for the layered units to use the Public Housing Utility Allowance." This Application includes MFDL units which are layered with Project-Based Vouchers, and HUD has not granted either of the permissions acceptable under the rule. However, the Development is proposed to be "all bills paid," meaning that the rent for the units includes all monthly utilities. HUD has recently clarified that, for this type of billing structure, no utility allowance is required, and therefore the conflict between programs that 10 TAC §13.2(14) addresses is a non-issue for this Application. Staff has identified the need for this waiver, and recommends that it be approved in accordance with 10 TAC §11.207, which specifies that staff may initiate a waiver for circumstances not contemplated in the rules.

Organizational Structure: The proposed owner is FC Balcones Terrace Housing Corporation, and includes principals with the ability to exercise control as indicated in the organizational chart below.



21514 Parker Apartments: $2,025,974 NHTF

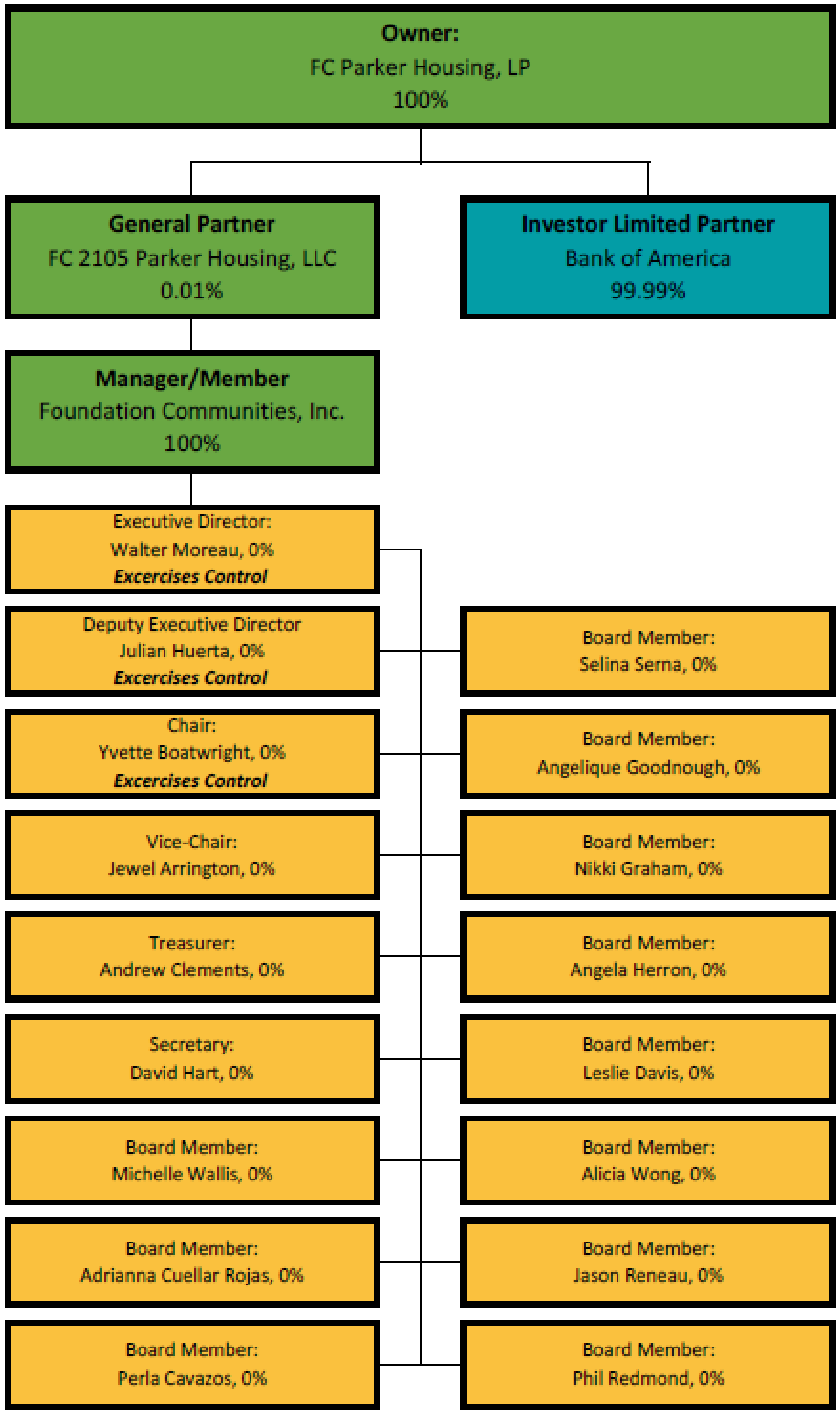
Description: Previously approved for 9% LIHTC on July 22, 2022 (ID 21063), Parker Apartments is the new construction of 135 units that will serve the general population of Austin, Travis County. Unit sizes will include one, two, and three-bedroom units with rent/income levels from 30% to 60% of the area median income (AMI), with no market rate units. Out of the total 135 units, 10 will be NHTF units restricted to 30% AMI and there will also be one HOME Match Unit.

The application documents total development cost increases of $8,112,961 from initial underwriting, which is additionally offset by a $4,446,345 increase to the sponsor loan, a $750,000 loan from Federal Home Loan Bank, and an increase to the deferred developer fee.

Financing and Regulatory Terms: Subject to final underwriting as further set forth in the following Real Estate Analysis (REA) Report, the $2,025,974 MFDL NHTF loan will be in second lien position with a payment based on 75% of cash flow with a 40-year term at 0% interest, 40-year amortization . The affordability period will be 40 years.

Organizational Structure: The proposed owner is FC Parker Housing, LP, and identifies principals with the ability to exercise control as indicated in the organizational chart below.

Owner Chart


Owner:
FC Parker Housing, LP
100%
General Partner
FC 2105 Parker Housing, LLC
0.01%
Investor Limited Partner
Bank of America
99.99%
Manager/Member
Foundation Communities, Inc.
100%
Executive Director:
Walter Moreau, 0%
Excercises Control
Deputy Executive Director
Julian Huerta, 0%
Excercises Control
Chair:
Yvette Boatwright, 0%
Excercises Control
Vice-Chair:
Jewel Arrington, 0%
Treasurer:
Andrew Clements, 0%
Secretary:
David Hart, 0%
Board Member:
Michelle Wallis, 0%
Board Member:
Adrianna Cuellar Rojas, 0%
Board Member:
Perla Cavazos, 0%
Board Member:
Selina Serna, 0%
Board Member:
Angelique Goodnough, 0%
Board Member:
Nikki Graham, 0%
Board Member:
Angela Herron, 0%
Board Member:
Leslie Davis, 0%
Board Member:
Alicia Wong, 0%
Board Member:
Jason Reneau, 0%
Board Member:
Phil Redmond, 0%

Underwriting Report
21513 – Balcones Terrace

21513 Balcones Terrace - Application Summary

REAL ESTATE ANALYSIS DIVISION
April 28, 2022

PROPERTY IDENTIFICATION

Application #	**21513**
Development	**Balcones Terrace**
City / County	**Austin / Travis**
Region/Area	**7 / Urban**
Population	**Supportive Housing**
Set-Aside	**General**
Activity	**Adaptive Re-Use**

RECOMMENDATION

TDHCA Program	Request	Recommended			
	Amount	**Rate**	**Amort**	**Term**	**Lien**
Multifamily Direct Loan (Soft Repayable)	$6,000,000	0.00%	0	30	1

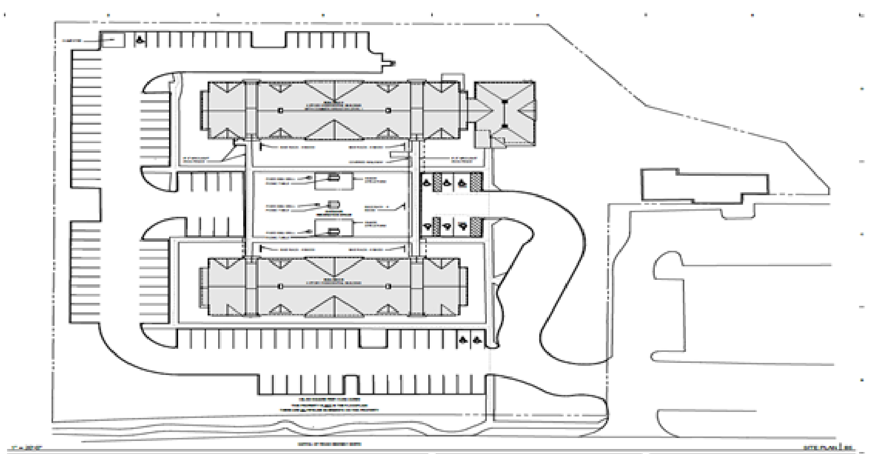
KEY PRINCIPALS / SPONSOR

Foundation Communities/Walter Moreau
Developer/Guarantor
AHFC

Related Parties	Contractor - No	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

SITE PLAN



UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	123	100%
1	-	0%
2	-	0%
3	-	0%
4	-	0%
TOTAL	123	100%

INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	-	0%
40%	-	0%
50%	-	0%
60%	-	0%
TOTAL	0	0%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten	Applicant's Pro Forma		
Debt Coverage	NA	**Expense Ratio**	72.9%
Breakeven Occ.	67.5%	**Breakeven Rent**	$548
Average Rent	$755	**B/E Rent Margin**	$208
Property Taxes	Exempt	**Exemption/PILOT**	0%
Total Expense	$6,211/unit	**Controllable**	$4,923/unit

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (30% Maximum)			3.5%
Highest Unit Capture Rate	7%	0 BR/50%	62
Dominant Unit Cap. Rate	7%	0 BR/50%	62
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	50	41% Total Units	

DEVELOPMENT COST SUMMARY

Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	448 SF	**Density**	36.7/acre
Acquisition		$133K/unit	$16,353K
Building Cost	$83.33/SF	$37K/unit	$4,587K
Hard Cost		$45K/unit	$5,502K
Total Cost		$198K/unit	$24,325K
Developer Fee	$614K	(0% Deferred)	Paid Year: 1
Contractor Fee	$488K	**30% Boost**	Yes

DEBT (Must Pay)

Source	Term	Rate	Amount	DCR
City of Austin	40/0	0.00%	$15,681,500	
Multifamily Direct Loan (Soft Repayable)	40/0	0.00%	$6,000,000	
TOTAL DEBT (Must Pay)			**$21,681,500**	

CASH FLOW DEBT / GRANT FUNDS

Source	Term	Rate	Amount	DCR
City of Austin	0/0	0.00%	$450,000	
Sponsor Loan	0/0	0.00%	$2,193,045	
CASH FLOW DEBT / GRANTS			**$2,643,045**	

EQUITY / DEFERRED FEES

Source	Amount
Foundation Communities, Inc.	$0
TOTAL EQUITY SOURCES	**$0**
TOTAL DEBT SOURCES	**$24,324,545**
TOTAL CAPITALIZATION	**$24,324,545**

CONDITIONS

1 Receipt and acceptance before Direct Loan Contract:
- a: Preliminary approval of HAP rents and number of vouchers awarded to the development at contract execution condition.
- b: Guaranty Agreement to the Department that satisfies Department requirements to fund any operating deficits throughout the term of the affordability period and MFDL loan term at contract execution condition.
- c: In accordance with 10 TAC 11.302(g)(4), Owner has agreed to fund a one-time special reserve account deposit as further described in 10 TAC 10.404(d) for any Cash Flow over 10% for the first full calendar year after the project is reported as complete in HUD's IDIS system.
- d: Substantially final draft of limited partnership agreement.

2 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.

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

BOND RESERVATION / ISSUER

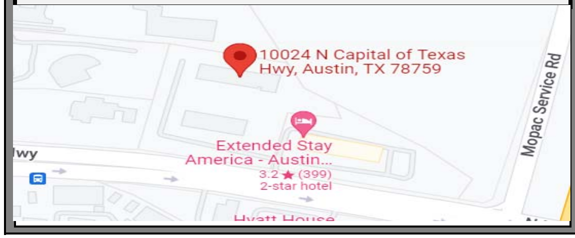
% Financed with Tax-Exempt Bonds	**0.0%**

RISK PROFILE

STRENGTHS/MITIGATING FACTORS
- Developer previous experience
- Low capture rates
- Sponsor operating guaranty agreement
- City Support

WEAKNESSES/RISKS
- Infeasible without approval of 50 vouchers

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
April 28, 2022

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **21513** Program(s): **MDL**

Balcones Terrace

Address/Location: 10024 N Capital of Texas Hwy

City: Austin County: Travis Zip: 78759

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

Activity: Adaptive Re-Use 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)	$6,000,000	0.00%		30	**$6,000,000**	**0.00%**		**30**	1

* Multifamily Direct Loan Terms:

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

CONDITIONS

1 **Receipt and acceptance before Direct Loan Contract:**

a: **Preliminary approval of HAP rents and number of vouchers awarded to the development at contract execution condition.**

Status: To be cleared at direct loan contract by program staff.

b: **Guaranty Agreement to the Department that satisfies Department requirements to fund any operating deficits throughout the term of the affordability period and MFDL loan term at contract execution condition.**

Status: To be cleared at direct loan contract by program staff.

c: **In accordance with 10 TAC 11.302(g)(4), Owner has agreed to fund a one-time special reserve account deposit as further described in 10 TAC 10.404(d) for any Cash Flow over 10% for the first full calendar year after the project is reported as complete in HUD's IDIS system.**

Status: **To be cleared at direct loan closing by program staff.**

2 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.

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	113

DEVELOPMENT SUMMARY

The site has two 4-story buildings constructed in 2000. The plan is to convert the existing 127 hotel guest rooms into 123 efficiency apartments complete with individual bathrooms and kitchenettes. Much of the 1st floor lobby will also be renovated to provide several on-site amenities including a secure single point of entry, tenant laundry, food pantry, exercise room, community kitchen, TV room, and a secure landscaped courtyard. Offices will also be provided on site for property management and supportive services.

The property will have a preference for 40% of the 123 units for households meeting HUD's definition of Chronically Homeless (at 24 CFR §576.8 or subsequent definition).. This property will serve persons transitioning out of homelessness, persons at-risk of homelessness, persons with physical, intellectual, and/or developmental disabilities, youth aging out of foster care, persons transitioning out of institutionalized care, persons unable to secure permanent housing elsewhere due to various barriers, and/or persons with special housing needs.

Balcones Terrace will provide affordable, attractive homes with 24-hour staffing and on-site wraparound services that include case management, supported employment, education, counseling, and emergency financial assistance.

This application has applied for MDL funding under the NHTF Supportive Housing/Soft Repayment Set-Aside.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Developer previous experience
▫	Low capture rates
▫	Sponsor operating guaranty agreement
▫	City Support

WEAKNESSES/RISKS	
▫	Infeasible without approval of 50 vouchers
▫	
▫	
▫	

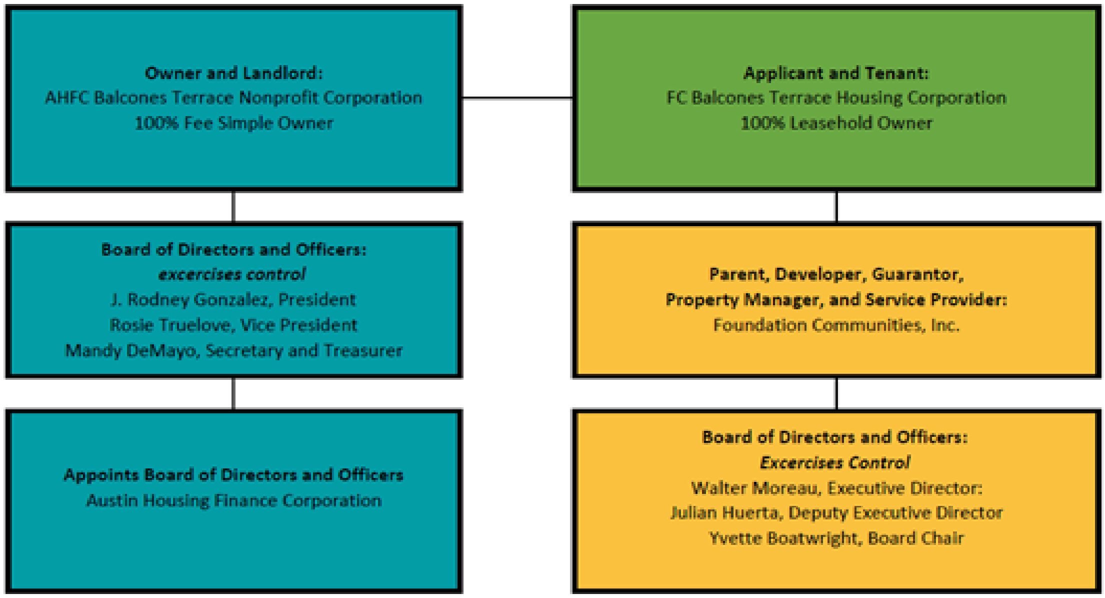
DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Walter Moreau	Name:	Sabrina Butler
Phone:	(512) 610-4016	Phone:	(512) 610-4025
Relationship:	Developer	Relationship:	Developer

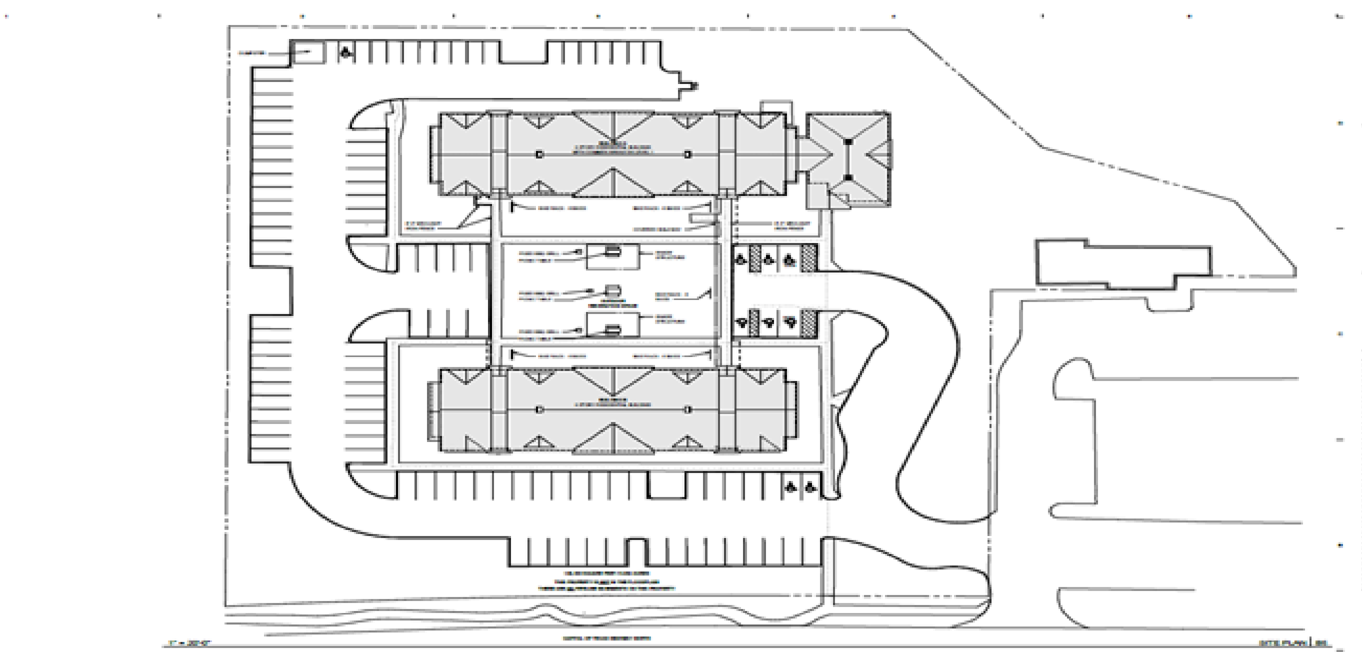
OWNERSHIP STRUCTURE

Owner Chart



DEVELOPMENT SUMMARY

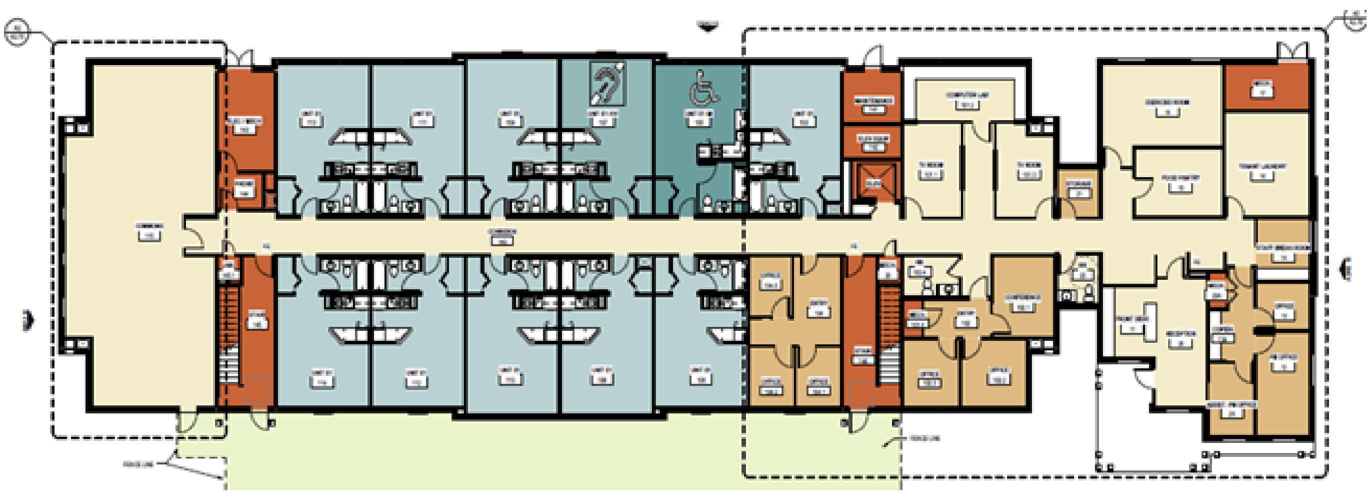
SITE PLAN



Comments:

Congregate living and urban core reduction applies; code requires 29 parking spaces, 110 are provided.

BUILDING PLAN (Typical)



Comments:

There are no additional features within the units that would be an additional cost. Plumbing run is inefficient.

BUILDING ELEVATION

Comments:
Roof pitches varies between 6 1/2" and 5 3/4". Buildings have approximately 54% brick exterior and 46% exterior siding.

BUILDING CONFIGURATION

Building Type	A	B										Total Buildings
Floors/Stories	4	4										
Number of Bldgs	1	1										2
Units per Bldg	59	64										
Total Units	59	64										**123**

Avg. Unit Size (SF)	**448 sf**	**Total NRA (SF)**	**55,048**	**Common Area (SF)***	**24,017**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 3.35 acres Density: 36.7 units/acre

Site Control: 3.35 **Site Plan:** 3.35 **Appraisal:** n/a **ESA:** 0

Feasibility Report Survey: 3.35 **Feasibility Report Engineer's Plan:** 0

Control Type: Ground Lease

Development Site: 3.35 acres Cost: $16,129,000 $131,130 per unit

Lessor: Austin Housing Finance Corporation Affiliate

Lessee: FC Balcones

Related-Party Seller/Identity of Interest: Yes

Comments:

On August 31, 2021, a nonprofit affiliate of Foundation Communities, FC Balcones Terrace Housing Corporation, purchased the hotel for $16,129,000 from unrelated joint sellers TPS Longhorn Owner, LP and TPS Longhorn TRS, LLC Austin Housing Finance Corporation (AHFC) will transfer title to an AHFC affiliate and enter into a 99 year ground lease. FC Balcones will be the Leasehold Owner and tenant and Foundation Communities will be the property manager and service provider. The Ground Lease is still being negotiated, but both parties have agreed to a term sheet.

The annual rent payment under the 99-year ground lease after the initial rent payment will be $1 per year.

APPRAISED VALUE

Appraiser: CBRE   Date: 7/8/2021

Land as Vacant:	3.356 acres	$14,400,000	Per Unit:	$117,073
Existing Buildings: (as-is)		$1,800,000	Per Unit:	$14,634
Total Development: (as-is)		**$16,200,000**	Per Unit:	**$131,707**

Comments:

Appraisal has undergone review and is compliant with TDHCA requirements.

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	NBG-NP	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	NA	Title Issues?	No

Current Uses of Subject Site:

Town Place Suites by Marriott

Surrounding Uses:

North: Ascent Arboretum Apartments and undeveloped land
East: Extended Stay America Hotel
South: Capitol of Texas Highway, Hyatt House Hotel, Stonelake at Arboretum Apartments
West: North by Northwest Brewery and Restaurant, Iron Cactus Restaurant

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc.   Date: 6/11/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- None

Comments:

All calculated noise values fall within the range of 65-75 dB and are considered "Normally Unacceptable". Noise mitigation will be required to establish a noise environment below 65 dB.

MARKET ANALYSIS

Provider: Apartment MarketData, LLC

Date: 8/5/2021

Contact: Darrell G Jack

Phone: 210-530-0040

Primary Market Area (PMA): 16 sq. miles 2 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Travis County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$1	---	---	---	---	---	---
	Max	$20,790	---	---	---	---	---	---
40% AMGI	Min	$1	---	---	---	---	---	---
	Max	$27,720	---	---	---	---	---	---
50% AMGI	Min	$1	---	---	---	---	---	---
	Max	$34,650	---	---	---	---	---	---

AFFORDABLE HOUSING INVENTORY					
Competitive Supply (Proposed, Under Construction, and Unstabilized)					
Other Affordable Developments in PMA since 2016					
21070	Saison North	New	General	n/a	116
18099	Waterloo Terrace	New	Supportive Housing	n/a	132
16099-1	SEA RAD Oaks	New	General	n/a	24
Stabilized Affordable Developments in PMA			Total Units		156
			Total Developments		2
			Average Occupancy		82%

Proposed, Under Construction, and Unstabilized Competitive Supply:

TDHCA #20504 Burnet Place Apartments has 61 efficient supportive housing units and TDHCA #21407 Espero Austin has 171 efficient supportive housing units located just outside the PMA.
If we included the 232 competitive units that are located outside the Subject PMA, but share some census tracts, the GCR would be 9.0%. This is a worst case scenario as it includes the outside supply, but none of the additional demand from 20504 and 21407's PMA.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
Total Households in the Primary Market Area	34,271			
Potential Demand from the Primary Market Area	3,160			
10% External Demand	316			
Potential Demand from Other Sources	0			
GROSS DEMAND	3,476			
Subject Affordable Units	123			
Unstabilized Competitive Units	0			
RELEVANT SUPPLY	123			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**3.5%**			

Population:	**Supportive Housing**	**Market Area:**	**Urban**	**Maximum Gross Capture Rate:**	**30%**

Demand Analysis:

The capture rates stated above are based off demographic data. Minimum eligible income is calculated at 50% rent to income for Supportive Housing and includes both renter and owner households. 1 person per SRO is assumed. The maximum Gross Capture Rate for supportive housing developments is 30%.

Per REA rules, Supportive Housing demand can be generated based upon data quantifying qualified households to be served by the development. These statistics may include households beyond the defined PMA, but not outside the historical service area of the Applicant. Demand reported is not limited to demographically calculated demand numbers.

In this case, Market Analyst provided data from 2021 Point in Time Count for Austin/Travis County Area that states 3,160 people counted as homeless as of January 25, 2021. It should be noted, due to COVID-19, the change in homeless population was estimated using the Homeless Management Information System (HMIS). The HMIS is not a count of the number of people experiencing homelessness, but instead a database of those who have gone through the Homeless Response System (HRS) and have taken advantage of homeless relief programs offered in the area.
The capture rates above are based on the Point in Time Count.

There will be project-based rental assistance for 50 units.

Market Analyst Comments:

Based on the projected population growth between 2021 and 2025, it is expected that the number of rental households will increase by 1,696.

PMA could immediately absorb 737 units without falling below a stabilized occupancy of 93%.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$283,656	Avg. Rent:	$755	Expense Ratio:	72.9%
Debt Service:	$0	B/E Rent:	$548	Controllable Expenses:	$4,923
Net Cash Flow:	$283,656	UW Occupancy:	92.5%	Property Taxes/Unit:	$0
Aggregate DCR:	NA	B/E Occupancy:	67.5%	Program Rent Year:	2021

Underwriting assumes 50 PBV (41% of units) that have not been awarded yet. They are underwritten at $1,147, which is based on HACA's HCV approved payment standards, and may be layered on the NHTF Units or the HOME Match Units. The remaining 63 MDL units have rents limited to 30% AMI.

There are 10 non MDL units that are restricted by the COA loan to 50% LH rents. The applicant is limiting the rent collected on these 10 units to $722 to serve the specific population.

Applicant's operating expenses of $6,211/unit are within 1% of REA's estimate of $6,215/unit. Higher expenses are consistent with other SRO communities. Supportive housing properties require more maintenance and personnel to service the target populations, and more accounting and reporting due to grants, and other financial sources. $10k asset management was removed since it is a partnership expense.

Payroll expense of $2,589/unit is high due to the $100k (31% of payroll) expense for 24 hour front desk staff as needed at many supportive housing properties. The payroll also includes a full-time manager, assistant manger, leasing, lead maintenance, and assistance maintenance positions.

Supportive Housing developments are exempted from the expense ratio requirement.

Breakeven vacancy of 40 units; underwritten vacancy of 9.2 units.

Applicant has assumed no deferred developer fee. 15-year residual cash flow of $3.98M

A guaranty agreement to fund operating deficits is a condition of the tax credit award per §11.302 (i)(5)(iv), satisfying the MDL requirement of no negative cash flow during the term of the MDL.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	$4,298,507/ac	$132,954/unit	**$16,353,324**	Contractor Fee	**$488,191**
Off-site + Site Work		$3,450/unit	**$424,410**	Soft Cost + Financing	**$1,247,472**
Building Cost	$83.33/sf	$37,295/unit	**$4,587,225**	Developer Fee	**$613,923**
Contingency	9.78%	$3,984/unit	**$490,000**	Reserves	**$120,000**
Total Development Cost	$197,761/unit	**$24,324,545**		**Rehabilitation Cost**	**$40,745/unit**
Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH				

Site Work:

Site work of $3,450/unit includes: demolition, bumper stops, striping, and signs, fencing, and site improvements.

Site amenities of $2K/unit is allocated for landscaping costs.

Building Cost:

Applicant's building cost of $83.33/SF or $37K/unit is used for analysis and is confirmed by the SCR, which has been approved by the contractor. Underwriter is using SCR costs for their estimate. $1.2M for HVAC, $1.3M for finishes, and $456K for carpentry.

Units have 8 ft ceilings and full kitchens.

REHABILITATION COSTS / UNIT / % HARD COST							
Site Work	$176,232	$1,433/unit	3%	Finishes/Fixtures	$1,394,751	$11,339/unit	25%
Building Shell	$1,929,174	$15,684/unit	35%	HVAC	$1,263,300	$10,271/unit	23%
Amenities	$248,178	$2,018/unit	5%	Appliances	$0	$/unit	0%
Total Exterior	**$2,353,584**	**$19,135/unit**	**47%**	**Total Interior**	**$2,658,051**	**$21,610/unit**	**53%**

SCOPE & COST REVIEW

Provider: Phase Engineering, Inc. Date: 8/16/2021

Scope of Work:

This project description is for the conversion of the Towneplace Suites, an existing hotel, into single room occupancy (SRO) housing. The plan is to convert the existing 124 hotel guest rooms to 123 efficiency apartments complete with individual bathrooms and kitchenettes. The plan is also to provide on-site amenities including a secure single point of entry, tenant laundry, food pantry, exercise room, community kitchen, TV room, and a secure landscaped courtyard. Offices will also be provided on site for property management and supportive services. During the conversion process, building components and building systems which are at the end of their expected useful life, such as some mechanical and plumbing systems, will be replaced.

Within the unit interiors, the renovation will replace all flooring with resilient or ceramic tile, replace all wall base with wood, demo walls and doors as shown in the marked-up enlarged unit floor plans to create all efficiency apartments, replace lighting in dwelling units with Energy Star fixtures, paint walls and ceiling in all interior spaces, and add 6 ADA compliant units.

In the clubhouse, the applicant will demo walls and doors as shown in the marked up Front of House plan, add walls and doors to create new tenant laundry, food pantry, new staff break room/flex office, new computer lab, and new TV room, reconfigure lobby to create a secure single point of entry and space for a front desk clerk, and conversion of existing breakfast room into a 3 person office with conference room that also serves as a staff work room.

Contingency:

$65K of soft cost contingency moved to contingency line item. Eligible contingency is overstated at 10.04%.

Ineligible Costs:

$133K of demolition costs and $120K of rent up reserves.

Soft Costs:

$65K of soft cost contingency moved to contingency line item.

Developer Fee:

Developer fee is underwritten at 8.48%.

Reserves:

Underwritten resreves at 2 months operating and debt service.

Comments:

Total cost per unit underwritten at $197,950.

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
TDHCA	Multifamily Direct Loan (Soft Repayable)	$6,000,000	0.00%	25%
City of Austin	Local Government Loan	$15,681,500	0.00%	64%
City of Austin	Direct Loan Match	$450,000	0.00%	2%
Sponsor Loan	0	$2,193,045	0.00%	9%
		$24,324,545	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
City of Austin	$15,681,500	0.00%	0	40	$15,681,500	0.00%	0	40	64%
Multifamily Direct Loan (Soft Repayable	$6,000,000	0.00%	30	30	$6,000,000	0.00%	30	30	25%
City of Austin	$450,000	0.00%	0	0	$450,000	0.00%	0	0	2%
Sponsor Loan	$2,193,045	0.00%	0	0	$2,193,045	0.00%	0	0	9%
Total	**$24,324,545**				**$24,324,545**				

Comments:

Applicant has applied for $6,000,000 deferred forgivable TDHCA Multifamily Direct Loan under the NHTF Supportive Housing/Soft Repayment Set-Aside.

Applicant received a waiver for the 10% equity contribution at the March 2022 Executive Board Meeting. The Applicant is requesting a deferred forgivable MDL loan.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Foundation Communities, Inc.	$0		0%	$0		0%	0%
Total	**$0**			**$0**			
				$24,324,545	**Total Sources**		

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$24,324,545
Permanent Sources (debt + non-HTC equity)	$24,324,545
Gap in Permanent Financing	$0

	Amount	Interest Rate	Amort	Term	Lien
Multifamily Direct Loan (Soft Repayable)	**$6,000,000**	**0.00%**		**30**	**1**

Comments:

Underwriter recommends a deferred forgivable Multifamily Direct Loan of $6,000,000 at 0% interest and a 30 year term, as requested by the applicant.

Underwriter:	*Jeffrey Price*
Manager of Real Estate Analysis:	*Diamond Thompson*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Balcones Terrace, Austin, MDL #21513

LOCATION DATA	
CITY:	Austin
COUNTY:	Travis
Area Median Income	$97,600
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	123	100.0%	50	113
1	-	0.0%	0	0
2	-	0.0%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**123**	**100.0%**	**50**	**113**

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	448 sf

UNIT MIX / MONTHLY RENT SCHEDULE

COA HOME		TDHCA Direct Loan Program		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	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 00%		30%/30%	$520	0		46	0	1	388	$520	$0	$520	($70)	$1.16	$450	**$20,700**	**$20,700**	$450	**$1**	**($70)**	$722	$1.86	$1,197
TC 00%		30%/30%	$520	PBV	$1,147	36	0	1	388	$1,147	$0	$1,147	$0	$2.96	$1,147	**$41,292**	**$41,292**	$1,147	**$3**	**$0**	$722	$1.86	$1,197
COA Home	$866	Match-1		0		7	0	1	388	$855	$0	$855	($133)	$1.86	$722	**$5,054**	**$5,054**	$722	**$2**	**($133)**	$722	$1.86	$1,197
TC 00%		30%/30%	$520	0		3	0	1	526	$520	$0	$520	($70)	$0.86	$450	**$1,350**	**$1,350**	$450	**$1**	**($70)**	$722	$1.37	$1,300
TC 00%		30%/30%	$520	PBV	$1,147	2	0	1	526	$1,147	$0	$1,147	$0	$2.18	$1,147	**$2,294**	**$2,294**	$1,147	**$2**	**$0**	$722	$1.37	$1,300
COA Home	$866	Match-1		0		1	0	1	526	$855	$0	$855	($133)	$1.37	$722	**$722**	**$722**	$722	**$1**	**($133)**	$722	$1.37	$1,300
TC 00%		30%/30%	$520	0		14	0	1	620	$520	$0	$520	($70)	$0.73	$450	**$6,300**	**$6,300**	$450	**$1**	**($70)**	$722	$1.16	$1,404
TC 00%		30%/30%	$520	PBV	$1,147	12	0	1	620	$1,147	$0	$1,147	$0	$1.85	$1,147	**$13,764**	**$13,764**	$1,147	**$2**	**$0**	$722	$1.16	$1,404
COA Home	$866	Match-1		0		2	0	1	620	$855	$0	$855	($133)	$1.16	$722	**$1,444**	**$1,444**	$722	**$1**	**($133)**	$722	$1.16	$1,404
TOTALS/AVERAGES:						**123**			**55,048**				**($47)**	**$1.69**	**$755**	**$92,920**	**$92,920**	**$755**	**$1.69**	**($47)**	**$722**	**$1.61**	**$1,249**

ANNUAL POTENTIAL GROSS RENT:			
ANNUAL POTENTIAL GROSS RENT:	**$1,115,040**	**$1,115,040**	

STABILIZED PRO FORMA

Balcones Terrace, Austin, MDL #21513

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		FC SRO Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.69	$755	$1,115,040	$1,115,040	$755	$1.69		0.0%	$0
app fees, late charges, laundry income							$11.84	$17,474						
Total Secondary Income							$11.84		$17,474	$11.84			0.0%	$0
POTENTIAL GROSS INCOME								$1,132,514	$1,132,514				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(84,939)	(84,939)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$1,047,575	$1,047,575				0.0%	$0
General & Administrative	$45,985	$374/Unit	$47,648	$387	3.69%	$0.70	$314	$38,618	$47,648	$387	$0.87	4.55%	-19.0%	(9,030)
Management	$43,562	3.6% EGI	$54,954	$447	4.98%	$0.95	$424	$52,142	$52,379	$426	$0.95	5.00%	-0.5%	(237)
Payroll & Payroll Tax	$167,758	$1,364/Unit	$292,581	$2,379	30.40%	$5.79	$2,589	$318,480	$318,480	$2,589	$5.79	30.40%	0.0%	-
Repairs & Maintenance	$88,432	$719/Unit	$114,338	$930	13.51%	$2.57	$1,151	$141,542	$114,338	$930	$2.08	10.91%	23.8%	27,204
Electric/Gas	$29,236	$238/Unit	$73,966	$601	6.06%	$1.15	$516	$63,454	$73,966	$601	$1.34	7.06%	-14.2%	(10,512)
Water, Sewer, & Trash	$89,943	$731/Unit	$51,138	$416	4.15%	$0.79	$353	$43,429	$51,138	$416	$0.93	4.88%	-15.1%	(7,709)
Property Insurance	$44,128	$0.80 /sf	$37,367	$304	3.53%	$0.67	$301	$37,000	$37,367	$304	$0.68	3.57%	-1.0%	(367)
Property Tax (@ 100%)	$74,966	$609/Unit	$21,796	$177	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements					3.52%	$0.67	$300	$36,900	$36,900	$300	$0.67	3.52%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA MDL Compliance ($34/MDL unit)					0.37%	$0.07	$32	$3,910	$3,842	$31	$0.07	0.37%	1.8%	68
Security					0.79%	$0.15	$67	$8,277	$8,277	$67	$0.15	0.79%	0.0%	-
cable, internet, telephone					1.93%	$0.37	$164	$20,167	$20,167	$164	$0.37	1.93%	0.0%	-
TOTAL EXPENSES					**72.92%**	**$13.88**	**$6,211**	**$763,919**	**$764,502**	**$6,215**	**$13.89**	**72.98%**	**-0.1%**	**$ (583)**
NET OPERATING INCOME ("NOI")					**27.08%**	**$5.15**	**$2,306**	**$283,656**	**$283,073**	**$2,301**	**$5.14**	**27.02%**	**0.2%**	**$ 583**

CONTROLLABLE EXPENSES	$4,923/Unit		$4,923/Unit

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Balcones Terrace, Austin, MDL #21513

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
City of Austin				-	0.00%	0	40	$15,681,500	$15,681,500	40	0	0.00%			64.5%
Multifamily Direct Loan (Soft Repayable)					0.00%	30	30	$6,000,000	$6,000,000	30	30	0.00%	$0		24.7%
CASH FLOW DEBT / GRANTS															
City of Austin					0.00%	0	0	$450,000	$450,000	0	0	0.00%			1.8%
Sponsor Loan					0.00%	0	0	$2,193,045	$2,193,045	0	0	0.00%			9.0%
				$0	**TOTAL DEBT / GRANT SOURCES**			**$24,324,545**	**$24,324,545**			**TOTAL DEBT SERVICE**	**$0**		100.0%
NET CASH FLOW		$283,073	$283,656						**APPLICANT**	**NET OPERATING INCOME**		**$283,656**	**$283,656**	**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	
Foundation Communities, Inc.	Deferred Developer Fees	0.0%			$0	$0			0.0%	**Total Developer Fee:**		**$613,923**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%			
TOTAL EQUITY SOURCES		0.0%			$0	$0			0.0%			
TOTAL CAPITALIZATION					**$24,324,545**	**$24,324,545**				**15-Yr Cash Flow after Deferred Fee:**		**$3,976,167**

DEVELOPMENT COST / ITEMIZED BASIS

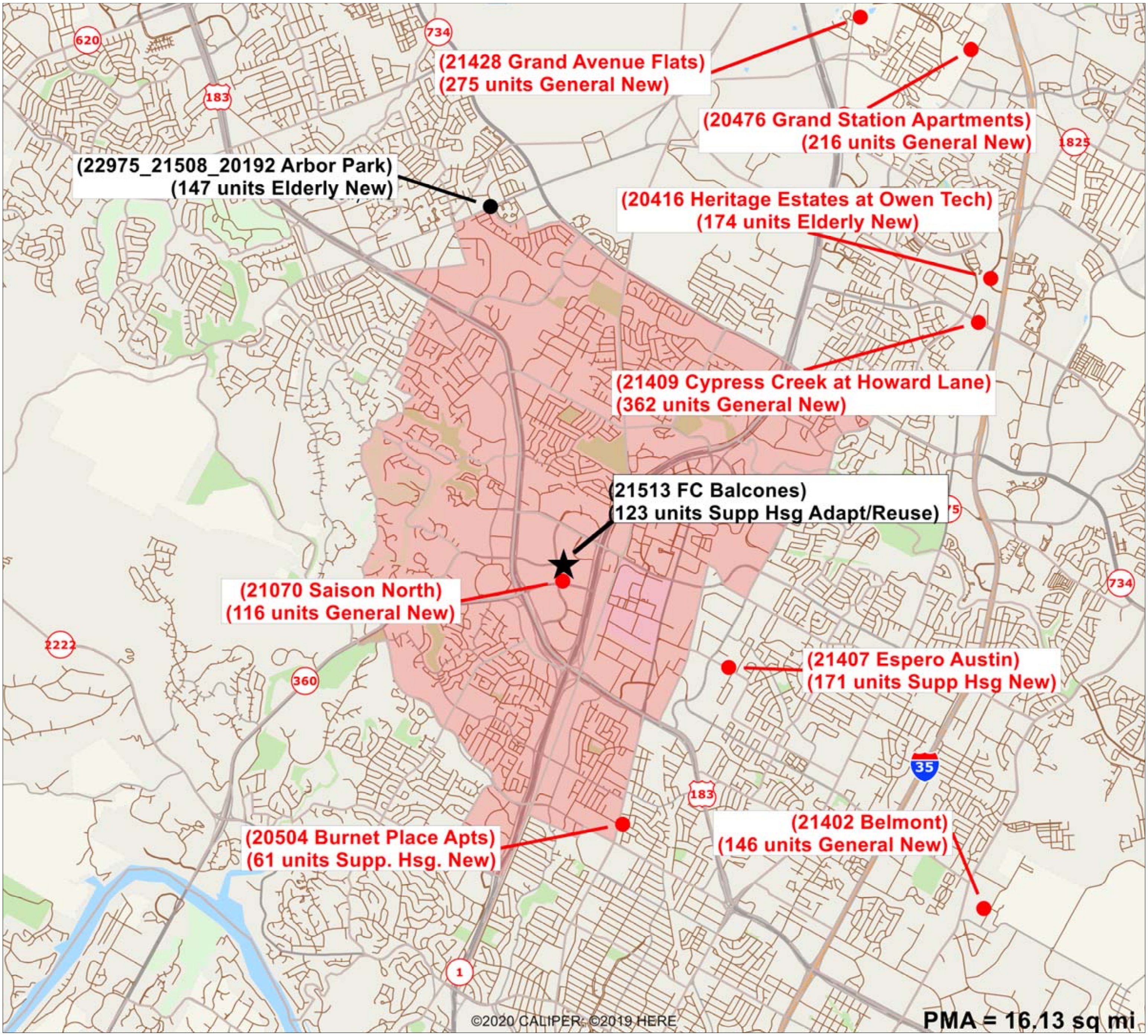
	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	New Const. Rehab			Total Costs	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$131,130 / Unit	$16,129,000	$14,400,000	$117,073 / Unit				12.0%	$1,729,000
Building Acquisition				$ / Unit	$0	$1,729,000	$14,057 / Unit				-100.0%	($1,729,000)
Closing costs & acq. legal fees, Broker fee					$224,324	$224,324					0.0%	$0
Site Work				$1,433 / Unit	$176,232	$176,232	$1,433 / Unit				0.0%	$0
Site Amenities				$2,018 / Unit	$248,178	$248,178	$2,018 / Unit				0.0%	$0
Building Cost			$83.33 /sf	$37,295/Unit	$4,587,225	$4,587,225	$37,295/Unit	$83.33 /sf			0.0%	$0
Contingency				9.78%	$490,000	$490,000	9.78%				0.0%	$0
Contractor Fees				8.87%	$488,191	$488,191	8.87%				0.0%	$0
Soft Costs				$9,849 / Unit	$1,211,472	$1,211,472	$9,849 / Unit				0.0%	$0
Financing				$293 / Unit	$36,000	$36,000	$293 / Unit				0.0%	$0
Developer Fee				11.16%	$613,923	$613,923	11.16%				0.0%	$0
Reserves				2 Months	$120,000	$120,000	2 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)				$197,761 / Unit	**$24,324,545**	**$24,324,545**	$197,761 / Unit				**0.0%**	**$0**
Acquisition Cost					$0							
Contingency					$0							
Contractor's Fee					$0							
Financing Cost												
Developer Fee 0.00%					$0							
Reserves					$0							
ADJUSTED BASIS / COST				$197,761/unit	**$24,324,545**	**$24,324,545**	$197,761/unit				**0.0%**	**$0**
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA					**$24,324,545**							

Long-Term Pro Forma

Balcones Terrace, Austin, MDL #21513

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	$1,047,575	$1,068,527	$1,089,898	$1,111,695	$1,133,929	$1,251,950	$1,382,254	$1,526,120	$1,684,959	$1,860,331
TOTAL EXPENSES	3.00%	$763,919	$786,315	$809,373	$833,111	$857,551	$991,022	$1,145,427	$1,324,066	$1,530,763	$1,769,945
NET OPERATING INCOME ("NOI")		**$283,656**	**$282,212**	**$280,525**	**$278,584**	**$276,378**	**$260,928**	**$236,827**	**$202,053**	**$154,196**	**$90,386**
EXPENSE/INCOME RATIO		72.9%	73.6%	74.3%	74.9%	75.6%	79.2%	82.9%	86.8%	90.8%	95.1%
MUST -PAY DEBT SERVICE											
City of Austin			$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL DEBT SERVICE		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
DEBT COVERAGE RATIO											
ANNUAL CASH FLOW		**$283,656**	**$282,212**	**$280,525**	**$278,584**	**$276,378**	**$260,928**	**$236,827**	**$202,053**	**$154,196**	**$90,386**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$283,656	$565,868	$846,393	$1,124,977	$1,401,355	$2,739,993	$3,976,167	$5,060,701	$5,933,167	$6,519,738

21513 FC Balcones PMA Map



Underwriting Report
21514 – Parker Apartments

Real Estate Analysis Division
May 2, 2022

Addendum to Underwriting Report

TDHCA Application #: **21514_21063** Program(s): **9% HTC / MDL**

Parker Apartments

Address/Location: 2105 Parker Lane

City: Austin County: Travis Zip: 78741

	APPLICATION HISTORY
Report Date	**PURPOSE**
05/02/22	**MDL Application**
07/21/21	Original LIHTC Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
Multifamily Direct Loan (Soft Repayable)					**$2,025,974**	**0.00%**	**40**	**40**	**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 Contract:

- **Craft an approved preference or set-aside that meets both the FHLB and the NHTF requirements before Contract Execution.**

Status: To be cleared by program staff at Direct Loan Contract.

2 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: 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.

f: **Senior loan documents and 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.**

3 Receipt and acceptance by Carryover:

- Formal approval for $4.1M loan from AHFC clearly stating all terms and conditions.

Status: Cleared.

4 Receipt and acceptance by Cost Certification:

a: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

b: Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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	24
50% of AMI	50% of AMI	58
60% of AMI	60% of AMI	53

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	10

ANALYSIS

The Development received a 9% HTC allocation in 2021. The Applicant has applied for a surplus cash flow Multifamily Direct Loan under the 2021-1 NOFA from NHTF funds. This MDL application restricts an additional 10 units to TC 30% rents.

Operating Pro Forma

Rents have been updated to the 2021 Program Rents.

Applicant budgets Repair & Maintenance expectations based on their experience in the market.

Development Cost

Total Building Costs have increased $6,589,967 (39%). Increased costs substantiated by an executed cost schedule from the General Contractor.

Sources of Funds

The Applicant has applied for a Multifamily Direct Loan consistent with the requirements of NOFA 2021-1.

Under the QAP, the Direct Loan Rule and NOFA, when a Multifamily Direct Loan is subordinate to an FHA loan, only 75% of the cash remaining after the senior debt payment can be used to calculate the DCR for the MDL, and the combined DCR must meet the minimum 1.15. Underwriter assumes a $370k decrease in the FHA loan in order to generate a combined DCR of 1.15.

Underwriter recommends approval of a construction-to-permanent NHTF loan in the amount of $2,025,974 with payments from 75% of surplus cash at 0% interest, with 40-year amortization and 40-year term (to match the senior debt).

The current analysis continues to support the original tax credit award of $1,500,000.

Underwriter:	*Greg Stoll*
Manager of Real Estate Analysis:	*Diamond Thompson*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Parker Apartments, Austin, 9% HTC/MDL #21063

LOCATION DATA	
CITY:	A□stin
COUNTY:	□ra□is
Area Median Income	□98,900
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
□ff	-	0.0□	0	0
1	25	18.5□	0	2
2	68	50.4□	0	5
3	42	31.1□	0	3
4	-	0.0□	0	0
5	-	0.0□	0	0
TOTAL	135	100.0%	-	10

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00□
Expense Growth	3.00□
Basis Adjust	130□
Applicable Fraction	100□
APP % Acquisition	4.00□
APP % Construction	9.00□
Average Unit Size	1,060 sf

50%	Income	20□	30□	40□	50□	60□	70□	80□	□□	TOTAL
Average Income	# Units	-	24	-	58	53	-	-	-	135
	% Total	0.0□	17.8□	0.0□	43.0□	39.3□	0.0□	0.0□	0.0□	100.0%

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
□C 30□	□556	30□ □30□	□556	2	1	1	727	□556	□56	□500	□0	□0.69	□500	$1,000	$1,000	□500	$1	$0	□1,495	□2.06	□1,495
□C 50□	□928			11	1	1	727	□928	□56	□872	□0	□1.20	□872	$9,592	$9,592	□872	$1	$0	□1,495	□2.06	□1,495
□C 60□	□1,113			12	1	1	727	□1,113	□56	□1,057	□0	□1.45	□1,057	$12,684	$12,684	□1,057	$1	$0	□1,495	□2.06	□1,495
□C 30□	□668	30□ □30□	□667	5	2	2	1,065	□667	□76	□591	□1	□0.56	□592	$2,960	$2,955	□591	$1	$0	□1,900	□1.78	□1,900
□C 30□	□668			11	2	2	1,065	□668	□76	□592	□0	□0.56	□592	$6,512	$6,512	□592	$1	$0	□1,900	□1.78	□1,900
□C 50□	□1,113			30	2	2	1,065	□1,113	□76	□1,037	□0	□0.97	□1,037	$31,110	$31,110	□1,037	$1	$0	□1,900	□1.78	□1,900
□C 60□	□1,336	1-□atch		22	2	2	1,065	□1,336	□76	□1,260	□0	□1.18	□1,260	$27,720	$27,720	□1,260	$1	$0	□1,900	□1.78	□1,900
□C 30□	□771	30□ □30□	□771	3	3	2	1,249	□771	□98	□673	□0	□0.54	□673	$2,019	$2,019	□673	$1	$0	□2,295	□1.84	□2,295
□C 30□	□771			3	3	2	1,249	□771	□98	□673	□0	□0.54	□673	$2,019	$2,019	□673	$1	$0	□2,295	□1.84	□2,295
□C 50□	□1,286			17	3	2	1,249	□1,286	□98	□1,188	□0	□0.95	□1,188	$20,196	$20,196	□1,188	$1	$0	□2,295	□1.84	□2,295
□C 60□	□1,543			19	3	2	1,249	□1,543	□98	□1,445	□0	□1.16	□1,445	$27,455	$27,455	□1,445	$1	$0	□2,295	□1.84	□2,295
TOTALS/AVERAGES:				135			143,053				$0	$1.00	$1,061	$143,267	$143,262	$1,061	$1.00	$0	$1,948	$1.84	$1,948

ANNUAL POTENTIAL GROSS RENT:	$1,719,204	$1,719,144	

STABILIZED PRO FORMA

Parker Apartments, Austin, 9% HTC/MDL #21063

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				LIHTC Underwriting		TDHCA				VARIANCE	
	Database		PM Austin Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						□1.00	□1,061	□1,719,204	□1,746,300	□1,745,769	□1,719,144	□1,061	□1.00		0.0□	□60
app fees, late charges, la□ndy income							□20.82	□33,724	33,724							
□otal □econdary Income							□20.82			32,400	□32,400	□20.00			4.1□	□1,324
POTENTIAL GROSS INCOME								□1,752,928	□1,780,024	□1,778,169	□1,751,544				0.1□	□1,384
□acancy □ Collection Loss							7.5□ □□I	□131,470□	□133,502□	□133,363□	□131,366□	7.5□ □□I			0.1□	□104□
EFFECTIVE GROSS INCOME								□1,621,458	□1,646,522	□1,644,807	□1,620,178				0.1□	□1,280
□eneral □ Administrati□e	□74,827	□554□□nit	□74,304	□550	3.81□	□0.43	□457	□61,757	□61,757	□74,827	□74,827	□554	□0.52	4.62□	-17.5□	□13,070□
□anagement	□71,543	3.6□ □□I	□80,677	□598	5.03□	□0.57	□604	□81,578	□82,326	□82,240	□81,009	□600	□0.57	5.00□	0.7□	569
□ayroll □ □ayroll □a□	□184,124	□1,364□nit	□227,382	□1,684	13.86□	□1.57	□1,665	□224,760	□224,760	□224,760	□224,760	□1,665	□1.57	13.87□	0.0□	-
□epairs □ □aintenance	□97,059	□719□□nit	□116,847	□866	8.82□	□1.00	□1,059	□142,934	□136,256	□87,750	□87,750	□650	□0.61	5.42□	62.9□	55,184
□lectric□□as	□49,615	□368□□nit	□18,657	□138	1.80□	□0.20	□217	□29,262	□29,262	□32,185	□32,185	□238	□0.22	1.99□	-9.1□	□2,922□
□ ater, □e□er, □ □rash	□98,718	□731□□nit	□81,039	□600	6.16□	□0.70	□740	□99,922	□99,922	□98,718	□98,718	□731	□0.69	6.09□	1.2□	1,204
□roperty Ins□rance	□48,433	□0.34 □sf	□35,761	□265	1.92□	□0.22	□231	□31,160	□31,160	□35,761	□35,761	□265	□0.25	2.21□	-12.9□	□4,601□
□roperty □a□ □□ 50□ □ 2.2267	□120,502	□893□□nit	□87,125	□645	4.57□	□0.52	□549	□74,146	□105,074	□96,829	□92,978	□689	□0.65	5.74□	-20.3□	□18,832□
□eser□e for □eplacements					2.08□	□0.24	□250	□33,750	□33,750	□33,750	□33,750	□250	□0.24	2.08□	0.0□	-
□□□CA Compliance fees □□40□□□C □nit□					0.33□	□0.04	□40	□5,400	□5,400	□5,400	□5,400	□40	□0.04	0.33□	0.0□	-
□ec□rity					0.68□	□0.08	□82	□11,032	□11,032	□11,032	□11,032	□82	□0.08	0.68□	0.0□	-
ca□le, internet, telephone					2.91□	□0.33	□350	□47,207	□47,207	□47,207	□47,207	□350	□0.33	2.91□	0.0□	-
TOTAL EXPENSES					52.78%	$5.98	$6,339	$855,748	□867,906	□830,459	$838,216	$6,209	$5.86	51.74%	2.1%	$ 17,532
NET OPERATING INCOME ("NOI")					47.22%	$5.35	$5,672	$765,710	□778,616	□814,348	$781,962	$5,792	$5.47	48.26%	-2.1%	$ (16,252)

CONTROLLABLE EXPENSES	$4,138/Unit		$3,839/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Parker Apartments, Austin, 9% HTC/MDL #21063

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							LIHTC Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE					Cumulative	
		Cumulative DCR															
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
□ ells □argo □□A 221 □d□3	0.25□	1.24	1.21	632,818	4.25□	40	40	□12,161,525	□12,338,361	□12,338,361	□12,161,525	40	40	4.25□	□663,222	1.15	27.3□
Adjustment to Debt Per §11.302(c)(2)	0.25□										□□370,000□	40	40	4.25□	□□20,178□	1.19	-0.8□
Multifamily Direct Loan (Soft Repayable)		1.24	1.21		0.00□	40	40	□2,025,974			□2,025,974	40	40	0.00□	□0	1.15	4.5□
CASH FLOW DEBT / GRANTS																	
City of A□stin □ee □ ai□ers		1.24	1.21		0.00□	0	0	□529,398	□529,398	□529,398	□529,398	0	0	0.00□		1.15	1.2□
City of A□stin		1.24	1.21		0.00□	0	40	□4,100,000	□4,100,000	□4,100,000	□4,100,000	40	0	0.00□		1.15	9.2□
□o□ndation Comm□nities, Inc.		1.24	1.21		0.00□	0	0	□8,497,345	□4,031,100	□4,031,100	□8,497,345	0	0	0.00□		1.15	19.1□
□□L□		1.24	1.21		0.00□	0	0	□750,000	□0	□0	□750,000	0	0	0.00□		1.15	1.7□
				$632,818	TOTAL DEBT / GRANT SOURCES			$28,064,242	□20,998,859	□20,998,859	$27,694,242	TOTAL DEBT SERVICE			$643,044	1.15	62.1□

NET CASH FLOW	□149,144	□132,892	APPLICANT	NET OPERATING INCOME	$765,710	$122,666	NET CASH FLOW

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					LIHTC 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
□ ells □argo	LI□□C □□□ity	33.0□	□1,500,000	0.98	□14,698,530	□14,698,530	□14,698,530	□14,698,530	□0.98	□1,500,000	33.0□	□11,111	□re□io□s Allocation
□o□ndation Comm□nities, Inc.	□eferred □e□eloper □ees	4.0□	□49□ □eferred□		□1,800,000	□1,799,640	□1,799,640	□2,169,940	□59□ □eferred□		4.9□	Total Developer Fee:	$3,652,500
Additional □□□cess□□□nds □e□d		0.0□					□0	□□0□			0.0□		
TOTAL EQUITY SOURCES		37.0□			□16,498,530	□16,498,170	□16,498,170	□16,868,470			37.9□		
TOTAL CAPITALIZATION					$44,562,772	□37,497,029	□37,497,029	$44,562,712			15-Yr Cash Flow after Deferred Fee:		$453,170

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					LIHTC 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 Ac□□isition				□25,556 □□nit	□3,450,000	□3,450,000	□3,450,000	□3,450,000	□25,556 □□nit				0.0□	□0
Closing costs □ ac□. legal fees					□3,450	□3,450	□3,450	□3,450					0.0□	□0
□ff-□ites				□ □□nit	□0	□150,000	□150,000	□0	□ □□nit				0.0□	□0
□ite □ ork		□3,112,218		□24,743 □□nit	□3,340,293	□3,800,000	□3,800,000	□3,340,293	□24,743 □□nit		□3,112,218		0.0□	□0
□ite Amenities		□828,120		□6,134 □□nit	□828,120	□767,906	□767,906	□828,120	□6,134 □□nit		□828,120		0.0□	□0
Commerical □pace Cost □1,584 sf□				□1,750 □□nit	□236,249	□207,350	□207,350	□236,249	□1,750 □□nit		□0		0.0□	□0
□□ilding Cost		□23,388,661	□163.50 □sf	□173,249□□nit	□23,388,661	□16,798,694	□15,867,187	□23,388,661	□173,249□□nit	□163.50 □sf	□23,388,661		0.0□	□0
Contingency		□1,654,109	6.05□	5.95□	□1,654,109	□1,141,642	□1,141,642	□1,654,109	5.95□	6.05□	□1,654,109		0.0□	□0
Contractor □ees		□3,611,770	12.46□	12.27□	□3,611,770	□3,186,543	□3,070,772	□3,611,770	12.27□	12.46□	□3,611,770		0.0□	□0
□oft Costs	□0	□2,155,184		□15,964 □□nit	□2,155,184	□2,157,788	□2,157,788	□2,155,184	□15,964 □□nit		□2,155,184	□0	0.0□	□0
□inancing	□0	□1,634,622		□12,906 □□nit	□1,742,376	□1,761,220	□1,761,220	□1,742,376	□12,906 □□nit		□1,605,287	□0	0.0□	□0
□e□eloper □ee	□0	□3,652,500	10.04□	9.91□	□3,652,500	□3,670,000	□3,670,000	□3,652,500	9.92□	10.05□	□3,652,500	□0	0.0□	□0
□eser□es				4 □onths	□500,000	□402,436	□402,436	□500,000	4 □onths				0.0□	□0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	$0	$40,037,184		□330,094 □□nit	$44,562,712	□37,497,029	□36,449,751	$44,562,712	□330,094 □□nit		$40,007,849	$0	0.0%	$0
Acquisition Cost	□0				□0	□0								
Contingency		□0			□0	□0								
Contractor's Fee		□0			□0	□0								
Financing Cost		□29,335□												
Developer Fee	□0	□0			□0	□0								
Reserves					□0	□0								
ADJUSTED BASIS / COST	$0	$40,007,849		□330,094□□nit	$44,562,712	□37,497,029	□36,449,751	$44,562,712	□330,094□□nit		$40,007,849	$0	0.0%	$0

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	$44,562,712

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Parker Apartments, Austin, 9% HTC/MDL #21063

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$40,007,849	$0	$40,007,849
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$40,007,849	$0	$40,007,849
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$52,010,203	$0	$52,010,203
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$52,010,203	$0	$52,010,203
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	$4,680,918	$0	$4,680,918
CREDITS ON QUALIFIED BASIS	$4,680,918		$4,680,918	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9799	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$4,680,918	$45,868,412	**----**	**----**	**----**
Needed to Fill Gap	$1,721,445	$16,868,470	**----**	**----**	**----**
Previous Allocation	$1,500,000	$14,698,530	**$1,500,000**	**$0**	**$0**

Long-Term Pro Forma

Parker Apartments, Austin, 9% HTC/MDL #21063

	□ro□th □ate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
□□□□C□I□□ □□□□□ I□C□□□	2.00□	□1,621,458	□1,653,887	□1,686,965	□1,720,704	□1,755,118	□1,937,792	□2,139,479	□2,362,158	□2,608,013	□2,879,458	□3,179,154	□3,510,043
□□□AL □□□□□□□□	3.00□	□855,748	□880,605	□906,191	□932,528	□959,638	□1,107,609	□1,278,642	□1,476,355	□1,704,941	□1,969,252	□2,274,907	□2,628,412
NET OPERATING INCOME ("NOI")		**$765,710**	**$773,283**	**$780,774**	**$788,177**	**$795,481**	**$830,183**	**$860,838**	**$885,803**	**$903,072**	**$910,206**	**$904,247**	**$881,630**
□□□□□□□□I□C□□□ □A□I□		52.8□	53.2□	53.7□	54.2□	54.7□	57.2□	59.8□	62.5□	65.4□	68.4□	71.6□	74.9□
MUST -PAY DEBT SERVICE													
□□□AL □□□□ □□□□IC□		□643,044	□642,748	□642,440	□642,118	□641,783	□639,873	□637,512	□634,592	□630,984	□626,522	□621,006	□614,186
□□□□ C□□□□A□□ □A□I□		1.19	1.20	1.22	1.23	1.24	1.30	1.35	1.40	1.43	1.45	1.46	1.44
ANNUAL CASH FLOW		**$122,666**	**$130,534**	**$138,334**	**$146,058**	**$153,698**	**$190,310**	**$223,326**	**$251,210**	**$272,089**	**$283,684**	**$283,241**	**$267,444**
□eferred □e□eloper □ee □alance		□2,047,274	□1,916,740	□1,778,405	□1,632,347	□1,478,649	□599,152	□0	□0	□0	□0	□0	□0
CUMULATIVE NET CASH FLOW		□0	□0	□0	□0	□0	□0	□453,170	□1,655,854	□2,977,767	□4,377,222	□5,799,747	□7,175,446

21063 Parker Apartments - Application Summary

REAL ESTATE ANALYSIS DIVISION
July 21, 2021

PROPERTY IDENTIFICATION	
Application #	**21063**
Development	**Parker Apartments**
City / County	**Austin / Travis**
Region/Area	**7 / Urban**
Population	**General**
Set-Aside	**Non-Profit**
Activity	**New Construction**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$1,500,000	**$1,500,000**	**$11,111/Unit**	**$0.98**

KEY PRINCIPALS / SPONSOR

Walter Moreau / Foundation Communities

Related Parties	Contractor - TBD	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	25	19%
2	68	50%
3	42	31%
4	-	0%
TOTAL	135	100%

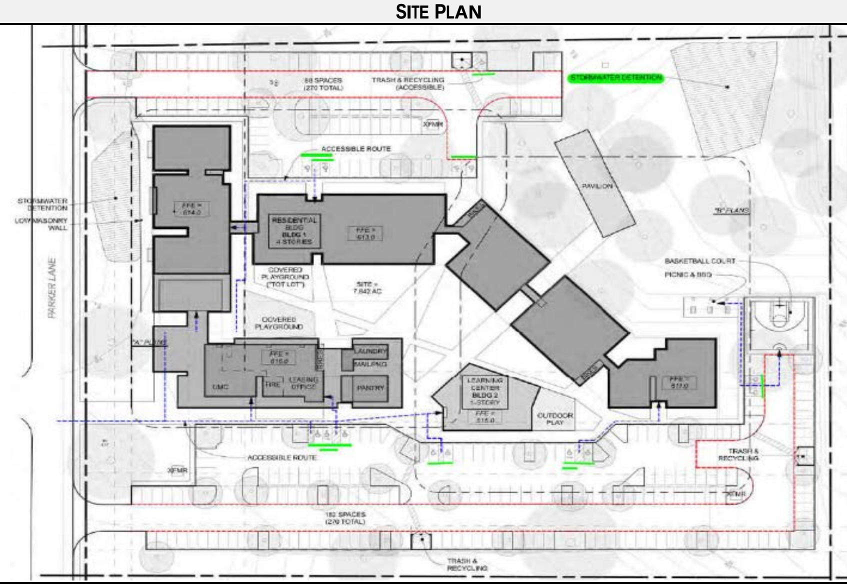
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	14	10%
40%	-	0%
50%	68	50%
60%	53	39%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	135	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	**Expense Ratio**	52.7%
Breakeven Occ.	86.8%	**Breakeven Rent**	$1,010
Average Rent	$1,078	**B/E Rent Margin**	$68
Property Taxes	$778/unit	**Exemption/PILOT**	50%
Total Expense	$6,429/unit	**Controllable**	$4,089/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (15% Maximum)			3.7%
Highest Unit Capture Rate	11%	2 BR/60%	24
Dominant Unit Cap. Rate	6%	2 BR/50%	34
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	1,060 SF	**Density**	17.2/acre
Acquisition		$26K/unit	$3,453K
Building Cost	$117.43/SF	$124K/unit	$16,799K
Hard Cost		$168K/unit	$22,658K
Total Cost		$278K/unit	$37,497K
Developer Fee	$3,670K	(49% Deferred)	Paid Year: 13
Contractor Fee	$3,187K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Bank of America	16/35	4.24%	$12,338,361	1.15
TOTAL DEBT (Must Pay)			$12,338,361	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Austin Fee Waivers	0/0	0.00%	$529,398	1.15
Austin Housing Finance Corp.	40/0	0.00%	$4,100,000	1.15
Foundation Communities, Inc.	0/0	0.00%	$4,031,100	1.15
CASH FLOW DEBT / GRANTS			$8,660,498	

EQUITY / DEFERRED FEES	
Source	Amount
Bank of America	$14,698,530
Foundation Communities, Inc.	$1,799,640
TOTAL EQUITY SOURCES	$16,498,170
TOTAL DEBT SOURCES	$20,998,859
TOTAL CAPITALIZATION	$37,497,029

CONDITIONS

1 Receipt and acceptance by Carryover:

a: Formal approval for $4.1M loan from AHFC clearly stating all terms and conditions.

2 Receipt and acceptance by Cost Certification:

a: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

b: Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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

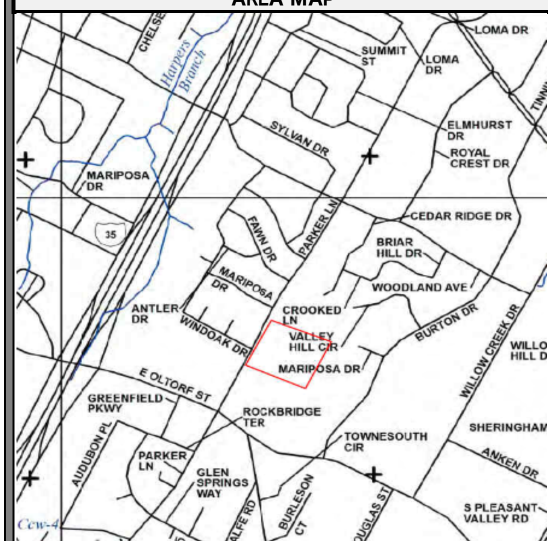
STRENGTHS/MITIGATING FACTORS

- Deep Income Restrictions
- Located in proximity to jobs area
- Low gross capture rate
- Developer experience
- Breakeven occupancy of 86.8%

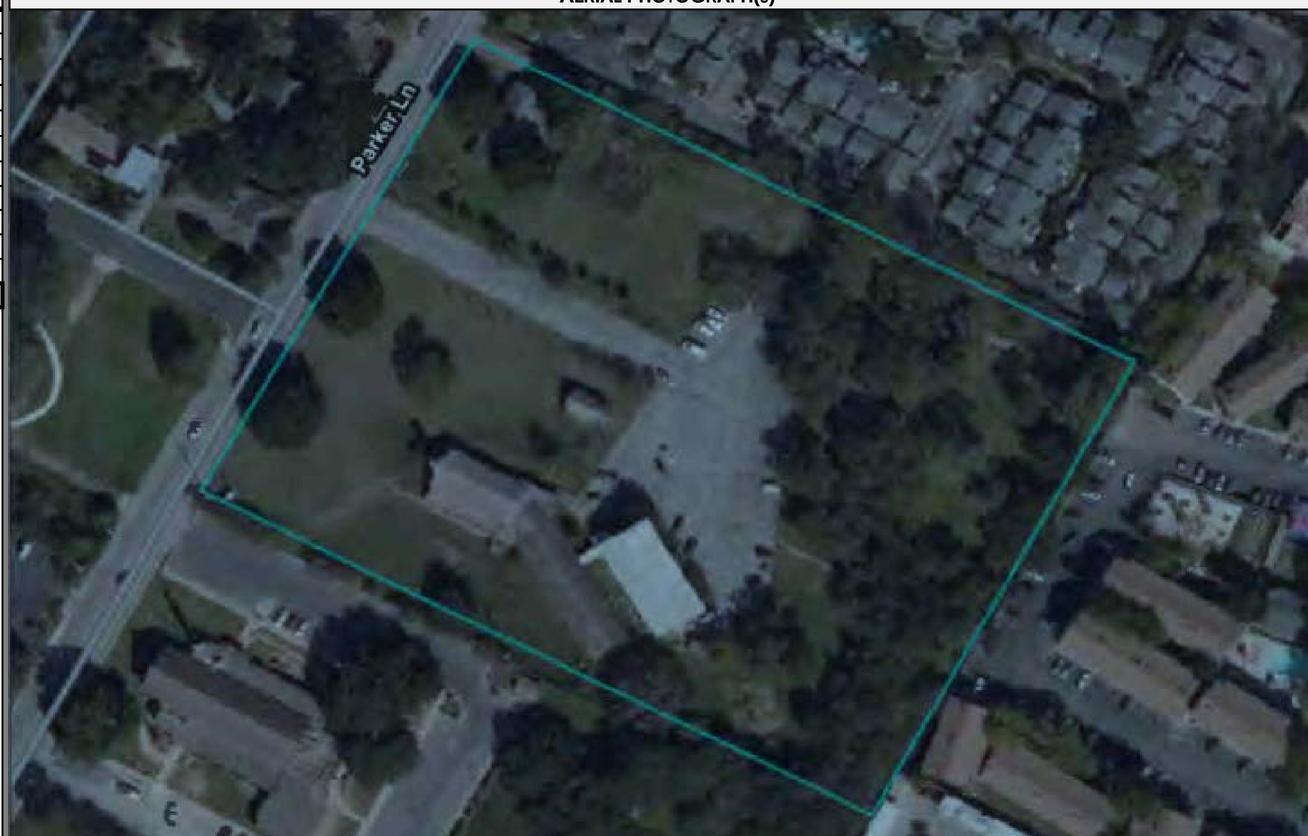
WEAKNESSES/RISKS

- Debt coverage at 1.15 times
- 13 years to repay deferred Developer Fee
- Significant topography
- Offsite +Site Work Costs totaling $35K / unit

AREA MAP



AERIAL PHOTOGRAPH(s)



Real Estate Analysis Division
Underwriting Report
July 21, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **21063** Program(s): **9% HTC**

Parker Apartments

Address/Location: 2105 Parker Lane

City: Austin County: Travis Zip: 78741

Population: General Program Set-Aside: Non-Profit 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**
LIHTC (9% Credit)	$1,500,000				**$1,500,000**				

CONDITIONS

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SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	14
50% of AMI	50% of AMI	68
60% of AMI	60% of AMI	53

DEVELOPMENT SUMMARY

Parker Apartments is a unique opportunity for Foundation Communities (FC) to develop a new community on a large tree filled site within Austin's urban core. Ward Memorial Methodist Church has closed its doors and will enter into a 99 year ground lease with FC to develop 135 affordable homes to this transit connected and concerted revitalization area of Austin.

Parker Apartments is designed as a four story elevator served residential building wrapped around a central green space with several centrally located common amenities. The residential building is strategically designed with several breaks in massing to bring natural light into the common areas.

Ward Memorial Methodist Church has requested space for church use within the newly constructed development as part of a lease back included in the ground lease. This space will include the exclusive use of several small offices and meeting rooms, and shared use of the large community gathering space in the Learning Center, at specific designated times of the week. The spaces that will be exclusively used by the church are removed from eligible basis. The shared space in the Learning Center will be included in basis because it will be primarily used by residents of Parker Apartments.

Ten percent of units at Parker Apartments will have a preference for homeless families via Foundation Communities' Children's HOME Initiative (CHI) Program. These families will have access to a full time, on site case manager, as well as a wide and deep range of additional support services to support families on their path to financial self sufficiency.

RISK PROFILE

	STRENGTHS/MITIGATING FACTORS
▫	Deep Income Restrictions
▫	Located in proximity to jobs area
▫	Low gross capture rate
▫	Developer experience
▫	Breakeven occupancy of 86.8%

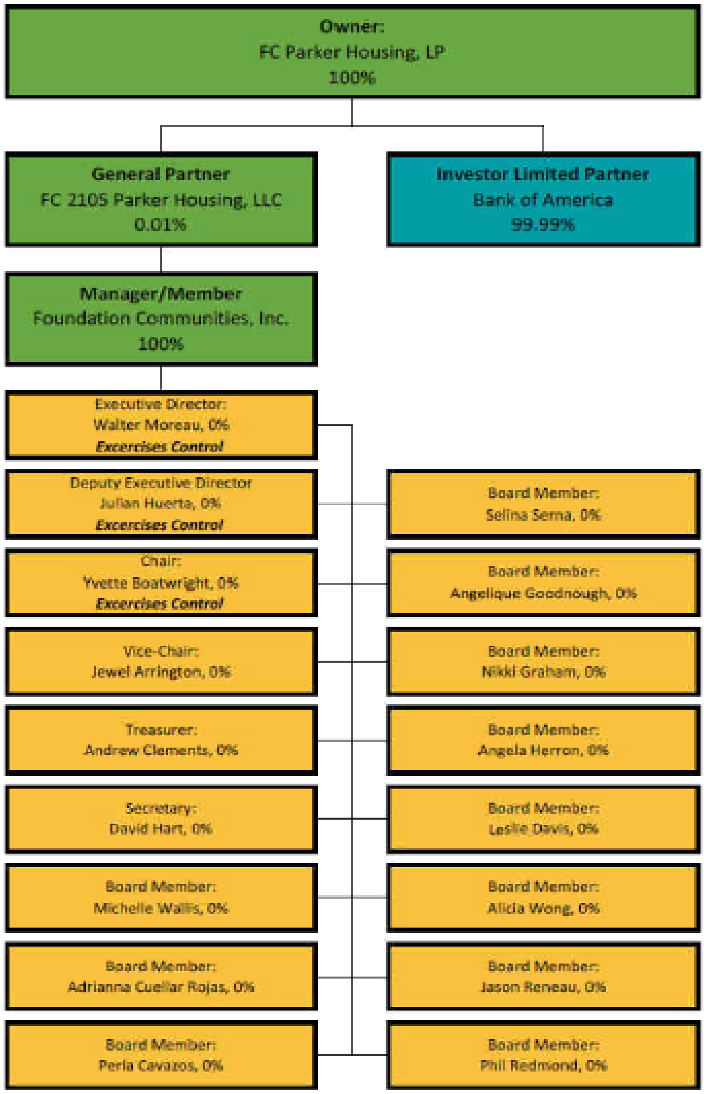
	WEAKNESSES/RISKS
▫	Debt coverage at 1.15 times
▫	13 years to repay deferred Developer Fee
▫	Significant topography
▫	Offsite +Site Work Costs totaling $35K / unit
▫	

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Walter Moreau	Name:	Sabrina Butler
Phone:	(512) 610-4016	Phone:	(512) 610-4025
Relationship:	Developer	Relationship:	Developer

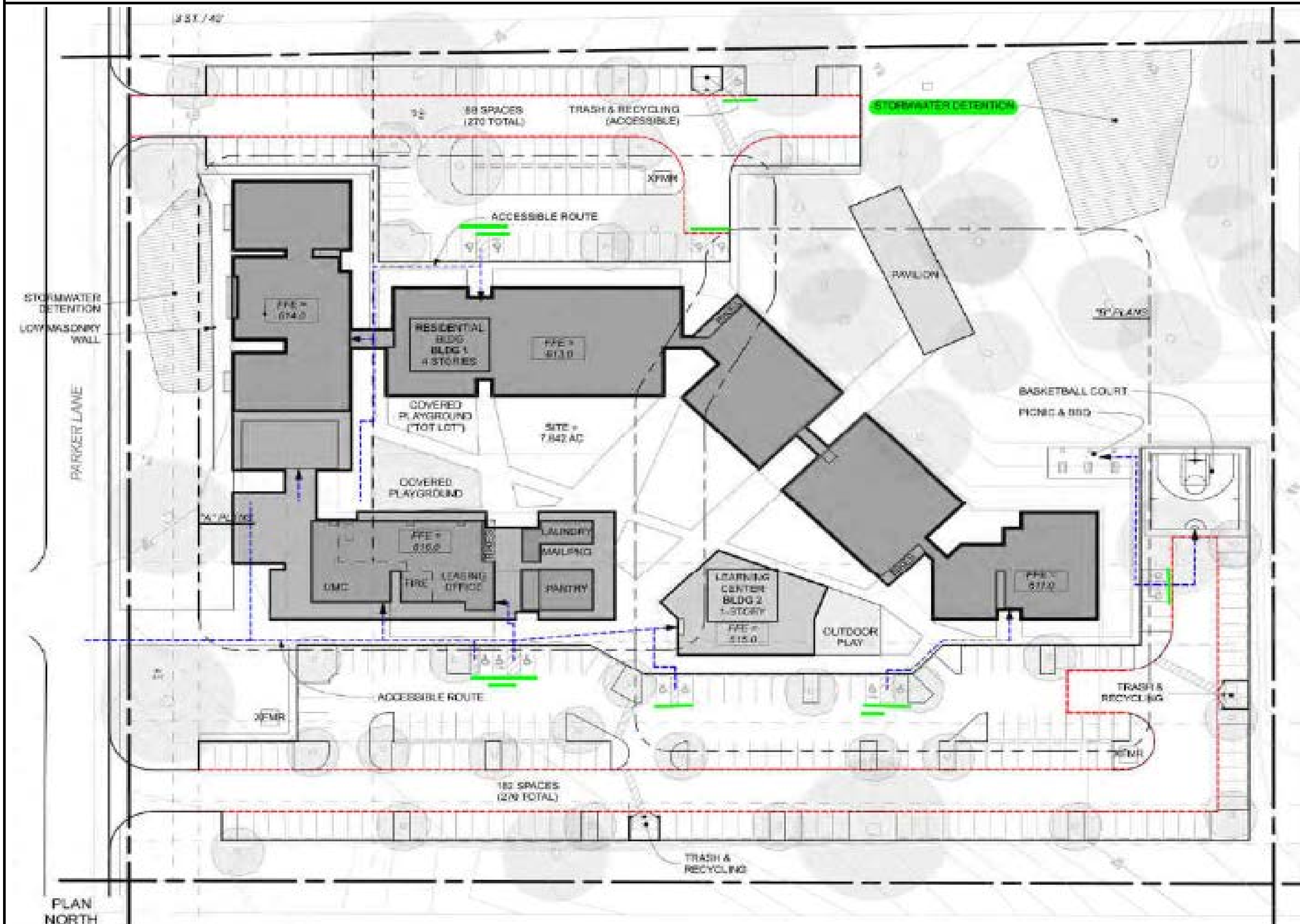
OWNERSHIP STRUCTURE



- The Applicant, Developer, property manager, and supportive services provider are related entities.
- Foundation Communities ("FC") provides affordable housing and on-site services. They own and operate 24 communities in Austin as well as in North Texas.

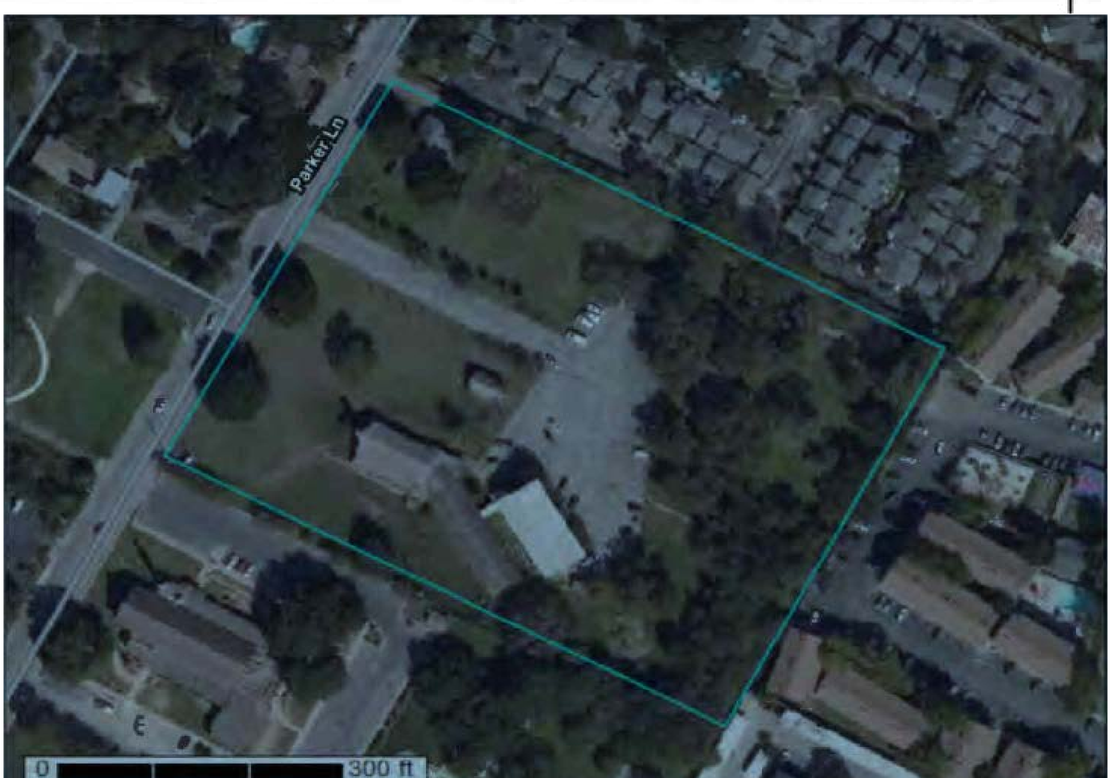
DEVELOPMENT SUMMARY

SITE PLAN



SITE PLAN

SCALE: 1/64" = 1'-0"



Comments:

A total 26 ft of fall greatly factors into the Site Work costs.
Two independent entrances / exits, both from different points of Parker Rd. Between the surface parking accessed from each of these drives, are seven buildings that make up the living spaces. Six of these buildings are connected by breezeways allowing connectivity between all living spaces while still providing light and breezes through to the interior courtyards.
The final stand-alone building will be the shared Learning Center and outdoor play area, to be utilized by both the tenants as well as the Lessor, Ward Memorial Methodist Church.

223 parking spaces are required by code and 270 are provided.

BUILDING PLAN (Typical)

Comments:

Seven independent buildings are all connected by corridors and breezeways to give residents connectivity through the entire building plan, while also allowing light and breezes to reach the interior courtyards. Bottom level units facing the exterior have small porches included, and the master bedrooms of all 3Bd units include a walk-in closet as a throughway to the master bathroom.

BUILDING ELEVATION

Comments:

Materials on each of the building faces vary significantly, but average 69% Fiber Cement Siding, 23% Glazing, and 8% Masonry. Significant articulation allows light and breezes to reach the interior courtyards, and flat TPO roofs are necessary in order to allow for 4 levels of living spaces.

BUILDING CONFIGURATION

Building Type	1											**Total Buildings**
Floors/Stories	4											
Number of Bldgs	1											**1**
Units per Bldg	135											
Total Units	135											**135**

Avg. Unit Size (SF)	**1,060 sf**	**Total NRA (SF)**	**143,053**	**Common Area (SF)***	**7,866**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 7.84 acres Density: 17.2 units/acre

Site Control: 7.82 **Site Plan:** 7.842 **Appraisal:** n/a **ESA:** 7.842

Feasibility Report Survey: 7.842 **Feasibility Report Engineer's Plan:** 7.842

Control Type: Option to Ground Lease / Lease-back

Development Site: 7.84 acres Cost: $3,450,000 $25,556 per unit

Lessor: Ward Memorial Methodist Church

Lessee: Foundation Communities, Inc.

Assignee: FC Parker Housing, LP

Related-Party Seller/Identity of Interest: No

Comments:

The Seller owns the church and existing improvements, which will all be demolished prior to construction of Parker Apartment. The 99-year ground lease will include a provision to lease back space to the church within the newly constructed development for $1 per year. This space will include the exclusive use of several small offices and meeting rooms, and shared use of the large community gathering space in the Learning Center, at specific designated times of the week. The spaces that will be exclusively used by the church are removed from eligible basis, and shown on the Development Cost Schedule as 'commercial space'. The shared space in the Learning Center will be included in basis because it will be primarily used by residents of Parker Apartments.

7.842 acres determined by survey.

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	SF-3-NP	Within 100-yr floodplain?	No
Re-Zoning Required?	yes	Utilities at Site?	No
Year Constructed:	0	Title Issues?	No

Current Uses of Subject Site:

Ward Memorial United Methodist Church

Surrounding Uses:

Northeast Adjoining Property: Apartments, commercial building, residences and undeveloped land
Southeast Adjoining Property: Apartments and undeveloped land
Southwest Adjoining Property: Religious institution, residence and undeveloped land.
Northwest Adjoining Property: Parker Lane, apartments, recreational improvements, and residences.

Other Observations:

There are small pockets of graded slope higher than 15% on the property, which identifies as a trigger for a potential Environmental Resource Inventory (ERi). A site survey will need to be performed to check the slopes in these areas, deciding whether or not it will affect the development on the property.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 8/12/2020

Recognized Environmental Conditions (RECs) and Other Concerns:

- Asbestos sampling of the onsite structures is recommended prior to any renovation activities.
- Survey of lead-based paint is recommended if the on-site structures will be renovated. Testing for lead in the drinking water is recommended if any of the existing plumbing systems are planned for use in future development.
- One of the calculated noise values fall within the range of 65-75 dB, and considered “Normally Unacceptable” based on the HUD guidelines. The results of the assessment found the greatest contributor of noise to the subject property is Parker Lane, located just to the west. Noise mitigation will be required to establish a noise environment below 65 dB in proposed noise sensitive locations of the new development.

MARKET ANALYSIS

Provider:	Affordable Housing Specialists	Date:	4/1/2021
Contact:	Bob Coe	Phone:	281-387-7552

Primary Market Area (PMA): 16 sq. miles 2 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Travis County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$16,470	$16,470	$19,770	$19,770	$22,830	$22,830	---
	Max	$20,520	$23,430	$26,370	$29,280	$31,650	$33,990	---
50% AMGI	Min	$27,450	$27,450	$32,940	$32,940	$38,070	$38,070	---
	Max	$34,200	$39,050	$43,950	$48,800	$52,750	$56,650	---
60% AMGI	Min	$32,940	$32,940	$39,540	$39,540	$45,690	$45,690	---
	Max	$41,040	$46,860	$52,740	$58,560	$63,300	$67,980	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
20408	Vi Collina	Y	New	General	135	170
20494	La Cima	N	New	General	234	260
17275	Aria Grand	Y	New	General	64	70
18015	Cambrian East Riverside	Y	New	General	45	65

Other Affordable Developments in PMA since 2016

File #	Development	Type	Target Population	Comp Units	Total Units
20623	Bella Vista (fka Pleasant Hill Apartments)	Rehab	General	n/a	100
20002	Zilker Studios	New	Supportive Housing	n/a	110
18601	Riverside Townhomes	New	General	n/a	128
17719	Pathways at Goodrich Place	New	General	n/a	120

Stabilized Affordable Developments in PMA		
	Total Units	1,887
	Total Developments	6
	Average Occupancy	96.7%

Proposed, Under Construction, and Unstabilized Competitive Supply:

20408 Vi Collina is a new development under construction that is less than 1/2 miles away from the subject.
20494 La Cima is also a proposed competitive development that is just outside of the PMA, however only 2 miles from the subject. If those competitive units were included, all capture rates still fall well below allowable limits even if the corresponding demand from La Cima's PMA is not included.
Aria and Cambrian were included by Market Analyst.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	48,096			
Potential Demand from the Primary Market Area	14,811			
10% External Demand	1,481			
Potential Demand from Other Sources				
GROSS DEMAND	16,292			
Subject Affordable Units	135			
Unstabilized Competitive Units	472			
RELEVANT SUPPLY	607			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**3.7%**			

Population:	**General**	**Market Area:**	**Urban**	**Maximum Gross Capture Rate:**	**15%**

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		2,241	224	14	5	1%						
50% AMGI		3,790	379	68	110	4%						
60% AMGI		8,781	878	53	357	4%						

Demand Analysis:

The capture rate calculation determines the percentage of the qualified demand that is needed to absorb the proposed units. All capture rates reported are below the maximum thresholds.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE											
	Market Analyst										
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate						
1 BR/50%	1,803	180	13	27	2%						
1 BR/60%	2,356	236	12	99	4%						
2 BR/30%	645	65	10	2	2%						
2 BR/50%	1,324	132	34	51	6%						
2 BR/60%	1,803	180	24	189	11%						
3 BR/30%	740	74	4	3	1%						
3 BR/50%	1,006	101	21	32	5%						
3 BR/60%	1,173	117	17	69	7%						

Market Analyst Comments:

"In 2021, the primary market area had ±11,958 (24.86%) owner-occupied housing units and ±36,138 (75.14%) renter occupied units" (p. 43)

"±37.80% of the households living in the primary market area earn less than $50,000 per year, with ±25.33% earning less than $35,000 per year, and ±17.87% earning less than $25,000 per year. Approximately 11.04% of the primary market area households earn less than $15,000 per year." (p. 45)

"Most recent family HTCs in the central Austin area reported an absorption of 20+ units per month." (p. 48)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$778,616	Avg. Rent:	$1,078	Expense Ratio:	52.7%
Debt Service:	$677,057	B/E Rent:	$1,010	Controllable Expenses:	$4,089
Net Cash Flow:	$101,559	UW Occupancy:	92.5%	Property Taxes/Unit:	$778
Aggregate DCR:	1.15	B/E Occupancy:	86.8%	Program Rent Year:	2020

Average Income below 52% in order to optimize the applicant's scoring opportunity.

Underwritten rents equal to the maximum program rents.

Applicant's operating expenses of $6,429/unit are within 5% of REA's estimate of $6,152/unit. Applicant's Repair & Maintenance projections of $900/unit are based on their experience in Austin; Underwriter utilized the standard $650/unit.

Sponsor pays for cable, phone and internet for tenants at a $350/unit annual cost.

The project is underwritten assuming just over 10 units vacant; breakeven vacancy is 17.8 units vacant.

TDHCA has underwritten a 50% CHDO Tax Exemption as expected by applicant.

Developer Fee is 49% deferred and does not repay until year 13. Cumulative cash flow in year 15 is $483,866.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$439,939/ac	$25,581/unit	**$3,453,450**	Contractor Fee	**$3,186,543**
Off-site + Site Work		$34,947/unit	**$4,717,906**	Soft Cost + Financing	**$3,919,008**
Building Cost	$117.43/sf	$124,435/unit	**$16,798,694**	Developer Fee	**$3,670,000**
Contingency	5.26%	$8,457/unit	**$1,141,642**	Reserves	**$402,436**

Total Development Cost	$277,756/unit	**$37,497,029**	**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH

Off-site:

Off-site costs are limited to fire hydrants and off-site utilities.

Site Work:

61% of all Site Work costs for grading and paving, as they expect to cut half of the site and fill the other half.

Utilities have added costs resulting from the two surrounding watersheds.

CPA letter verifies the applicable Site Work costs are eligible, except for the $300K budgeted for demolition and corresponding Asbestos Abatement of the existing church.

Building Cost:

Sponsor limited eligible basis by $4.73M for scoring purposes.

Underwriter's estimate is based on Marshall & Swift good quality multifamily cost.

Sponsor's building cost is within 6% of Underwriter's.

Contingency:

Underwriter combined the applicant's allocated contingencies to total 5.26% .

Ineligible Costs:

Lessor discounted the lease prepayment in exchange for applicant's development of a $207K ineligible commercial space allocated to the church.

Soft Costs:

91% of Building Permits & related costs accounted for by City of Austin Fee Waivers.

Comments:

Total Development Cost is within 5%, so Applicant's submitted costs are used for analysis.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$37,497,029	**$27,114,857**	**$3,172,438**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Bank of America	Conventional Loan	$24,000,000	4.00%	64%
Bank of America	HTC	$2,939,706	$0.98	8%
City of Austin Fee Waivers	§11.9(d)(2)LPS Contribution	$529,398		1%
Austin Housing Finance Corp.	Local Government Loan	$4,100,000	0.00%	11%
Foundation Communities, Inc.	Deferred Developer Fee	$1,799,640		5%
Foundation Communities, Inc.	Owner Equity	$4,128,285		11%
		$37,497,029	**Total Sources**	

Comments:

The construction loan from Bank of America will require interest only payments during the construction period.

The HTC contribution from Bank of America disbursed during the construction phase is 20% of the HTC Equity,

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Bank of America	$12,338,361	4.24%	35	16	$12,338,361	4.24%	35	16	33%
City of Austin Fee Waivers	$529,398	0.00%	0	0	$529,398	0.00%	0	0	1%
Austin Housing Finance Corp.	$4,100,000	0.00%	0	40	$4,100,000	0.00%	0	40	11%
Foundation Communities, Inc.	$4,031,100	0.00%	0	0	$4,031,100	0.00%	0	0	11%
Total	**$20,998,859**				**$20,998,859**				

Comments:

Bank of America will provide the primary Permanent Loan in addition to the Construction Loan and HTC Equity.

Austin Housing Finance Corp (AHFC) source is expected to be general obligation bond funding administered through the City's Rental Housing Developer Assistance program. The loan is 0% interest and forgivable. The determination of funding is estimated at August 19, 2021.

S.M.A.R.T housing qualifies the project for $529,398 of fee waivers from the City of Austin.

Foundation Communities, Inc. is making a permanent commitment of $4,031,100 as an Owner's Cash Contribution as a bridge for fundraising. As a mission based nonprofit, it is very customary for Foundation Communities, Inc. to close the tax credit partnership with a sponsor loan to bridge fundraising. As private funds are raised, Foundation Communities is reimbursed. Foundation Communities has a long track record of successful capital fundraising for similar projects. Funds verified.

Rule §10.204(7)(C) allows for Owner Contributions by non-profit ownership with a documented history of fundraising.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Bank of America	$14,698,530	$0.98		$14,698,530	$0.98	39%	
Foundation Communities, Inc.	$1,799,640		49%	$1,799,640		5%	49%
Total	**$16,498,170**			**$16,498,170**			
				$37,497,029	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$1.100	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.948	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$37,497,029
Permanent Sources (debt + non-HTC equity)	$20,998,859
Gap in Permanent Financing	$16,498,170

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$31,086,786	$3,172,438
Needed to Balance Sources & Uses	$16,498,170	$1,683,655
Requested by Applicant	$14,698,530	$1,500,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$14,698,530**	**$1,500,000**

Deferred Developer Fee	**$1,799,640**	**(49% deferred)**
Repayable in	**13 years**	

Comments:

Credit recommendation is $1,500,000 as requested by applicant.

Underwriter:	*Greg Stoll*
Manager of Real Estate Analysis:	*Jeanna Adams*
Director of Real Estate Analysis:	*Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

Parker Apartments, Austin, 9% HTC #21063

LOCATION DATA	
CITY:	A□stin
COUNTY:	□ra□is
Area Median Income	□97,600
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
□ff	-	0.0□	0	0
1	25	18.5□	0	0
2	68	50.4□	0	0
3	42	31.1□	0	0
4	-	0.0□	0	0
5	-	0.0□	0	0
TOTAL	135	100.0%	-	-

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00□
Expense Growth	3.00□
Basis Adjust	130□
Applicable Fraction	100□
APP % Acquisition	4.00□
APP % Construction	9.00□
Average Unit Size	1,060 sf

52%	Income	20□	30□	40□	50□	60□	70□	80□	□□	TOTAL
Average Income	# Units	-	14	-	68	53	-	-	-	135
	% Total	0.0□	10.4□	0.0□	50.4□	39.3□	0.0□	0.0□	0.0□	100.0%

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
□C 50□	□915	13	1	1	727	□915	□56	□859	□0	□1.18	□859	**$11,167**	**$11,166**	□859	**$1**	**$0**	□1,495	□2.06	□1,495
□C 60□	□1,098	12	1	1	727	□1,098	□56	□1,042	□0	□1.43	□1,042	**$12,504**	**$12,503**	□1,042	**$1**	**$0**	□1,495	□2.06	□1,495
□C 30□	□659	10	2	2	1,065	□659	□76	□583	□0	□0.55	□583	**$5,830**	**$5,825**	□583	**$1**	**$0**	□1,900	□1.78	□1,900
□C 50□	□1,098	34	2	2	1,065	□1,098	□76	□1,022	□0	□0.96	□1,022	**$34,748**	**$34,732**	□1,022	**$1**	**$0**	□1,900	□1.78	□1,900
□C 60□	□1,318	24	2	2	1,065	□1,318	□76	□1,242	□0	□1.17	□1,242	**$29,808**	**$29,796**	□1,242	**$1**	**$0**	□1,900	□1.78	□1,900
□C 30□	□761	4	3	2	1,249	□761	□98	□663	□0	□0.53	□663	**$2,652**	**$2,651**	□663	**$1**	**$0**	□2,295	□1.84	□2,295
□C 50□	□1,269	21	3	2	1,249	□1,269	□98	□1,171	□0	□0.94	□1,171	**$24,591**	**$24,587**	□1,171	**$1**	**$0**	□2,295	□1.84	□2,295
□C 60□	□1,523	17	3	2	1,249	□1,523	□98	□1,425	□0	□1.14	□1,425	**$24,225**	**$24,221**	□1,425	**$1**	**$0**	□2,295	□1.84	□2,295
TOTALS/AVERAGES:		**135**			**143,053**				**$0**	**$1.02**	**$1,078**	**$145,525**	**$145,481**	**$1,078**	**$1.02**	**$0**	**$1,948**	**$1.84**	**$1,948**

ANNUAL POTENTIAL GROSS RENT:	**$1,746,300**	**$1,745,769**

STABILIZED PRO FORMA

Parker Apartments, Austin, 9% HTC #21063

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		PM Austin Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.02	$1,078	$1,746,300	$1,745,769	$1,078	$1.02		0.0%	$531
app fees, late charges, laundry income							$20.82	$33,724						
Total Secondary Income							$20.82		$32,400	$20.00			4.1%	$1,324
POTENTIAL GROSS INCOME								$1,780,024	$1,778,169				0.1%	$1,854
Vacancy & Collection Loss							7.5% PGI	($133,502)	($133,363)	7.5% PGI			0.1%	($139)
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$1,646,522	$1,644,807				0.1%	$1,715
General & Administrative	$74,827	$554/Unit	$74,304	$550	3.75%	$0.43	$457	$61,757	$74,827	$554	$0.52	4.55%	-17.5%	($13,070)
Management	$71,543	3.6% EGI	$80,677	$598	5.00%	$0.58	$610	$82,326	$82,240	$609	$0.57	5.00%	0.1%	86
Payroll & Payroll Tax	$184,124	$1,364/Unit	$227,382	$1,684	13.65%	$1.57	$1,665	$224,760	$224,760	$1,665	$1.57	13.66%	0.0%	-
Repairs & Maintenance	$97,059	$719/Unit	$116,847	$866	8.28%	$0.95	$1,009	$136,256	$87,750	$650	$0.61	5.33%	55.3%	48,506
Electric/Gas	$49,615	$368/Unit	$18,657	$138	1.78%	$0.20	$217	$29,262	$32,185	$238	$0.22	1.96%	-9.1%	($2,922)
Water, Sewer, & Trash	$98,718	$731/Unit	$81,039	$600	6.07%	$0.70	$740	$99,922	$98,718	$731	$0.69	6.00%	1.2%	1,204
Property Insurance	$48,433	$0.34 /sf	$35,761	$265	1.89%	$0.22	$231	$31,160	$35,761	$265	$0.25	2.17%	-12.9%	($4,601)
Property Tax (@ 50%) 2.2267	$120,502	$893/Unit	$87,125	$645	6.38%	$0.73	$778	$105,074	$96,829	$717	$0.68	5.89%	8.5%	8,245
Reserve for Replacements					2.05%	$0.24	$250	$33,750	$33,750	$250	$0.24	2.05%	0.0%	-
TDHCA Compliance fees ($40/HTC Unit)					0.33%	$0.04	$40	$5,400	$5,400	$40	$0.04	0.33%	0.0%	-
Security					0.67%	$0.08	$82	$11,032	$11,032	$82	$0.08	0.67%	0.0%	-
Cable, Internet, Telephone					2.87%	$0.33	$350	$47,207	$47,207	$350	$0.33	2.87%	0.0%	-
TOTAL EXPENSES					**52.71%**	**$6.07**	**$6,429**	**$867,906**	**$830,459**	**$6,152**	**$5.81**	**50.49%**	**4.5%**	**$ 37,447**
NET OPERATING INCOME ("NOI")					**47.29%**	**$5.44**	**$5,768**	**$778,616**	**$814,348**	**$6,032**	**$5.69**	**49.51%**	**-4.4%**	**$ (35,732)**

CONTROLLABLE EXPENSES	$4,089/Unit		$3,839/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Parker Apartments, Austin, 9% HTC #21063

DEBT / GRANT SOURCES

DEBT (Must Pay)	Fee	APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE: Cumulative DCR UW	Cumulative DCR App	Pmt	Rate	Amort	Term	Principal	AS UNDERWRITTEN DEBT/GRANT STRUCTURE: Principal	Term	Amort	Rate	Pmt	Cumulative DCR	Cumulative LTC
Bank of America		1.20	1.15	677,057	4.24%	35	16	$12,338,361	$12,338,361	16	35	4.24%	$677,057	1.15	32.9%
CASH FLOW DEBT / GRANTS															
City of Austin Fee Waivers		1.20	1.15		0.00%	0	0	$529,398	$529,398	0	0	0.00%		1.15	1.4%
Austin Housing Finance Corp.		1.20	1.15		0.00%	0	40	$4,100,000	$4,100,000	40	0	0.00%		1.15	10.9%
Foundation Communities, Inc.		1.20	1.15		0.00%	0	0	$4,031,100	$4,031,100	0	0	0.00%		1.15	10.8%
				$677,057	**TOTAL DEBT / GRANT SOURCES**			**$20,998,859**	**$20,998,859**			**TOTAL DEBT SERVICE**	**$677,057**	**1.15**	56.0%
NET CASH FLOW		$137,291	$101,559						**APPLICANT**	**NET OPERATING INCOME**		**$778,616**	**$101,559**	**NET CASH FLOW**	

EQUITY SOURCES

EQUITY / DEFERRED FEES	APPLICANT'S PROPOSED EQUITY STRUCTURE: DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	AS UNDERWRITTEN EQUITY STRUCTURE: Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Bank of America	LIHTC Equity	39.2%	$1,500,000	0.979902	$14,698,530	$14,698,530	$0.98	$1,500,000	39.2%	$11,111	Applicant Request
Foundation Communities, Inc.	Deferred Developer Fees	4.8%	(49% Deferred)		$1,799,640	$1,799,640	(49% Deferred)		4.8%	**Total Developer Fee:**	**$3,670,000**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		44.0%			$16,498,170	$16,498,170			44.0%		
TOTAL CAPITALIZATION					**$37,497,029**	**$37,497,029**			**15-Yr Cash Flow after Deferred Fee:**		**$483,866**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS: Eligible Basis Acquisition	Eligible Basis New Const. Rehab			Total Costs	TDHCA COST / BASIS ITEMS: Total Costs			Eligible Basis New Const. Rehab	Eligible Basis Acquisition	COST VARIANCE %	COST VARIANCE $
Land Acquisition				$25,556 /Unit	$3,450,000	$3,450,000	$25,556 /Unit				0.0%	$0
Closing costs & acq. legal fees					$3,450	$3,450					0.0%	$0
Off-Sites				$1,111 /Unit	$150,000	$150,000	$1,111 /Unit				0.0%	$0
Site Work		$3,500,179		$28,148 /Unit	$3,800,000	$3,800,000	$28,148 /Unit		$3,500,179		0.0%	$0
Site Amenities		$767,906		$5,688 /Unit	$767,906	$767,906	$5,688 /Unit		$767,906		0.0%	$0
Commerical Space Cost (1,584 sf)				$1,536 /Unit	$207,350	$207,350	$1,536 /Unit		$0		0.0%	$0
Building Cost		$12,066,521	$117.43 /sf	$124,435/Unit	$16,798,694	$15,867,187	$117,535/Unit	$110.92 /sf	$12,066,521		5.9%	$931,507
Contingency		$1,141,642	6.99%	5.26%	$1,141,642	$1,141,642	5.49%	6.99%	$1,141,642		0.0%	$0
Contractor Fees		$2,433,651	13.93%	13.94%	$3,186,543	$3,070,772	14.00%	13.93%	$2,433,651		3.8%	$115,771
Soft Costs	$0	$2,157,788		$15,984 /Unit	$2,157,788	$2,157,788	$15,984 /Unit		$2,157,788	$0	0.0%	$0
Financing	$0	$1,512,500		$13,046 /Unit	$1,761,220	$1,761,220	$13,046 /Unit		$1,512,500	$0	0.0%	$0
Developer Fee	$0	$3,534,670	14.99%	12.67%	$3,670,000	$3,670,000	13.09%	14.99%	$3,534,670	$0	0.0%	$0
Reserves				3 Months	$402,436	$402,436	3 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$27,114,857**		$277,756 /Unit	**$37,497,029**	**$36,449,751**	$269,998 /Unit		**$27,114,857**	**$0**	**2.9%**	**$1,047,278**
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**	**$27,114,857**		$277,756/Unit	**$37,497,029**	**$36,449,751**	$269,998/Unit		**$27,114,857**	**$0**	**2.9%**	**$1,047,278**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$37,497,029**							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Parker Apartments, Austin, 9% HTC #21063

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$27,114,857	$0	$27,114,857
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$27,114,857	$0	$27,114,857
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$35,249,314	$0	$35,249,314
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$35,249,314	$0	$35,249,314
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	$3,172,438	$0	$3,172,438
CREDITS ON QUALIFIED BASIS	$3,172,438		$3,172,438	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9799	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$3,172,438	$31,086,786	----	----	----
Needed to Fill Gap	$1,683,655	$16,498,170	----	----	----
Applicant Request	$1,500,000	$14,698,530	**$1,500,000**	**$0**	**$0**

BUILDING COST ESTIMATE

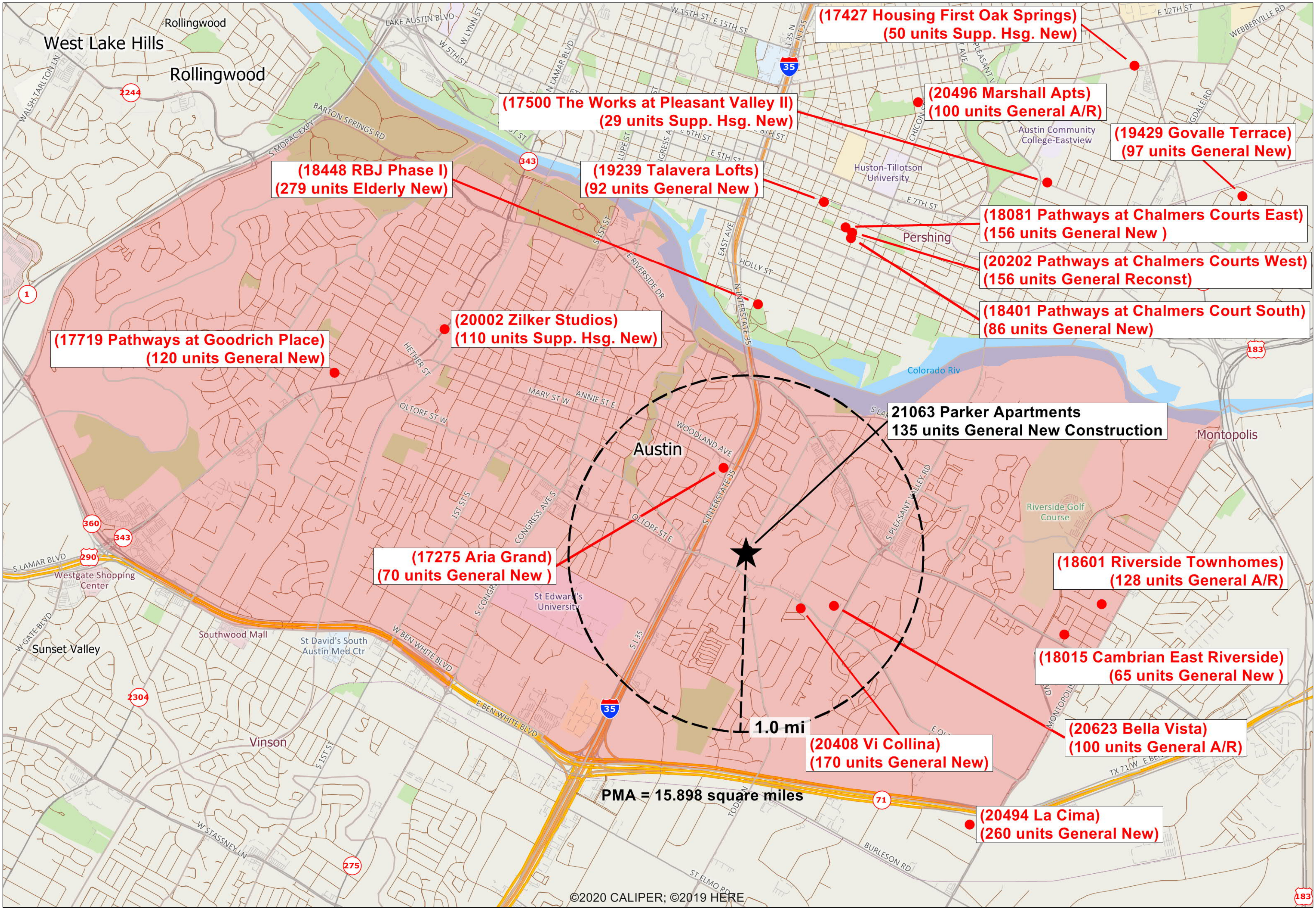
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Elevator Served		143,053 SF	$81.23	11,620,551
Adjustments				
Exterior Wall Finish	0.64%		0.52	$74,372
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.08%		2.50	357,913
Roof Adjustment(s)			1.50	214,580
Subfloor			0.22	31,829
Floor Cover			12.48	1,785,301
Enclosed Corridors	$72.78	21,102	10.74	1,535,856
Balconies	$27.47	330	0.06	9,065
Plumbing Fixtures	$1,080	465	3.51	502,200
Rough-ins	$530	270	1.00	143,100
Built-In Appliances	$1,830	135	1.73	247,050
Exterior Stairs	$2,460	4	0.07	9,840
Heating/Cooling			2.34	334,744
Storage Space	$72.78	2,856	1.45	207,867
Carports	$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$88.24	9,120	5.63	804,734
Elevators	$118,600	2	1.66	237,200
Other:			0.00	0
Fire Sprinklers	$2.88	176,131	3.55	507,257
SUBTOTAL			**130.19**	**18,623,459**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**130.19**	**$18,623,459**
Plans, specs, survey, bldg permits	3.30%		($4.30)	($614,574)
Contractor's OH & Profit	11.50%		($14.97)	($2,141,698)
NET BUILDING COSTS		$117,535/unit	$110.92/sf	$15,867,187

Long-Term Pro Forma

Parker Apartments, Austin, 9% HTC #21063

	□ro□th □ate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
□□□□C□I□□ □□□□□ I□C□□□	2.00□	□1,646,522	□1,679,452	□1,713,041	□1,747,302	□1,782,248	□1,967,746	□2,172,551	□2,398,671	□2,648,327	□2,923,967	□3,228,296
□□□AL □□□□□□□□	3.00□	□867,906	□893,120	□919,074	□945,789	□973,289	□1,123,391	□1,296,887	□1,497,452	□1,729,338	□1,997,468	□2,307,544
NET OPERATING INCOME ("NOI")		**$778,616**	**$786,333**	**$793,968**	**$801,513**	**$808,959**	**$844,355**	**$875,663**	**$901,219**	**$918,989**	**$926,499**	**$920,752**
□□□□□□□□I□C□□□ □A□I□		52.7□	53.2□	53.7□	54.1□	54.6□	57.1□	59.7□	62.4□	65.3□	68.3□	71.5□
MUST -PAY DEBT SERVICE												
□□□AL □□□□ □□□□IC□		□677,057	□677,057	□677,057	□677,057	□677,057	□677,057	□677,057	□677,057	□677,057	□677,057	□677,057
□□□□ C□□□□A□□ □A□I□		1.15	1.16	1.17	1.18	1.19	1.25	1.29	1.33	1.36	1.37	1.36
ANNUAL CASH FLOW		**$101,559**	**$109,276**	**$116,911**	**$124,456**	**$131,902**	**$167,298**	**$198,606**	**$224,162**	**$241,932**	**$249,442**	**$243,695**
□eferred □e□eloper □ee □alance		□1,698,081	□1,588,805	□1,471,894	□1,347,438	□1,215,537	□448,493	□0	□0	□0	□0	□0
CUMULATIVE NET CASH FLOW		□0	□0	□0	□0	□0	□0	□483,866	□1,556,243	□2,733,937	□3,970,788	□5,206,732

21063 Parker Apartments - PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.

7b

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

MAY 12, 2022

Presentation, discussion, and possible action on permitting the Executive Director to make necessary amendments to the 2022-1 Multifamily Direct Loan Notice of Funding Availability

RECOMMENDED ACTION

WHEREAS, the Governing Board approved publication of the 2022-1 Multifamily Direct Loan Notice of Funding Availability (MFDL NOFA) on December 9, 2021;

WHEREAS, sufficient Applications have been submitted under this NOFA that all available set-asides are currently oversubscribed;

WHEREAS, additional funding is expected in the coming months for both HOME and national Housing Trust Fund, and staff has identified that certain administrative abilities would create efficiency in administering these funds; and

WHEREAS, approval of the Governing Board is required for these activities;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director is approved to suspend assignment of Application Acceptance Dates, begin assigning new Application Acceptance Dates when sufficient funding becomes available, and to add 2021 and earlier HOME and NHTF funding as necessary for the efficient administration of the 2022-1 NOFA.

BACKGROUND

The Department's 2022-1 MFDL NOFA was approved by the Governing Board on December 9, 2021, and includes set-asides for Community Housing Development Organizations (CHDO), General/Soft Repayment, and for developments that have been affected by the COVID-19 pandemic. This NOFA includes funds from the HOME program as well as the national Housing Trust Fund (NHTF). Applications were accepted beginning on February 7, 2022, following a priority system established in the NOFA. Applications continue to be submitted, and both the General/Soft Repayment and COVID-Impact set-asides are substantially oversubscribed (no Applications were received for the CHDO set-aside).

Staff has identified that additional flexibility is needed to efficiently administer these programs during this period of atypical oversubscription, and requests that the Executive Director be given approval to make the following changes:

- Suspension of Applicants to receive new Application Acceptance Dates
- Assigning new Application Acceptance Dates as sufficient funding becomes available
- Releasing an amount of funds equal to the Department's non-administrative 2022 NHTF award from HUD for a regional allocation period for no less than 30 days, as described in the Department's Consolidated and Action Plans to HUD
- Programming unrequested NHTF funds after the regional allocation period into the COVID Impact Set-Aside
- Adding unprogrammed 2021 or prior year NHTF or HOME funds into the NOFA

If the Board approves this request, staff anticipates suspending Application Acceptance Dates on May 13, 2022 at 5:00 pm.

Staff recommends approval of this request.

7c

BOARD ACTION ITEM

MULTIFAMILY FINANCE DIVISION

MAY 12, 2022

Presentation, discussion, and possible action on timely appeal of termination of HTC application 22062, Country Villa, under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, the appeal relates to Competitive Housing Tax Credit (HTC) Application Country Villa, which was submitted to the Department by the Full Application Delivery Date;

WHEREAS, staff determined that the Application should be terminated due to the quantity and scope of administrative deficiencies which collectively present a Material Deficiency in accordance with 10 TAC §11.1(d)(79), subject to the Applicant's ability to appeal;

WHEREAS, the Applicant timely filed an appeal; and

WHEREAS, the Executive Director denied the appeal;

NOW, therefore, it is hereby

RESOLVED, that the appeal for Country Villa (22062) is hereby denied.

BACKGROUND

Country Villa (#22062) is a 2022 competitive 9% housing tax credit Application which proposes the rehabilitation of 32 units in Freer, Duval County, which is competing in the USDA Set-Aside.

On April 11, 2022, Department staff sent out a deficiency notice for the Application, which identified 39 items needing correction. Among them:

- The Development Owner Certificate was omitted from the Application;
- The incorrect survey was submitted;
- Inconsistencies were identified throughout the Application regarding the number of units receiving rental assistance - various exhibits and supporting documents identify the number of units receiving rental assistance as 11, 15, 17, and 115;
- Required documentation concerning the existing USDA loan and the sponsor characteristics were not submitted; and
- Points were claimed regarding the Opportunity Index and Underserved Area provisions of the Qualified Allocation Plan for which the site does not appear eligible.

“Material Deficiency” is defined in 10 TAC §11.1(d)(79), which includes the caveat that, “it is possible that multiple deficiencies that could individually be characterized as Administrative Deficiencies, when taken as a whole would create a need for substantial re-review of the Application and as such would be characterized as constituting a Material Deficiency.” Reviewing documentation submitted for all 39 deficiencies will require that staff substantially re-review the application due to the wide-ranging nature of the deficiencies. 10 TAC §11.202(2)(B) establishes than an Application shall be ineligible if it has a Material Deficiency. Accordingly, the Application was terminated on April 22, 2022, subject to the Applicant’s ability to appeal.

The Applicant submitted an appeal on April 29, 2022. The appeal does not establish that the sum of all 39 deficiencies should not be taken as a Material Deficiency – rather, it asserts that all deficiencies have been addressed, and that the Applicant would like the opportunity to continue in the application process. Because the appeal does not establish that the Application does not present a Material Deficiency in accordance with 10 TAC §11.1(d)(79), it was denied by the Executive Director. Subsequently, staff recommends the Board deny the appeal as well.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

May 4, 2022

Writer's direct dial: 512-475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Dennis Hoover
HVM 2022 Freer,LLC
P.O. Box 190
Burnet, Texas 78611

RE: APPEAL OF POINT REDUCTION AND TERMINATION OF 2022 9% HOUSING TAX CREDIT APPLICATION #22062 COUNTRY VILLA (DEVELOPMENT)

Mr. Hoover:

The Texas Department of Housing and Community Affairs (Department) received an appeal related to the point reduction and termination of the Application named above on April 29, 2022. Notice of the point reduction and termination was issued by the Department on April 22, 2022.

The Application was terminated due to both the quantity and scope of Administrative Deficiencies, which constitute a Material Deficiency when taken as a whole, thus rendering the application ineligible in accordance with 10 TAC §11.202(2)(B). Altogether, the initial deficiency notice identified 39 Deficiencies, which included:

- The Development Owner Certificate was omitted from the Application
- The incorrect survey was submitted
- Inconsistencies were identified throughout the Application regarding the number of units receiving rental assistance - various exhibits and supporting documents identify the number of units receiving rental assistance as 11, 15, 17, and 115
- Required documentation concerning the existing USDA loan and the sponsor characteristics were not submitted

- Points were claimed regarding the Opportunity Index and Underserved Area provisions of the Qualified Allocation Plan for which the site does not appear eligible

"Material Deficiency" is defined in 10 TAC §11.1(d)(79), which includes the caveat that, "it is possible that multiple deficiencies that could individually be characterized as Administrative Deficiencies, when taken as a whole would create a need for substantial re-review of the Application and as such would be characterized as constituting a Material Deficiency." Reviewing documentation submitted for all 39 deficiencies will require that staff substantially re-review the application due to the wide-ranging nature of the deficiencies. The appeal does not present sufficient evidence to establish that the Administrative Deficiencies should not constitute a Material Deficiency. Accordingly, the appeal is denied and the termination is upheld. Please see the initial notice of termination for additional information.

A five-point reduction was also issued by the Department on April 22, 2022, because documentation to address all deficiencies had not been received by the deadline of 5:00 PM on April 19th, 2022. Regarding this matter, the appeal states that, "there is an email from our office to the Specialist requesting more clarification of the final item sent on the 19th. We did not receive a response from TDHCA until the next morning of the 20th. Once the clarification was received a response was sent for that item."

The Department has reviewed the email correspondence in question. At 4:59 PM on April 19th, TDHCA staff received the following in an email from a representative of the Applicant:

> Some clarification for #19, when he was reviewing the plans for the parking spaces request he noticed some calculations that were in error. He made those changes to the square footage table. Nothing was changed as far as the number of units, parking spaces, or floor plans.
>
> Please let me know if there is more information needed.

This correspondence appears to be providing clarification to staff rather than seeking clarification. Department staff responded shortly thereafter on April 19th to inform the Applicant that one deficiency remained outstanding due to a conflict between the common area square footage listed on the Application and the area listed on the Architect Certification. Staff additionally responded on the morning of April 20th with the following:

> Please confirm whether your email below is the final response to the issue regarding the Common Area square footage changing upon revision of the Building/Unit Configuration and once again conflicting with the Architect Certification.

After this correspondence was sent, a revised Building and Unit Configuration was submitted, which appears to have been the final remaining responsive document to the initial deficiency notice. The Department is unable to identify that any clarifying information was provided by staff on the morning of April 20th which would have prevented the revised Building and Unit Configuration from being submitted timely. Accordingly, your appeal is denied and the point reduction is upheld.

In anticipation that you will request that this appeal be heard by the Department's Governing Board, this matter is being included in the agenda for the meeting to be held on May 12, 2022. Please contact the Department as soon as possible if you are satisfied with this response to do not want to appeal directly to the Board.

If you have any questions or concerns, please contact Cody Campbell, Director of Multifamily Programs, at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

RGWil II

Bobby Wilkinson
Executive Director

#22062 Country Villa TC Application

April 28, 2022

RE: Appeal

Executive Director:

Let this serve as a written appeal to the notification sent April 22, 2022, regarding Point Reduction and Termination of 2022 9% Housing Tax Credit Application #22062 Country Villa (Development)

According to our emails and documentation sent, all 39 items had been addressed from the initial deficiency by the 19th of April. There is an email from our office to the Specialist requesting more clarification of the final item sent on the 19th. We did not receive a response from TDHCA until the next morning of the 20th. Once the clarification was received a response was sent for that item. Please see attached email from TDHCA stating all items had been addressed.

We had requested an extension for the USDA letter stating the PAT had been submitted but, they were able to provide the letter before the cut off date of the 19th.

The confusion on the Rental Assistant units was due to the additional RA provided due to the Covid Pandemic emergency assistance program. That number fluctuated quite a bit but, we turned in as a response the most current project worksheet showing 18 RA units. The 115 number was a typing error. We had requested from USDA information from them to establish this number but have not received a response.

Addressing the statement in the letter (last paragraph) dated the 22nd that this was an at-risk set aside please note that this application was submitted under the USDA set-aside and not the At-Risk.

We would like the opportunity to continue this application and have staff continue to review. We understand the possibility of a deduction in points but are asking for the opportunity to address any further questions as we feel we did address the initial review in a timely manner.

Thank you in advance for your consideration in this matter.

Respectfully,

Kim Youngquist
Development Coordinator
Hamilton Valley Management, Inc.
512-756-6809 ext. 218

CC: Dennis Hoover
Joel Cortez

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

April 22, 2022

Writer's direct dial: 512-475-1676
Email: cody.campbell@tdhca.state.tx.us

Dennis Hoover
HVM 2022 Freer,LLC
P.O. Box 190
Burnet, Texas 78611

RE: POINT REDUCTION AND TERMINATION OF 2022 9% HOUSING TAX CREDIT APPLICATION #22062 COUNTRY VILLA (DEVELOPMENT)

Mr. Hoover:

The Texas Department of Housing and Community Affairs (Department) received documentation associated with the Application named above on March 1, 2022. Staff has initiated review of the application, but has been unable to complete the review due to the number and complexity of deficiencies identified in the Application.

On April 11, 2022, Department staff sent out a deficiency notice for the Application, which identified 39 items needing correction. Among them:

- The Development Owner Certificate was omitted from the Application
- The incorrect survey was submitted
- Inconsistencies were identified throughout the Application regarding the number of units receiving rental assistance - various exhibits and supporting documents identify the number of units receiving rental assistance as 11, 15, 17, and 115
- Required documentation concerning the existing USDA loan and the sponsor characteristics were not submitted
- Points were claimed regarding the Opportunity Index and Underserved Area provisions of the Qualified Allocation Plan for which the site does not appear eligible

In accordance with 10 TAC §11.2(a), administrative deficiency responses are due five business days after the date on the deficiency notice. Documentation continues to be submitted to address the 39 deficiencies as of April 20, 2022, which is after the deadline of April 19, 2022. In accordance with 10 TAC §11.201(6)(B), if a deficiency is not fully resolved to the satisfaction of the Department by 5:00 p.m. on the fifth business day following the date of the deficiency notice, then five (5) points shall be deducted from the selection criteria score for each additional day the deficiency remains unresolved. Additionally, the responses related to the Opportunity Index and Underserved Area included several material changes to the application, including a Concerted Revitalization Plan (CRP) Packet and the selection of different scoring options for Underserved Area, neither of which were part of the Application as of the final delivery date and which may not be considered for scoring purposes.

"Material Deficiency" is defined in 10 TAC §11.1(d)(79), which includes the caveat that, "It is possible that multiple deficiencies that could individually be characterized as Administrative Deficiencies, when taken as a whole would create a need for substantial re-review of the Application and as such would be characterized as constituting a Material Deficiency." Reviewing documentation submitted for all 39 deficiencies will require that staff substantially re-review the application due to the wide-ranging nature of the deficiencies. Accordingly, these items taken as a whole are considered to be a Material Deficiency. 10 TAC §11.202(2)(B) establishes than an Application shall be ineligible if it has a Material Deficiency. Accordingly, the Application is terminated subject to your ability to appeal this decision as described below.

An appeal process exists for the Housing Tax Credit Program. The restrictions and requirements related to the filing of an appeal can be found in 10 TAC §11.902 of the 2022 Qualified Allocation Plan. Should you choose to appeal this decision to the Executive Director, you must file your appeal, in writing, with the Department not later than seven calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or if the Executive Director does not respond, you may file a further appeal with the Governing Board of the Texas Department of Housing and Community Affairs. Please review §11.902 of the 2022 Qualified Allocation Plan for full instructions on the appeals process.

It is not possible to determine the total impact to scoring resulting from the deficiency notice until all outstanding items are resolved; however, a five-point reduction can be identified under 10 TAC §11.201(6)(B) at this time due to the late response. Due to the competitive nature of the at-risk set-aside in which the Application is competing, if the termination is successfully appealed, this five-point reduction will result in the Application no longer being a priority review. This correspondence also serves as notice of the five-point reduction for this Application. This reduction is subject to the same appeal process described above.

If you have any questions or concerns, please contact me at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

Cody Campbell
Director of Multifamily Programs

7d

BOARD ACTION ITEM

MULTIFAMILY FINANCE DIVISION

MAY 12, 2022

Presentation, discussion, and possible action on timely filed scoring appeal under the Department's Multifamily Program Rules for Application Country Villa (22062)

RECOMMENDED ACTION

WHEREAS, the appeal relates to Competitive Housing Tax Credit (HTC) Application Country Villa, which was submitted to the Department by the Full Application Delivery Date;

WHEREAS, a notification of scoring adjustment was provided to the Applicant identifying points to be deducted from the selection criteria score as a result of failure to timely respond to a deficiency notice in accordance with 10 TAC §11.201(6)(B);

WHEREAS, the Applicant timely filed an appeal regarding the scoring; and

WHEREAS, the Executive Director denied the appeal;

NOW, therefore, it is hereby

RESOLVED, that the scoring appeal for Country Villa (22062) is hereby denied.

BACKGROUND

Country Villa (#22062) is a 2022 competitive 9% housing tax credit Application which proposes the rehabilitation of 32 units in Freer, Duval County, and is competing in the USDA Set-Aside.

On April 11, 2022, Department staff sent out a deficiency notice for the Application that identified 39 items needing correction. In accordance with 10 TAC §11.2(a), administrative deficiency responses are due five business days after the date on the deficiency notice. If a deficiency is not fully resolved to the satisfaction of the Department by 5:00 p.m. on the fifth business day following the date of the deficiency notice, then five points shall be deducted from the selection criteria score for each additional day the deficiency remains unresolved, as is established in 10 TAC §11.201(6)(B).

The deadline for resolving issues identified in the deficiency notice was 5:00 p.m. on April 19, 2022. The final responsive documents were not received by the Department until April 20, 2022. Accordingly, on April 22, 2022, the Department provided the Applicant with a notice of the five-point scoring reduction, which the Applicant timely appealed.

The appeal states that, "there is an email from our office to the Specialist requesting more clarification of the final item sent on the 19th. We did not receive a response from TDHCA until the next morning of the 20th. Once the clarification was received a response was sent for that item." At 5:04 p.m. on April 19, 2022, staff informed the Applicant that one deficiency remained outstanding due to a conflict between the common area square footage listed on the Application and the area listed on the Architect Certification, which was addressed by the Applicant the following day. Staff has reviewed the correspondence in question and cannot identify any information provided to the Applicant on the morning of April 20, 2022, that was necessary in order for the remaining documentation to have already been submitted.

If the Board denies the appeal, then a five-point reduction will be applied to this Application. Staff will proceed with reviewing the application, and anticipates that other scoring issues may be identified and addressed under separate cover. Due to the competitive nature of the program, sufficient point reductions will cause the application to no longer be competitive within the round, although it is impossible at this point in time to determine the final outcome of the set-aside.

Staff recommends the Board deny the appeal.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

May 4, 2022

Writer's direct dial: 512-475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Dennis Hoover
HVM 2022 Freer,LLC
P.O. Box 190
Burnet, Texas 78611

RE: APPEAL OF POINT REDUCTION AND TERMINATION OF 2022 9% HOUSING TAX CREDIT APPLICATION #22062 COUNTRY VILLA (DEVELOPMENT)

Mr. Hoover:

The Texas Department of Housing and Community Affairs (Department) received an appeal related to the point reduction and termination of the Application named above on April 29, 2022. Notice of the point reduction and termination was issued by the Department on April 22, 2022.

The Application was terminated due to both the quantity and scope of Administrative Deficiencies, which constitute a Material Deficiency when taken as a whole, thus rendering the application ineligible in accordance with 10 TAC §11.202(2)(B). Altogether, the initial deficiency notice identified 39 Deficiencies, which included:

- The Development Owner Certificate was omitted from the Application
- The incorrect survey was submitted
- Inconsistencies were identified throughout the Application regarding the number of units receiving rental assistance - various exhibits and supporting documents identify the number of units receiving rental assistance as 11, 15, 17, and 115
- Required documentation concerning the existing USDA loan and the sponsor characteristics were not submitted

- Points were claimed regarding the Opportunity Index and Underserved Area provisions of the Qualified Allocation Plan for which the site does not appear eligible

"Material Deficiency" is defined in 10 TAC §11.1(d)(79), which includes the caveat that, "it is possible that multiple deficiencies that could individually be characterized as Administrative Deficiencies, when taken as a whole would create a need for substantial re-review of the Application and as such would be characterized as constituting a Material Deficiency." Reviewing documentation submitted for all 39 deficiencies will require that staff substantially re-review the application due to the wide-ranging nature of the deficiencies. The appeal does not present sufficient evidence to establish that the Administrative Deficiencies should not constitute a Material Deficiency. Accordingly, the appeal is denied and the termination is upheld. Please see the initial notice of termination for additional information.

A five-point reduction was also issued by the Department on April 22, 2022, because documentation to address all deficiencies had not been received by the deadline of 5:00 PM on April 19th, 2022. Regarding this matter, the appeal states that, "there is an email from our office to the Specialist requesting more clarification of the final item sent on the 19th. We did not receive a response from TDHCA until the next morning of the 20th. Once the clarification was received a response was sent for that item."

The Department has reviewed the email correspondence in question. At 4:59 PM on April 19th, TDHCA staff received the following in an email from a representative of the Applicant:

> Some clarification for #19, when he was reviewing the plans for the parking spaces request he noticed some calculations that were in error. He made those changes to the square footage table. Nothing was changed as far as the number of units, parking spaces, or floor plans.
>
> Please let me know if there is more information needed.

This correspondence appears to be providing clarification to staff rather than seeking clarification. Department staff responded shortly thereafter on April 19th to inform the Applicant that one deficiency remained outstanding due to a conflict between the common area square footage listed on the Application and the area listed on the Architect Certification. Staff additionally responded on the morning of April 20th with the following:

> Please confirm whether your email below is the final response to the issue regarding the Common Area square footage changing upon revision of the Building/Unit Configuration and once again conflicting with the Architect Certification.

After this correspondence was sent, a revised Building and Unit Configuration was submitted, which appears to have been the final remaining responsive document to the initial deficiency notice. The Department is unable to identify that any clarifying information was provided by staff on the morning of April 20th which would have prevented the revised Building and Unit Configuration from being submitted timely. Accordingly, your appeal is denied and the point reduction is upheld.

In anticipation that you will request that this appeal be heard by the Department's Governing Board, this matter is being included in the agenda for the meeting to be held on May 12, 2022. Please contact the Department as soon as possible if you are satisfied with this response to do not want to appeal directly to the Board.

If you have any questions or concerns, please contact Cody Campbell, Director of Multifamily Programs, at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

RGWil II

Bobby Wilkinson
Executive Director

#22062 Country Villa TC Application

April 28, 2022

RE: Appeal

Executive Director:

Let this serve as a written appeal to the notification sent April 22, 2022, regarding Point Reduction and Termination of 2022 9% Housing Tax Credit Application #22062 Country Villa (Development)

According to our emails and documentation sent, all 39 items had been addressed from the initial deficiency by the 19th of April. There is an email from our office to the Specialist requesting more clarification of the final item sent on the 19th. We did not receive a response from TDHCA until the next morning of the 20th. Once the clarification was received a response was sent for that item. Please see attached email from TDHCA stating all items had been addressed.

We had requested an extension for the USDA letter stating the PAT had been submitted but, they were able to provide the letter before the cut off date of the 19th.

The confusion on the Rental Assistant units was due to the additional RA provided due to the Covid Pandemic emergency assistance program. That number fluctuated quite a bit but, we turned in as a response the most current project worksheet showing 18 RA units. The 115 number was a typing error. We had requested from USDA information from them to establish this number but have not received a response.

Addressing the statement in the letter (last paragraph) dated the 22nd that this was an at-risk set aside please note that this application was submitted under the USDA set-aside and not the At-Risk.

We would like the opportunity to continue this application and have staff continue to review. We understand the possibility of a deduction in points but are asking for the opportunity to address any further questions as we feel we did address the initial review in a timely manner.

Thank you in advance for your consideration in this matter.

Respectfully,

Kim Youngquist
Development Coordinator
Hamilton Valley Management, Inc.
512-756-6809 ext. 218

CC: Dennis Hoover
Joel Cortez

April 22, 2022

Writer's direct dial: 512-475-1676
Email: cody.campbell@tdhca.state.tx.us

Dennis Hoover
HVM 2022 Freer,LLC
P.O. Box 190
Burnet, Texas 78611

RE: POINT REDUCTION AND TERMINATION OF 2022 9% HOUSING TAX CREDIT APPLICATION #22062 COUNTRY VILLA (DEVELOPMENT)

Mr. Hoover:

The Texas Department of Housing and Community Affairs (Department) received documentation associated with the Application named above on March 1, 2022. Staff has initiated review of the application, but has been unable to complete the review due to the number and complexity of deficiencies identified in the Application.

On April 11, 2022, Department staff sent out a deficiency notice for the Application, which identified 39 items needing correction. Among them:

- The Development Owner Certificate was omitted from the Application
- The incorrect survey was submitted
- Inconsistencies were identified throughout the Application regarding the number of units receiving rental assistance - various exhibits and supporting documents identify the number of units receiving rental assistance as 11, 15, 17, and 115
- Required documentation concerning the existing USDA loan and the sponsor characteristics were not submitted
- Points were claimed regarding the Opportunity Index and Underserved Area provisions of the Qualified Allocation Plan for which the site does not appear eligible

In accordance with 10 TAC §11.2(a), administrative deficiency responses are due five business days after the date on the deficiency notice. Documentation continues to be submitted to address the 39 deficiencies as of April 20, 2022, which is after the deadline of April 19, 2022. In accordance with 10 TAC §11.201(6)(B), if a deficiency is not fully resolved to the satisfaction of the Department by 5:00 p.m. on the fifth business day following the date of the deficiency notice, then five (5) points shall be deducted from the selection criteria score for each additional day the deficiency remains unresolved. Additionally, the responses related to the Opportunity Index and Underserved Area included several material changes to the application, including a Concerted Revitalization Plan (CRP) Packet and the selection of different scoring options for Underserved Area, neither of which were part of the Application as of the final delivery date and which may not be considered for scoring purposes.

"Material Deficiency" is defined in 10 TAC §11.1(d)(79), which includes the caveat that, "It is possible that multiple deficiencies that could individually be characterized as Administrative Deficiencies, when taken as a whole would create a need for substantial re-review of the Application and as such would be characterized as constituting a Material Deficiency." Reviewing documentation submitted for all 39 deficiencies will require that staff substantially re-review the application due to the wide-ranging nature of the deficiencies. Accordingly, these items taken as a whole are considered to be a Material Deficiency. 10 TAC §11.202(2)(B) establishes than an Application shall be ineligible if it has a Material Deficiency. Accordingly, the Application is terminated subject to your ability to appeal this decision as described below.

An appeal process exists for the Housing Tax Credit Program. The restrictions and requirements related to the filing of an appeal can be found in 10 TAC §11.902 of the 2022 Qualified Allocation Plan. Should you choose to appeal this decision to the Executive Director, you must file your appeal, in writing, with the Department not later than seven calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or if the Executive Director does not respond, you may file a further appeal with the Governing Board of the Texas Department of Housing and Community Affairs. Please review §11.902 of the 2022 Qualified Allocation Plan for full instructions on the appeals process.

It is not possible to determine the total impact to scoring resulting from the deficiency notice until all outstanding items are resolved; however, a five-point reduction can be identified under 10 TAC §11.201(6)(B) at this time due to the late response. Due to the competitive nature of the at-risk set-aside in which the Application is competing, if the termination is successfully appealed, this five-point reduction will result in the Application no longer being a priority review. This correspondence also serves as notice of the five-point reduction for this Application. This reduction is subject to the same appeal process described above.

If you have any questions or concerns, please contact me at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

Cody Campbell
Director of Multifamily Programs

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BOARD ACTION ITEM

MULTIFAMILY FINANCE DIVISION

MAY 12, 2022

Presentation, discussion, and possible action on timely appeal of termination of MFDL application 22500, Freedom's Path at Waco, under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, the appeal relates to Multifamily Direct Loan (MFDL) Application Freedom's Path at Waco, which was submitted to the Department on February 7, 2022;

WHEREAS, the Application was terminated on the basis that it proposes a financing structure disallowed by the 10 TAC §13.3(d)(2)(A), subject to the Applicant's ability to appeal;

WHEREAS, the Applicant timely filed an appeal; and

WHEREAS, the Executive Director denied the appeal;

NOW, therefore, it is hereby

RESOLVED, that the appeal for Freedom's Path at Waco (22500) is hereby denied.

BACKGROUND

Freedom's Path at Waco (#22500) is a 2022 MFDL Application which proposes the adaptive reuse and new construction of 34 units in Waco, McLennan County. The Development was previously awarded $454,000 in competitive housing tax credit funding in the 2021 Application Round.

The Application proposes the adaptive reuse of three historic structures on the Doris Miller Veterans Affairs Campus, and includes historic tax credits as part of the financing sources. In accordance with 10 TAC §13.3(d)(2)(A), adaptive reuse developments subject to the requirements of 36 CFR 67, implementing Section 47 of the Internal Revenue Code (related to historic tax credits), are ineligible for direct loan funds from the Department. The Application did not include a waiver request related to this rule. Accordingly, staff issued a termination notice on April 22, 2022, subject to the Applicant's ability to appeal.

On April 28, 2022, the Applicant submitted an appeal. Because the appeal did not establish that the Application comports with the requirements of 10 TAC §13.3(d)(2)(A), the appeal was denied by the Executive Director, and at the Applicant's request, is being presented to the Board for consideration.

If the Board grants this appeal, a waiver of 10 TAC §13.3(d)(2)(A) will then be necessary for the application to proceed. As this waiver would represent a change in threshold eligibility for the Department's Direct Loan funds, an amendment to the One Year Action Plan with HUD will be necessary. In accordance with 10 TAC §13.1(c)(2) (which is applicable to this application in accordance with the waiver requirements noted in the Notice of Funding Available under which it was submitted), if a waiver is necessary, then the Application Acceptance Date will be, "the date the Department completes the amendment process or receives a waiver from HUD." As the Department's MFDL funds are currently oversubscribed, it is unlikely that this Application will be reviewed until additional funding is made available later this year (presuming that sufficient funding becomes available).

The Applicant has suggested that the Board could direct staff to allow the applicant to amend its application to fix the units in the newly constructed buildings. This would still require a waiver of 10 TAC §13.3(d)(2)(A), as that section states that Developments with historic tax credits are ineligible and the existing buildings would still be part of the Development as Development is defined in 10 TAC §11.1(d)(38). It likely would also constitute a Material Deficiency as defined in 10 TAC §11.1(d)(79) because of the substantial re-review required.

Staff recommends that the Board deny the appeal.

May 5, 2022

Writer's direct dial: 512-475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Craig Taylor
Wellington Waco USA, LP
Decatur, GA 30030

RE: APPEAL OF TERMINATION OF 2022 MULTIFAMILY DIRECT LOAN APPLICATION #22500 FREEDOM'S PATH AT WACO (DEVELOPMENT)

Mr. Taylor:

The Texas Department of Housing and Community Affairs (Department) received an appeal of the termination of the Application named above on April 28, 2022. The Application was terminated by the Department on April 22, 2022, on the basis that it proposes the adaptive reuse of three historic structures on the Doris Miller Veterans Affairs Campus, and includes historic tax credits as part of the financing sources. In accordance with 10 TAC §13.3(d)(2)(A), adaptive reuse developments subject to the requirements of 36 CFR 67, implementing Section 47 of the Internal Revenue Code (related to historic tax credits), are ineligible for Direct Loan funds from the Department.

The appeal requests that the termination be rescinded so that the Applicant may submit a waiver request related to this matter. Rescission of a termination is not an action prescribed by either rule or statute, and therefore is not an available resolution to this matter.

As the appeal does not present information to establish that the Application comports with the requirements of 10 TAC §13.3(d)(2)(A), the appeal is denied and the termination is upheld. In accordance with your request, this matter will be presented to the Department's Governing Board at the meeting to be held on May 12, 2022.

The appeal proposes an alternative course of action, which is to amend the application so that the Direct Loan funding will only be used for the new construction portion of the development. "Development" is defined in 10 TAC §11.101(d)(38) as, "A residential rental housing project that consists of one or more buildings under common ownership and financed under a common plan which has applied for Department funds." There is no provision in the rules that allows for a single development to be administratively sub-divided for the purposes of qualifying for funding; therefore, this proposed alternative does not satisfy the requirements of 10 TAC §13.3(d)(2)(A).

In the event that your appeal is granted by the Governing Board, a waiver of 10 TAC §13.3(d)(2)(A) will then be necessary. Please review 10 TAC §11.207 for further information about waivers. As this waiver would represent a change in threshold eligibility for the Department's Direct Loan funds, an amendment to the One Year Action Plan with HUD will be necessary if the waiver is granted. Please note that, in accordance with 10 TAC §13.1(c)(2) (which is applicable to this application in accordance with the waiver requirements noted in the Notice of Funding Available under which it was submitted), if a waiver is necessary, then the Application Acceptance Date will be, "the date the Department completes the amendment process or receives a waiver from HUD."

If you have any questions or concerns, please contact Cody Campbell, Director of Multifamily Programs, at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

Bobby Wilkinson
Executive Director

Arx Advantage

Arx Advantage, LLC
Robbye G. Meyer
1305 Dusky Thrush Trail
Austin, Texas 78746
(512) 963-2555
robbye@arxadvantage.net

April 28, 2022

Via Electronic Mail

Mr. Bobby Wilkinson
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas

Re: 22500 Freedom's Path at Waco

Dear Mr. Wilkinson:

We represent Wellington Waco USA, LP, the "Applicant", for the above referenced Application submitted for additional funding using the Direct Loan Program.

On April 22, 2022, the Applicant received a Termination Notice (Exhibit A) stating "In accordance with 10 TAC §13.3(d)(2)(A), adaptive reuse developments subject to the requirements of 36 CFR 67, implementing Section 47 of the Internal Revenue Code, are ineligible for direct loan funds from the Department. Accordingly, the Application is terminated." The Applicant is appealing the termination of the referenced Application.

The Freedom's Path at Waco development is a Supportive Housing development specifically designed to support America's Veterans. The non-profit entity of the general partner has developed numerous developments in several states using the federal tax credit program, the federal and state historic tax credit programs, HOME program, NHTF program and FHLB's AHP.

The Applicant received an award of Housing Tax Credits in 2021 for this acquisition/rehabilitation/adaptive reuse/new construction development. As you are already aware, construction costs have risen thirty to forty percent since the tax credit awards in July 2021. The Applicant is now in need of additional funds to keep the development financially feasible. The Applicant applied for additional funding using the Direct Loan Program on February 7, 2022.

The Applicant structured the Direct Loan well over the program requirements. The calculations require seven (7) restricted units for the $1.2M amount requested. The Applicant is offering twenty (20) restricted units to be set-aside for the requested amount and the least amount of subsidy per unit at $60,000/unit. The Department would be getting more benefit and use for their dollars with this structure.

The ineligibility due to 36 CFR 67, implementing Section 47, is not a federal issue. The change to disallow developments using historic tax credits was presented in the draft Direct Loan Rules and approved by the Board on January 13, 2022 and became effective February 3, 2022, just four days prior to the submission of the Application. When staff presented the Direct Loan Rule changes to the Board (Exhibit B), staff stated:

> "The proposed rule does not make proposals accessing the federal historic tax credit eligible as the extended timeline for approval under that program threatens our ability to commit funds in a timely manner. To mitigate this risk and for the time-being, <u>we propose that historic tax credit proposals continue to be considered on a case-by-case basis under the existing process, either through a NOFA or a direct rule waiver."</u>

The Applicant respectfully requests the staff rescind the termination and allow the Applicant to request a waiver of 10 TAC §13.3(d)(2)(A), as presented to the Board in the rule making process, and to allow this Application to continue through the process.

The Texas Historical Commission has already reviewed and approved the Applicant's architectural drawing and has been sent to NPS for approval (as of March 28th) which approval per the guidelines takes thirty days. The Applicant is days away from getting the Part 2 Historic Certification which means the building plans are approved and the development is fully eligible for federal and state historic tax credits. This Applicant is way ahead of the game and should not be penalized because other applicants cannot close their transactions. This is an extremely experienced developer with this unique type of development.

Rescinding the termination and allowing the Applicant to request the waiver best serves the Veterans of Texas. The waiver will allow the development to move forward with the most available funds and allow for the most restricted units to serve one of the most vulnerable populations in Texas. The waiver is needed to keep the Application in process.

As an alternative to a waiver of the rules, the Applicant requests to amend the application requested amount to $800K and apply the Direct Loan funds only to the new construction portion of the development. This is not preferred because it will lessen the number of units serviced and will increase the per unit subsidy. The Applicant would rather not go the alternative route, but as a last resort, will accept it.

Should the Executive Director deny this appeal or should the waiver require Board approval, the Applicant requests to be placed on the May Board agenda.

Thank you for your consideration.

Sincerely.

Robby G Meyer

Robbye G. Meyer

Cc: Craig Taylor

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

Exhibit A

April 22, 2022

Writer's direct dial: 512-475-1676
Email: cody.campbell@tdhca.state.tx.us

Craig Taylor
Wellington Waco USA, LP
Decatur, GA 30030

RE: TERMINATION OF 2022 MULTIFAMILY DIRECT LOAN APPLICATION
#22500 FREEDOM'S PATH AT WACO (DEVELOPMENT)

Mr. Taylor:

The Texas Department of Housing and Community Affairs (Department) received documentation associated with the Application named above on February 7, 2022. The Application proposes the adaptive reuse of three historic structures on the Doris Miller Veterans Affairs Campus, and includes historic tax credits as part of the financing sources. In accordance with 10 TAC §13.3(d)(2)(A), adaptive reuse developments subject to the requirements of 36 CFR 67, implementing Section 47 of the Internal Revenue Code, are ineligible for direct loan funds from the Department. Accordingly, the Application is terminated, subject to your ability to appeal this decision as described below.

An appeal process exists for the Department's Direct Loan programs in accordance with 10 TAC §1.7. Should you choose to appeal this decision to the Executive Director, you must file your appeal, in writing, with the Department not later than seven calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or if the Executive Director does not respond, you may file a further appeal to the Governing Board of the Texas Department of Housing and Community Affairs.

If you have any questions or concerns, please contact me at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

Cody Campbell
Director of Multifamily Programs

The proposed rule governs all aspects of direct loan administration from application to commitment to loan closing and final disbursement. There are several revisions to the proposed rule this year, and I'll give you a brief description of those revisions.

First, this proposed rule makes adaptive reuse proposals eligible under limited circumstances. As you know, adaptive reuse was previously prohibited but still undertaken through the rule waiver process.

The demand for this activity continues to grow and this proposed rule provides limited eligibility. The proposed rule does not make proposals accessing the federal historic tax credit eligible as the extended time line for approval under that program threatens our ability to commit funds in a timely manner.

To mitigate this risk and for the time-being, we propose that historic tax credit proposals continue to be considered on a case-by-case basis under the existing process, either through a NOFA or a direct rule waiver.

Second, the proposed rule moves loan terms from the rule into the NOFA. This will allow flexibility to better meet the priorities defined in the NOFA which, of course, will be presented to the Board for review and hope for approval.

Third, with the intent of providing guidance, this proposed rule includes additional information on federal cost-cutting requirements, including relocation, Davis-Bacon wage standards, and site and neighborhood reviews.

There are also several additional definitions, further enumeration of ineligible activities and general revision for syntax and uniformity. Several passages were merely moved to better reflect their place in the process. Finally, in an effort to improve processing time, we shortened the timing for submittals for environmental reviews and disbursement requests.

I'll be happy to answer any questions. If there are none, with your approval the proposed rule will be published in the *Texas Register* and open for public comment for 30 days. We will present the rule with any revisions made as a result of that comment at the December 9 meeting.

If there are no questions, I respectfully request your approval.

MR. VASQUEZ: Great. I was checking are there any questions on this item.

(No response.)

MR. VASQUEZ: Hearing none, I'll entertain a motion on item 6(a).

MR. THOMAS: Mr. Chairman, I move the Board approve the proposed repeal and proposed New 10 TAC Chapter

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

April 22, 2022

Writer's direct dial: 512-475-1676
Email: cody.campbell@tdhca.state.tx.us

Craig Taylor
Wellington Waco USA, LP
Decatur, GA 30030

RE: TERMINATION OF 2022 MULTIFAMILY DIRECT LOAN APPLICATION
#22500 FREEDOM'S PATH AT WACO (DEVELOPMENT)

Mr. Taylor:

The Texas Department of Housing and Community Affairs (Department) received documentation associated with the Application named above on February 7, 2022. The Application proposes the adaptive reuse of three historic structures on the Doris Miller Veterans Affairs Campus, and includes historic tax credits as part of the financing sources. In accordance with 10 TAC §13.3(d)(2)(A), adaptive reuse developments subject to the requirements of 36 CFR 67, implementing Section 47 of the Internal Revenue Code, are ineligible for direct loan funds from the Department. Accordingly, the Application is terminated, subject to your ability to appeal this decision as described below.

An appeal process exists for the Department's Direct Loan programs in accordance with 10 TAC §1.7. Should you choose to appeal this decision to the Executive Director, you must file your appeal, in writing, with the Department not later than seven calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or if the Executive Director does not respond, you may file a further appeal to the Governing Board of the Texas Department of Housing and Community Affairs.

If you have any questions or concerns, please contact me at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

Cody Campbell
Director of Multifamily Programs

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

MAY 12, 2022

Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Boulevard 61 (#21131) in Houston

RECOMMENDED ACTION

WHEREAS, an award of Competitive (9%) Housing Tax Credits in the amount of $1,500,000 to Boulevard 61 (the Development) was approved by the Board in July 2021;

WHEREAS, staff executed a Carryover Allocation Agreement with the Development Owner on December 26, 2021, that included a certification from the Development Owner that each building for which the allocation was made would be placed in service by December 31, 2023;

WHEREAS, on April 18, 2022, the Department received a request from the Development Owner to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, other than in situations covered by force majeure, the Department lacks authority to extend federal deadlines for placement in service; and

WHEREAS, the Development Owner has presented evidence that relief under force majeure is appropriate;

NOW, therefore, it is hereby

RESOLVED, the request for treatment of Boulevard 61 under an application of the force majeure rule is approved, with the 2021 Qualified Allocation Plan and Uniform Multifamily Rules, and the 2022 Program Calendar applicable to the Development.

BACKGROUND

An award of Competitive (9%) Housing Tax Credits to Boulevard 61 was approved by the Board on July 22, 2021. Staff executed a Carryover Allocation Agreement with the Development Owner that included a certification from the Development Owner that documentation for the 10% Test would be submitted by a set date, and, in order to satisfy the requirements of §42 of the Internal Revenue Code, each building for which the allocation was made would be placed in service by December 31, 2023. The Department received a request from the Development Owner to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credits Returns Resulting from Force Majeure Events. Staff determined that an extension of the 10% Test deadline was appropriate under these circumstances.

Per 10 TAC §11.6(5) of the Qualified Allocation Plan (QAP), related to Credits Returns Resulting from Force Majeure Events, a Development Owner is allowed to return issued credits within three years of award, and have those credits re-allocated to the Development outside of the usual regional allocation system if all of the requirements of the subsection are met. Per 10 TAC §11.6(5), the Department's Governing Board may approve the execution of a current program year Carryover Allocation Agreement regarding the returned credits with the Development Owner that returned such credits only if:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

The Development Owner has communicated to staff that rising construction costs, supply chain issues, inflation and interest rate increases, and an unsuccessful application for additional funding from the City of Houston have impacted the construction timeline. To help offset rising costs, the Owner applied for and was awarded TDHCA funding from the national Housing Trust Fund (NHTF) in 2021. An application has also been submitted for NHTF from the Department's 2022-1 Notice of Funding Availability, which is under review at this time. With an estimated 18-month construction timeline, force majeure treatment is necessary to allow the development to place in service in 2024.

Staff has determined there is sufficient evidence of "sudden and unforeseen circumstances outside the control of the Development Owner . . . [regarding] supplier failures; or materials or labor shortages," as described in 10 TAC §11.6(5), for the Department to treat the Developments under an application of the force majeure rule. If the Board approves the request to consider these force majeure events, the Development Owners will return the awarded credits and execution of a 2021 Carryover Allocation Agreement will result in a new award and a new placed in service deadline of December 31, 2024, for the Developments, with a new 10% Test deadline of July 1, 2023. The 2021 Qualified Allocation Plan and Uniform Multifamily Rules will be applicable to the Developments for the purposes of the force majeure event.

If the Board denies the request regarding the force majeure events, the date by which the denied Development must be placed in service will remain as previously agreed. Because the Development Owner has anticipated not meeting the placed in service deadline, the credits are expected to be returned. If the Development Owner returns the credits, the credits would first be made available in the subregion from which they were originally awarded, pursuant to 10 TAC §11.6(2), related to returned credits. If there are pending Applications on the 2022 or 2023 (depending on when the credits are returned) waiting list from the relevant subregion, the next Application would be awarded, assuming there are enough credits to make the award. If there are not enough credits in the subregion to make an award, the credits will go into the statewide collapse and contribute the next award.

Staff recommends the Board approve the request for treatment under an application of the force majeure rule for the Development. Approval of this request does not change any federal or state deadlines for MFDL.

April 18, 2022

VIA EMAIL: *cody.campbell@tdhca.state.tx.us*

Mr. Cody Campbell
Direct of Multifamily Finance
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

RE: Request for Force Majeure for Boulevard 61, #21131

Dear Mr. Campbell,

We are the development team for Houston DMA Housing III, LLC, the recipient of a 2021 commitment of 9% low income housing tax credits for Boulevard 61 in Houston. We are submitting this request to return our tax credits and have TDHCA reallocate the tax credits in the current year pursuant to the "Force Majeure" provisions in Section 11.6(5) of the 2022 Qualified Allocation Plan (QAP).

Like many other 2021 recipients, Boulevard 61 has had to manage and content with rising construction costs, supply chain issues, inflation and interest rate increases. The volatility in prices coupled with worker shortages and logistics delays have meant that all projects are increasing in cost. Beyond to these global issues, Boulevard 61 has also had to deal with cost and time issues resulting from a canceled Notice of Funding Availability from the City of Houston.

We applied for the City of Houston's Notice of Funding #T29924 in June 2021, which, if awarded, would provide Boulevard 61 with $5 million in CDBG recovery funds. Our project scored very highly and was one of four projects recommended by Houston Housing Department staff for funding. This decision was set to be announced in August 2021, but unfortunately, there was internal disagreement within the City of Houston about the allocation of these funds, and after a number of discussions at City Council, the entire NOFA was canceled. Applicants, including Boulevard 61, were notified that they would not be receiving any funds in December 2021.

Our team immediately began work to value engineer the project design to reduce project costs, but coupled with unfavorable market conditions, a significant financing gap has remained. While we applied for and received a National Housing Trust Fund (NHTF) Direct Loan from TDHCA in the 2021-3 NOFA for the project in the 2021 9% cycle, we applied again in March 2022 for supplemental NHTF dollars through NOFA 2022-1 to fill the financing gap. Our project qualified for the COVID impact set-aside and is currently under review. As the evaluation and underwriting process is still underway, it may be later this year before an award is made. With the time it will take TDHCA to close the financing and for the City of Houston to finish permitting to allow for an 18-month construction schedule, we require additional time to place in service. A 2022 tax credit allocation would give us the time needed to place in service in 2024. It is therefore imperative to the viability of the project that an extension is obtained.

We thank TDHCA for their consideration of our request. The delays imposed by the uncertainty in the construction market are "force majeure" events that have materially impeded our ability to finalize financing and begin construction on a Houston property that DMA owns. We have been diligent in our efforts to obtain gap financing to address cost increases, but unforeseeable issues with the City of Houston as well as additional time required for engineering and new gap financing requests have made the current 2021 awardee timelines unachievable. We are confident that our circumstance satisfies TDHCA's requirements for a reallocation of Tax Credits under Section 11.6(5) of the QAP and we request that this matter be considered at the next available Board meeting with a recommendation for approval. If additional information is required, please contact me at JanineS@dmacompanies.com or 512-328-3232 extension 4505.

Sincerely,
DMA DEVELOPMENT COMPANY, LLC

Janine Sisak
Senior Vice President/General Counsel

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

MAY 12, 2022

Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Longview Square (#21220) in Longview

RECOMMENDED ACTION

WHEREAS, an award of Competitive (9%) Housing Tax Credits in the amount of $1,392,854 to Longview Square (the Development) was approved by the Board in July 2021;

WHEREAS, staff executed a Carryover Allocation Agreement with the Development Owner on December 26, 2021, that included a certification from the Development Owner that each building for which the allocation was made would be placed in service by December 31, 2023;

WHEREAS, on April 27, 2022, the Department received a request from the Development Owner to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, other than in situations covered by force majeure, the Department lacks authority to extend federal deadlines for placement in service; and

WHEREAS, the Development Owner has presented evidence that relief under force majeure is appropriate, but has not provided evidence that the development will continue to be financially feasible as required by 10 TAC §11.6(5)(G);

NOW, therefore, it is hereby

RESOLVED, the request for treatment of Longview Square under an application of the force majeure rule is approved, conditioned upon demonstration of continued financial feasibility, with the 2021 Qualified Allocation Plan and Uniform Multifamily Rules, and the 2022 Program Calendar applicable to the Development.

BACKGROUND

An award of Competitive (9%) Housing Tax Credits to Longview Square was approved by the Board on July 22, 2021. Staff executed a Carryover Allocation Agreement with the Development Owner that included a certification from the Development Owner that documentation for the 10% Test would be submitted by a set date, and, in order to satisfy the requirements of §42 of the Internal Revenue Code, each building for which the allocation was made would be placed in service by December 31, 2023. The Department received a request from the Development Owner to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credits Returns Resulting from Force Majeure Events. Staff determined that an extension of the 10% Test deadline was appropriate under these circumstances.

Per 10 TAC §11.6(5) of the Qualified Allocation Plan (QAP), related to Credits Returns Resulting from Force Majeure Events, a Development Owner is allowed to return issued credits within three years of award, and have those credits re-allocated to the Development outside of the usual regional allocation system if all of the requirements of the subsection are met. Per 10 TAC §11.6(5), the Department's Governing Board may approve the execution of a current program year Carryover Allocation Agreement regarding the returned credits with the Development Owner that returned such credits only if:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

The Development Owner has communicated to staff that the pandemic, material and labor shortages, global geopolitics, and rising construction costs and interest rates have resulted in a 29.55% increase to hard costs from the initial underwriting report. The owner also expects a decrease in the $0.89 per dollar equity pricing, which will further increase the funding gap.

Staff has determined there is sufficient evidence of "sudden and unforeseen circumstances outside the control of the Development Owner ". . . [regarding] supplier failures; or materials or labor shortages," to meet the standard described in 10 TAC §11.6(5)(A); however, 10 TAC §11.6(5)(G) requires that the Development must continue to be financially feasible in order to be eligible for treatment under the force majeure rule. The Applicant has indicated significant cost increases, as well as an expected decrease in equity pricing and increase in interest rates, but does not provide explanation for how this funding gap will be addressed. The Owner's correspondence includes a request for the Department to make available LIHTC funding from the 2022 credit ceiling to assist with this Application, but this is not an option in the 2022 Qualified Allocation Plan. Without further explanation for how the funding gap will be filled, staff cannot determine that the project continues to be financially feasible.

If the Board approves the request to consider these force majeure events, then upon demonstration of continued financial feasibility, Development Owners will return the awarded credits and execution of a

2021 Carryover Allocation Agreement will result in a new award and a new placed in service deadline of December 31, 2024, for the Developments, with a new 10% Test deadline of July 1, 2023. The 2021 Qualified Allocation Plan and Uniform Multifamily Rules will be applicable to the Developments for the purposes of the force majeure event.

If the Board denies the request regarding the force majeure events, the date by which the denied Development must be placed in service will remain as previously agreed. Because the Development Owner has anticipated not meeting the placed in service deadline, the credits are expected to be returned. If the Development Owner returns the credits, the credits would first be made available in the subregion from which they were originally awarded, pursuant to 10 TAC §11.6(2), related to returned credits. If there are pending Applications on the 2022 or 2023 (depending on when the credits are returned) waiting list from the relevant subregion, the next Application would be awarded, assuming there are enough credits to make the award. If there are not enough credits in the subregion to make an award, the credits will go into the statewide collapse and contribute the next award.

Staff recommends the Board approve the request for treatment under an application of the force majeure rule for the Development, conditioned upon demonstration of continued financial feasibility. The Board's action on this request does not change any federal or state deadlines for the multifamily development loan program.

ITEX

9 Greenway Plaza, Suite 1250
Houston, TX 77046
P: 713.963.8660 **F:** 713.963.8164

April 27, 2022

Via Email: Bobby.Wilkinson@tdhca.state.tx.us

TDHCA
Bobby Wilkinson, Executive Director
PO Box 13941
Austin, TX 78701-2410

RE: Additional 2022 Credit Request

Dear Mr. Wilkinson,

We are respectfully requesting TDHCA open a special application round for 2021 9% LIHTC awardees to apply for 2022 LIHTCs in June ahead of the 2022 LIHTCs being awarded in July. The goal with this special, unprecedented, application round would allow 2021 applications the chance to fill extraordinarily large financing gaps as a result of several adverse conditions impacting the housing industry. The cost increases are a result of the impact of COVID-19 pandemic, lack of supply and increased demand issues resulting in material and labor shortages, inflation, and now the war in Europe, which have caused reduced equity prices and increased interest rates. The combination of all these factors have adversely impacted our two 2021 applications, listed below. Without additional funds, deals such as ours, may not be completed.

Ap 21220, Longview Square
This development is a proposed rehabilitation of 120 family units in Longview, Texas. The total direct hard cost in our 2021 applications at underwriting was $7,415,106. However, current pricing, although continues to increase, is at $9,606,097, which is a $2,190,992 or 29.55% increase. At underwriting we had an interest rate of 4.65%, but with current environment which is very fluid, we are getting indication of a possible 5.75% or higher at closing. The equity at underwriting was $0.89 per dollar of credits, but this is also on the decline due to the same reasons as the interest rate. Both the interest rate and equity rate variables are causing an even larger gap. Please see Attachment A for detailed cost information.

Ap 21221, Providence on Park
This development will be a new construction of 80 elderly units in Lumberton, Texas. The total direct hard cost in our application was $10,116,661. However, current pricing is at $14,104,337, which is a $3,987,677 or 39.42% increase. At underwriting we had an interest rate of 4.65%, but with current environment which is very fluid, we are getting indication of a possible 5.75% or higher at closing. The equity at underwriting was $0.87, but this is also on the decline due to the

same reasons as the interest rate. Both the interest rate and equity rate variables are causing an even larger gap. Please see Attachment B for detailed cost information.

Having additional 2022 LIHTC credit allocation will provide the necessary funds to help bridge the gaps that have been created from construction cost increases, interest rate increases and equity rate decreases. This will ensure these developments are built and provide great affordable housing options to low-income Texans.

In addition, due to the cost increases causing shortfalls, we also need to request a 12 month extension for the December 31, 2023 Place-In-Service deadline to December 31, 2024.

We appreciate your consideration with this matter, and if you have any questions please feel free to contact me at (409) 543-4465 or Chris.Akbari@itexgrp.com.

Sincerely,

DocuSigned by:
Christopher A. Akbari
CA72646D23AF4DF...

Christopher A. Akbari
CEO/ President

cc: Cody Campbell, Director Multifamily Programs
via email at cody.campbell@tdhca.state.tx.us

Colin Nickells, Administrator 9% Competitive Housing Tax Credit Program
via email at colin.nickells@tdhca.state.tx.us

Audrey Martin, PRME
Via email at Audrey@purplemartinre.com

Attachment A

Longview, TX

Longview Square

Construction Cost Comparison

Development Costs	**Original U/W 6/14/2021**	**Current Pricing**	**Difference from U/W**
Off-Sites	$0	$0	$0
Site Work	$516,967	$944,666	$427,699
Site Amenities	$318,000	$374,773	$56,773
Building Cost	$5,078,197	$6,340,927	$1,262,730
Development Contingency	$591,316	$766,036	$174,720
Contractor Fees	$910,625	$1,179,696	$269,071
Total	$7,415,105	$9,606,098	$2,190,993
Cost/Unit	$61,792.54	$80,050.82	$18,258.28
Percentage increase of costs:	29.55%		

PROJECT NAME: **LONGVIEW SQUARE APARTMENTS**
PRICE INCREASE ANALYSIS

PROPERTY DESCRIPTION:

1 Community Laundry/Maintenance Building, 1 Commercial/Community Center Building, 7 residence buildings, 120 units, built in approximately 1981.

Due to inflationary pressures incurred during the post pandemic resurgent economy and petroleum increases, building costs have increased dramatically at an unprecedented rate. This is particularly applicable to a time frame encompassing late 2020, all through 2021, and now into 2022.

Cost increases for the Longview Square Apartments which have occurred from the original submission date to current are as follows:

WORK DESCRIPTION:

SITE WORK: Includes ground treatment, site demolition, utilities, cleaning and line of sewer piping, grading, fill, pavement, curbs, walks, and railings.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$516,967	$944,666	$427,699

JUSTIFICATION:

**Site cost are driven primarily by equipment/machine time (fuel) and utility pipe cost. Increase in fuel and pipe costs: Diesel fuel (Feb. 2021): $2.68/gal. Feb 2022: $4.03/gal (50% increase). PVC Sewer Pipe (Feb. 2021): Futures cost: 7,300/5 tons. Jan. 2022: 8,859/5 tons. (21% increase)*

AMENITIES: Includes landscaping, swimming pool, athletic courts and equipment, play equipment and structures, fencing and gates, and benches and barbecue grills

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$318,000	$374,773	$ 56,772

JUSTIFICATION:

**Landscaping increase: 38% due to grower/labor and shipping cost.*

**Swimming pool, athletic/play equipment, site furnishings: 15-20% increases across the board for materials, labor, and shipping.*

**Fencing: Due to steel price increases. Hot rolled band steel price (Jan. 2021): $600/metric ton. (April 2022): $1200/metric ton (100% increase)*

BUILDING COST: Includes the complete exterior and interior renovation per work scope: unit demolition, remediation, masonry/stucco repair and cleaning, metal railing refurbishing, rough and finish carpentry, ceiling insulation, fascia/soffit repair and replacement, gutter repair and replacement, exterior and interior door replacement, door hardware, window replacement, bathroom mirrors and accessories, new drywall and refinish of existing textures, ceramic tile tub surrounds, resilient LVT flooring, painting of unit interiors and exterior paintable surfaces, fire extinguishers, unit and directional signage, community mail collection equipment, appliances (range refrigerator, dishwasher, garbage disposal, microwave), kitchen cabinets, bathroom vanities, granite countertops, window blinds, plumbing fixtures (kitchen sink, vanity lavatories, toilets, bathtubs, faucets and drain levers), new unit water heaters and piping, HVAC (registers and grilles, thermostats, exhaust fans, air handler and condensers), electrical (replacement of service panel, fixtures, smoke detectors, switches, and plugs. Including the above work for a complete build out of commercial building community center and leasing offices.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$5,078,197	$6,340,927	$1,262,730

JUSTIFICATION:

****Masonry increase:** 30% for masonry foundation repair specialists.*

****Rough and Finish Carpentry:** Labor increase of 20% and framing lumber increase of 55%. 1000 Board Feet of framing lumber was $800 in January 2021. Increased to over $1000 in January 2022 with a spike to $1500/1000 Board Feet in March of 2022. Finish carpenter labor increased an avg. of $350/unit.*

****Doors and Windows:** Vinyl single hung window (3060) increased from $126.70 in July 2020 to current price of $289.35 (+100% increase). Doors have increased 30%+ in the last year.*

**Finishes – Drywall, Flooring, Paint: Increase of 26%. Gypsum Board increased by 66% from late 2020 to late 2021. A sheet of 4’x10’x5/8” drywall (primary material in multi-family construction increased from $9.00 per sheet in late 2020 to $15.00/sheet in early 2022. Flooring (LVT) increased 10% plus add on for shipping charges not seen in previous bids.*

**Furnishings (Cabinets, Counters): Increase of 18% due to plywood and shipping cost. Cost for an average apartment kitchen in early 2021: $3,075. Cost in 2022: $4,057*

**Equipment (Appliances): Prices increased 6% from late 2020 to mid-2021, 5% additional to end of 2021, and anticipate 5-7% increase by mid-2022. Freight adds approximately $50.00 /unit to total cost*

**Mechanical: Equipment prices increased by 10% in 2021 with anticipated 9 - 10% additional increases in Spring of 2022. Copper prices have increased over 300% since mid 2020.*

**Electrical: Increase of 36%.Fixture, copper and aluminum prices increase over300% in the last 2 years. 12-2 Romex copper wire increased from $227/1000-foot roll in late 2020 to a current price of $750.*

DEVELOPMENT CONTINGENCY:

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$591,316	$766,036	$174,720

CONTRACTOR FEES:

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$910,625	$1,179,696	$269,071

TOTAL INCREASE: $2,190,992

Attachment B

Lumberton, TX
Providence on Park
Construction Cost Comparison

	Original U/W 9/24/21	Current Pricing	Difference from U/W
Development Costs			
Off-Sites	$20,000	$478,825	$458,825
Site Work	$1,273,436	$1,504,219	$230,783
Site Amenities	$240,050	$319,074	$79,024
Building Cost	$6,918,195	$9,480,955	$2,562,760
Development Contingency	$422,584	$589,154	$166,570
Contractor Fees	$1,242,395	$1,732,110	$489,715
Total	$10,116,660	$14,104,337	$3,987,677
Cost/Unit	$126,458.25	$176,304.21	$49,845.96
Percentage increase of costs:	39.42%		

PROJECT NAME: **PROVIDENCE ON PARK APARTMENTS**
PRICE INCREASE ANALYSIS

PROPERTY DESCRIPTION:

New Construction of 1 Community Building, 20 Four Unit Single Story Apartment Residences (80 Units), with all amenities and site improvements.

Due to inflationary pressures incurred during the post pandemic resurgent economy, petroleum increases, and material shortages, building costs have increased dramatically at an unprecedented rate. This is particularly applicable to a time frame encompassing late 2020, all through 2021, and now into 2022.

Cost increases for the Providence on Park Apartments which have occurred from the original submission date to current are as follows:

WORK DESCRIPTION :

OFF SITE: Includes construction of sewer and water mains to property frontage, connections to mains, and pedestrian concrete sidewalk in the road right of way.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$20,000	$478,825	$458,825

JUSTIFICATION:

**Municipality is requiring pedestrian sidewalk across property road frontage. Municipality will not provide sanitary sewer and water service to the property frontage.*

SITE WORK: Includes site clearing, ground treatment, grading and fill, detention pond, utilities, sanitary and storm sewer mains and service leads, water mains and service leads, pavement, curbs, walks, ramps and railings.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$1,273,436	$1,504,219	$230,783

JUSTIFICATION:

**Site cost are driven primarily by equipment/machine time (fuel) and utility pipe cost. Increase in fuel and pipe costs: Diesel fuel (Feb. 2021): $2.68/gal. Feb 2022: $4.03/gal (50% increase). PVC Sewer Pipe (Feb. 2021): Futures cost: 7,300/5 tons. Jan. 2022:*

8,859/5 tons. (21% increase). Concrete pavement has increased from $5.90/sf to $6.75/sf in 6 months (15% increase).

AMENITIES: Includes landscaping, fencing and gates, and benches and barbecue grills.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$240,050	$319,074	$ 79,024

JUSTIFICATION:

**Landscaping increase: 38% due to grower/labor and shipping cost.*

**Site furnishings: 15-20% increases across the board for materials, labor, and shipping.*

**Fencing: Due to steel price increases. Hot rolled band steel price (Jan. 2021): $600/metric ton. (April 2022): $1200/metric ton (100% increase)*

BUILDING COST: Includes complete construction from foundation, frame structure, exterior and interior finish as follows: cast in place concrete foundation with reinforcing, wood frame wall, floor and ceiling/roof construction, asphalt shingle roof, brick and fiber cement exterior covering, aluminum gutters and downspouts, rough and finish carpentry labor, wall and ceiling insulation, exterior and interior doors, door hardware, vinyl windows, bathroom mirrors and accessories, drywall, ceramic tile tub surrounds, resilient LVT flooring, painting of unit interiors and exterior paintable surfaces, fire extinguishers, unit and directional signage, community mail collection equipment, appliances (range refrigerator, dishwasher, garbage disposal, microwave), kitchen cabinets, bathroom vanities, granite countertops, window blinds, plumbing piping and fixtures (kitchen sink, vanity lavatories, toilets, bathtubs, faucets and drain levers), water heaters and piping, HVAC (registers and grilles, thermostats, exhaust fans, air handler and condensers and ductwork), electrical wiring of service panel, fixtures, smoke detectors, switches, and plugs. Fire alarm and sprinkler system. Including the above work for a complete build out of community building and leasing offices.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$6,918,195	$9,480,955	$2,562,760

JUSTIFICATION:

**Cast in Place Concrete Foundation: Per sq. ft. costs have increased from $8.60 to $10.50 in the last 1 ½ years (22% increase)*

** Masonry increase: 30% for masonry specialists.*

**Rough and Finish Carpentry: Labor increase of 20% and framing lumber increase of 55%. 1000 Board Feet of framing lumber was $800 in January 2021. Increased to over $1000 in January 2022 with a spike to $1500/1000 Board Feet in March of 2022. Finish carpenter labor increased an avg. of $350/unit.*

**Doors and Windows: Vinyl single hung window (3060) increased from $126.70 in July 2020 to current price of $289.35 (+100% increase). Doors have increased 30%+ in the last year.*

**Finishes – Drywall, Flooring, Paint: Increase of 26%. Gypsum Board increased by 66% from late 2020 to late 2021. A sheet of 4'x10'x5/8" drywall (primary material in multi-family construction increased from $9.00 per sheet in late 2020 to $15.00/sheet in early 2022. Flooring (LVT) increased 10% plus add on for shipping charges not seen in previous bids.*

**Furnishings (Cabinets, Counters): Increase of 18% due to plywood and shipping cost. Cost for an average apartment kitchen in early 2021: $3,075. Cost in 2022: $4,057*

**Equipment (Appliances): Prices increased 6% from late 2020 to mid-2021, 5% additional to end of 2021, and anticipate 5-7% increase by mid-2022. Freight adds approximately $50.00 /unit to total cost*

**Mechanical: Equipment prices increased by 10% in 2021 with anticipated 9 - 10% additional increases in Spring of 2022. Copper prices have increased over 300% since mid 2020.*

**Electrical: Increase of 36%.Fixture, copper and aluminum prices increase over 300% in the last 2 years. 12-2 Romex copper wire increased from $227/1000-foot roll in late 2020 to a current price of $750.*

DEVELOPMENT CONTINGENCY:

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$422,584	$589,154	$166,570

CONTRACTOR FEES:

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$1,242,395	$1,732,110	$489,715

TOTAL INCREASE: $3,987,677

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

MAY 12, 2022

Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Providence on Park (#21221) in Lumberton

RECOMMENDED ACTION

WHEREAS, an award of Competitive (9%) Housing Tax Credits in the amount of $1,324,086 to Providence on Park (the Development) was approved by the Board in July 2021;

WHEREAS, staff executed a Carryover Allocation Agreement with the Development Owner on December 26, 2021, that included a certification from the Development Owner that each building for which the allocation was made would be placed in service by December 31, 2023;

WHEREAS, on April 27, 2022, the Department received a request from the Development Owner to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, other than in situations covered by force majeure, the Department lacks authority to extend federal deadlines for placement in service; and

WHEREAS, the Development Owner has presented evidence that relief under force majeure is appropriate, but has not provided evidence that the development will continue to be financially feasible as required by 10 TAC §11.6(5)(G);

NOW, therefore, it is hereby

RESOLVED, the request for treatment of Providence on Park under an application of the force majeure rule is approved, conditioned upon demonstration of continued financial feasibility, with the 2021 Qualified Allocation Plan and Uniform Multifamily Rules, and the 2022 Program Calendar applicable to the Development.

BACKGROUND

An award of Competitive (9%) Housing Tax Credits to Providence on Park was approved by the Board on July 22, 2021. Staff executed a Carryover Allocation Agreement with the Development Owner that included a certification from the Development Owner that documentation for the 10% Test would be submitted by a set date, and, in order to satisfy the requirements of §42 of the Internal Revenue Code, each building for which the allocation was made would be placed in service by December 31, 2023. The Department received a request from the Development Owner to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credits Returns Resulting from Force Majeure Events. Staff determined that an extension of the 10% Test deadline was appropriate under these circumstances.

Per 10 TAC §11.6(5) of the Qualified Allocation Plan (QAP), related to Credits Returns Resulting from Force Majeure Events, a Development Owner is allowed to return issued credits within three years of award, and have those credits re-allocated to the Development outside of the usual regional allocation system if all of the requirements of the subsection are met. Per 10 TAC §11.6(5), the Department's Governing Board may approve the execution of a current program year Carryover Allocation Agreement regarding the returned credits with the Development Owner that returned such credits only if:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

The Development Owner has communicated to staff that the pandemic, material and labor shortages, global geopolitics, and rising construction costs and interest rates have resulted in a 39.42% increase to hard costs from the initial underwriting report. The owner also expects a decrease in the $0.87 per dollar equity pricing, which will further increase the funding gap.

Staff has determined there is sufficient evidence of "sudden and unforeseen circumstances outside the control of the Development Owner ". . . [regarding] supplier failures; or materials or labor shortages," to meet the standard described in 10 TAC §11.6(5)(A; however, 10 TAC §11.6(5)(G) requires that the Development must continue to be financially feasible in order to be eligible for treatment under the force majeure rule. The Applicant has indicated significant cost increases, as well as an expected decrease in equity pricing and increase in interest rates, but does not provide explanation for how this funding gap will be addressed. The Owner's correspondence includes a request for the Department to make available LIHTC funding from the 2022 credit ceiling to assist with this Application, but this is not an option in the 2022 Qualified Allocation Plan. Without further explanation for how the funding gap will be filled, staff cannot determine that the project continues to be financially feasible.

If the Board approves the request to consider these force majeure events, then upon demonstration of continued financial feasibility, Development Owners will return the awarded credits and execution of a

2021 Carryover Allocation Agreement will result in a new award and a new placed in service deadline of December 31, 2024, for the Developments, with a new 10% Test deadline of July 1, 2023. The 2021 Qualified Allocation Plan and Uniform Multifamily Rules will be applicable to the Developments for the purposes of the force majeure event.

If the Board denies the request regarding the force majeure events, the date by which the denied Development must be placed in service will remain as previously agreed. Because the Development Owner has anticipated not meeting the placed in service deadline, the credits are expected to be returned. If the Development Owner returns the credits, the credits would first be made available in the subregion from which they were originally awarded, pursuant to 10 TAC §11.6(2), related to returned credits. If there are pending Applications on the 2022 or 2023 (depending on when the credits are returned) waiting list from the relevant subregion, the next Application would be awarded, assuming there are enough credits to make the award. If there are not enough credits in the subregion to make an award, the credits will go into the statewide collapse and contribute the next award.

Staff recommends the Board approve the request for treatment under an application of the force majeure rule for the Development, conditioned upon demonstration of continued financial feasibility.

ITEX

9 Greenway Plaza, Suite 1250
Houston, TX 77046
P: 713.963.8660 **F:** 713.963.8164

April 27, 2022

Via Email: Bobby.Wilkinson@tdhca.state.tx.us

TDHCA
Bobby Wilkinson, Executive Director
PO Box 13941
Austin, TX 78701-2410

RE: Additional 2022 Credit Request

Dear Mr. Wilkinson,

We are respectfully requesting TDHCA open a special application round for 2021 9% LIHTC awardees to apply for 2022 LIHTCs in June ahead of the 2022 LIHTCs being awarded in July. The goal with this special, unprecedented, application round would allow 2021 applications the chance to fill extraordinarily large financing gaps as a result of several adverse conditions impacting the housing industry. The cost increases are a result of the impact of COVID-19 pandemic, lack of supply and increased demand issues resulting in material and labor shortages, inflation, and now the war in Europe, which have caused reduced equity prices and increased interest rates. The combination of all these factors have adversely impacted our two 2021 applications, listed below. Without additional funds, deals such as ours, may not be completed.

Ap 21220, Longview Square
This development is a proposed rehabilitation of 120 family units in Longview, Texas. The total direct hard cost in our 2021 applications at underwriting was $7,415,106. However, current pricing, although continues to increase, is at $9,606,097, which is a $2,190,992 or 29.55% increase. At underwriting we had an interest rate of 4.65%, but with current environment which is very fluid, we are getting indication of a possible 5.75% or higher at closing. The equity at underwriting was $0.89 per dollar of credits, but this is also on the decline due to the same reasons as the interest rate. Both the interest rate and equity rate variables are causing an even larger gap. Please see Attachment A for detailed cost information.

Ap 21221, Providence on Park
This development will be a new construction of 80 elderly units in Lumberton, Texas. The total direct hard cost in our application was $10,116,661. However, current pricing is at $14,104,337, which is a $3,987,677 or 39.42% increase. At underwriting we had an interest rate of 4.65%, but with current environment which is very fluid, we are getting indication of a possible 5.75% or higher at closing. The equity at underwriting was $0.87, but this is also on the decline due to the

same reasons as the interest rate. Both the interest rate and equity rate variables are causing an even larger gap. Please see Attachment B for detailed cost information.

Having additional 2022 LIHTC credit allocation will provide the necessary funds to help bridge the gaps that have been created from construction cost increases, interest rate increases and equity rate decreases. This will ensure these developments are built and provide great affordable housing options to low-income Texans.

In addition, due to the cost increases causing shortfalls, we also need to request a 12 month extension for the December 31, 2023 Place-In-Service deadline to December 31, 2024.

We appreciate your consideration with this matter, and if you have any questions please feel free to contact me at (409) 543-4465 or Chris.Akbari@itexgrp.com.

Sincerely,

DocuSigned by:

Christopher A. Akbari

CA72646D23AF4DF...

Christopher A. Akbari
CEO/ President

cc: Cody Campbell, Director Multifamily Programs
via email at cody.campbell@tdhca.state.tx.us

Colin Nickells, Administrator 9% Competitive Housing Tax Credit Program
via email at colin.nickells@tdhca.state.tx.us

Audrey Martin, PRME
Via email at Audrey@purplemartinre.com

Attachment A

Longview, TX
Longview Square
Construction Cost Comparison

	Original U/W 6/14/2021	Current Pricing	Difference from U/W
Development Costs			
Off-Sites	$0	$0	$0
Site Work	$516,967	$944,666	$427,699
Site Amenities	$318,000	$374,773	$56,773
Building Cost	$5,078,197	$6,340,927	$1,262,730
Development Contingency	$591,316	$766,036	$174,720
Contractor Fees	$910,625	$1,179,696	$269,071
Total	$7,415,105	$9,606,098	$2,190,993
Cost/Unit	$61,792.54	$80,050.82	$18,258.28
Percentage increase of costs:	29.55%		

PROJECT NAME: **LONGVIEW SQUARE APARTMENTS**
PRICE INCREASE ANALYSIS

PROPERTY DESCRIPTION:
1 Community Laundry/Maintenance Building, 1 Commercial/Community Center Building, 7 residence buildings, 120 units, built in approximately 1981.

Due to inflationary pressures incurred during the post pandemic resurgent economy and petroleum increases, building costs have increased dramatically at an unprecedented rate. This is particularly applicable to a time frame encompassing late 2020, all through 2021, and now into 2022.

Cost increases for the Longview Square Apartments which have occurred from the original submission date to current are as follows:

WORK DESCRIPTION:

SITE WORK: Includes ground treatment, site demolition, utilities, cleaning and line of sewer piping, grading, fill, pavement, curbs, walks, and railings.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$516,967	$944,666	$427,699

JUSTIFICATION:

**Site cost are driven primarily by equipment/machine time (fuel) and utility pipe cost. Increase in fuel and pipe costs: Diesel fuel (Feb. 2021): $2.68/gal. Feb 2022: $4.03/gal (50% increase). PVC Sewer Pipe (Feb. 2021): Futures cost: 7,300/5 tons. Jan. 2022: 8,859/5 tons. (21% increase)*

AMENITIES: Includes landscaping, swimming pool, athletic courts and equipment, play equipment and structures, fencing and gates, and benches and barbecue grills

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$318,000	$374,773	$ 56,772

JUSTIFICATION:

**Landscaping increase: 38% due to grower/labor and shipping cost.*

**Swimming pool, athletic/play equipment, site furnishings: 15-20% increases across the board for materials, labor, and shipping.*

**Fencing: Due to steel price increases. Hot rolled band steel price (Jan. 2021): $600/metric ton. (April 2022): $1200/metric ton (100% increase)*

BUILDING COST: Includes the complete exterior and interior renovation per work scope: unit demolition, remediation, masonry/stucco repair and cleaning, metal railing refurbishing, rough and finish carpentry, ceiling insulation, fascia/soffit repair and replacement, gutter repair and replacement, exterior and interior door replacement, door hardware, window replacement, bathroom mirrors and accessories, new drywall and refinish of existing textures, ceramic tile tub surrounds, resilient LVT flooring, painting of unit interiors and exterior paintable surfaces, fire extinguishers, unit and directional signage, community mail collection equipment, appliances (range refrigerator, dishwasher, garbage disposal, microwave), kitchen cabinets, bathroom vanities, granite countertops, window blinds, plumbing fixtures (kitchen sink, vanity lavatories, toilets, bathtubs, faucets and drain levers), new unit water heaters and piping, HVAC (registers and grilles, thermostats, exhaust fans, air handler and condensers), electrical (replacement of service panel, fixtures, smoke detectors, switches, and plugs. Including the above work for a complete build out of commercial building community center and leasing offices.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$5,078,197	$6,340,927	$1,262,730

JUSTIFICATION:

**Masonry increase: 30% for masonry foundation repair specialists.*

**Rough and Finish Carpentry: Labor increase of 20% and framing lumber increase of 55%. 1000 Board Feet of framing lumber was $800 in January 2021. Increased to over $1000 in January 2022 with a spike to $1500/1000 Board Feet in March of 2022. Finish carpenter labor increased an avg. of $350/unit.*

**Doors and Windows: Vinyl single hung window (3060) increased from $126.70 in July 2020 to current price of $289.35 (+100% increase). Doors have increased 30%+ in the last year.*

**Finishes – Drywall, Flooring, Paint: Increase of 26%. Gypsum Board increased by 66% from late 2020 to late 2021. A sheet of 4’x10’x5/8” drywall (primary material in multi-family construction increased from $9.00 per sheet in late 2020 to $15.00/sheet in early 2022. Flooring (LVT) increased 10% plus add on for shipping charges not seen in previous bids.*

**Furnishings (Cabinets, Counters): Increase of 18% due to plywood and shipping cost. Cost for an average apartment kitchen in early 2021: $3,075. Cost in 2022: $4,057*

**Equipment (Appliances): Prices increased 6% from late 2020 to mid-2021, 5% additional to end of 2021, and anticipate 5-7% increase by mid-2022. Freight adds approximately $50.00 /unit to total cost*

**Mechanical: Equipment prices increased by 10% in 2021 with anticipated 9 - 10% additional increases in Spring of 2022. Copper prices have increased over 300% since mid 2020.*

**Electrical: Increase of 36%.Fixture, copper and aluminum prices increase over300% in the last 2 years. 12-2 Romex copper wire increased from $227/1000-foot roll in late 2020 to a current price of $750.*

DEVELOPMENT CONTINGENCY:

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$591,316	$766,036	$174,720

CONTRACTOR FEES:

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$910,625	$1,179,696	$269,071

TOTAL INCREASE: $2,190,992

Attachment B

Lumberton, TX
Providence on Park
Construction Cost Comparison

	Original U/W 9/24/21	Current Pricing	Difference from U/W
Development Costs			
Off-Sites	$20,000	$478,825	$458,825
Site Work	$1,273,436	$1,504,219	$230,783
Site Amenities	$240,050	$319,074	$79,024
Building Cost	$6,918,195	$9,480,955	$2,562,760
Development Contingency	$422,584	$589,154	$166,570
Contractor Fees	$1,242,395	$1,732,110	$489,715
Total	$10,116,660	$14,104,337	$3,987,677
Cost/Unit	$126,458.25	$176,304.21	$49,845.96
Percentage increase of costs:	39.42%		

ICON

PROJECT NAME: PROVIDENCE ON PARK APARTMENTS PRICE INCREASE ANALYSIS

PROPERTY DESCRIPTION:
New Construction of 1 Community Building, 20 Four Unit Single Story Apartment Residences (80 Units), with all amenities and site improvements.

Due to inflationary pressures incurred during the post pandemic resurgent economy, petroleum increases, and material shortages, building costs have increased dramatically at an unprecedented rate. This is particularly applicable to a time frame encompassing late 2020, all through 2021, and now into 2022.

Cost increases for the Providence on Park Apartments which have occurred from the original submission date to current are as follows:

WORK DESCRIPTION :

OFF SITE: Includes construction of sewer and water mains to property frontage, connections to mains, and pedestrian concrete sidewalk in the road right of way.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$20,000	$478,825	$458,825

JUSTIFICATION:

**Municipality is requiring pedestrian sidewalk across property road frontage. Municipality will not provide sanitary sewer and water service to the property frontage.*

SITE WORK: Includes site clearing, ground treatment, grading and fill, detention pond, utilities, sanitary and storm sewer mains and service leads, water mains and service leads, pavement, curbs, walks, ramps and railings.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$1,273,436	$1,504,219	$230,783

JUSTIFICATION:

**Site cost are driven primarily by equipment/machine time (fuel) and utility pipe cost. Increase in fuel and pipe costs: Diesel fuel (Feb. 2021): $2.68/gal. Feb 2022: $4.03/gal (50% increase). PVC Sewer Pipe (Feb. 2021): Futures cost: 7,300/5 tons. Jan. 2022:*

8,859/5 tons. (21% increase). Concrete pavement has increased from $5.90/sf to $6.75/sf in 6 months (15% increase).

AMENITIES: Includes landscaping, fencing and gates, and benches and barbecue grills.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$240,050	$319,074	$ 79,024

JUSTIFICATION:

**Landscaping increase: 38% due to grower/labor and shipping cost.*

**Site furnishings: 15-20% increases across the board for materials, labor, and shipping.*

**Fencing: Due to steel price increases. Hot rolled band steel price (Jan. 2021): $600/metric ton. (April 2022): $1200/metric ton (100% increase)*

BUILDING COST: Includes complete construction from foundation, frame structure, exterior and interior finish as follows: cast in place concrete foundation with reinforcing, wood frame wall, floor and ceiling/roof construction, asphalt shingle roof, brick and fiber cement exterior covering, aluminum gutters and downspouts, rough and finish carpentry labor, wall and ceiling insulation, exterior and interior doors, door hardware, vinyl windows, bathroom mirrors and accessories, drywall, ceramic tile tub surrounds, resilient LVT flooring, painting of unit interiors and exterior paintable surfaces, fire extinguishers, unit and directional signage, community mail collection equipment, appliances (range refrigerator, dishwasher, garbage disposal, microwave), kitchen cabinets, bathroom vanities, granite countertops, window blinds, plumbing piping and fixtures (kitchen sink, vanity lavatories, toilets, bathtubs, faucets and drain levers), water heaters and piping, HVAC (registers and grilles, thermostats, exhaust fans, air handler and condensers and ductwork), electrical wiring of service panel, fixtures, smoke detectors, switches, and plugs. Fire alarm and sprinkler system. Including the above work for a complete build out of community building and leasing offices.

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$6,918,195	$9,480,955	$2,562,760

JUSTIFICATION:

**Cast in Place Concrete Foundation: Per sq. ft. costs have increased from $8.60 to $10.50 in the last 1 ½ years (22% increase)*

** Masonry increase: 30% for masonry specialists.*

**Rough and Finish Carpentry: Labor increase of 20% and framing lumber increase of 55%. 1000 Board Feet of framing lumber was $800 in January 2021. Increased to over $1000 in January 2022 with a spike to $1500/1000 Board Feet in March of 2022. Finish carpenter labor increased an avg. of $350/unit.*

**Doors and Windows: Vinyl single hung window (3060) increased from $126.70 in July 2020 to current price of $289.35 (+100% increase). Doors have increased 30%+ in the last year.*

**Finishes – Drywall, Flooring, Paint: Increase of 26%. Gypsum Board increased by 66% from late 2020 to late 2021. A sheet of 4'x10'x5/8" drywall (primary material in multi-family construction increased from $9.00 per sheet in late 2020 to $15.00/sheet in early 2022. Flooring (LVT) increased 10% plus add on for shipping charges not seen in previous bids.*

**Furnishings (Cabinets, Counters): Increase of 18% due to plywood and shipping cost. Cost for an average apartment kitchen in early 2021: $3,075. Cost in 2022: $4,057*

**Equipment (Appliances): Prices increased 6% from late 2020 to mid-2021, 5% additional to end of 2021, and anticipate 5-7% increase by mid-2022. Freight adds approximately $50.00 /unit to total cost*

**Mechanical: Equipment prices increased by 10% in 2021 with anticipated 9 - 10% additional increases in Spring of 2022. Copper prices have increased over 300% since mid 2020.*

**Electrical: Increase of 36%.Fixture, copper and aluminum prices increase over 300% in the last 2 years. 12-2 Romex copper wire increased from $227/1000-foot roll in late 2020 to a current price of $750.*

DEVELOPMENT CONTINGENCY:

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$422,584	$589,154	$166,570

CONTRACTOR FEES:

ORIGINAL UNDERWRITING ESTIMATE	CURRENT PRICING	DIFFERENCE
$1,242,395	$1,732,110	$489,715

TOTAL INCREASE: $3,987,677

7i

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
MAY 12, 2022

Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for 3300 Caroline Street (#20114) in Houston

RECOMMENDED ACTION

WHEREAS, an award of Competitive (9%) Housing Tax Credits in the amount of $1,494,004 to 3300 Caroline Street (the Development) was approved by the Board in July 2020;

WHEREAS, staff executed a Carryover Allocation Agreement with the Development Owner on November 2, 2020, that included a certification from the Development Owner that each building for which the allocation was made would be placed in service by December 31, 2022, and documentation for the 10% Test would be submitted by July 1, 2021 (which was subsequently extend to September 30, 2021);

WHEREAS, on April 27, 2021, the Department received a request from the Development Owner to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, on September 2, 2021, the Governing Board approved the request from the Development Owner to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, staff executed a new Carryover Allocation Agreement with the Development Owner on November 9, 2021, which included a certification from the Development Owner that each building for which the allocation was made would be placed in service by December 31, 2023;

WHEREAS, on April 5, 2022, the Department received a request from the Development Owner to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, other than in situations covered by force majeure, the Department lacks authority to extend federal deadlines for placement in service; and

WHEREAS, the Development Owner has presented evidence that relief under force majeure is appropriate.

NOW, therefore, it is hereby

RESOLVED, the request for treatment of 3300 Caroline Street under an application of the force majeure rule is approved, with the 2020 Qualified Allocation Plan and Uniform Multifamily Rules, and the 2022 Program Calendar applicable to the Development.

BACKGROUND

An award of Competitive (9%) Housing Tax Credits to 3300 Caroline Street was approved by the Board on July 23, 2020. Staff executed a Carryover Allocation Agreement with the Development Owner that included a certification from the Development Owner that documentation for the 10% Test would be submitted by a set date, and, in order to satisfy the requirements of §42 of the Internal Revenue Code, each building for which the allocation was made would be placed in service by December 31, 2022. The Department received a request from the Development Owner to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credits Returns Resulting from Force Majeure Events. Staff determined that an extension of the 10% Test deadline was appropriate under these circumstances.

Per 10 TAC §11.6(5) of the Qualified Allocation Plan (QAP), related to Credits Returns Resulting from Force Majeure Events, a Development Owner is allowed to return issued credits within three years of award, and have those credits re-allocated to the Development outside of the usual regional allocation system if all of the requirements of the subsection are met. Pursuant to 10 TAC §11.6(5), the Department's Governing Board may approve the execution of a current program year Carryover Allocation Agreement regarding the returned credits with the Development Owner that returned such credits only if:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

In 2021, the Development Owner communicated to staff how two presidentially declared disasters, the COVID-19 pandemic and Winter Storm Uri, resulted in supply chain disruptions, materials shortages, and labor shortages, all of which have led to price increases impacting construction of the Development.

Staff determined there was sufficient evidence of "sudden and unforeseen circumstances outside the control of the Development Owner", as described in 10 TAC §11.6(5) and the Board approved the request for force majeure treatment. Accordingly, the Development Owners returned the awarded credits and the execution of a 2021 Carryover Allocation Agreement resulted in a new award and a new placed-in-service deadline of December 31, 2023, for the Developments, with a new 10% Test deadline of July 1, 2022. The 2020 Qualified Allocation Plan and Uniform Multifamily Rules were applicable to the Development for the purposes of the force majeure event.

On April 5, 2022, the Development Owner communicated to staff how a number of ongoing issues have continued to impact the development timeline. These issues include:

- Extensive issues in obtaining funding from the City of Houston and Harris County, including a three-month delay caused by the General Land Office (GLO) withholding funding for the development while the City of Houston addressed findings discovered in a GLO monitoring review of the City's program activities.
- The City of Houston's adoption of a "Walkable Streets" ordinance, which required a site plan change and Application Amendment, which was approved by the Department's Governing Board on February 11, 2021
- Rising construction costs, typical of other cost increases seen in recent years

Staff has determined there is sufficient evidence of "sudden and unforeseen circumstances outside the control of the Development Owner", as described in 10 TAC §11.6(5), for the Department to treat the Development under an application of the force majeure rule. If the Board approves the request to consider these force majeure events, the Development Owner will return the awarded credits and execution of a 2022 Carryover Allocation Agreement will result in a new award and a new placed-in-service deadline of December 31, 2024, for the Development, with a new 10% Test deadline of July 1, 2023. The 2020 Qualified Allocation Plan and Uniform Multifamily Rules will be applicable to the Development for the purposes of the force majeure event.

If the Board denies the request regarding the force majeure events, the date by which the denied Development must be placed in service will remain as previously extended: December 31, 2023. Because the Development Owner has anticipated not meeting the placed in service deadline, the credits are expected to be returned. If the Development Owner returns the credits, the credits would first be made available in the subregion from which they were originally awarded, pursuant to 10 TAC §11.6(2), related to returned credits. If there are pending Applications on the 2022 or 2023 waiting list (depending on the year of return of the credits) from the relevant subregion, the next Application would be awarded, assuming there are enough credits to make the award. If there are not enough credits in the subregion to make an award, the credits will go into the statewide collapse and contribute the next award.

Staff recommends the Board approve the request for treatment under an application of the force majeure rule for the Development. Approval of this request does not change any federal or state deadlines for the multifamily direct loan program.

Locke Lord LLP

Attorneys & Counselors

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April 5, 2022

VIA EMAIL DELIVERY

Cody Campbell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: 3300 Caroline Street (the "**Property**")
TDHCA File No. 20114

Greetings:

We represent Magnificat Permanent Affordable, LLC, a Texas limited liability company ("**Owner**"), which received a commitment of low-income housing tax credits ("**Tax Credits**") in the 2020 9% competitive cycle. The Property proposes 149 units of permanently supportive housing for the formerly homeless. On February 1, 2021, we submitted a request (the "**Amendment Request**") to amend Owner's application for Tax Credits (the "**Application**"), to present a change in the site plan necessitated by the City's passage of a walkable places ordinance, and a change in the capital structure to include the receipt of Harris County CDBG-DR funds. In the Amendment Request, we identified circumstances, beyond Owner's control, that delayed the development of the Property. TDHCA's Board approved the Amendment Request on February 11, 2021.

With the amendment approved, Owner continued with development work for the Property. As it did so, other delays continued and compounded.

First Round of Delays from Governmental Agencies

It took the **Houston Housing Authority** approximately a year to submit its package to HUD for a project-based Section 8 contract for the Property.

It took **Harris County** approximately eight (8) months after the date of award to produce a first set of documents for CDBG-DR funds, and the documents produced were not appropriate for the permanent supportive housing. Extensive negotiations ensued.

Similarly, it took the **City of Houston** approximately eight (8) months after Owner agreed to pay the City's legal costs to advance the preparation of documents for CDBG-DR funds to actually produce the documents. Further, coordination of the **City of Houston** and **Harris County** for their respective CDBG-DR funds was surprisingly difficult. Each governmental entity took a silo approach to its funding, creating conflicts that required additional time to resolve.

With an 18-month construction schedule, Owner knew that these delays jeopardized its ability to complete construction of the Property by December 31, 2022. In April 2021, it requested force majeure relief to extend the placement in service date to December 31, 2023 (the "**Extension Request**"), citing the delays described above. Relief was granted by TDHCA's Board on September 2, 2021. With the relief in hand, Owner proceeded toward closing. By November 2021, equity documents had been prepared and the equity opinion drafted, bridge loan documents had been distributed reviewed, and essentially approved, City loan documents were in substantially final form, closing resolutions had been prepared and distributed, and real estate documents had been prepared for closing. The transaction had been placed on agendas for final approval from the governmental agencies.

<u>Second Round of Delays from Governmental Agencies</u>

In late November 2021, the **Texas General Land Office** notified the City of Houston that it was dissatisfied with the manner in which the City awarded its CDBG-DR funds. GLO demanded the City commence extensive corrective action and specifically froze funding for this Property. See attached <u>Exhibit A</u>. This stopped the transaction for 3 months, until GLO freed up the funds again on February 28, 2022. See attached <u>Exhibit B</u>.

While the transaction was stalled due to the conflict between GLO and the City of Houston, construction costs continued to rise. Owner is experiencing inflation of approximately 6% per quarter. Since GLO's action to stall the transaction, the budget has increased by $ $3,413,934. Owner is asking the City to cover that gap; as they work through the process for additional funding, the costs are likely to increase even more. With this occurrence, Owner's 18-month construction schedule is jeopardized once again, through absolutely no fault of its own.

<u>Relief Sought</u>

As noted above, although Owner sought force majeure relief in 2021, and it was granted by the Board, the force majeure relief was never actually implemented because the IRS preempted it. Pursuant to IRS Notice 2022-05, the placement in service date for the Property was extended automatically from December 31, 2022 to December 31, 2023.

Owner has previously advised TDHCA that its syndicator, Hudson Housing Capital, requires a three-month cushion in the construction schedule. See <u>Exhibit C</u>. Because GLO's action stopped Owner from closing its transaction, owner has run out of time to proceed with an 18-month construction schedule and 3-month cushion. Owner has no choice but to submit this request to return the Tax Credits and that TDHCA reallocate the Tax Credits in the current year pursuant to the "Force Majeure" provisions in Section 11.6(5) of the 2021 Qualified Allocation Plan (the "**QAP**").

Factors for Consideration

In accordance with Section 11.6(5) of the QAP, we believe Owner meets TDHCA's requirements for the relief sought, in that:

1. The delay imposed by GLO freezing the funding is a "force majeure" event that materially impeded Owner's ability to engage in construction activity.

2. As noted in the Amendment Request, the Extension Request and this letter, Owner could not have reasonably anticipated the adoption of a walkable streets ordinance when it submitted the Application, nor could it have anticipated how long it would take for the City of Houston and Harris County to make its CDBG-DR funds and documents available, particularly when the CDBG-DR program is intended for urgent relief and has been administered by those governmental entities previously. The more recent action by GLO with regard to the City of Houston’s procurement process was triggered by public concerns raised by the City’s former director of housing.

3. Owner has endeavored to mitigate the delays by expending additional funds to engage consultants and others to aggressively seek action from the City, County, and GLO.

4. Owner has kept TDHCA informed as to its challenges and progress.

5. Owner believes there is a reasonable likelihood that it will not be able to meet the placement in service deadline because of the delays experienced.

6. The Property continues to be financially viable.

We believe Owner has satisfied TDHCA's requirements for a reallocation of Tax Credits under Section 11.6(5) of the QAP and requests that this matter be considered at the next available Board meeting with a recommendation for approval. If additional information is required, please feel free to contact us.

Sincerely,

Cynthia L Bast

Cynthia L. Bast

cc: NHP Foundation

EXHIBIT A

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

November 23, 2021

Keith W. Bynam, Interim Director
Housing and Community Development Department
City of Houston
2100 Travis Street, 9th Floor
Houston, TX 77002

Re: Multifamily Rental Program Monitoring Review Contracts 19-147-001-B489 and 21-134-000-C788

Dear Mr. Bynam:

The Texas General Land Office Community Development and Revitalization division (GLO) performed a monitoring review of the Multifamily Rental Program (MFRP) related to the City of Houston's program activities. The objective of our review is to ensure that necessary controls are in place to monitor contract progression and compliance with state and federal regulations.

The City of Houston must respond with a corrective action plan addressing the overall conclusion and the five findings identified in the report by **December 10, 2021**.

- Finding #1: Strengthen the NOFA/RFP Structure and Corresponding Issuances
- Finding #2: Strengthen the NOFA/RFP Scoring Method
- Finding #3: Ensure Documentation Supports Project Awards
- Finding #4: Strengthen the Execution of the Conflicts of Interest Function
- Finding #5: Lack of Documentation Justifying Award Recommendations

The corrective actions noted within this report are based on the City of Houston's *Harvey Multifamily Program Guidelines, the DR-17-Multifamily and Small Rental (New Construction) Division Standard Operating Procedures Manual, and the Notice of Funding Availability* publications.

If you have any questions or concerns, please contact Anne Hoel at 737-610-9590 or anne.hoel.glo@recovery.texas.gov.

Sincerely,

Martin Rivera, Jr

Martin Rivera, Jr., Deputy Director
Monitoring & Quality Assurance
Community Development and Revitalization

Enclosures: City of Houston Monitoring Report, Exhibit #1, Exhibit #2, Exhibit #3, Exhibit #4

Background

The Texas General Land Office Community Development and Revitalization division (GLO) conducted a monitoring review to evaluate the City of Houston's Multifamily Rental Program (MFRP) activity to determine compliance with requirements in contracts 19-147-001-B489 and 21-134-000-C788. The City of Houston's Local Action Plan (LAP) and subsequent amendments require the development of new multifamily rental housing, the acquisition and/or rehabilitation of flood-damaged multifamily rental housing, and strategic land acquisition for multifamily development to address this shortage and meet the needs of disaster-impacted rental households, including those in public housing.

The GLO's objective for the monitoring review was to evaluate whether processes and necessary controls were in place to meet program requirements and the terms of contract 21-134-000-C788, which allocates $450,050,472 to the City of Houston's MFRP activities.

The City of Houston developed its recovery programs by submitting a local action plan for its Harvey allocation. The City of Houston's LAP was approved by HUD after a review by the GLO and identified criteria for administering MFRP activities, including:

- Leveraging CDBG-DR funds with funding provided by other federal, state, local, and non-profit sources to utilize the limited CDBG-DR funds to the fullest possible extent to generate a more effective and comprehensive recovery.
- Selecting MFRP projects through an application or Notice of Funding Availability/Request for Proposal (NOFA/RFP) process. The application or NOFA/RFP will establish the process and acceptance period, threshold criteria (including applicable building codes), selection criteria, and the award process.

According to the LAP, the City of Houston uses an application or NOFA/RFP process to select MFRP projects competitively. Under the authority of the City of Houston's Chief Procurement Officer, three NOFA/RFPs were issued (T28910 on February 1, 2019; T29314 on January 17, 2020; and T29924 on June 4, 2021) to procure proposals from owners and developers and to select awards based on the set of criteria outlined in the NOFA/RFP.

By October 2021, the City of Houston submitted 29 proposed projects valued at $282,349,262 to the GLO for approval following the City of Houston's NOFA/RFP process. The GLO approved 26 projects, with three projects under review and pending approval based on the outcome of the GLO's monitoring review.

The GLO's review of the MFRP function identified a lack of internal controls necessary to reasonably ensure the following: a) consistency in the development and publication of the three NOFA/RFPs; b) the accurate application of the evaluation and scoring methodologies specified in the NOFA/RFPs; and c) the issuance of awards based on a fair and open competitive process.

The City of Houston must **respond by December 10, 2021**, with a correction action plan that includes a 90-day timeframe for implementing and completing the corrective actions within this monitoring report.

Overall Conclusion

The City of Houston does not have appropriate processes and the necessary controls in place to meet the MFRP program requirements and the terms of contracts 19-147-001-B489 and 21-134-000-C788.

The findings below identify the inherent conditions that contributed to the City of Houston's failure to award development projects based on the *predetermined set of criteria outlined in the NOFA/RFP,* including using a qualitative review to override the scoring results of applications.

The City of Houston must issue a new NOFA/RFP for the remaining MFRP allocation only after all corrective actions identified in the report have been completed and confirmed by the GLO. The GLO will not approve any additional development projects until the NOFA/RFP function is strengthened and project recommendations are awarded based on an open and fair competitive process.

Furthermore, failure to provide satisfactory documentation to support the corrective actions of this report will result in the GLO rescinding previously approved projects, which may include the recapture of program funds.

Finding #1: Strengthen the NOFA/RFP Structure and Corresponding Issuances

Summary

Inconsistencies were identified among the NOFA/RFPs issued in the processes, evaluation and scoring methodologies, program content, threshold criteria, and award processes.

Discussion

The City of Houston's *Harvey Multifamily Program Guidelines* (Guidelines) and the *DR-17-Multifamily and Small Rental (New Construction) Division Standard Operating Procedures Manual* (SOP) are intended to establish the process and acceptance period, threshold criteria, and award process for competitively selecting development projects. The Guidelines state:

> *An application or NOFA/RFP process will be used to competitively select project proposals. The application or NOFA/RFP will clearly establish the process and acceptance period, threshold criteria, selection criteria, and the award process. HCDD will release its initial NOFA/RFP to remain open until a minimum of $75 million but no greater than $100 million is subscribed.*

The City of Houston published the following three NOFA/RFPs: T28910, T29314, and T29924. The GLO identified the following variances involving content, funding, and timing variances among the issued NOFA/RFPs.

NOFA/RFP content variances include:

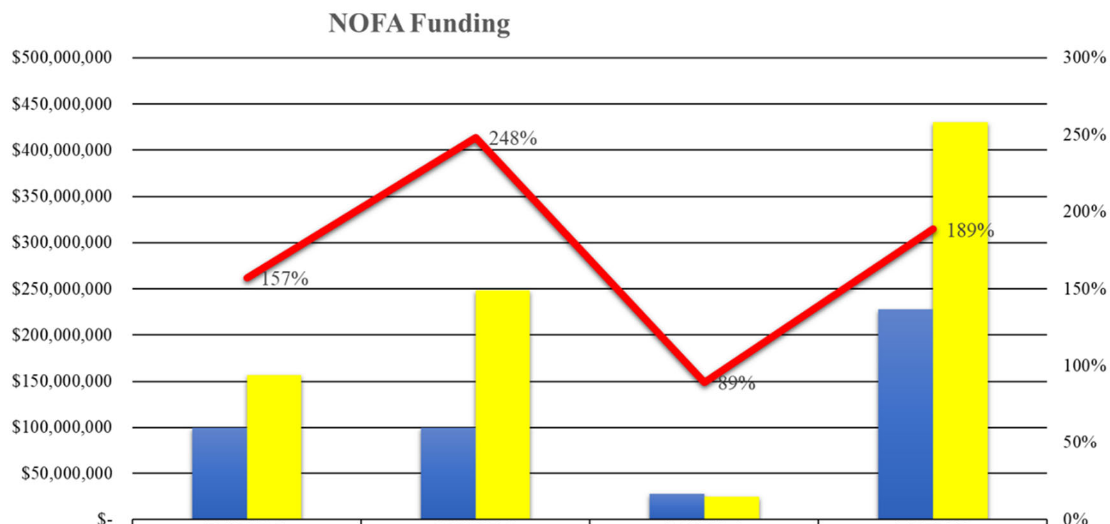
- The Conflict of Interest disclosure requirement was excluded in T28910 but was included in T29314 and T29924.
- A scoring methodology including point scale and scoring percentages was identified in T28910 but was not included in T29314 and T29924.
- The Equitable Dispersion Policy was excluded in T28910.
- Pay or Play, Workers' Compensation, Safety Training and Hourly Base Wage Rate, Employment Training and Apprenticeships, and Employment Classification sections were not included in T28910.
- A Compliance Plan was not included in T28910.
- All NOFA/RFPs contain language providing that "*the Director, at his/her sole discretion, can either waive any of the requirements contained herein, or reject any application to this NOFA/RFP.*"
- Language was included in the Evaluation Criteria and Process for Selection sections for T29314 and T29924, adding more discretion for the Mayor's office, "*The Mayor's office will have eligibility to*

approve or deny applications that meet HCDD's threshold review and are in line with the administration's priorities."

- Houston Energy Program requirements were excluded in T29314 and T29924.
- T28910 included a special program (*HVAC Retrofit Program*), but T29314 and T29924 replaced that program with a different program (*New Multi-family Building Resilience Program*).

NOFA/RFP funding variances include:

- The Guidelines state the City of Houston will "*release its initial NOFA/RFP to remain open until a minimum of $75 million but no greater than $100 million is subscribed.*" The projects recommended for T28910 and T29314 exceeded the maximum $100 million value, while the projects for T29924 were issued for less than the minimum amount stated in the Guidelines. The table below illustrates the outcome of each NOFA/RFP issued.

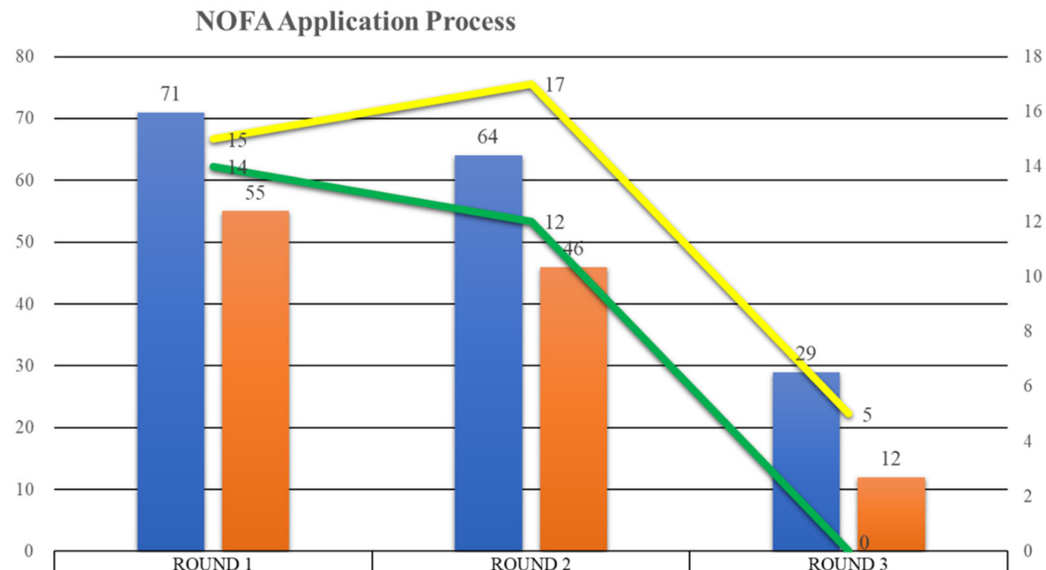


	ROUND 1	ROUND 2	ROUND 3	TOTALS
NOFA TOTAL FUNDING PER ROUND	$100,000,000	$100,000,000	$28,000,000	$228,000,000
RECOMMENDED FOR AWARD*	$157,029,622	$248,288,640	$25,000,000	$430,318,262
ACTUAL TOTAL FUNDING AWARDED %	157%	248%	89%	189%

*Per August 2021 Activity Status Report

NOFA/RFP timing variances include:

- The application submission deadlines were inconsistent and were shortened with the issuance of each subsequent NOFA/RFP. The table below illustrates the relationship between the reduced timeframes and the number of applications received among the three published NOFA/RFPs.



	ROUND 1	ROUND 2	ROUND 3
NOFA TIMEFRAME (DAYS)	71	64	29
ACTUAL APPLICATIONS SUBMITTED	55	46	12
RECOMMENDED APPLICATIONS	15	17	5
GLO APPROVED PROJECTS	14	12	0

Effect/Impact

Inconsistencies within published NOFA/RFPs may result in a competitive disadvantage to certain applicants, a reduced number of applications, and a diminished quality of submitted applications.

Corrective Action

The City of Houston must develop and implement controls that ensure 1) the structure of each NOFA/RFP meets the requirements outlined in the Guidelines and SOP, 2) the application process is transparent, and 3) applicants can make informed decisions when preparing their applications to maximize the fairness of the competitive process. Additionally, the Guidelines and SOP should be updated to identify timeframes that allow sufficient time for applicants to submit project applications.

The City of Houston must submit a copy of the updated Guidelines and SOP to the GLO as part of its corrective action plan.

Finding #2: Strengthen the NOFA/RFP Scoring Method

Summary

The City of Houston does not have controls in place to ensure the predetermined set of criteria outlined in the NOFA/RFPs supports the decisions made for recommending and awarding projects.

Discussion

The City of Houston's award and recommendation process for developer applications include a quantitative approach (scoring) outlined in the NOFA/RFPs as "Selection Criteria," supplemented by a qualitative analysis performed after scoring is completed and applications are ranked. The GLO identified errors in the execution of the Selection Criteria that impact the accuracy of the City of Houston's quantitative approach.

The review of the application population for all three NOFA/RFPs revealed the following scoring errors:

1. Points were awarded in two mutually exclusive columns when scoring should have only been reflected in one column. This error resulted in an average increase of 4.3 points in the overall scores for 29 of 103 (28.15%) applications.
2. Data for 8 of 20 (40%) tested applications was entered incorrectly into the scoring attributes spreadsheet, resulting in incorrect totals, which were subsequently carried forward into the scoring summary. These transcribing errors resulted in a loss of approximately 2 points per application.
3. Data for 18.9% of individual ratings significantly differed from those of the scoring team. The GLO identified variations in awarding points for objective scoring factors (i.e., Concerted Revitalization Area, Urban Concentration, and stair-stepped factors such as Poverty Level, School Ratings, etc.) where there should be no variations.
4. Data for 20 tested applications identified multiple instances where scores contradicted what was listed in the scoring workbooks.

The following table illustrates the issues stated above in the population of scoring summaries. The errors are noted in the orange cells:

			Nonprofit Capacity		Site Location							
			5		5	5	3	3	2	2	2	5
Project	Scorer	Score	Experienced Nonprofit Developer	Nonprofit Capacity Building	CRA or TIRZ	Low Poverty	Within 4m of City Hall	Public Transport	Elem School	Middle School	High School	Amenities within 1 mile
Change Happens Senior Housing	A	71	5	5	5	0	3	3	0	0	0	4
	B	65	5	0	5	0	3	2	0	0	0	5
	C	70	5	5	4	5	3	2	2	2	2	2
NHH Avenue J	A	65	5	0	5	0	3	3	0	0	0	4
	B	70	5	5	5	0	3	3	0	0	0	4
	C	49	5	0	1	2	0	0	2	2	1	1
W. Leo Daniels Tower I	A	52	0	5	0	0	0	3	1	0	0	3
	B	52	0	5	0	0	0	3	1	0	0	3
	C	50	0	5	3	1	0	0	2	2	2	1

The multitude of errors and inconsistencies in the execution of the scoring methodology indicates the lack of a quality control review. Establishing a quality control review after scores are tabulated ensures the scoring methodology is correctly executed according to the Selection Criteria of the NOFA/RFP.

Effect/Impact

Failure to execute the scoring methodology as outlined in a solicitation document undermines the principles for an open and fair competitive process.

Corrective Action

The City of Houston must develop and implement controls and include them in its Guidelines and SOP to ensure applications are scored based on the methodology outlined in the NOFA/RFP process. Action items must include the following:

- Creating specific instructions for scoring applications.
- Creating and implementing a quality control review process, executed by staff independent of the review committee, to ensure the scoring methodology is correctly executed.
- Adding a requirement that an independent reviewer signs off, attesting to the correctness and accuracy of the scoring.

The City of Houston must also rescore T28910 and T29314 to address the errors identified with the execution of the Selection Criteria. The following corrective actions must be performed:

1. Rescore all applications received under T28910 and T29314 and identify the variances between the original and adjusted scores.
2. Draft memoranda to the file for the current 26 GLO-approved projects justifying why the awards are valid and cost reasonable despite any scoring variances.
3. Draft memoranda to the file for unawarded projects justifying why the projects were not awarded despite scoring higher than awarded projects.

The City of Houston must submit a copy of the updated Guidelines and SOP that identify the internal controls and provide copies of each memorandum to the GLO as part of its corrective action plan.

Finding #3: Ensure Documentation Supports Project Awards

Summary

The City of Houston does not document the subjective, qualitative evaluation process used by the review committee (panel of HCDD personnel) or the City of Houston Mayor's office when exercising its discretion.

Discussion

The issued NOFA/RFPs (T28910, T29314, and T29924) indicate that awards will be selected based on the predetermined criteria outlined in the NOFA/RFPs. However, the City of Houston does not recommend projects for awards based on the overall scoring results. Instead, through a review committee, the City of Houston utilizes what the City of Houston calls "a qualitative review" to consider additional factors not included in the published scoring methodology to further evaluate and assess the feasibility of a project.

The City of Houston's SOP states:

> *After each application is scored, a review committee will schedule a Scoring Consolidation Meeting to review and discuss scoring to determine an average for each application and make recommendations for funding. The recommendations will be submitted to the Director of HCDD and the Mayor's Office.*

The published NOFA/RFPs also allow for the following discretion:

- "*PLEASE NOTE: The Director, at his/her sole discretion, can either waive any of the requirements contained herein, or reject any application to this NOFA.*"
- "*The list of recommended transactions will be presented to the Mayor's office for approval. The Mayor's office will have eligibility to approve or deny applications that meet HCDD's threshold review and are in line with the administration's priorities*."

This latitude results in recommending awards that are not in line with the overall results of scoring. The GLO identified instances, within each NOFA/RFP, where projects with a lower score were recommended in favor of projects with a higher score (Ref: Exhibit #1). The factors considered in the qualitative review process are not fully disclosed to applicants in the NOFA/RFPs. The subjectivity with the use of discretion and the lack of documentation undermine the integrity of the published scoring methodology and contribute to a lack of transparency. These qualitative reviews often render the published scoring methodology obsolete, resulting in a competitive process that is not fair and open.

Effect/Impact

Applicants cannot be fully responsive or fairly considered under a NOFA/RFP if the City of Houston does not identify all evaluation factors for awarding projects, including those used in the qualitative review. Recommending projects for an award without documentation to justify the actions taken conflicts with the scoring methodology and negatively impacts the MFRP's stated goal to "*competitively select project proposals*."

Corrective Action

The City of Houston must limit its use of Director or Mayoral discretion to instances of extenuating and unforeseen circumstances. If and when this discretion is used, the City of Houston must add documented justification to the MFRP files to identify why a project is selected when the award is contrary to the overall results of scored applications. The City of Houston must update its Guidelines and SOP, identifying how such circumstances will be documented and justified. Additionally, factors used during the qualitative review must be incorporated into the published scoring methodology. These actions will ensure the competitive award process is fair and open.

The City of Houston must submit a copy of the updated Guidelines and SOP to the GLO as part of its corrective action plan.

Finding #4: Strengthen the Execution of the Conflicts of Interest Function

Summary

The City of Houston does not have internal controls in place to ensure the consistent execution of its Conflict of Interest Policy (COI).

Discussion

The Guidelines, which were effective December 12, 2018, state "*all applicants will be subject to HCDD's Conflict of Interest Policy,*" yet the COI requirement was not included for T28910 issued on February 1, 2019.

As a result, COI Disclosure Forms were not included for the sample of 9 applications tested under this NOFA/RFP.

T29314 and T29924, issued in January 2020 and June 2021, respectively, contained the following COI disclosure requirements:

- "*All programs administered by HCDD are subject to the department's Conflict of Interest policy.*"
- "*Applicant must submit a complete and signed Conflict of Interest form with the application.*"

However, 5 of the 8 applications tested (62.5%) for T29314 did not have the COI Disclosure Forms signed by the co-applicant. All 4 of the applications tested for T29924 included the signed COI Disclosure Forms by all applicants.

The City of Houston executes its COI function during the underwriting phase; however, the COI policy was not consistently executed due to a lack of controls, as identified by the errors noted above.

Effect/Impact

Lack of controls to carry out the COI function increases the risk that conflicts may go undetected which impacts the City of Houston's ability to manage those conflicts according to its policy.

Corrective Action

The City of Houston must develop and implement internal controls and include them in its Guidelines and SOP to ensure COI Disclosure Forms are submitted and reviewed according to its COI policy. Additionally, the City of Houston must obtain executed COI Disclosure Forms for all applications that were not initially provided during the NOFA/RFP process.

The City of Houston must submit a copy of the updated Guidelines and SOP that identify the internal controls and provide copies of each COI Disclosure Form to the GLO as part of its corrective action plan.

Finding #5: Lack of Documentation Justifying Award Recommendations

Summary

The City of Houston's recommendation for awarding development projects is inconsistent with the predetermined criteria outlined in the NOFA/RFP and utilizes subjective and quantitative factors to recommend projects not based on a competitive process.

Discussion

The Leo Daniels Tower I application was submitted under T28910, receiving 51 of 100 points, placing it 30th of 59 applications. The Leo Daniels Tower I development was not initially recommended for an award; however, the City of Houston subsequently recommended the project based on a *Summary of Awards - 2019 Multifamily DR-17 NOFA 1* memo (ref: Exhibit #2). The memo identifies the reasons for subsequently awarding the Leo Daniels Tower I development project. The memo's summary section states:

"*The mayor holds chief executive and legislative authority over operations within the city. The office does hold the authority to approve or deny transactions and may request a review of staff decisions to ensure they align with the Mayor's priorities.*"

The City of Houston re-evaluated the Leo Daniels Tower I project and recommended it for an award despite an initial score not supporting an award recommendation. It is unclear why the reasons within Exhibit #2 were not incorporated into the NOFA/RFPs scoring method. The City of Houston did not document its justification for awarding this project over other higher-scoring projects (ref: Exhibit #1).

In addition, the GLO also conducted a limited review of the City of Houston's responses to appeals related to the published NOFA/RFPs. The City of Houston issued Denial Letters for a Tier 1 and Tier 2 appeal on November 13, 2020, and February 04, 2021, respectively to the Richmond Senior Village development project. These letters state the following:

- *"Your appeal provided outlined items for HCDD consideration that included location of the property, alignment of the Equitable Distribution Policy, readiness, LURA duration, HCDD scoring of the application, site suitability and existing land use. Applications are chosen based on qualifications of the developer, location, financial analysis and other factors."* (Ref: Exhibit #3, p. 1/5)
- *"While the Notice of Funding Availability (NOFA) scoring component is important to separate each proposal, it is not the sole item to determine if a transaction is suitable for an award. Ultimately, the scoring panel reviewed and evaluated the proposed development according to the community's needs."* (Ref: Exhibit #3, p. 2/5)

The City of Houston also issued a Tier 1 Appeal Denial Letter to OST Lofts on September 3, 2020 (Exhibit #3, p. 4/5), stating, "*At this time, your application will not be recommended for an award CDBG DR-17 funds from the Multifamily Rental Program."*

Despite the denial letters sent under the appeal process, the Richmond Senior Village and OST Lofts development project were subsequently recommended for award based on the City of Houston's October 2021 *Multifamily Housing Monthly Data Report* (Exhibit #4).

Additionally, appeal denial letters illustrate a common theme in the appeal language, including the following:

- *"...did not meet a priority outlined within the multifamily disaster recovery guidelines (x2)."*
- *"This evaluation may be based on several factors in the review process. Real estate transactions are nuanced, and each transaction are reviewed on a case-by-case basis and factors are weighed against other proposals received in the NOFA."*
- *"The goal of the selection process was to determine viable projects that exemplify the priorities outlined in the guidelines, provide equitable housing options and effectively leverage additional funds (x2)."*
- *"Ultimately, HCDD recommends transactions that demonstrate environmental and economic resiliency to its residents and the community, which were not outlined in the proposal."*
- *"The HCDD multifamily division upholds its decision not to fund the application based on the scoring criteria in the RFP and the results of the proposal evaluation."*

The reference to the "guidelines" in the denial letters is compelling, considering the NOFA/RFPs do not reference or include the guidelines as part of the predetermined set of criteria. Language in the denial letters indicates the continued reliance on qualitative factors over scoring criteria.

The exclusion of guidelines and goals from the NOFA/RFP's predetermined set of criteria and overreliance on qualitative factors illustrates the structural weaknesses of the competitive process as described in Findings #1 - #3.

Effect/Impact

The lack of a documented explanation for the re-evaluation of these projects and the subsequent award recommendation is an example of projects awarded on discretion and subjectivity rather than on the predetermined set of criteria outlined in the NOFA/RFP. This process undermines the purpose of a competitive process and effectively renders the scoring criteria obsolete.

Corrective Action

Due to the nature of this finding, the City of Houston is not required to take action. However, based on the collective findings in this report, the GLO will not approve any projects from T29924 or the pending projects listed below:

- Citadel on Elgin project (T28910)
- Leo Daniels project (T28910)
- 3300 Caroline Street project (T29314)
- OST Lofts (T29314)
- Richmond Senior Village (T29314)

Observation

The GLO's MFRP review included a review of former Director Tom McCasland's documentation package (Package) provided to the Housing City Council. The content of the Package was not subject to the GLO's compliance review; however, there were circumstances within the Package that correspond with the findings in this report.

As noted in T29924, *"Bid proposals will be reviewed, underwritten, and scored to select awardees based on a predetermined set of criteria outlined in the NOFA*." Contrary to T29924, and utilizing the discretion noted in Finding #3, the Huntington at Bay Area development project was recommended for an award despite being 8^{th} in the overall scoring tabulation.

In addition, a potential conflict of interest was raised concerning possible business ties between the City of Houston Mayor, Sylvester Turner, and Barry Barnes, a former law partner of the City of Houston Mayor and applicant developer. T29924 states*: "It is the responsibility of the developer to disclose any potential conflicts, including those with city officials at the time of application submission, or as soon as a potential conflict is identified."*

The circumstances noted in the Package identify examples where the Guidelines and SOP define actions to be taken; however, those actions were not executed.

EXHIBIT B

Texas General Land Office
Hurricane Harvey CDBG-DR
City of Houston Multifamily Program

Date: February 28, 2022
RE: Approval
Application: 3300 Caroline Street

The Texas General Land Office (GLO) has completed its review of the City of Houston Multifamily Application for the following project:

Multifamily Rental Program Application	CDBG-DR Budget
3300 Caroline Street	$15,000,000

Based on the application information provided, it appears that the proposed project meets the CDBG-DR eligibility requirements. Therefore, the GLO has approved an award in the amount of $15,000,000 for the project listed above. The multifamily development will have one hundred forty-nine (149) units of which one hundred forty-nine (149) units are for Low-to-Moderate (LMI) households.

Additionally, this award is conditioned on the approval of the $8,538,278 in CDBG-DR funding that will be provided by Harris County through their Harvey allocation. In the event the County's CDBG-DR funds are no longer available for this project, the City will need to obtain replacement funding and confirm how the eligibility criteria regarding the location of the project, as outlined in the Action Plan, is being met. Also, please adhere to the recordkeeping requirements for Harris County and City of Houston joint funded projects pursuant to 24 CFR 570.493 and the GLO letter issued on March 28, 2021. Please note that CDBG-DR funds may not be disbursed until the environmental clearance is obtained.

During our review we identified the following issues which do not appear to impact the eligibility of the Applicant at this time but must be addressed prior to the disbursement of funds. The issues identified are:

1. TIGR Project Summary: Update TIGR to include a Project Summary for the development.

The Affirmatively Furthering Fair Housing (AFFH) review was completed on October 17, 2020 and updated on July 16, 2021. The review recommended project approval contingent on the following:

1. Applicant agrees to install tenant safety improvements such as perimeter fencing along with keyed entries, if feasible from a budgetary and design perspective.

Please note GLO will require the items listed on Form 14.02 "Right Side" and additional items as requested, prior to draw approval.

EXHIBIT C

HUDSON
HOUSING CAPITAL

April 20, 2021

Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

RE: Magnificat Permanent Affordable, LLC
20114 – 3300 Caroline Street Apartments

Mr. Wilkinson:

We strongly support a request by The NHP Foundation and Magnificat Houses, Inc. to extend the placed in service deadline on 3300 Caroline Apartments prior to partnership closing. Our investors require a cushion of at least 3 months from the projected construction completion date and the placed in service deadline, which we do not currently have given the 18-month construction schedule. Without adequate cushion, we may not receive investor approval to close, which would jeopardize the feasibility of this important supportive housing development in Houston.

Should you need any further assistance, please feel free to contact me with any questions at (212) 218-4446 or via email at josh.lappen@hudsonhousing.com.

Sincerely,

Joshua Lappen
Vice President
Hudson Housing Capital, LLC